



**2006/07 CONDITIONAL GRANTS AND
CAPITAL EXPENDITURE (FOURTH
QUARTER)**

Gauteng Treasury
9 May 2007



PRESENTATION OUTLINE

- Financial Performance of the Province
- Conditional Grants Allocation and Expenditure
- Service Delivery Per Programme
- Capital Budget Allocation and Expenditure
- Intervention by Treasury
- Infrastructure Delivery



PURPOSE

- To provide the National Council of Provinces (NCOP) with an overview of Conditional Grant and Capital Expenditure performance for Gauteng Province during the Fourth Quarter of 2006/07 Financial year.



Consolidated Revenue & Expenditure

R Thousand	2006/07 Main Budget	Adjusted Budget/Revenue	Actual to 31 March	Projected (2006/07)	%
Revenue					
Transfers from National Treasury	31,195,343	31,194,885	30,823,774	479,351	98.8%
Equitable Share	25,361,696	25,361,696	25,261,688	-	100.0%
Conditional Grants	8,744,257	8,732,369	8,662,598	(70,281)	94.0%
Provincial Own Revenue	1,738,262	1,737,015	2,091,382	354,367	119.8%
Less: Public Office Bearer Charges	40,417	-	-	-	-
Total Revenue	33,823,789	34,297,670	34,826,757	529,215	98.2%
Total Expenditure	34,459,729	35,190,274	34,684,181	411,793	98.8%



GP Budget 2006/07

- A total adjusted budget of R34,291 billion was estimated for the 2006/07 financial year, comprising:
 - R2,001 billion of own revenue;
 - R9,132 billion of Conditional Grants; and
 - R23,362 billion from Provincial Equitable Share.
- After tabling the second adjustment, the budget was revised downwards to R 35,100 billion from the total of R35,277 billion
- The whole equitable share budget was spent
- Predicted over collection of own revenue amounts to R205 million (driven by motor vehicle licences and casino taxes)



Preliminary Expenditure

- Aggregate Q4 provincial expenditure:
 - Total Q4 conditional grant expenditure: R2,581 billion (28,2 per cent)
 - Total Q4 CAPEX expenditure: R950 million (36,5 per cent of total expenditure)
- Total 2006/07 aggregate provincial expenditure: R34,684 billion
 - There is an anticipated under-spending of R416,1 million
 - Department of Health to over-spend by R372 million due to budgetary pressures facing Central Hospitals
 - Department of Education to under-spend by R647,9 million due to personnel related issues, e.g. incentives, delayed appointment of educators



Conditional Grants Receipts 2006/07

- R 8,855 billion was allocated in the adjusted budget and received by the province as conditional grants for 2006/07 financial year



Conditional Grant Expenditure, 2006/07

	COPE, No. 2 of 2006	Cost Centre, 01 Dec 2006	Provincial 01-12-2006	Total available 2006/07	On-line Actual	Received To Process	Actual as at 31 Dec 2007	Actual as % of total available
R Billions								
Agriculture	8,888	328	-	10,323	10,323	10,323	10,321	99.1%
Comprehensive Agricultural Support Programme Grant	6,873	-	-	6,873	6,873	6,873	6,869	99.9%
Land Care Programme Grant, Priority Areas and Infrastructure Development	1,115	328	-	1,458	1,450	1,450	1,392	97.4%
Education	225,953	-	-	225,953	225,953	225,953	221,884	98.2%
Further Education and Training College Sector Support/Innovation Grant	106,000	-	-	106,000	106,000	106,000	93,692	79.9%
HR and Skills (CVI Skills Education) Grant	20,012	-	-	20,012	20,012	20,012	19,790	99.9%
National School Religion Programme Grant	99,941	-	-	99,941	99,941	99,941	98,392	99.3%

Conditional Grant Expenditure, 2006/07 (cont'd)

