

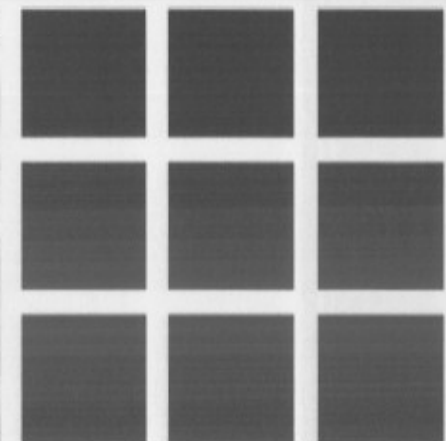
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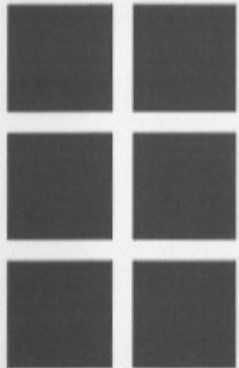
Q1 INFRASTRUCTURE DELIVERY AND CONDITIONAL GRANT ANALYSIS

28 August 2008





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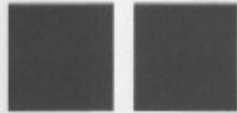


PURPOSE

- To provide the National Council of Provinces (NCOP) with an overview of Capital Expenditure and Conditional Grant performance for Gauteng Province during the First Quarter (Q1) of the 2008/09 fiscal year
- To highlight positive and negative aspects of departmental spending



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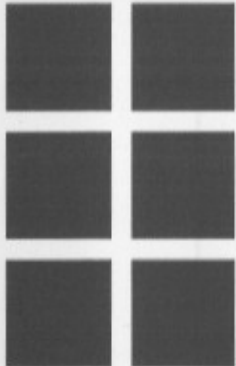


CONSOLIDATED VIEW OF GPG INFRASTRUCTURE PAYMENTS

R '000	2008/09 Budget	Projections to end of Q1	Actual Expenditure	Actual Expenditure as % of Budget	Q2-Q4 Projections	Outcome
TOTAL	6,849,788	1,278,431	981,671	14.3%	5,787,011	(82,624)
Vote 4: Health	1,609,115	247,996	200,680	12.5%	1,404,675	(3,760)
Vote 5: Education	707,045	139,885	102,344	14.5%	604,701	-
Vote 6: Social Development	198,856	37,334	16,651	8.4%	182,205	-
Vote 7: Housing	2,754,973	668,800	482,675	17.5%	2,270,774	(1,524)
Vote 9: DPTRW	1,119,066	147,900	125,660	11.2%	914,819	(78,587)
Vote 9: Public Works	361,931	31,810	36,348	10.0%	325,601	18
Vote 11: DACE	11,602	386	308	2.7%	12,523	1,229
Vote 12: SRAC	87,200	4,320	15,487	17.8%	71,713	-



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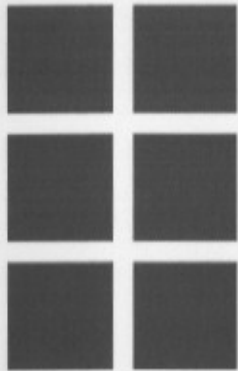


CONSOLIDATED INFRASTRUCTURE ANALYSIS

- Total infrastructure allocation comprises capital and maintenance. Of the total R6.8 billion infrastructure appropriation, R6.1 billion (88 per cent) is allocated for capital projects and R799 million (12 per cent) is allocated towards maintenance projects
- R 1.3 billion, or 19 per cent of the budget was projected to be spent by the end of Q1; however only R 981.7 million (14 per cent) was achieved with a projected over-expenditure of R82.6 million at the end of the 2008/09 fiscal year
- The main contributor to the projected negative outcome at the end of the financial year is the DPTRW
- Although there is a projected over-expenditure at the end of the financial year, Gauteng Treasury analysis points to an apparent misalignment in the project delivery cycle and budget cycle



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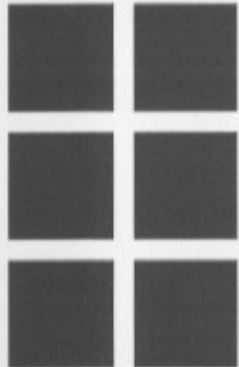


CONSOLIDATED INFRASTRUCTURE ANALYSIS (1)

