

HEALTH CONDITIONAL GRANTS – SCHEDULE 5

Select Committee on Appropriations National Council of Provinces

Presented by: Intergovernmental Relations
National Treasury



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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PURPOSE OF CONDITIONAL GRANTS

- **COMPREHENSIVE HIV AND AIDS GRANT**
 - To enable the health sector to develop an effective response to HIV and AIDS including universal access to HIV Counselling and Testing (HCT)
 - To support the implementation of the National Operational Plan for comprehensive HIV and AIDS treatment and care
 - To subsidise in-part funding for ARV treatment programmes
- **FORENSIC PATHOLOGY SERVICES GRANT**
 - To continue the development and provision of adequate forensic pathology services in all provinces
- **HOSPITAL REVITALISATION GRANT**
 - To provide funding to enable provinces to plan, manage, modernise, rationalise and transform health infrastructure, health technology, monitoring and evaluation of health facilities in line with national policy objectives
 - To supplement expenditure on health infrastructure delivered through public-private partnerships (PPP)

Comprehensive HIV and Aids Grant

Table: Comprehensive HIV and Aids Grant as at 30 June 2011 (Section 32)

	Main budget	Projected outcome	Actual spending as at 30 June 2011	Actual spending as % of main budget	(Over)	Under	%(Over)/under of main budget	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand									
Eastern Cape	864 173	773 737	99 866	11.6%	–	90 436	10.5%	127 383	-21.6%
Free State	530 440	530 440	100 684	19.0%	–	–	0.0%	51 779	94.4%
Gauteng	1 620 673	1 620 673	280 476	17.3%	–	–	0.0%	340 396	-17.6%
Kw aZulu-Natal	1 889 427	1 907 333	439 016	23.2%	-17 906	–	-0.9%	241 405	81.9%
Limpopo	624 909	624 909	120 374	19.3%	–	–	0.0%	133 193	-9.6%
Mpumalanga	490 366	490 366	81 359	16.6%	–	–	0.0%	94 165	-13.6%
Northern Cape	212 923	212 923	27 078	12.7%	–	–	0.0%	31 675	-14.5%
North West	599 437	599 437	74 747	12.5%	–	–	0.0%	52 335	42.8%
Western Cape	660 614	660 614	95 395	14.4%	–	–	0.0%	101 933	-6.4%
Total	7 492 962	7 420 432	1 318 995	17.6%	-17 906	90 436	1.0%	1 174 264	12.3%

Factors affecting spending

- Most provinces spending is relatively slow, particularly EC, NC, NW and WC.
- A typical reason given is slow or delayed internal supply chain (procurement) processes in some Health departments. National Treasury and Provincial Treasuries have determined the following:
 - Poor internal capacity (staff numbers) in CFO and SCM functions;
 - The most concerning cases are EC and NC, where National Treasury and provincial treasuries have deployed expertise to assist departments manage these internal processes.
- There are challenges related to national government as well:
 - Clarifying national guidelines for training to service providers
 - Some aspects of the programme (e.g. donations and procurement done through the Lottery) require national intervention and support in order to realise improvements

Comprehensive HIV and Aids Grant (JULY UPDATE)

Table: Comprehensive HIV and Aids Grant as at 31 July 2011

	Main budget	Projected outcome	Actual spending as at 31 July 2011	Actual spending as % of main budget	(Over)	Under	%(Over)/ under of main budget	2010/11: Outcome as at 30 July 2010	Year-on-year growth
R thousand									
Eastern Cape	864 173	758 882	164 183	19.0%	–	105 291	12.2%	220 507	-25.5%
Free State	530 440	530 440	116 400	21.9%	–	–	0.0%	75 933	53.3%
Gauteng	1 620 673	1 620 673	409 585	25.3%	–	–	0.0%	413 682	-1.0%
Kw aZulu-Natal	1 889 427	1 907 333	598 324	31.7%	-17 906	–	-0.9%	328 432	82.2%
Limpopo	624 909	575 327	152 457	24.4%	–	49 582	7.9%	159 457	-4.4%
Mpumalanga	490 366	490 366	107 849	22.0%	–	–	0.0%	137 990	-21.8%
Northern Cape	212 923	212 923	43 189	20.3%	–	–	0.0%	52 729	-18.1%
North West	599 437	599 437	108 800	18.2%	–	–	0.0%	130 934	-16.9%
Western Cape	660 614	660 614	136 828	20.7%	–	–	0.0%	144 505	-5.3%
Total	7 492 962	7 355 995	1 837 615	24.5%	-17 906	154 873	1.8%	1 664 169	10.4%



