

Hospital Revitalisation

| | 2007/08 Adjusted Budget | Total exp as at 31st Mar 2008 | 2007/08 % exp | 2008/09 Main appro- piation | 1st Quarter Apr -Jun | 2nd Quarter Jul-Sep | Total exp as at 31st July 2008 |
|--------------------------------|-------------------------------|-------------------------------------|------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
| Hospital Revitalisation | 107 843 | 47 290 | 43.9% | 244 322 | 13 794 | 3 356 | 17 150 |
| Compensation of Employees | 2 500 | 884 | 35.4% | 3 300 | 34 | 72 | 106 |
| Goods and Services | 23 300 | 4 722 | 20.3% | 15 278 | 529 | 1 212 | 1 741 |
| Transfers and Subsidies | | | | | | | |
| Payments for Capital Assets | 82 043 | 41 684 | 50.8% | 225 744 | 13 231 | 2 072 | 15 303 |

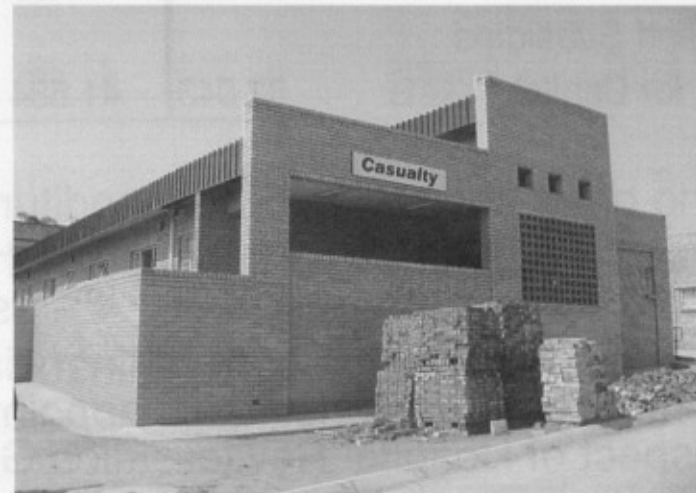
- The grant showed a low expenditure of 43,9% for the financial year 2007/08.
- The slow expenditure continue in the 1st Quarter of 2008/09 with 5,6% and show a minimum growth of 1,4% as at 31st July 2008.
- Low spending in the current financial year is a result of poor performance by contractors and consultants appointed by the implementing agent (DPW) in respect of Hospital Revitalisation Grant.
- The understaffing of the unit contributed towards the low spending and monitoring of the projects on the ground.

Hospital Revitalisation cont...

- The appointments will be done on the second quarter of the current financial year.
- The department is exploring for multi agency and other infrastructure methodology that includes turnkey processes.
- The department identified quick wins to improve spending within the third quarter.
- The relationship guided by the service level agreement between the department and the implementing agent is improving.



Ermelo Psychiatric ward at completion stage



Rob Ferreira casualty at 98% completion stage

Provincial Infrastructure

| | 2007/08 Adjusted Budget | Total exp as at 31st Mar 2008 | 2007/08 % exp | 2008/09 Main appro- priation | 1st Quarter Apr -Jun | 2nd Quarter Jul-Sep | Total exp as at 31st July 2008 | % exp 1st Quarter Apr -Jun | % exp 2nd Quarter Jul-Sep | Exp as a % to main budget |
|----------------------------------|-------------------------------|-------------------------------------|------------------|---------------------------------------|----------------------------|---------------------------|--------------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Provincial Infrastructure | 72 790 | 61 065 | 83.9% | 80 114 | 11 536 | 11 765 | 23 301 | 14.4% | 14.7% | 29.1% |
| Compensation of Employees | | | | | 801 | | 801 | | | |
| Goods and Services | 1 500 | 382 | 25.5% | 1 700 | | | | 0.0% | 0.0% | 0.0% |
| Transfers and Subsidies | | | | | | | | 0.0% | | |
| Payments for Capital Assets | 71 290 | 60 683 | 85.1% | 78 414 | 10 735 | 11 765 | 22 500 | 13.7% | 15.0% | 28.7% |