- **Capital projects** were allocated R6.1 billion (88 per cent) of the infrastructure allocation, with the largest share of R2.8 billion (45 per cent) allocated to the Department of Housing. The Department of Agriculture, Conservation and Environment (DACE) received the lowest share of R 6.5 million (0.1 per cent) of the infrastructure allocation.
- Projected expenditure to end of Q1 was R 1.2 billion (18 per cent); actual expenditure was R 928.1 million, as follows:
 - Vote 7: Housing, with R481.9 million, or 52 per cent of Q1 actual expenditure
 - Vote 4: Health with R 182.9 million (20 per cent of the Q1 expenditure)
 - Vote 6: Department of Social Development with R12.5 million (1.4 per cent of Q1 expenditure)
 - Vote 11: DACE with (R 308 thousand)



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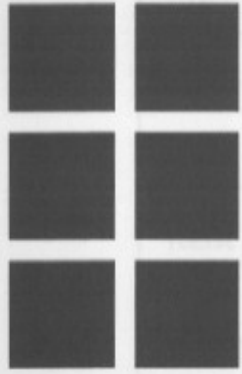


CONSOLIDATED INFRASTRUCTURE ANALYSIS (2)

- **Maintenance projects** were allocated R799.9 million (12 per cent), with Vote 4: Health, having the highest allocation of R336.3 million (42 per cent), while Vote 11: DACE has the lowest allocation for maintenance of R5.1 million (0,6 per cent). Vote 12: SRAC does not allocate any funds for maintenance as the maintenance of their structures is undertaken by Municipalities.
- Projected expenditure to end of Q1 was R140 million (18 per cent); however, actual expenditure amounted to R53.6 million, or 7 per cent, as follows:
 - Vote 5: Education, with R18.8 million, or 35 per cent of the total actual expenditure
 - Vote 7: Housing, with R2.4 million, or 0,04 per cent of the total maintenance projects budget
 - Vote 11: DACE has incurred no expenditure



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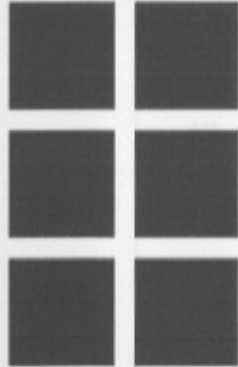


PROJECT DELIVERY CYCLE VERSUS BUDGET

Votes	Identifi	Feas.	Desig.	Tend.	Constr. Started	Constr. 5%	Constr. 50%	Constr. 75%	Ret.	Han-Over	Total
Vote 4:Health (No of projects)	102	0	12	3	1	3	3	23	28	0	175
Vote 4:Health (Projected costs)	253,715	0	202,033	68,957	0	382,341	125,323	528,382	48,364	0	1,609,111
Vote 5: Education (No of projects)	163	0	0	40	38	5	19	15	128	2	410
Vote 5: Education (Projected costs)	243,467	0	0	46,617	163,036	29,327	87,561	104,821	28,600	415	703,844
Vote 6: Social Development (No of projects)	12	1	2	5	9	31	7	3	2	0	72
Vote 6: Social Development (Projected costs)	15,602	0	0	22,900	91,015	53,189	1,211	15,108	162	0	199,187
Vote 7: Housing (No of projects)	1	7	8	6	507	1	40	26	8	0	604
Vote 7: Housing (Projected costs)	200	10,500	27,000	10,000	2,523,29	2,000	110,665	62,013	9,300	0	2,754,973



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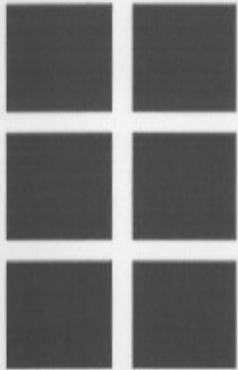


PROJECT DELIVERY CYCLE VERSUS BUDGET

Votes	Identifi.	Feas.	Design	Tend.	Constr. Started	Constr. 25%	Constr. 50%	Constr. 75%	Ret.	Hand-Over	Total
Vote 9: DPTRW (No. of projects)	2	0	21	0	26	6	111	3	15	12	196
Vote 9: DPTRW (Projected Costs)	37,085	0	334,055	0	290,745	144,057	268,790	37,295	7,039	0	1,119,066
Vote 9: Public Works (No. of projects)	15	0	6	2	44	3	5	5	6	40	126
Vote 9: Public Works (Projected Costs)	106,444	0	49,041	9,800	58,673	13,996	38,523	24,846	2,276	58,332	361,931
Vote 11: DACE (No. of projects)	69	1	0	0	0	3	2	1	2	0	78
Vote 11: DACE (Projected costs)	6,651	0	0	0	0	1,480	3,090	300	81	0	11,602
Vote 12: DSRAC (No. of projects)	28	0	0	10	1	0	3	1	2	0	45
Vote 12: DSRAC (Projected costs)	9,900	0	0	0	0	0	77,300	0	0	0	87,200
Total number of projects	392	9	49	66	626	52	190	77	191	54	1,706
Total Projected Costs	673,066	10,500	612,150	158,274	3,126,790	626,396	712,574	772,768	95,837	58,759	6,847,114