Forensic Pathology Services Grant

Table: Forensic Pathology Services Grant as at 30 June 2011 (Section 32)

	Main budget	Projected outcome	Actual spending as at 30 June 2011	Actual spending as % of main budget	(Over)	Under	%(Over)/under of main budget	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand									
Eastern Cape	73 506	69 473	17 923	24.4%	–	4 033	5.5%	12 439	44.1%
Free State	39 451	39 451	6 930	17.6%	–	–	0.0%	7 839	-11.6%
Gauteng	97 966	97 966	12 074	12.3%	–	–	0.0%	21 132	-42.9%
Kw aZulu-Natal	161 550	161 550	38 978	24.1%	–	–	0.0%	48 382	-19.4%
Limpopo	42 308	42 308	9 976	23.6%	–	–	0.0%	11 083	-10.0%
Mpumalanga	53 114	55 607	7 751	14.6%	-2 493	–	-4.7%	6 837	13.4%
Northern Cape	24 240	24 240	5 312	21.9%	–	–	0.0%	4 681	13.5%
North West	28 019	28 019	5 253	18.7%	–	–	0.0%	4 158	26.3%
Western Cape	70 226	70 226	13 690	19.5%	–	–	0.0%	23 036	-40.6%
Total	590 380	588 840	117 887	20.0%	-2 493	4 033	0.3%	139 587	-15.5%



Factors affecting spending

- Overall, there has been an aggregate decline in provincial spending
- Slow execution of procurement processes is the biggest reason, particularly the following:
 - FS: delay in awarding tenders (this appears to be a symptom of general capacity and skills challenges in the department)
 - GAUTENG: Poor performance of Public Works (DID) in the province has led to slow progress in the building of mortuaries
 - MP: Vacancies in the key posts and non-appointment of staff to these positions
 - NW: “Delays” in procurement processes. This also suggests low capacity or competency in the finance and SCM functions of the department
 - WC: Late processing of payments to service provider. Although payments were planned to be made in July, there are still slow expenditure at the end of July.
- National Health is conducting site visits to determine progress on projects and the level of direct support required by provinces.
- National Treasury is continuing the implementation of the IDIP HR strategy, which is aimed at guiding provinces to ensure the right competencies are being recruited in respect of infrastructure projects

Forensic Pathology Services (JULY UPDATE)

Table: Forensic Pathology Services Grant as at 31 July 2011

	Main budget	Projected outcome	Actual spending as at 31 July 2011	Actual spending as % of main budget	(Over)	Under	%(Over)/under of main budget	2010/11: Outcome as at 30 July 2010	Year-on-year growth
R thousand									
Eastern Cape	73 506	72 055	26 233	35.7%	–	1 451	2.0%	16 929	55.0%
Free State	39 451	39 451	9 238	23.4%	–	–	0.0%	9 663	-4.4%
Gauteng	97 966	97 966	15 242	15.6%	–	–	0.0%	27 974	-45.5%
Kw aZulu-Natal	161 550	161 550	48 849	30.2%	–	–	0.0%	68 345	-28.5%
Limpopo	42 308	41 062	12 239	28.9%	–	1 246	2.9%	13 172	-7.1%
Mpumalanga	53 114	55 607	10 453	19.7%	-2 493	–	-4.7%	10 392	0.6%
Northern Cape	24 240	24 240	6 941	28.6%	–	–	0.0%	6 206	11.8%
North West	28 019	28 019	7 330	26.2%	–	–	0.0%	5 971	22.8%
Western Cape	70 226	70 226	19 772	28.2%	–	–	0.0%	30 779	-35.8%
Total	590 380	590 176	156 297	26.5%	-2 493	2 697	0.0%	189 431	-17.5%

