

Budgeting and financial management in the Department of Water and Sanitation and the Water Trading Entity

Standing Committee on Public Accounts

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Vote 36: Water and Sanitation



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2017/18 audited outcome

	2017/18					Expenditure as % of final appropriation
	Adjusted Appropriation	Post adjustment shifts	Final Appropriation	Actual Expenditure	Variance	
<i>Rand thousand</i>						
Programme						
Administration	1 649 851	-	1 649 851	1 998 677	(348 826)	121.1%
Water Planning and Information Management	802 448	(64 196)	738 252	653 262	84 990	88.5%
Water Infrastructure Development	12 760 363	84 102	12 844 465	12 146 247	698 218	94.6%
Water and Sanitation Services						
Water Sector Regulation	394 787	(19 906)	374 881	308 052	66 829	82.2%
TOTAL	15 607 449	-	15 607 449	15 106 238	501 211	96.8%
Economic classification						
Current payments	3 155 662	(15 995)	3 139 667	3 535 349	(395 682)	112.6%
Compensation of employees	1 571 856	(3 608)	1 568 248	1 535 641	32 607	97.9%
Goods and services	1 583 806	(12 387)	1 571 419	1 999 708	(428 289)	127.3%
Transfers and subsidies	8 416 118	4 451	8 420 569	8 185 674	234 895	97.2%
Provinces and municipalities	5 195 171	-	5 195 171	5 134 792	60 379	98.8%
Departmental agencies and accounts	1 886 054	2	1 886 056	1 885 559	497	100.0%
Higher education institutions	-	-	-	-	-	-
Foreign governments and international organisations	197 743	834	198 577	112 132	86 445	56.5%
Public corporations and private enterprises	1 098 503	-	1 098 503	1 022 349	76 154	93.1%
Non-profit institutions	1 160	-	1 160	779	381	67.2%
Households	37 487	3 615	41 102	30 063	11 039	73.1%
Payments for capital assets	4 035 669	(1 450)	4 034 219	3 373 671	660 548	83.6%
Buildings and other fixed structures	3 895 776	25	3 895 801	3 301 109	594 692	84.7%
Machinery and equipment	112 956	(1 475)	111 481	45 123	66 358	40.5%
Software and other intangible assets	26 937	-	26 937	27 439	(502)	101.9%
Payment for financial assets	-	-	-	-	-	-
TOTAL	15 607 449	(12 994)	15 594 455	15 094 694	499 761	96.8%



2016/17 audited outcome

	2016/17					Expenditure as % of final appropriation
	Adjusted Appropriation	Post adjustment shifts	Final Appropriation	Actual Expenditure	Variance	
<i>Rand thousand</i>						
Programme						
Administration	1 612 951	(65 208)	1 547 743	1 504 930	42 813	97.2%
Water Planning and Information Management	814 813	(65 157)	749 656	695 603	54 053	92.8%
Water Infrastructure Development	12 012 696	117 622	12 130 318	12 082 463	47 855	99.6%
Water and Sanitation Services	738 060	40 428	778 488	1 070 757	(292 269)	137.5%
Water Sector Regulation	346 077	(27 685)	318 392	281 685	36 707	88.5%
TOTAL	15 524 597	-	15 524 597	15 635 438	(110 841)	100.7%
Economic classification						
Current payments	3 202 471	(15 935)	3 186 536	3 139 947	46 589	98.5%
Compensation of employees	1 540 217	-	1 540 217	1 439 945	100 272	93.5%
Goods and services	1 662 185	(15 941)	1 646 244	1 699 928	(53 684)	103.3%
Transfers and subsidies	7 487 642	15 906	7 503 548	7 482 875	20 673	99.7%
Provinces and municipalities	4 695 401	147	4 695 548	4 681 319	14 229	99.7%
Departmental agencies and accounts	1 713 664	12 905	1 726 569	1 725 869	700	100.0%
Higher education institutions	3 400	(2 419)	981	-	981	0.0%
Foreign governments and international organisations	188 370	419	188 789	188 250	539	99.7%
Public corporations and private enterprises	844 773	-	844 773	844 773	-	100.0%
Non-profit institutions	2 766	1 297	4 063	3 337	726	82.1%
Households	39 268	3 557	42 825	39 327	3 498	91.8%
Payments for capital assets	4 834 484	26	4 834 510	5 012 613	(178 103)	103.7%
Buildings and other fixed structures	4 697 334	25 937	4 723 271	4 926 651	(203 380)	104.3%
Machinery and equipment	109 258	(22 857)	86 401	62 003	24 398	71.8%
Software and other intangible assets	27 892	(3 054)	24 838	23 959	879	96.5%
Payment for financial assets	-	3	3	3	-	100.0%
TOTAL	15 524 597	-	15 524 597	15 635 438	(110 841)	100.7%



