

FINANCIAL CONSIDERATIONS

ORIENTATION - PORTFOLIO COMMITTEE

14 July 2009

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OUTLINE

- Funding streams
- Medium Term Expenditure Framework (MTEF) allocations
- Budget comparisons: 2009/10 vs 2008/09
- Changes to 2009 MTEF baseline
- Managing changes in the budget
- Expenditure trends
- Previous audit outcomes

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FUNDING STREAMS

- ✓ National Revenue Fund. (Exchequer funds)
- ✓ Revenue generated from water use charges in terms of the pricing strategy (Water Trading Entity).
- ✓ DONOR funding

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MTEF ALLOCATION - MEA

	2009/10 R '000	2010/11 R '000	2011/12 R '000
Administration	795.4	857.4	893.6
Water Resource Management	3 895.8	4 352.6	4 917.8
Water Services	2 717.0	2 560.2	3 068.6
Forestry	485.6	552.7	583.1
TOTAL	7 893.8	8 292.9	9 463.1

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MTEF ALLOCATION - WTE

Operational activities	2009/10	2010/11	2011/12
	R'000	R'000	R'000
Revenue	1,599,784	1,798,403	2,074,410
Raw Water	1,563,784	1,762,403	2,038,410
Sundry Income	36,000	36,000	36,000

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MTEF ALLOCATION – WTE (CONT..)

Operation & Maintenance costs	R'000	R'000	R'000
	1,206,811	1,265,944	1,336,040
Compensation of Employees	340,506	357,191	373,264
Goods & Services	588,256	617,081	644,850
Support services	278,048	291,672	317,926

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MTEF ALLOCATION – WTE (CONT)

Operating surplus/deficit from core business	R'000	R'000	R'000
	392,973	532,458	738,370
CAPEX FUNDED FROM OPERATIONS	392,973	532,458	738,370
Movable assets		-	-
Refurbishment	392,973	436,986	485,929
Betterment	-	95,472	252,441

DONOR FUNDING (R'000)

Project	2009/10	2010/11	2011/12
Water and sanitation services	108 229	429 440	-
Water and sanitation programme	52 460	52 460	52 460
Upgrading of hydrometric equipment in Lesotho	1 470	-	-
Community water supply and sanitation	12	7	-
Twinning arrangements with Dutch water boards	2 080	-	-
TOTAL	164 251	481 907	52 460

CURRENT BUDGET (2009/10) VS. PREVIOUS YEAR BUDGET (2008/09)

Programme	2009/10 Budget R'000	2008/09 Budget R'000	Change
Administration	795 353	591 686	203 667
Water resource management	3 895 794	3 528 112	367 682
Water Services	2 717 039	2 423 844	293 195
Forestry	485 641	492 974	(7 333)
Total	7 893 827	7 036 616	1 363 256

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2009/10: EARMARKED VS UNEARMARKED

Programme	COE R'000	Goods and services	Interest on land R'000	Transfers R'000	Capital payments R'000	Total R'000
		R'000				
Total allocation	1 327 863	2 074 825	782	3 337 704	1 152 653	7 893 827
Minus: Funds earmarked	86 077	667 586	-	1 455 000	961 500	3 170 163
Funds not earmarked	1 241 786	1 407 239	782	1 882 704	191 153	4 723 664

Acronyms/Abbreviation

COE – Compensation of Employees

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EXCHEQUER FUNDING EARMARKED IN 2009/10

- Thus the total amount earmarked for the 2009/10 financial year for the Department amounts to R3 170 163 000 for the following purposes:

• Rent of buildings	138 331 000
• Working for Water	455 724 000
• Working on Fire	123 608 000
• Refurbishment of water scheme	
30 000 000	
• De Hoop Dam (Phases 2B to 2G)	600 000 000
• Additional capacity: Internal Audit and Finance	
6 000 000	
• Sanitation at school and clinics	
350 000 000	
• Regional Bulk infrastructure	611 500 000
• Operating subsidy (Water Services)	<u>855 000 000</u>
• Total earmarked funding	<u>3 170 163 000</u>

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CHANGES ON 2009 MTEF BASELINE

	2009/10 R'000	2010/11 R'000	2011/12 R'000
Building of Capacity of the State		25 000	30 000
Growing the Forestry Sector: Support projects			30 000
Jobs for growth: Working on fire		50 000	100 000
Jobs for Growth: Working for water		100 000	300 000
Regional bulk Infrastructure programme	-	200 000	800 000

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