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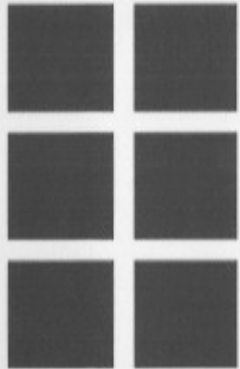
SECTORAL INFRASTRUCTURE ANALYSIS

Vote 4: Health

- 76 capital projects being implemented in 2008/09, of which 10 projects are active (commenced construction work on site), including revitalisation of 5 Hospitals (Mamelodi, Zola, Germiston, New Natalspruit and Chris Hani Baragwanath), building of regional pharmacies, Community Health Centres (CHC) and mortuaries
- Of the revitalisation projects, Mamelodi and Chris Hani Baragwanath) are scheduled for completion in 2008/09, together with 2 CHCs and 1 mortuary
- 98 rehabilitation/upgrading projects for 2008/09, with 20 active projects, enable health facilities to comply with legislative requirements and sector norms
- During 2008/09, maintenance will be undertaken in 34 hospitals, 22 CHCs, 4 regional pharmacy, 9 nursing colleges and 4 laundries
- Only statutory and day to day maintenance to be undertaken in 2008/09; preventive maintenance will not be undertaken due to funding constraints



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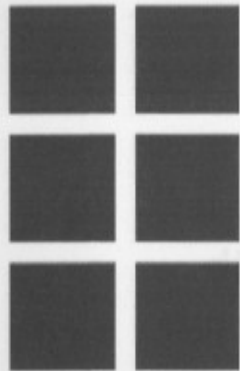
SECTORAL INFRASTRUCTURE ANALYSIS

Vote 5: Education

- 147 capital projects under implementation in 2008/09, 29 active projects, including 27 schools completed already with final accounts outstanding and 7 schools anticipating completion (practical) by end of the fiscal year
- 269 rehabilitation/upgrading projects, with only 77 active projects. This work comprises upgrading work from converting standard classrooms to specialised classrooms, repairs to roofs, ceilings, electrical upgrades etc undertaken in schools, district offices, colleges.
- GDE carries out maintenance in all facilities; however only unplanned maintenance is addressed on an *ad-hoc* basis through the department's call centre system



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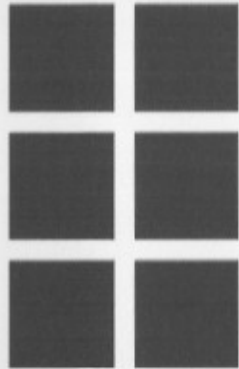
SECTORAL INFRASTRUCTURE ANALYSIS

Vote 6: Social Development

- 28 capital projects being implemented in 2008/09, with 22 projects currently active, including construction of secure care centre, old age centre, substance abuse centre and Multi Purpose Centres (MPCCs)
- 10 rehabilitation/upgrading projects underway, with 8 active projects; this category includes the upgrading of old age homes and replacement work in the department's institutions. All to be completed in 2008/09
- In 2008/09, maintenance work to be undertaken at 33 institutions and offices owned and or rented by the department. Out of the 33 institutions, 22 facilities are used as offices and service points



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SECTORAL INFRASTRUCTURE ANALYSIS

Vote 7: Housing

- Delivery of housing done via five programmes - Mixed Housing Development, Eradication of Informal Settlements, Alternative Tenure, Urban Renewal and Housing Asset Management.
- New construction consists of new houses, rented rooms with communal ablutions, schools, hospice centres, police stations and urban renewal projects, community cluster homes, bridges and high mast lighting
- Maintenance to be undertaken in safe houses for the abused, storage facilities and LED projects for the Alexander Renewal Project

Vote 9: Public Transport, Roads and Works

- Roads and Transport programme being implemented in 2008/09 aimed at alleviating traffic congestion on major routes, this programme focuses on M1, R24, R21, N12, N17, N1 routes/roads