Item	DCGL No. 1 of 2006	Cost R2006/07 (R Dec 2006)	Provisional net expenditure R	Total available 2006/07	% Spent National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Total		6,671,146	116,444	-	11,872,548	6,078,170	6,187,548	51,9%
Comprehensive HIV and Aids Grant		252,265	17,589	-	276,165	276,640	276,640	100,0%
Forensic Pathology Services Grant		75,216	5,228	-	81,026	64,526	62,309	76,9%
Health Professions Training and Development Grant		554,029	-	-	554,029	554,029	554,029	100,0%
Hospital Rehabilitation Grant		211,225	87,219	-	415,281	323,698	415,201	100,0%
National Tuberculosis Services Grant		1,888,024	-	-	1,888,024	1,888,024	1,888,024	100,0%
Research		1,222,448	-	-	1,222,448	1,222,448	1,222,448	100,0%
Integrated Housing and Human Settlement Development Grant		1,767,664	-	-	1,767,664	1,767,664	1,768,022	100,0%

Conditional Grant Expenditure, 2006/07 (cont'd)

Item	DCGL No. 1 of 2006	Total available 2006/07	% Spent National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Research		9,209	9,209	9,209	9,209	100,0%
Land Distribution: Alexander Mpanza National Project Grant		9,209	9,209	9,209	9,209	100,0%
National Treasury		402,745	402,745	402,745	402,745	100,0%
National Infrastructure Grant		427,745	427,745	427,745	427,745	100,0%
Sport and Recreation South Africa		16,829	16,829	16,829	16,829	100,0%
Mass Sport and Recreation Participation Programme Grant		16,829	16,829	16,829	16,829	100,0%
Transport		2,241,026	2,241,026	2,241,026	2,241,026	100,0%
Quintile Five Rural Health Grant		2,241,026	2,241,026	2,241,026	2,241,026	100,0%
Total		6,744,917	6,744,917	6,744,917	6,744,917	100,0%

2006/07 Overall Conditional Grants Performance

- Aggregate Spending Position
 - R8,662 billion was spent against total available budget of R8,855 million (under-expenditure of R193 million or 2,2 per cent)
- Lowest performance: Mass Sport and Recreation Mass Participation Grant (R3.9 million or 22 per cent under-expenditure); Forensic Pathology Grant (R17 million or 22,3 per cent under-expenditure)
- High Performance: Comprehensive HIV/AIDS Grant (102 per cent expenditure); Integrated Housing and Human Development Grant (100,1 per cent expenditure)

Conditional Grants Performance 2006/07 - Agriculture

Item	DCGL No. 1 of 2006	Cost 2006/07 (R Dec 2006)	Provisional net expenditure R	Total available 2006/07	% Spent National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Total		9,048	335	-	10,223	10,223	10,221	99,1%
Comprehensive Agricultural Support Programme Grant		6,073	-	-	6,073	6,073	6,069	99,9%
Land Care Programme Grant: Poverty Relief and Infrastructure Development		3,115	335	-	3,450	3,450	3,582	103,8%

CASP

- CASP funding was expended mainly on infrastructure development and the training of farmers

LANDCARE

- R3,115 million of the Landcare programme was used for the eradication of alien vegetation, with Rand Water being the implementing agent
- The project targeted 333 ha of land in Mopane City and 400 ha in the Elandshoek Municipality during the 2006/07 financial year
- As at the end of February 2007 67,6 per cent and 66 per cent of alien plants had been cleared from the Mopane City municipal area Elandshoek's respectively and a project created 111 jobs, 59 in Elandshoek and 52 in Mopane City



Conditional Grants Performance 2006/07 - Education

Programme	DOEA, No. 2 of 2006	Grant Available, 30 Dec 2006	Provincial roll-over (R million)	Total available 2006/07	Tot from National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Education	228,832	-	-	228,832	228,832	228,832	201,654	88.1%
Further Education and Training College Service (Nongovernmental Fund)	166,098	-	-	166,098	166,098	166,098	152,007	79.5%
HE and VET (SA 3076 Education) Grant	28,910	-	-	28,910	28,910	28,910	19,750	68.3%
National School Nutrition Programme Grant	33,824	-	-	33,824	33,824	33,824	30,287	89.5%

