

PRESENTATION TO THE SELECT COMMITTEE ON APPROPRIATIONS

4th 2011/12 & 1st quarter 2012/13
Conditional Grant outcomes

August 2012



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Grant purpose – Hospital Revitalisation Grant

- To provide funding to enable provinces to plan, manage, modernise, rationalise and transform health infrastructure, health technology, monitoring and evaluation of the health facilities in line with national policy objectives; and
- To supplement expenditure on health infrastructure delivered through public-private partnerships.

Hospital Revitalisation Grant

Table: Hopsital Revitalisation Grant as at 31 March 2012 (Pre-audited)

	Adjusted budget	Pre-audited outcome as at 31 March 2012	Pre-audited outcome as % of adjusted budget	(Over)	Under	%(Over)/ under of adjusted budget	2010/11: Outcome as at 31 March 2011	Year-on- year growth
R thousand								
Eastern Cape	633 304	556 929	87.9%	—	76 375	12.1%	168 610	230.3%
Free State	445 460	405 515	91.0%	—	39 945	9.0%	244 634	65.8%
Gauteng	931 640	793 293	85.2%	—	138 347	14.8%	816 046	-2.8%
Kw aZulu-Natal	547 698	547 698	100.0%	—	—	0.0%	297 570	84.1%
Limpopo	371 672	277 578	74.7%	—	94 094	25.3%	234 309	18.5%
Mpumalanga	356 557	296 889	83.3%	—	59 668	16.7%	298 753	-0.6%
Northern Cape	406 892	387 995	95.4%	—	18 897	4.6%	261 939	48.1%
North West	370 074	362 963	98.1%	—	7 111	1.9%	326 303	11.2%
Western Cape	490 758	482 429	98.3%	—	8 329	1.7%	614 071	-21.4%
Total	4 554 055	4 111 289	90.3%	—	442 766	9.7%	3 262 235	26.0%



Performance issues – 4th Quarter

- Northern Cape
 - 95% completion of Upington Hospital, department anticipated 100% but there has been slow progress on the external civil work;
 - Construction of De Aar Hospital –phase I - 80 % complete as at 31 March 2012; phase II - 20% complete due to late appointment of contractor by the department of Roads and Public Works;
 - 63% completion of New Mental Health Hospital due to late appointment of contractor and assessment of building works by the department of Roads and Public Works;
 - Kuruman, Postmasburg and Kimberley hospitals were at planning stage

Performance issues – 4th Quarter

- North West
 - Vryburg hospital completed and operational
 - Moses Kotane phase I complete, only the psychiatric ward is still being fixed to comply with the mental health requirements;
 - phase II - other additions to the project are the Gateway clinic and extension of the OPD
 - Brits hospital – constructed with the bulk of the Hospital Revitalisation Grant spent on it

Provincial Spending as at 30 June 2012 (Section 32) 1st Quarter Publication



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Hospital Revitalisation Grant

Table: Hospital Revitalisation Grant as at 30 June 2012 (Section 32)

	Main budget	Projected outcome	Actual payments as at 30 June 2012	Actual payments as % of main budget	(Over)	Under	%(Over)/under of main budget	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand									
Eastern Cape	402 679	329 349	46 295	11.5%	–	73 330	18.2%	45 976	0.7%
Free State	472 384	639 119	353 019	74.7%	-166 735	–	-35.3%	94 883	272.1%
Gauteng	795 439	795 439	107 874	13.6%	–	–	0.0%	144 733	-25.5%
Kw aZulu-Natal	566 605	566 605	164 257	29.0%	–	–	0.0%	123 818	32.7%
Limpopo	301 193	301 193	63 614	21.1%	–	–	0.0%	19 883	219.9%
Mpumalanga	300 000	300 000	31 958	10.7%	–	–	0.0%	24 665	29.6%
Northern Cape	346 083	346 083	90 400	26.1%	–	–	0.0%	73 987	22.2%
North West	423 127	423 127	123 391	29.2%	–	–	0.0%	140 488	-12.2%
Western Cape	496 085	504 414	60 745	12.2%	-8 329	–	-1.7%	77 115	-21.2%
Total	4 103 595	4 205 329	1 041 553	25.4%	-175 064	73 330	-2.5%	745 548	39.7%



New Mental Health Hospital

- The project started in September 2005 and completion date now revised and estimated to be November 2014.
- The original contract amount was R290 million then revised to R408 million as at 31 August 2009.
- Due to the court case that took long to be concluded, the province underspent on the grant.
- Court case has been concluded and a new contractor is appointed and on site.
- In terms of the Infrastructure Reporting Module (IRM), the province projects to spend R91.3 million in 2012/13.

Conclusion

- On aggregate provinces have spent 26 per cent faster at the end of 2011/12 financial year than in 2010/11.
- Northern Cape improved their spending significantly in 2011/12 in comparison to past 4 financial years, while North West has continuously spent their entire budget over these years.
- Delays in project implementation led to cost escalations for the New Mental Health Hospital due to poor performance by the previous contractor.
- Spending on HRP improved considerably at the end of 1st quarter when compared to same period in 2011/12, and notably Northern Cape being one of those provinces that improved.