



HIGH LEVEL OVERVIEW

WATER SECTOR FINANCIAL PERFORMANCE

21 May 2009

Masibambane Coordinating Committee Meeting



Content

- **Overview of Water Sector Expenditure for 2008/09 Financial Year**
- **Challenges with Water Sector Financial Information.**
- **Detailed expenditure analysis per quadrant**
- **Challenges Ahead and Way forward**

WATER SECTOR 2008/2009 FINANCIAL SUMMARY

as at 31 March 2009

Total Q1
Bud= R3.0b
Exp= R2.7b

Total Q2
Bud= R14.8b
Exp= R4.4b

Quadrant 1
DWF
WS specific

Quadrant 2
Non DWF
WS specific

	<i>Budget</i>	<i>Actual</i>	%
Donor Projects	R530m	R395m	75
Prog 3	R2,420m	R2,326m	96

	<i>Budget</i>	<i>Actual</i>	%
Capital	R6,180m	R5,222m	85
Recurrent	R8,711m	n/a	n/a

	<i>Budget</i>	<i>Actual</i>	%
Prog 2 - Cur	R1,352m	R1,357m	100
Prog 2 - Cap	R2,192m	R1,644m	75

	<i>Budget</i>	<i>Actual</i>	%
Recurrent	R38m	R8m	20%

Quadrant 3
DWF
WR
specific

Quadrant 4
Non DWF
Non WS
specific

n/a – information not available

Total Q3
Bud= R3.5b
Exp= R3.00b

Total Q4
Bud= R0.038b
Exp =R0.008b

2008/2009 WS Grand total budget = R21.3b



CHALLENGES WITH SECTOR INFORMATION

Information on actual expenditure is unavailable for the following items:

- **Cities Network**
- **Equitable Share (This is unconditional grant with no formal reporting requirements, and it forms part of overall munics income.)**

For Financial Management Grant and Local Government Municipal Systems Improvement Grant, we have information up to Dec 2008.

This is due to separate reporting timelines for DWAF and Local Authorities, i.e.

- **DWAF's financial year runs from April to March while Local Authorities' runs from July to June. Local Authorities had not compiled reports for Jan-March as at the time of preparing this report**

PROJECTED AVAILABLE DONOR FUNDS FOR 2009/10 BUDGET ALLOCATION

	Euro	Exchange Rate	Rand
Accrued Interest (To be received May 2009)			24 000 000
2 ND Fixed Tranche received in May 2009	24 000 000	11	264 000 000
1 st Variable Tranche (To be received June 2009)	11 700 000	10	117 000 000
3 rd Fixed Tranche (To be received November 2009)	25 000 000	10	250 000 000
2 ND Variable Tranche (To be received February 2010)	11 000 000	10	110 000 000
Total to be received 2009/10			765 000 000
Deficit at 31 March 2009			(267 000 000)
Available Funds 2009/10 – EU			498 000 000
Irish Aid			
Surplus brought forward			10 000 000
Second Fixed Tranche	1 500 000	10	15 000 000
Available Funds 2009/10 – Irish Aid			25 000 000
Total Available Funds 2009/10 – EU & Irish Aid			523 000 000



CHALLENGES WITH DONOR FUNDING



- **The delay in receipt of funds from donors has led to late donor budget allocation for 2008/09**
 - **This delay has led to the use of bridging finance (using Voted Funds to fund donor projects).**
 - **The resulting over-expenditure against actual receipts as at 31 March 2009 may result in an audit query**

- **The global economic recession is expected to result in drastic reduction of funding to South Africa**
 - **Irish Government has indicated that it will cut its funding to the Government of South Africa**
 - **This will affect DWAF's projects especially in Limpopo**