* Does not include related expenditure by FET colleges

Financial Performance

- FET Recap Grant expended R83,6 million (78,9) per cent utilised, and dept has requested roll-overs to the 2007/08 financial year for outstanding commitments
- National School Nutrition Programme grant of R20 million 98,9 per cent expended as at end of 2007/08
- Overall R201,7 million 89,3 per cent of conditional grants utilised in 2006/07

FET Colleges Expenditure

Programme	Division of Revenue Act, No. 2 of 2006	Approved Provincial Payment Schedules	Transferred from National to province	Transferred from province to Colleges	Actual payments made by Colleges
Education	106,300	106,300	106,300	106,300	85,912
Capital Allowances	10,000			10,000	9,923
Education Voucher	10,000			10,000	5,929
Education Cost	10,000			10,000	10,000
Self-help	11,000			11,000	9,888
Health Voucher	12,000			12,000	11,987
Education South	30,000			30,000	18,991
Western College	5,000			5,000	5,000



Conditional Grants Performance 2006/07 - Health

Programme	DOHA, No. 2 of 2006	Grant Available, 30 Dec 2006	Provincial roll-over (R million)	Total available 2006/07	Tot from National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Health	3,077,165	118,444	-	3,195,609	3,077,165	3,077,165	3,153,287	98.9%
Comprehensive HIV/AIDS Grant	252,045	17,500	-	270,545	270,545	270,545	270,796	100.1%
Forensic Pathology Services Grant	76,792	5,288	-	82,080	82,080	82,080	86,285	105.1%
Health Professions Training and Development Grant	554,009	-	-	554,009	554,009	554,009	554,009	100.0%
Hospital Revitalisation Grant	207,265	30,676	-	237,941	237,941	237,941	246,023	103.4%
National Tertiary Services Grant	1,890,054	-	-	1,890,054	1,890,054	1,890,054	1,890,054	100.0%

Financial Performance

- Comprehensive HIV/AIDS expenditure exceeded total 2006/07 allocation, spending R 270,8 million (100,2 per cent) to budget
- Forensic Pathology Services the lowest spending conditional grant, with just 81 per cent (R66,2 million) expended in 2006/07
- Hospital Revitalisation under-spent by R19,2 million (8,0 per cent)
- Health Professions Training and Development, Hospital Revitalisation and National Tertiary Services grants fully expended



Conditional Grants Performance 2006/07 (Housing)

Programme	DOHA, No. 2 of 2006	Grant Available, 30 Dec 2006	Provincial roll-over (R million)	Total available 2006/07	Tot from National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Housing	1,757,686	-	-	1,757,686	1,757,686	1,757,686	1,759,822	100.1%
Integrated Housing and Human Settlement Development Grant	1,757,686	-	-	1,757,686	1,757,686	1,757,686	1,759,822	100.1%
Land Distribution, Alexandra Urban Renewal Project Grant	0,000	-	-	0,000	0,000	0,000	0,000	100.0%

Financial Performance

- R1,760 billion spent on Integrated Housing And Human Settlement (100,1 per cent of allocation)
- Alexandra Urban Renewal Project grant fully expended in the 2006/07 financial year

Conditional Grant Expenditure – Provincial Infrastructure Grant (PIG)

Reward	DORA, No. 2 of 2006	Total available 2006/07	Total from National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
	407,745	407,745	658,078	658,078	187,745	46,2%
DoE, DoH, DPTRW	407,745	407,745	658,078	658,078	307,745	75,2%

- Of the amount of R407,7 million allocated under the PIG:
 - R81,5 million allocated to the Dept of Health
 - R123,1 million allocated to the Dept of Education (R163,1 million less R40 million re-allocated to Dept of Health projects)
 - R163,1 million allocated to DPTRW
- Dept of Health spent R81,5 million, while DPTRW spent R147,4 million

