



## **Report on the third quarter expenditure performance of conditional grants for the 2011/12 financial year.**

**12 April 2012**

### **1. Introduction**

The report aims to highlight the expenditure performance of provincial conditional grants for the third quarter of the 2011/12.

### **2. Grant Expenditure Performance**

Table 1 reflects on the expenditure performance of schedule 5 grants. Schedule 5 grants are allocations transferred by national departments to provinces for specific purposes.

As shown by Table 1 below, the total adjusted conditional grant allocation with respect to schedule 5 grants amount to R37.6 billion after the mid-year adjustments period. By the end of the third quarter, ended the 31 December 2011, R24.6 billion or 65.4 per cent of the adjusted allocation was spent.

Human Settlement Grants at R15.5 billion and Health Grants at R12.7 billion constitute the bulk of schedule 5 grant funding.

Conditional Grants that are showing good expenditure performance by the end of the third quarter include: Gautrain Rapid Rail Link (100.0 per cent), Mass Sport and Recreation Participation Programme Grant (73.3 per cent), National School Nutrition Programme Grant (73.0 per cent) and Devolution of Property Rate Funds Grant (70.4 per cent)

The following grants per sector are showing low rates of expenditure (i.e. below 65.0 per cent) by the end of the third quarter and should be flagged for further interrogation by the Committee:

- Agriculture, Forestry and Fisheries:
  - a) Ilima/Letsema Project Grant (60.9 per cent)
- Arts and Culture:
  - a) Community Library Services (55.6 per cent)
- Basic Education:



- a) Dinaledi Schools Grant (39.2 per cent)
- b) HIV and Aids (Life Skills Education) Grant (60.6 per cent)
- c) Technical Secondary Schools Recapitalisation Grant (43.6 per cent)

- Health

- a) Comprehensive HIV and Aids Grant (64.0 per cent)
- b) Hospital Revitalisation Grant (64.6 per cent)

- Public Works

- a) Social Sector Expanded Public Works Programme (EPWP) Incentive Grant (54.1 per cent)

**Comment**

The Committee should question the relevant sector departments as to what are the factors contributing to the slow expenditure of conditional grants. What kind of support has the national department provided provinces that have difficulties in spending their grant allocation? Furthermore, the sector departments should explain to the Committee their monitoring and evaluation system/process used to verify provincial conditional grant expenditure and non-financial performance indicators.

The Committee should further note that disaster relief allocations with respect to the agriculture, human settlements and transport sectors were made during the national adjustment budget process. However the respective sector departments by the end of the third quarter did not transfer the allocated disaster relief funding to the qualifying provinces, the exception being the Department of Transport. A discrepancy is however noted in the transfer amount of R240.0 million reported by the Department of Transport as transferred to the provinces, whereby only KwaZulu-Natal Province and North West Province have confirmed receipt of their Transport Disaster Management Grant allocations (i.e. an aggregate total of R35.0 million) at the end of the third quarter.

**Comment**

The Committee should question the Departments of Agriculture, Forestry and Fisheries, Human Settlements and Transport as to the factors contributing to the delay in disaster relief transfers to provinces. What assistance has been given to provinces regarding business plans for implementing disaster management?



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

**RESEARCH UNIT**

PO Box 15 Cape Town 8000 Republic of South Africa  
Tel: 27 (21) 403 8273 Fax: 27 (21) 403 8118

Schedule 5 Grants (R'thousand)	Division of Revenue Act, 2011 allocation	Government Gazette of 20 December 2011	Provincial roll-overs and other Adjustments	Total Available 2011/12	Transferred from national to province	Year to date		% spent as a share of Total available
						Received by provinces	Actual spending as at 31 Dec 2011	
<b>Agriculture, Forestry and Fisheries</b>	457 772	154 560	2 734	615 066	346 216	287 807	46.79%	
Agriculture Disaster Management Grant	-	149 560	-	149 560	-	-	-	
Ilima/Letsema Project Grant	400 000	5 000	392	405 392	300 000	247 045	60.94%	
Land Care Programme Grant: Poverty Relief and Infrastructure Grant	57 772	-	2 342	60 114	46 216	40 762	67.81%	
<b>Arts and Culture</b>	543 420	26 514	46 726	616 660	436 135	342 881	55.60%	
Community Library Services Grant	543 420	26 514	46 726	616 660	436 135	342 881	55.60%	
<b>Basic Education</b>	5 048 080	10 518	193 260	5 251 858	4 083 697	3 719 260	70.82%	
Dinalledi Schools Grant	70 000	-	-	70 000	46 984	27 463	39.23%	
HIV and Aids (Life Skills Education) Grant	199 328	-	16 013	215 341	129 563	130 415	60.56%	
National School Nutrition Programme Grant	4 578 752	-	171 784	4 750 536	3 815 395	3 467 235	72.99%	
Technical Secondary Schools Recapitalisation Grant	200 000	10 518	5 463	215 981	91 755	94 147	43.59%	
<b>Health</b>	12 219 632	84 500	427 855	12 731 987	9 706 282	8 204 660	64.44%	
Comprehensive HIV and Aids Grant	7 492 962	-	74 877	7 567 839	5 882 210	4 844 333	64.01%	
Forensic Pathology Services Grant	590 380	-	19 713	610 093	453 777	418 192	68.55%	
Hospital Revitalisation Grant	4 136 290	84 500	333 265	4 554 055	3 370 295	2 942 135	64.60%	
<b>Human Settlements</b>	14 941 516	180 000	395 742	15 517 258	12 098 737	10 250 550	66.06%	
Housing Disaster Relief Grant	-	180 000	-	180 000	-	-	-	
Human Settlements Development Grant	14 941 516	-	395 742	15 337 258	12 098 737	10 250 550	66.83%	
<b>Public Works</b>	2 003 588	0	132 060	2 135 648	1 591 748	1 469 713	68.82%	
Devolution of Property Rate Funds Grant	1 803 230	-	126 331	1 929 561	1 431 986	1 358 246	70.39%	
Social Sector Expanded Public Works Programme (EPWP) Incentive Grant	200 358	-	5 729	206 087	159 762	111 467	54.09%	
<b>Sport and Recreation South Africa</b>	451 968	-	14 043	466 011	380 082	341 420	73.26%	
Mass Sport and Recreation Participation Programme Grant	451 968	-	14 043	466 011	380 082	341 420	73.26%	
<b>Transport</b>	5 300	240 000	62 216	307 516	245 300	5 300	1.72%	
Gautrain Rapid Rail Link	5 300	-	-	5 300	5 300	5 300	100.00%	
Overload Control Grant	-	-	331	331	-	-	-	
Transport Disaster Management Grant	-	240 000	61 885	301 885	240 000	35 016	0.00%	
<b>Total</b>	<b>35 671 276</b>	<b>696 092</b>	<b>1 274 636</b>	<b>37 642 004</b>	<b>28 888 197</b>	<b>24 621 591</b>	<b>65.41%</b>	

Source: National Treasury (2012)

Research Unit | Author Name: Yolanda Joseph

Author Contact Details: (021) 403-8383



### **3. References**

National Treasury (2012), Statement of Receipts and Payments for the Third Quarter ended 31 December 2011.

National Treasury (2012), provincial Budgets: 2011/12 Financial year, Third Quarter Year to Date provincial Budgets and Expenditure Report, Press Release, dated 29 February 2012.