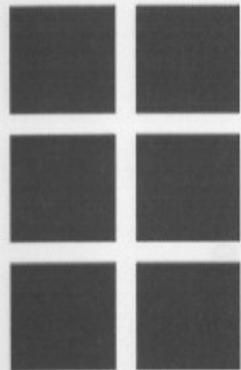




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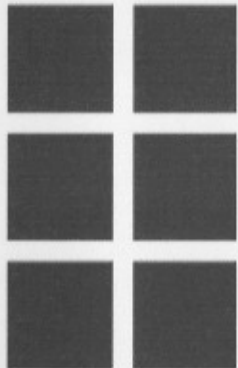
# SECTORAL INFRASTRUCTURE ANALYSIS

## Vote 11: Agriculture, Conservation and Environment

- 3 capital projects underway in 2008/09, comprising construction of laundries, roads and ablution facilities within the department's nature reserve institutions
- Rehabilitation/upgrading projects include upgrading work undertaken in nature reserves, while periodic maintenance to be carried out at all institutions



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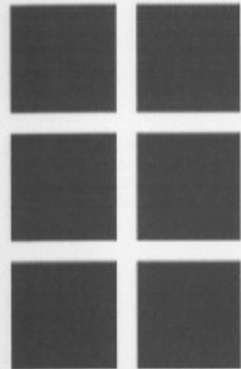


## KEY OBSERVATIONS

- While R6.1 billion (88 per cent) is allocated for capital projects and only R 799.9 million, (12 per cent) is allocated for maintenance, which is low in comparison to capital projects; maintenance is still not being given sufficient consideration
- Of the 1 706 projects to be implemented in 2008/09, 516 are in the planning stage, 245 are at final completion stages of the project life cycle; hence there are 761 inactive projects, with a combined budget of R1.6 billion (22 per cent) of the total infrastructure budget of R6.9 billion
- Despite high expenditure recorded by some departments, such expenditure are inclusive of transfers to implementing agents, and this does not necessarily imply service delivery



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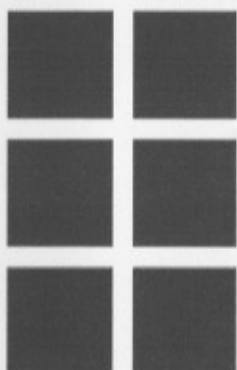


# CONCLUSIONS

- A critical review of all provincial infrastructure portfolios should be undertaken to determine the probability of under-spending, veracity of roll-over requests, and potential fiscal dumping at year-end
- Misalignment of infrastructure delivery with the budget and/or strategic planning cycle calls for feasible infrastructure plans and implementation plans during the budget process. Departments must provide proof of completion of planning during the budget process.
- Existing provincial coordinating forums should be reinforced to avoid uncoordinated delivery of infrastructure, and potentially duplication of services.
- Departments should build the necessary capacity to manage infrastructure project



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# CONDITIONAL GRANTS

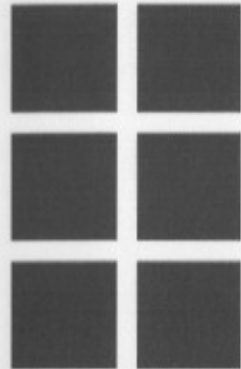
R thousand	DORA, Act No. 2 of 2008	Total available 2008/09	Transfers from National	Actual as at 30 Jun 2008 (Excluding Schedule 4 Grants)	Actual as % of total available
<b>Agriculture</b>	<b>3,428</b>	<b>3,428</b>	<b>343</b>	<b>–</b>	<b>0.0%</b>
Comprehensive Agricultural Support Programme*	25,329	25,329	6,873	6,516	25.7%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3,428	3,428	343	–	0.0%
<b>Education</b>	<b>363,153</b>	<b>363,153</b>	<b>132,578</b>	<b>43,095</b>	<b>11.9%</b>
Further Education and Training College Sector Recapitalisation Grant	167,156	167,156	83,578	17,782	10.6%
HIV and Aids (Life Skills Education) Grant	23,886	23,886	5,972	513	2.1%
National School Nutrition Programme Grant	172,111	172,111	43,028	24,800	14.4%
Infrastructure Grant to Provinces	199,947	199,947	50,000	–	0.0%
<b>Health</b>	<b>1,336,903</b>	<b>1,336,903</b>	<b>382,417</b>	<b>162,071</b>	<b>12.1%</b>
Comprehensive HIV and Aids Grant	541,119	541,119	135,279	46,810	8.7%
Forensic Pathology Services Grant	77,472	77,472	19,368	9,346	12.1%
Hospital Revitalisation Grant	718,312	718,312	227,770	105,915	14.7%
Infrastructure Grant to Provinces	86,981	86,981	23,000	–	0.0%
Health Professions Training and Development Grant*	610,828	610,828	152,708	–	0.0%
National Tertiary Services Grant*	2,186,619	2,186,619	546,657	–	0.0%

\*Spending of Schedule 4 grants is subsumed in a range of programmes across provincial departments and therefore no reporting is required





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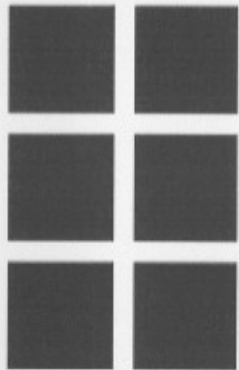
## CONDITIONAL GRANTS (2)