- 83,9% spending has been recorded in the previous financial year 2007/08.
- For the 1st Quarter 14,4% expenditure incurred with an increase of 14,7% as at 31st July 2008.
- High spending in this grant is related to previous year projects however spending in the current year will improve in the second quarter.
- The low expenditure on the current financial year is due to projects that are still on design stage and poor contractors performance
- Regular monitoring and fast track of project designs.
- Pre-design must be done in the last quarter of the financial year for the implementation year.



Middelburg Pharmaceutical Depot
at completion in May 08

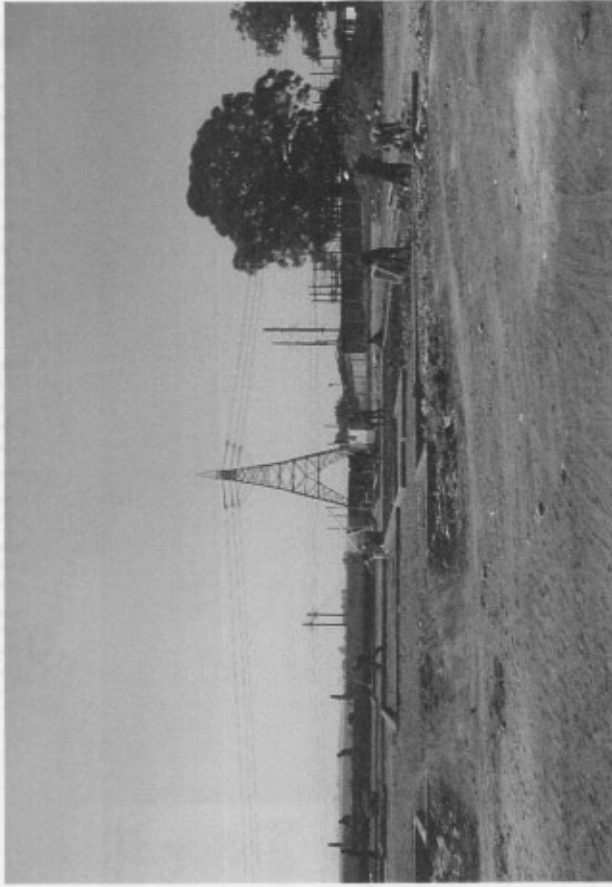


Delmas Maternity Ward at
completion stage in June 2008

Forensic Pathology

| | 2007/08 Ajusted Budget | Total exp as at 31st Mar 2008 | 2007/08 % exp | 2008/09 Main appro- piation | 1st Quarter Apr -Jun | 2nd Quarter Jul-Sep | Total exp as at 31st July 2008 | % exp 1st Quarter Apr -Jun | % exp 2nd Quarter Jul-Sep | Exp as a % to main budget |
|------------------------------------|------------------------------|-------------------------------------|------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Forensic Pathology Services | 70 964 | 37 141 | 52.3% | 42 003 | 7 348 | 2 537 | 9 885 | 17.5% | 6.0% | 23.5% |
| Compensation of Employees | 15 715 | 13 454 | 85.6% | 16 658 | | | | 0.0% | 0.0% | 0.0% |
| Goods and Services | 14 413 | 9 769 | 67.8% | 20 245 | 2 523 | 1 848 | 4 371 | 12.5% | 9.1% | 21.6% |
| Transfers and Subsidies | | | | | | | | | | |
| Payments for Capital Assets | 40 836 | 13 918 | 34.1% | 5 100 | 4 825 | 689 | 5 514 | 94.6% | 13.5% | 108.1% |

