

Presentation to the Select Committee on Appropriations - HIV and AIDS (Life Skills Grant) as at 31 December 2010

13 April 2011



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

INTRODUCTION

- The purpose of the HIV and AIDS (Life Skills Education) Grant is as follows:
 - “To support South Africa’s HIV prevention strategy by increasing sexual and reproductive knowledge, skills and appropriate decision making among learners and educators”
 - “To mitigate the impact of HIV by providing a caring, supportive and enabling environment for learners and educators”
 - “To ensure the provision of safe, rights-based environment in schools that is free of discrimination, stigma and any form of sexual harassment or abuse”

HIV and AIDS (Life Skills Education)

Table: HIV and AIDS (Life Skills Education) as at 31 December 2010 (Section 32)

| R thousand | Adjusted budget | Projected outcome | Actual payments as at 31 December 2010 | Actual payments as % of adjusted budget | (Over) | Under | % (Over) / under of adjusted budget | % share of grant to total education expenditure | % share of grant to total grant expenditure | 2009/10: | Year-on-year growth |
|----------------|-----------------|-------------------|--|---|---------------|------------|-------------------------------------|---|---|--|---------------------|
| | | | | | | | | | | Pre-audited Outcome as at 31 December 2009 | |
| Eastern Cape | 34 781 | 36 404 | 19 518 | 56.1% | -1 623 | - | -4.7% | 0.1% | 18.0% | 17 691 | 10.3% |
| Free State | 11 041 | 11 041 | 7 204 | 65.2% | - | - | 0.0% | 0.1% | 6.6% | 7 450 | -3.3% |
| Gauteng | 26 202 | 26 202 | 7 317 | 27.9% | - | - | 0.0% | 0.0% | 6.7% | 17 075 | -57.1% |
| Kw aZulu-Natal | 42 686 | 42 686 | 29 689 | 69.6% | - | - | 0.0% | 0.1% | 27.3% | 34 935 | -15.0% |
| Limpopo | 28 322 | 28 207 | 12 917 | 45.6% | - | 115 | 0.4% | 0.1% | 11.9% | 12 941 | -0.2% |
| Mpumalanga | 17 183 | 17 183 | 13 914 | 81.0% | - | - | 0.0% | 0.2% | 12.8% | 8 115 | 71.5% |
| Northern Cape | 4 084 | 4 084 | 2 967 | 72.6% | - | - | 0.0% | 0.1% | 2.7% | 1 839 | 61.3% |
| North West | 16 619 | 16 619 | 8 556 | 51.5% | -0 | - | 0.0% | 0.1% | 7.9% | 5 759 | 48.6% |
| Western Cape | 15 392 | 15 392 | 6 593 | 42.8% | - | - | 0.0% | 0.1% | 6.1% | 7 745 | -14.9% |
| Total | 196 310 | 197 818 | 108 675 | 55.4% | -1 623 | 115 | -0.8% | 0.1% | 100.0% | 113 550 | -4.3% |

Adjusted budgets include provincial roll overs from 2009/10

HIV and AIDS (Life Skills Education) Transfers Received vs Spending as at 31 December 2010

HIV AND AIDS (LIFE SKILLS EDUCATION) GRANT

| Province | Division of Revenue Act, 2010 (Act No. 1 of 2010) | Provincial roll-overs | Total available | Received by province: Year to date | Provincial actual payments | % Spent of amount transferred | % Spent of total available |
|-------------------|---|-----------------------|-----------------|------------------------------------|----------------------------|-------------------------------|----------------------------|
| R thousand | | | | | | | |
| Eastern Cape | 32,189 | 2,592 | 34,781 | 24,141 | 19,518 | 80.9% | 56.1% |
| Free State | 10,866 | 175 | 11,041 | 8,149 | 7,204 | 88.4% | 65.2% |
| Gauteng | 26,202 | - | 26,202 | 19,651 | 7,317 | 37.2% | 27.9% |
| KwaZulu-Natal | 42,686 | - | 42,686 | 32,014 | 29,689 | 92.7% | 69.6% |
| Limpopo | 28,322 | - | 28,322 | 21,241 | 12,917 | 60.8% | 45.6% |
| Mpumalanga | 15,392 | 1,791 | 17,183 | 11,544 | 13,914 | 120.5% | 81.0% |
| Northern Cape | 4,084 | - | 4,084 | 3,063 | 2,967 | 96.9% | 72.6% |
| North West | 12,912 | 3,707 | 16,619 | 9,684 | 8,556 | 88.4% | 51.5% |
| Western Cape | 15,392 | - | 15,392 | 11,544 | 6,593 | 57.1% | 42.8% |
| Total | 188,045 | 8,265 | 196,310 | 141,031 | 108,675 | 77.1% | 55.4% |