Major virements

<i>Rand thousand</i>	From		To	
2016/17	Compensation of employees	65 000	Bucket eradication	72 000
	Various goods and services items	37 025		
2017/18	Compensation of employees	80 000	Bucket eradication	134 577
	Various goods and services items	65 813		
2018/19	Various goods and services items	409 230	War on Leaks	463 209

Payables and accruals

Accruals and payables not recognised			2017/18	2016/17
Accruals	30 days	30+ days	Total	Total
Goods and services	63 196	9 388	72 584	37 422
Interest and rent on land	-	-	-	-
Transfers and subsidies	200	-	200	-
Capital assets	418 662	46 467	465 129	733 472
Total	482 058	55 855	537 913	770 895
Payables not recognised	30 days	30+ days	Total	Total
Goods and services	346 937	545 708	892 645	122 514
Interest and rent on land	-	-	-	-
Transfers and subsidies	94 366	-	94 366	-
Capital assets	308 020	171 355	479 375	679 017
Total	749 323	717 063	1 466 386	801 531

Irregular expenditure

<i>Rand thousand</i>	2017/18	2016/17
Reconciliation of irregular expenditure		
Opening balance	4 178 201	2 493 172
Prior period error		(869)
As restated	4 178 201	2 492 303
Add: Irregular expenditure - relating to prior year	347 742	2 176
Add: Irregular expenditure - relating to current year	1 630 099	1 683 814
Less: Prior year amounts condoned	(17)	(81)
Less: Current year amounts condoned		(11)
Less: Amounts not condoned and recoverable		-
Less: Amounts not condoned and not recoverable		-
Irregular expenditure awaiting condonation	6 156 025	4 178 201

2018/19 second quarter expenditure outcome

R million	Main Appropriation	Available Budget	Q2 Actual expenditure	Expenditure as % of Available Budget	Q2 Projected expenditure	Variance from projected expenditure	% variance from projected expenditure
Programme							
1	Administration	1 714.6	1 432.7	86.2%	869.4	-563.3	-64.8%
2	Water Planning and Information Management	862.1	364.6	52.9%	396.2	31.6	8.0%
3	Water Infrastructure Development	12 496.2	5 204.3	40.3%	6 476.9	1 272.6	19.6%
4	Water Sector Regulation	498.6	140.8	44.2%	225.1	84.3	37.4%
Total	15 571.5	15 571.5	7 142.4	45.9%	7 967.7	825.2	10.4%
Economic Classification							
Current payments							
	3 293.8	3 281.1	2 048.4	62.4%	1 585.8	-462.6	-29.2%
Compensation of Employees	1 720.2	1 718.0	772.0	44.9%	843.6	71.6	8.5%
Goods and services	1 573.6	1 563.1	1 276.5	81.7%	742.2	-534.3	-72.0%
Interest and Rent on Land	0.0	0.0	0.0		0.0	0.0	0.0%
Transfers and subsidies	8 633.3	8 639.5	3 822.8	44.2%	4 214.9	392.1	9.3%
Payments for capital assets	3 644.4	3 651.0	1 271.2	34.8%	2 167.0	895.8	41.3%
Payments for Financial Assets	0.0	0.0	0.0		0.0	0.0	0.0%
Total	15 571.5	15 571.5	7 142.4	45.9%	7 967.7	825.2	10.4%