EXPENDITURE ANALYSIS

QUADRANT 1: DWAF WATER SERVICES

Quadrant 1: DWAF - Water Services Specific

	2008/2009		
	Budget	Expend.	% Expenditure
	R'000	R' 000	
Donor Funding (EU, DCI, Flemish, Swiss)			
	530,170	395,212	75%
> EU (Contract signature - Sep 07)	486,960	363,681	75%
> Irish Aid	42,410	30,731	73%
> Swiss	800	800	100%
	530,170	395,212	75%
Voted Funds			
- Current Budget Prog 3: Water Services	376,825	361,891	96%
- Indirect Grant Water Services Operating Subsidy	1,383,070	1,317,411	95%
- Water & Sanitation @ Clinics and Schools	210,000	198,910	95%
- Bulk Infrastructure	450,000	447,888	100%
	2,419,895	2,326,100	96%
Total	2,950,065	2,721,312	92%



QUADRANT 1:

DWAF EXPENDITURE PER PROVINCE



Province	2008/09 Donor Budget Allocation	Cumulative Expenditure to 31.03.2009	% Expenditure
Head Office	273,985,000	202,971,335	74%
Eastern Cape	23,500,000	21,434,517	91%
Free State	31,100,000	19,589,133	63%
Gauteng	33,200,000	37,164,486	112%
KwaZulu Natal	12,800,000	1,000,000	8%
Limpopo	38,750,000	33,419,532	86%
Mpumalanga	19,450,802	11,316,930	58%
Northern Cape	42,596,000	32,732,913	77%
North West	19,175,000	13,429,876	70%
Western Cape	36,100,000	22,161,838	61%
Grand Total	530,656,802	395,212,560	75%



EXPENDITURE ANALYSIS

QUADRANT 2: NON-DWAF WATER SERVICES

Quadrant 2: Non-DWAF - Water Services Specific					
	2008/2009				
	Budget	Expend.	WS Budget	WS Expend.	% WS
	R'000	R'000	R' 000	R' 000	Expend.
- Municipal Infrastructure Grant (MIG) (61.49%)	8,657,090	7,185,541	5,323,245	4,418,389	83%
Hospital Revitalisation Grant (5%)	2,939,529	2,446,965	146,976	122,348	83%
Integrated Housing and Human Settlement Dev Grant (5%)	10,367,600	10,272,388	518,380	513,619	99%
Provincial Infrastructure Grant (2.5%)	7,441,783	6,717,508	186,045	167,938	90%
Cities Network	271,000	-	5,420	-	0%
	29,677,002	26,642,402	6,180,066	5,222,295	85%
- Equitable Share (35%)	24,888,692	-	8,711,042	-	0
	24,888,692	0	8,711,042	0	0%
Total	54,565,694	26,642,402	14,891,108	5,222,295	35%