- Conditional grant budgets are divided into instalment transfers to provinces.
- Spending continues to lag behind actual cash availability.
- In particular, Gauteng, Limpopo and Western Cape had significant expenditure challenges
- Some provinces have significantly improved compared to the same period in 2009/10, notably **Mpumalanga** and **Northern Cape**.
- Projections by some provinces (**Eastern Cape, Gauteng, Limpopo** and **Western Cape**) appear unreliable given the spending trends

HIV and AIDS (Life Skills Education)

Table: HIV and AIDS (Life Skills Education) as at 28 February 2011

| R thousand | Adjusted budget | Projected outcome | Actual payments as at 28 February 2011 | Actual payments as % of adjusted budget | (Over) | Under | %(Over) / under of adjusted budget | % share of grant to total education expenditure | % share of grant to total grant expenditure | 2009/10: Pre-audited Outcome as at 28 February 2010 | Year-on-year growth |
|----------------|-----------------|-------------------|--|---|----------|--------------|------------------------------------|---|---|---|---------------------|
| Eastern Cape | 34 781 | 30 528 | 22 084 | 63.5% | - | 4 253 | 12.2% | 0.1% | 17.2% | 21 636 | 2.1% |
| Free State | 11 041 | 11 041 | 8 961 | 81.2% | - | - | 0.0% | 0.1% | 7.0% | 9 295 | -3.6% |
| Gauteng | 26 202 | 26 202 | 10 254 | 39.1% | - | - | 0.0% | 0.1% | 8.0% | 19 416 | -47.2% |
| Kw aZulu-Natal | 42 686 | 39 878 | 33 148 | 77.7% | - | 2 808 | 6.6% | 0.1% | 25.7% | 41 148 | -19.4% |
| Limpopo | 28 322 | 28 322 | 14 746 | 52.1% | - | - | 0.0% | 0.1% | 11.5% | 15 873 | -7.1% |
| Mpumalanga | 17 183 | 17 183 | 16 518 | 96.1% | - | - | 0.0% | 0.2% | 12.8% | 8 962 | 84.3% |
| Northern Cape | 4 084 | 4 084 | 3 168 | 77.6% | - | - | 0.0% | 0.1% | 2.5% | 2 400 | 32.0% |
| North West | 16 619 | 16 619 | 12 681 | 76.3% | - | - | 0.0% | 0.2% | 9.8% | 8 358 | 51.7% |
| Western Cape | 15 392 | 15 392 | 7 185 | 46.7% | - | - | 0.0% | 0.1% | 5.6% | 9 866 | -27.2% |
| Total | 196 310 | 189 249 | 128 745 | 65.6% | - | 7 061 | 3.6% | 0.1% | 100.0% | 136 954 | -6.0% |

Adjusted budgets include provincial roll overs from 2009/10

Issues affecting spending and compliance with the 2010 Division of Revenue Act

- Quarterly performance report from the Dept of Basic Education cites the following reasons for poor spending:
 - Slow progress in the training of master trainers and peer educators;
 - Impact of the public service strike during 2010/11;
 - Delay in procurement processes in provincial departments;
 - Delay in the payment of invoices to suppliers;
 - Delay in the submission of invoices by certain suppliers (particularly KZN);
- National Treasury has also noted the impact of the public service strike. However, it is clear that provincial departments can improve their performance by addressing the following issues:
 - Paying invoices on time in terms of Treasury Regulation 8
 - Ensuring that there is strong and effective management of the supply chain process, so as to avoid delays in the awarding of tenders to service providers;

Action taken by National Treasury to assist provinces

- Performance on this and other grants is often a symptom of deeper performance and management challenges in provinces.
- National Treasury has begun offering training on business planning for conditional grants to provinces and national departments;
- An annual workshop has been institutionalised to orientate provinces to the requirements of the D.O.R.A.
- These are augmented by quarterly meetings with the national department to track progress on implementation issues.
- The National Treasury has engaged international donors (especially the EU) to provide funding for the contracting of specialist technical services for provinces through the PTs.
- Experts in financial management, supply chain, risk management and internal controls have been deployed to the following provinces:
 - Eastern Cape;
 - Limpopo;
 - Mpumalanga;
 - North West.
- The above efforts have had positive results. However, their impact will be greatly improved by a concerted effort by departmental managers and accounting officers in provinces to ensure that skills are transferred and that there is sufficient monitoring and supervision over these programmes.

THANK YOU