Conditional Grants Performance – DPTRW

Reward	DORA, No. 2 of 2006	Govt Grants, 06 Dec 2006	Provincial job-creation/other adj.	Total available 2006/07	Total from National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Transport	3,241,000	-	-	3,241,000	3,241,000	3,241,000	3,241,000	100,0%
Gautrain Rapid Rail Link Grant	3,241,000	-	-	3,241,000	3,241,000	3,241,000	3,241,000	100,0%

- Spending on Gautrain by end of 2006/07 financial year amounted to R3,241 billion, or 100 per cent of conditional grant

Conditional Grants Performance 2006/07- SRAC

Reward	DORA, No. 2 of 2006	Govt Grants, 06 Dec 2006	Provincial job-creation/other adj.	Total available 2006/07	Total from National	Received by Province	Actual as at 31 Mar 2007	Actual as % of total available
Sport and Recreation South Africa	16,800	-	-	16,800	16,800	16,800	13,111	78,0%
Mass Sport and Recreation Participation Programme Grant	16,800	-	-	16,800	16,800	16,800	13,111	78,0%

- Under-spending of Mass Sport and Recreation Participation Grant a symptom of inadequate capacity to drive this programme
- Only 78 per cent (R13,1 million) of R16,8 million grant expended in 2006/07
- Reason for under-expenditure relates to transfers to non-profit institutions not being made as some of them were not tax compliant

Capital Budget Receipts 2006/07

- Capital programme includes payments for capital assets within departments and Capital Transfers.
- Capital transfers includes housing programmes and special infrastructure development projects (to accelerate economic growth)
- Total adjusted capital budget allocation amounts to R2,6 billion (excluding conditional grants);
- Largest shares are Dept of Health (41 per cent), DPTRW (22,7 per cent) and Housing (22,8 per cent)



Capital expenditure performance

- R2,507 billion spent as at end of the financial year, indicating under-expenditure of R93,3 million (3,5 per cent of total allocation)



Capital Allocation and Expenditure (2006/07)

Department	Budget 2006/07		Actual Expenditure 2006/07		Variance	Percentage	%
	R'000	Adjusted Budget R'000	R'000	R'000			
Education	470,413	460,664	738,348	36,471	168,271	171,9%	
Health	342,704	1,079,270	444,388	28,623	26,923	25,0%	
Social Development	21,489	11,111	24,056	12,945	118,075	106,6%	
Office of the Premier	3,228	2,902	2,810	(1,388)	-42,4%		
Provincial Legislatures	11,013	10,602	18,823	7,810	73,6%		
DED	96,361	16,041	6,607	(3,034)	-3,1%		
Treasury	38,271	42,112	52,038	13,867	32,8%		
Local Government	21,148	21,148	22,809	1,661	7,8%		
Public Transport Roads and Water	360,851	360,851	360,871	20	0,0%		
Community Safety	26,100	18,214	2,058	(14,052)	-77,2%		
Agriculture, Conservation and Land Affairs	4,068	18,132	13,048	(5,084)	-28,0%		
Sports and Recreation	38,812	41,100	43,903	2,801	6,8%		
Coastal and Marine Services Centre	11,951	11,951	21,118	9,167	76,8%		
Building Provincial Treasury	884	4,428	3,388	(1,040)	-23,5%		
TOTAL	2,708,222	2,900,420	2,615,128	(93,292)	-3,2%		



Low Spending departments

- Dept of Community Safety (17,1 per cent of adjusted budget)
 - An earmarked allocation for the Integrated Information Management System was not utilised due to delays in the procurement process
- Office of the Premier (59,1 per cent of adjusted budget)
 - Under-spending due to outstanding capital commitments including the upgrading of Local Area Net Work
- DED (40,7 per cent)
 - No reason given by department



Over-expenditure

- Dept of Education (12,6 per cent above budget)
 - Over-expenditure due to acquisition of land for new schools
- Department of Social Dev (109,6 per cent above budget)
 - Over-expenditure resulting from transfer of R19 million to DPTRW to construct social welfare centres
- Legislature (4,4 per cent above budget)
 - Over spending on Selbourne Hall Project due to variations in the scope of work from the original plan