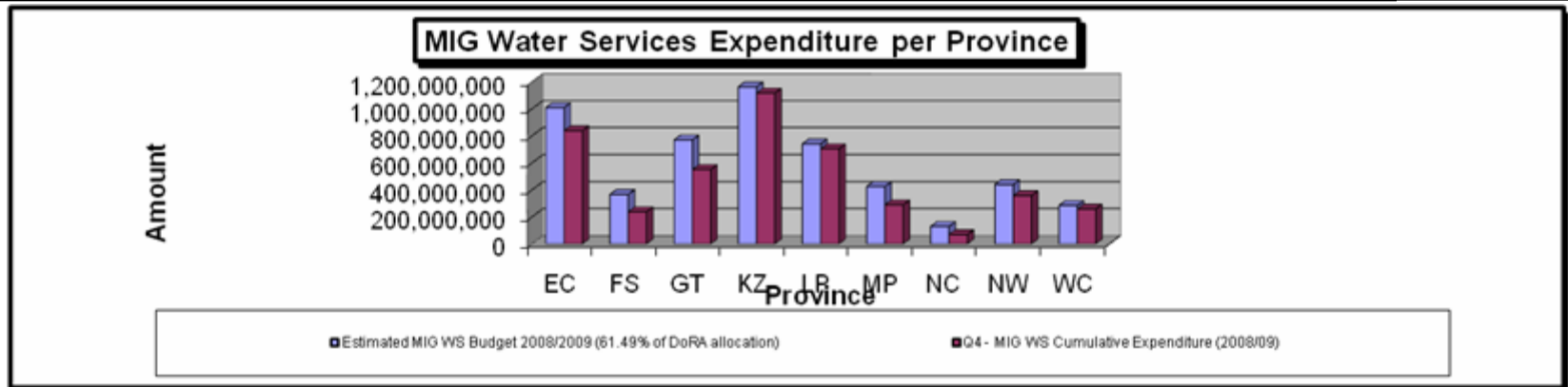
No Information Available

Unconditional Grant-no expenditure report available



QUADRANT 2: MIG EXPENDITURE PER PROVINCE

Province	MIG BUDGET 2008/09 as per DoRA	Total MIG Funds Transferred YTD - Mar 09	Q4 MIG Cumulative Expenditure 2008/09 as per DoRA	Estimated MIG WS Budget 2008/2009 (61.49% of DoRA allocation)	Q4 - MIG WS Cumulative Expenditure (2008/09)	% MIG WS Expenditure 2008/09
EC	1,639,905,907	1,626,040,660	1,362,961,857	1,008,378,142	838,085,246	83%
FS	595,031,341	547,501,746	385,804,072	365,884,771	237,230,924	65%
GT	1,251,182,529	1,180,037,118	894,541,642	769,352,137	550,053,656	72%
KZ	1,890,831,806	1,872,560,671	1,815,012,244	1,162,672,477	1,116,051,029	96%
LP	1,204,170,564	1,174,804,994	1,144,415,968	740,444,480	703,701,378	95%
MP	689,865,079	600,028,862	469,833,059	424,198,037	288,900,348	68%
NC	209,484,885	181,613,745	112,376,208	128,812,256	69,100,130	54%
NW	713,841,800	710,138,000	580,847,061	438,941,323	357,162,858	81%
WC	462,776,091	462,537,092	419,749,034	284,561,018	258,103,681	91%
Grand Total	8,657,090,000	8,355,262,889	7,185,541,146	5,323,244,641	4,418,389,250	83%



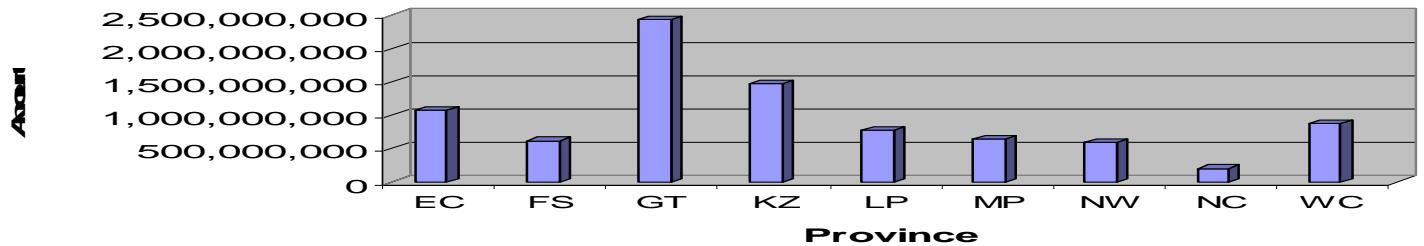


EXPENDITURE ANALYSIS

QUADRANT 2: EQUITABLE SHARE

Province	Equitable Share Sector Budget 2008/09	WS - Equitable Share (35%) Budget 2008/09	Equitable Share Expenditure as at 31.03.2009
EC	3,080,219,000	1,078,076,650	<i>Information not available</i>
FS	1,768,360,000	618,926,000	
GT	6,943,416,000	2,430,195,600	
KZ	4,211,499,000	1,474,024,650	
LP	2,231,948,000	781,181,800	
MP	1,836,409,000	642,743,150	
NW	1,717,610,000	601,163,500	
NC	589,473,000	206,315,550	
WC	2,509,758,000	878,415,300	
Grand Total	24,888,692,000	8,711,042,200	