Water Trading Entity



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2017/18 audited outcome

CASH FLOW STATEMENT

	2018	2017 Restated
for the year ended 31 March 2018		
Cash flows from operating activities		
<i>Cash receipts</i>	10 969 203	9 956 110
Taxes and transfers	1 651 715	1 499 581
Sale of water services	9 003 186	8 069 232
Construction and other revenue	257 453	338 364
Water research levies - receipts	50 300	33 855
Commission earned	2 820	2 920
Lease revenue earned	3 730	12 158
<i>Cash payments</i>	(6 781 933)	(6 499 497)
Employee benefits	1 232 597	822 586
Water Research Commissioner - payments	94 157	98 936
Goods and services	2 446 254	3 451 699
Finance cost paid	3 008 924	2 126 277
Net cash flows from operating activities	4 187 270	3 456 613
Cash flows from investing activities		
Acquisition of property, plant and equipment	(500 629)	(1 313 245)
Acquisition of intangible assets	-	(250 244)
Proceeds on disposal of non-current assets	-	10 121
Net cash flows used in investing activities	(500 629)	(1 553 368)
Cash flows from financing activities		
Additions to finance leases	4 019	4 074
Finance lease payments	(2 543)	(46 531)
Additions to other financial liabilities	702 250	
Repayments of other financial liabilities	(2 909 215)	(4 085 928)
Increase in reserves		
Payment to the National Revenue Fund	-	-
Net cash flows from financing activities	(2 911 757)	(4 132 460)
Net increase/(decrease) in cash and cash equivalents	774 883	(2 229 215)
Cash and cash equivalents at beginning of year	(2 186 267)	42 948
Cash and cash equivalents at end of year	(1 411 384)	(2 186 267)