Challenges in Implementing Conditional Grants and Capital Budgets

- Absence of Integration in Infrastructure and Capital projects Planning;
- Absence of Infrastructure Planning and Budgeting Skills;
- Incorrect Data in the IRM (Infrastructure Reporting Model)
- Communication within the Client department and I.A



Proposed Intervention by Gauteng Treasury

- GT has been fully capacitated to allow for closer monitoring and evaluation of expenditure;
- Rigorous analysis of expenditure on a quarterly basis, with detailed feedback to be given to all departments timeously, i.e. Q3 analysis;
- GT will strive to link financial expenditure with performance on service delivery (i.e. non-financial information)



THANK YOU



INFRASTRUCTURE

SOCIAL DEVELOPMENT

Funding	Budget R'000	Actual Expenditure as at End of March 2007 (Q4) R'000	% of Total Budget spend
Equitable share	32,675	29,888	92%
TOTALS	32,675	29,888	92%

HEALTH CONT.

PROJECT STATUS	NO. OF PROJECTS	BUDGET R'000	Actual Expenditure as at End of March 2007 (Q4) R'000	% of Total Budget spend
Planning	32	50,203	21,706	43%
Construction	59	556,413	510,775	92%
Completed	44	43,981	47,351	108%
Maintenance	52	283,101	283,101	100%
Totals	246	933,698	862,933	92%

HEALTH

FUNDING	Budget R'000	Actual Expenditure as at End of March 2007 (Q4) R'000	% of Total Budget spend
HOSPITAL REVENUE	415,261	386,129	93%
PROVINCIAL INFRASTRUCTURE GRANT	81,549	81,549	100%
EQUITABLE SHARE (incl. Ration rebates/DOC FPG) (incl. Ration rebates/DOC FPG)	425,948	415,261	98%
TOTALS	922,758	872,933	95%

INFRASTRUCTURE SUMMARY

DEPARTMENT	CONTRIBUTABLE SHARE BUDGET R'000	ACTUAL EXP. Q4/07 R'000	% OF TOTAL BUDGET
Health	285,948	282,933	99%
Education	707,281	770,212	109%
Social Development	22,620	29,888	132%
Sports, Recreation, Arts and Culture	70,500	61,124	87%
Housing (incl. EX. Finance)	282,280	247,126	88%
Transport	1,700,000	1,649,999	97%
Economic Development	227,678	220,891 (incl. Bus. Development) (incl. expenditure not processed)	97%
DP/TPW (incl. DP/TPW)	600,000	488,521	81%
DP/TPW (Public Works)	282,781	284,552	101%
Agriculture	6,873	11,191	163%

SPORTS, RECREATION, ARTS AND CULTURE (SRAC)

PROJECT STATUS	NO OF PROJECTS	BUDGET R'000	ACTUAL EXPENDITURE END OF MARCH 2007 R'000	% OF TOTAL BUDGET SPENT
Planning	13	R1,450	52,550	4%
Construction	12	R30,600	R21,974	31%
Completed	2	R26,500	R26,500	31%
Total	27	R58,550	R91,124	66%

SPORTS, RECREATION, ARTS AND CULTURE (SRAC)

THE INFRASTRUCTURE ALLOCATION FOR 2006/2007 FINANCIAL YEAR IS AS FOLLOWS.

Funding	BUDGET R'000	END OF MARCH 2007 R'000
Equitable Share	R26,550	R21,124
TOTAL EXPENDITURE	R58,550	R91,124

MAINTENANCE (Soc. Dev)

Type of Maintenance	BUDGET R'000	Actual Expenditure as at End of March 2007 (03) R'000
Club Structural	5,022	4,583
Electrical	2,654	2,522
Mechanical	2,769	1,185
Day to Day	5,583	4,582
Physical Structure	3,400	3,795
Rehabilitation	7,000	7,000
Totals	30,428	29,868

SOCIAL DEVELOPMENT CONT.