Quadrant 2: WS Portion of Equitable Share per Region



■ WS - Equitable Share (35%) Budget 2008/09

■ Equitable Share Expenditure Dec 2008



EXPENDITURE ANALYSIS

QUADRANT 3: DWAf WATER RESOURCES

Quadrant 3: DWAf - Non-Water Services Specific

	2008/2009		
	Budget	Expend.	% Expenditure
	R' 000	R' 000	
Programme 2 - Water Resources			
Current	1,351,789	1,356,845	100%
Augmentation of Trading Account			
+ Infrastructure	1,875,622	1,328,096	71%
+ KOBWA	316,233	316,233	100%
Total	3,543,644	3,001,174	85%



EXPENDITURE ANALYSIS

QUADRANT 4: NON-DWAF, “NON WATER SECTOR” (CAPACITY BUILDING GRANTS)

Quadrant 4: Non-DWAF - Non-Water Services Specific

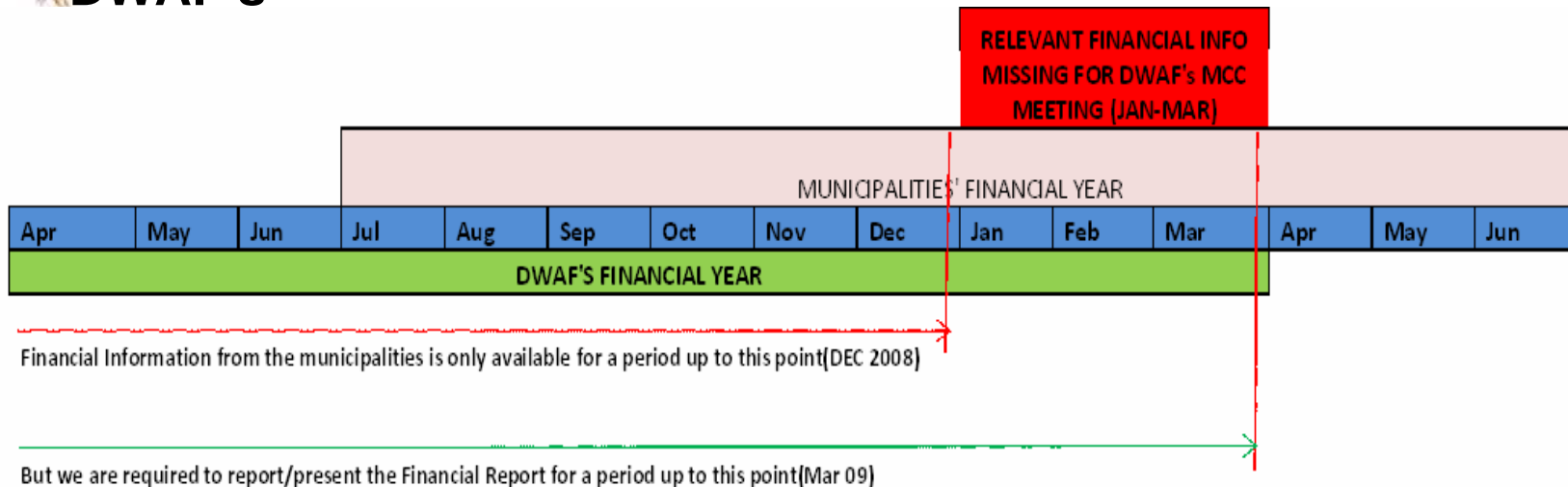
	2008/2009		
	WS Budget	WS Expend.	% WS Expenditure
	R' 000	R' 000	
- Local Government Financial Management Grant (10%)	18,000	4,041	22 %
- Municipal Systems Improvement Grant (10%)	20,000	3,722	19%
Total	38,000	7,763	20%

The actual expenditure above relates to the period 1 July 2008 to 31 December 2008(Second Quarter of Municipalities' reporting period)



Way forward

- **Need to reconsider reporting times for this meeting in light of differing financial years of Local Municipalities vis-à-vis DWAF's**





Way forward(Cont.)



- **Improve the turnaround time on the submission of information to donors to ensure that funds are received on time**
- **As a result of global economic recession, a more conservative approach should be followed by the Department in allocating funds**
- ✓ **More emphasis should be placed on value for money received from projects (Current economic climate)**