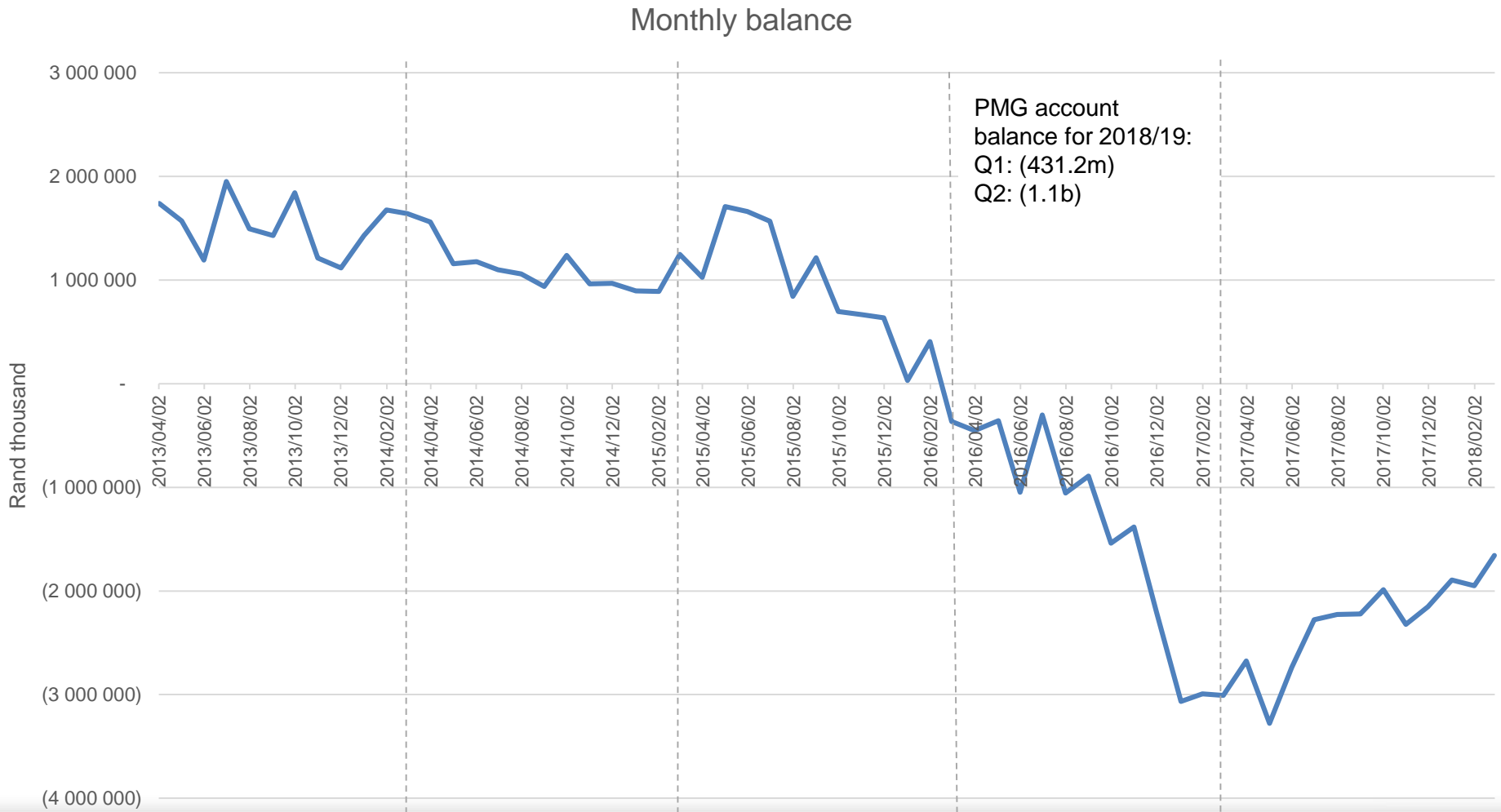
Liabilities: TCTA

<i>Rand thousand</i>	2018	2017
Financial liabilities: TCTA		
Current obligation	3 133 965	2 886 929
Non-current obligation	25 896 259	24 474 867
<i>Reconciliation</i>		
Carrying amount at the beginning of the period	27 361 796	24 958 395
Additions	6 967 096	7 968 689
Construction cost	702 250	2 533 215
Interest accrued	4 655 304	3 912 142
Administrative costs & LHWP Royalties: TCTA	1 609 542	1 523 332
Payments specifically allocated to liability	(5 008 258)	(5 245 755)
Other Movements	(290 410)	(319 533)
Financial liabilities at amortised cost	29 030 224	27 361 796

Debtors age analysis

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Bulk Payers (BP)	191	1	0	-	-	-	189
Company (C)	2 052 112	450 566	247 965	(41 528)	20 867	(99 286)	1 473 530
District Municipalities (DM)	1 312 675	75 041	20 891	14 690	14 462	(1 150)	1 188 740
Individual (I)	486 064	36 264	(1 874)	(1 683)	(593)	(263)	454 213
Irrigation Boards (IB)	311 095	(31 623)	91 528	4 124	4 374	-	242 692
Local Municipalities (LM)	2 979 133	158 028	126 449	55 427	38 436	(14)	2 600 807
Metropolitan Municipalities (MM)	50 623	23 131	12 637	1 677	(29)	(741)	13 948
National Department (N)	161 363	12 125	3 778	1 605	135	-	143 720
Provincial Government (P)	14 265	(235)	1 215	(4)	127	-	13 162
Water Boards (WB)	3 739 472	539 358	657 715	45 984	58 129	(39 767)	2 478 053
Water Service Provider (S)	15 628	499	-	-	-	-	15 129
Water User Association (A)	885 241	87 560	40 049	10 114	10 277	54	737 188
Grand Total	12 007 863	1 350 716	1 200 352	90 407	146 185	(141 168)	9 361 371

PMG balances



Thank you