PROJECT STATUS	NO OF PROJECTS	BUDGET R'000	Actual Expenditure as at End of March 2007 (03) R'000	% of Total Budget
Planning	1	2,200	2,000	31%
Construction	-	-	-	-
Maintenance	36	30,420	29,868	98%
Completed	-	-	-	-
Total	37	32,620	31,868	97%

DEPARTMENT OF EDUCATION

CATEGORY	NO OF PROJECTS	BUDGET R'000	ACTUAL EXPENDITURE END OF MARCH 2007 R'000	EXPENDITURE VS TOTAL BUDGET %
New Construction	203	739,210	764,915	90%
Maintenance	140	72,807	4,204	0.5%
Renovation	65	23,156	11,073	1.2%
TOTAL	408	835,173	776,192	92%

DEPARTMENT OF EDUCATION

PROJECT STATUS	NO OF PROJECTS	BUDGET R'000	ACTUAL EXPENDITURE END OF MARCH 2007 R'000	% OF TOTAL BUDGET SPENT
Pending	107	155,300	12,548	0.3
Completion	114	707,268	708,655	85
Completed	157	89,506	89,506	7
Total	458	952,074	910,612	92

DEPARTMENT OF EDUCATION

• THE INFRASTRUCTURE ALLOCATION FOR THE DEPARTMENT OF EDUCATION FOR 2006/07 FINANCIAL YEAR WAS AS FOLLOWS: NEW CONSTRUCTION, REPAIR/REPLACEMENT AND MAINTENANCE WAS - R829,879
 • GAITHERG ONLINE - R299,000

Funding	ALLOCATION R'000	CONDITIONAL GRANT R'000	EQUITABLE SHARE R297,561	TOTAL R829,879
	1121,268	(291,399)	(442,000)	

SPORTS, RECREATION, ARTS AND CULTURE (SRAC)

PROJECT TYPE	NO OF PROJECTS	BUDGET R'000	EXPENDITURE END OF MARCH 2007 R'000	EXPENDITURE VS BUDGET %
REPAIR/REPLACEMENT	8	3,200	5,200	16%
NEW CONSTRUCTION	2	1,500	1,500	2%
UPGRADING	12	42,716	54,274	77%
TOTAL	22	47,416	61,074	77%

DEPARTMENT OF HOUSING

Category/ Type of Structure	No. of Projects	Budget R'000	Actual Expenditure as at End of March 2007 (Q4) R'000	% of Total Budget spend
New Construction	150	214,890	147,598	25%
Renovation/ Upgrading	962	658,941	1,009,206	153.6%
Total	1112	1,700,000	1,649,998	97%

**DEPARTMENT OF HOUSING
Alexandra Renewal**

Category/ Type of Structure	No. of Projects	Budget R'000	Actual Expenditure as at End of March 2007 R'000	% of Total Budget spend
New Construction	15	96,585	66,911	59.9%
Renovation/ Upgrading	30	148,947	120,141	120.0%
Maintenance	21	20,657	25,688	83.7%
Total	66	270,289	292,726	98%

ECONOMIC DEVELOPMENT

* These excludes the 12 projects expenditure information still to be processed

Category/ Type of Structure	No. of Projects	Budget R'000	Actual Expenditure as at End of March 2007 R'000	% of Total Budget spend
New Construction	7	216,428	128,423	28%
Renovation/ Upgrading	2	52,046	42,254	96%
Maintenance	35	59,204	59,204	49%
Total	44	327,678	229,881	70.5%

AGRICULTURE*

* Not set up in flow, reported numbers sourced from Public Works

Category/ Type of Structure	No. of Projects	Budget R'000	Actual Expenditure as at End of March 2007 R'000	% of Total Budget spend
New Construction	-	-	-	-
Renovation/ Upgrading	21	6,873	8,543	109%
Maintenance	Various numbers	1,948	1,948	100%
Total	-	6,873	11,191	163%