Hospital Revitalisation

Table: Hospital Revitalisation Grant as at 30 June 2011 (Section 32)

	Main budget	Projected outcome	Actual spending as at 30 June 2011	Actual spending as % of main budget	(Over)	Under	%(Over)/ under of main budget	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand									
Eastern Cape	382,048	355,914	45,976	12.0%	–	26,134	6.8%	50,921	-9.7%
Free State	417,883	417,883	94,883	22.7%	–	–	0.0%	28,887	228.5%
Gauteng	801,965	801,965	144,733	18.0%	–	–	0.0%	256,378	-43.5%
Kw aZulu-Natal	547,698	611,651	123,818	22.6%	-63,953	–	-11.7%	52,535	135.7%
Limpopo	371,672	371,672	19,883	5.3%	–	–	0.0%	60,503	-67.1%
Mpumalanga	356,557	356,557	24,665	6.9%	–	–	0.0%	72,797	-66.1%
Northern Cape	406,892	401,891	73,987	18.2%	–	5,001	1.2%	60,669	22.0%
North West	370,074	370,074	140,488	38.0%	–	–	0.0%	154,459	-9.0%
Western Cape	481,501	481,501	77,115	16.0%	–	–	0.0%	121,872	-36.7%
Total	4,136,290	4,169,108	745,548	18.0%	-63,953	31,135	-0.8%	859,021	-13.2%



Factors affecting spending

- Hospital Revitalisation continues to be plagued by poor performance in the current year. The grant under-spent by over R1 billion in 2010/11 and the spending rate in the first quarter of 2011/12 has declined even further (by 13.2%)
- There are broadly two reasons for under-performance of this programme:
 - Poor infrastructure planning by provinces
 - Inadequate scoping and design (e.g. Natalspruit, King George V)
 - Poor communication and co-operation between Public Works and Health (EC,GP, KZN, MP,NC, and LIM have consistently raised this as a challenge)
 - Poor or inaccurate cash-flow projections (e.g. GP, KZN, LIM and NC)
 - Inadequate technical skills or staffing capacity (this has been highlighted by most provinces in the country)
 - Poor project performance
 - Un-explained delays in variation order approvals, construction, and equipment procurement, etc.
 - Poor or slow performance of contractors, including contractors who are awarded tenders for big projects they cannot execute.
 - Insufficient monitoring by senior managers in client departments.
- Measures have been implemented by the national DOH and NT to tighten the management and monitoring of projects and to adhere to effective planning principles.

Hospital Revitalisation (JULY UPDATE)

Table: Hospital Revitalisation Grant as at 31 July 2011

	Main budget	Projected outcome	Actual spending as at 31 July 2011	Actual spending as % of main budget	(Over)	Under	%(Over)/ under of main budget	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand									
Eastern Cape	382,048	346,134	73,267	19.2%	–	35,914	9.4%	69,811	5.0%
Free State	417,883	511,309	113,883	27.3%	-93,426	–	-22.4%	36,457	212.4%
Gauteng	801,965	801,965	188,146	23.5%	–	–	0.0%	268,143	-29.8%
Kw aZulu-Natal	547,698	611,651	145,062	26.5%	-63,953	–	-11.7%	68,878	110.6%
Limpopo	371,672	344,340	28,922	7.8%	–	27,332	7.4%	61,443	-52.9%
Mpumalanga	356,557	356,557	35,643	10.0%	–	–	0.0%	65,140	-45.3%
Northern Cape	406,892	401,890	87,890	21.6%	–	5,002	1.2%	81,482	7.9%
North West	370,074	370,074	198,937	53.8%	–	–	0.0%	168,252	18.2%
Western Cape	481,501	481,501	117,031	24.3%	–	–	0.0%	177,279	-34.0%
Total	4,136,290	4,225,421	988,781	23.9%	-157,379	68,248	-2.2%	996,885	-0.8%



THANK YOU