- In 2007/08 the grant showed a low expenditure of 52,3%.
- 17,5% was recorded in the 1st Quarter for 2008/09 with an increase of 6% as at 31st July 2008.
- The low expenditure is due to Compensation of Employees for the filling of vacant positions and poor performance of contractors on Forensic Pathology mortuaries.
- The Ermelo mortuary is at roof level and Evander is still at the foundation level due to delay in appointment of contractors by implementing agent.
- The department will enforce the service level agreement to complete projects on time.
- The high expenditure recorded under Payments of Capital Assets of 108,1% as at 31st July 2008 is due to previous financial year commitments which was requested for roll-over (R14 million)

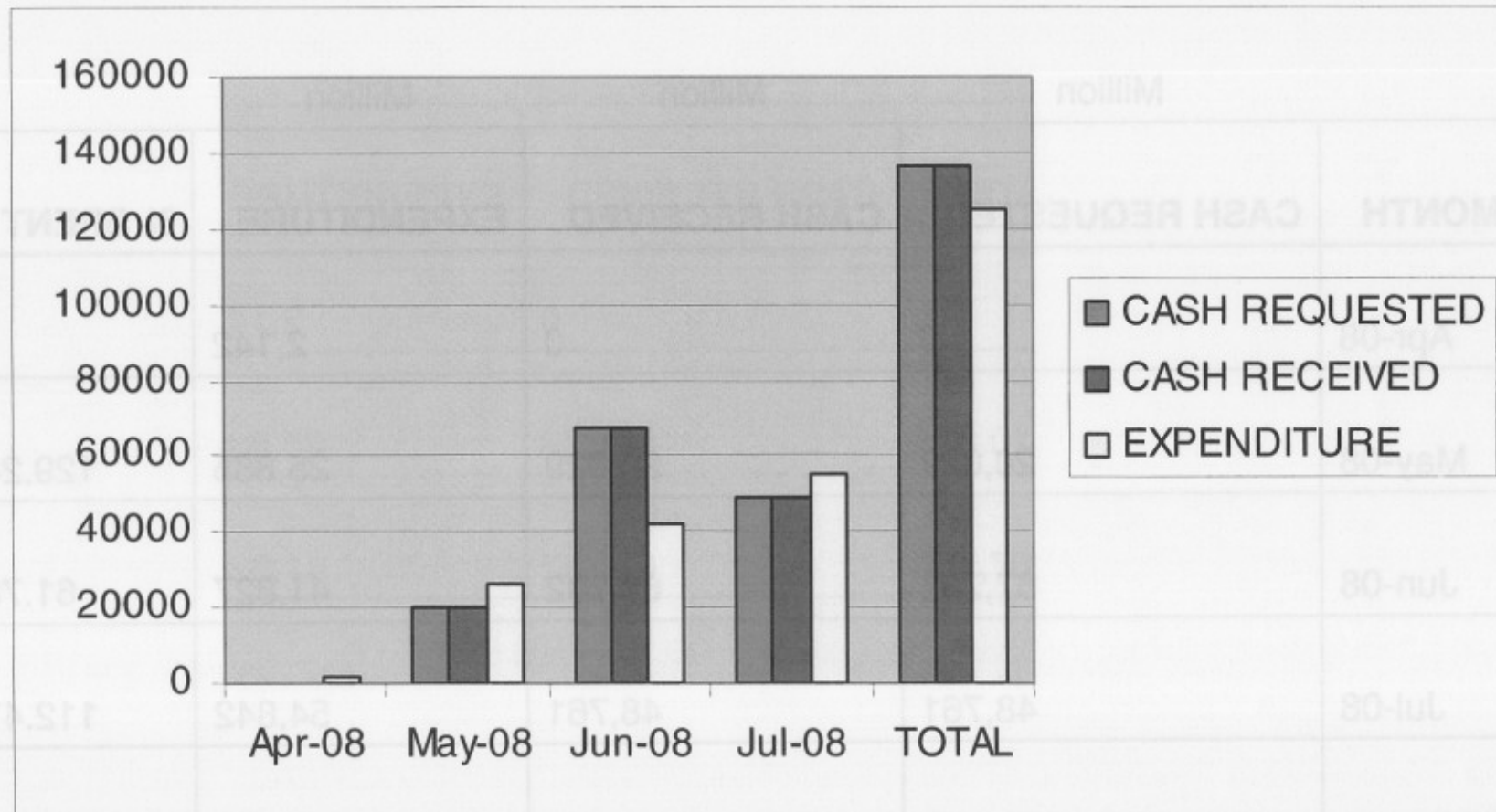


At foundation level due to delay in appointment of contractors by the implementing agent.