R thousand	DORA, No. 2 of 2008	Total available 2008/09	Transfers from National	Actual as at 30 Jun 2008	Actual as % of total available
<b>Housing</b>	<b>2,579,973</b>	<b>2,579,973</b>	<b>634,996</b>	-	<b>0.0%</b>
Integrated Housing and Human Settlement Development Grant	2,579,973	2,579,973	634,996	-	0.0%
<b>Sport and Recreation South Africa</b>	<b>44,978</b>	<b>44,978</b>	<b>13,754</b>	-	<b>0.0%</b>
Mass Sport and Recreation Participation Programme Grant	44,978	44,978	13,754	-	0.0%
Community Library Services Grant	35,231	35,231	-	-	0.0%
<b>Public Works</b>	<b>3,736,337</b>	<b>3,736,337</b>	<b>1,653,380</b>	<b>2,444,811</b>	<b>65.4%</b>
Devolution of Property Rate Funds Grant	155,265	155,265	-	-	0.0%
Gautrain Rapid Rail Link Grant	3,265,993	3,265,993	1,574,828	2,414,774	73.9%
Infrastructure Grant to Provinces	315,079	315,079	78,552	-	0.0%
<b>Total</b>	<b>8,351,700</b>	<b>8,351,700</b>	<b>2,890,468</b>	<b>2,682,049</b>	<b>32.1%</b>

\*Total does not take into account Schedule 4 Conditional Grants



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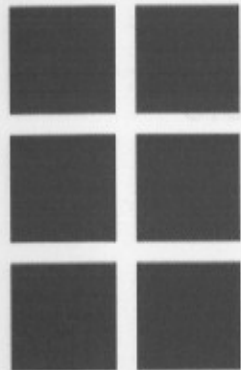
# SECTORAL CONDITIONAL GRANT ANALYSIS

## Vote 4: Health

- **Comprehensive HIV/AIDS**
  - Expenditure to date of R46.8 million (8.7 per cent) of 2008/09 allocation of R541 million against the budget of R541.
  - Slow spending reflected above due to problems associated with introduction of new SCOA, and resultant misallocation of funds; also does not reflect late payments to NGOs
  - Picture to improve from Q2 onwards once all journals processed
- **Forensic Pathology Services**
  - Expenditure to end of Q1 of R9.3 million or 12.1 per cent of total 2008/09 allocation does not reflect misallocation of R9.1 million in compensation of employees
  - Implementation of new SCOA resulted in low volume of payments by GSSC
  - Programme manager to closely monitor procurement plan to ensure timely expenditure of funds
- **Hospital Revitalisation**
  - R105.9 million expended in Q1, with slower than expected spending due to SCOA-related issues
  - Challenges anticipated in 2008/09 include implementation of mental health requirements and claim for extension at Chris Hani Baragwanath, all with potentially negative financial implications



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## SECTORAL CONDITIONAL GRANT ANALYSIS (2)

### Vote 5: Education

- **National School Nutrition Programme**

- R24.8 million (14.1 per cent) of total grant spent by end of Q1, with 508 319 learners at 1 491 schools fed
- Extending programme to quintile 3 schools will deplete funds before year end
- Challenges faced include inadequate human resource at District level, lack of dedication and commitment at district level and escalation of food prices

- **FET College Recapitalisation**

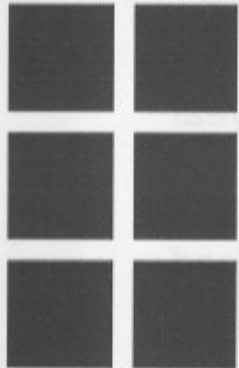
- R17.8 million (10.6 per cent) expended in Q1, mainly on building of classrooms in colleges. Does not take into account committed funds as yet unspent
- No credible reasons given for this poor picture

- **HIV/AIDS Life Skills**

- R0.5 million (2.1 per cent) expenditure recorded to end of Q1
- Dismal performance with no credible explanation from GDE other than planned activities not being operational; concern that massive under-expenditure will result at year end unless vacancies are speedily filled



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## SECTORAL CONDITIONAL GRANT ANALYSIS (4)

### Vote 9: Public Transport, Roads and Works

- **Gautrain**

- Expenditure of R2.4 billion (73 per cent) of the allocation of R3.3 billion. Q1 expenditure exceeded projections as some milestones (and hence expenditure) delivered in 2007/08 but only paid in 2008/09
- Gautrain also claimed on milestones delivered in Q1

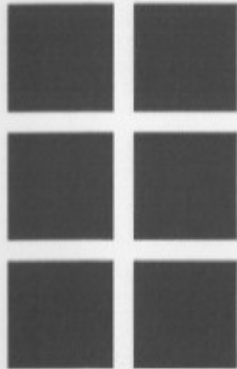
- **Devolution of Property Rate Funds Grant**

- Funds to be transferred from Q2 onwards according to the payment schedule





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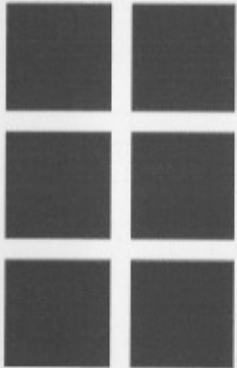


## CONCLUSIONS AND RECOMMENDATIONS

- Overall expenditure on Schedule 5 Conditional Grants stood at 32.1 per cent, not taking into account Schedule 4 Grants
- Excluding Gautrain, this falls to 11.8 per cent
- Most departments have attributed slow spending to SCOA-related difficulties, and in some instances misallocations
- These reasons not particularly convincing, and Q2 performance to be under increased scrutiny, in order to ensure that service delivery objectives for 2008/09 are met



Gauteng Treasury



CONCLUSIONS AND RECOMMENDATIONS

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# END OF PRESENTATION

Thank you!