Conditional Grant Cash Flow

| | Million | Million | Million | |
|--------------|-----------------------|----------------------|--------------------|----------------|
| MONTH | CASH REQUESTED | CASH RECEIVED | EXPENDITURE | % SPENT |
| Apr-08 | 0 | 0 | 2,142 | |
| May-08 | 20,029 | 20,029 | 25,885 | 129.24 |
| Jun-08 | 67,702 | 67,702 | 41,827 | 61.78 |
| Jul-08 | 48,761 | 48,761 | 54,842 | 112.47 |
| TOTAL | 136,492 | 136,492 | 124,696 | 91.36 |

Conditional Grant Cash-Flow



Transfer Summary- Cash v Expenditure

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

RECONCILIATION ON CONDITIONAL GRANTS TRANSFERS 2008 2009

| Date | Nat Tertiary | HIV Aids | HPTD | Prov Infra | Hosp Revit | For Path Serv | TOTAL |
|-------------------|--------------|------------|------------|-------------|------------|---------------|-------------|
| Total Cash Rec | 16,656,000 | 41,454,000 | 14,984,000 | 20,028,540 | 32,868,000 | 10,501,000 | 136,491,540 |
| Total Expenditure | | | | | | | |
| 31/07/2008 | 24,049,059 | 38,326,663 | 11,985,718 | 23,300,775 | 17,148,949 | 9,884,320 | 124,695,484 |
| Exp V Cash | (7,393,059) | 3,127,337 | 2,998,282 | (3,272,235) | 15,719,051 | 616,680 | 11,796,056 |

- At 31st July 2008 the Conditional Grant bank balance amount to R11,796 million which is due to the following reasons:
 - Hospital Revitalisation Grant received R 32,8 million and shows an under expenditure of R 15,7 million, representing 53% of cash received.
 - HIV/AIDS, HPTD and Forensic Pathology expenditure are in line with cash received.
 - Provincial Infrastructure Grant received R 20 million and shows an over expenditure of ± R 3 million on cash received due to previous financial year commitments paid in the current financial year.
 - National Tertiary Grant received R 16,6 million and shows an over expenditure of ± R 7 million on cash received

Transfer Summary - Cash v Expenditure

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

RECONCILIATION OF CONDITIONAL GRANTS TRANSFERRED 2008

| Date | Net Transfer | HIV Aids | HPTD | Pro Aids | Pro Aids | Pro Aids | TOTAL |
|-------------------|--------------|------------|------------|------------|------------|------------|-------------|
| 31/03/2008 | 24,000,000 | 26,200,000 | 11,300,000 | 20,000,000 | 17,000,000 | 10,000,000 | 108,500,000 |
| Total Cash Rec | 10,000,000 | 41,000,000 | 4,000,000 | 20,000,000 | 25,000,000 | 10,000,000 | 115,000,000 |
| Total Expenditure | | | | | | | 115,000,000 |

THE END !!!

Thank You

* At 31st July 2008 the Conditional Grant bank balance amount to R11,798 million which is due to the following reasons:

- o HIV/AIDS, HPTD and Forensic Pathology expenditure are in line with cash received.
- o Provincial Infrastructure Grant received R 50 million and shows an over expenditure of ± R 3 million on cash received due to previous financial year commitments paid in the current financial year.
- o National Tertiary Grant received R 16.6 million and shows an over expenditure of ± R 7 million on cash received