

***Provincial Preliminary Outcome of  
Conditional Grants and CAPEX  
As at 31<sup>st</sup> March 2007***



**National Council of Provinces**  
Select Committee on Finance  
Presentation by  
Northern Cape  
Provincial Treasury  
9<sup>th</sup> May 2007

## **Objectives**

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- To brief the Select Committee on Finance on the CAPEX and Conditional Grants preliminary outcomes as at 31<sup>st</sup> March 2007:
  - Summary of total CAPEX
  - Summary of Infrastructure [Infrastructure Reporting Model (IRM)]
  - Conditional Grants
  - Reasons for under/ over expenditure per Department

## Broad Overview

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- Total expenditure on Payments for Capital Assets amount to **R513,3 million** or 97% of the adjusted budget as at 31<sup>st</sup> March 2007.
- The Province projects to under-spend its CAPEX by a net amount of **R17,3 million** or 3% of the adjusted budget.
- Total expenditure on conditional grants amount to **R836,5 million** or 88% of the adjusted budget as.
- The Province underspent its CG adjusted budget by a net amount of **R115,8 million** or 12% of adjusted budget.

## Summary of Capital Expenditure per Department as at 31 March 2007

R'000	2006/07				2005/06		
	Adjusted Budget	Actual as at 31 March 2007	(Over) /Under	Actual as % of Budget	Adjusted Budget	Actual as at 31 March 2006	Actual as % of Budget
<b>Social Sector</b>	<b>327,194</b>	<b>277,414</b>	<b>49,780</b>	<b>85%</b>	<b>204,387</b>	<b>156,356</b>	<b>76%</b>
Education	28,194	23,751	4,443	84%	31,745	32,799	103%
Health	281,861	240,173	41,688	85%	165,117	117,080	75%
Social Services and Population Development	17,139	13,490	3,649	79%	17,525	6,477	37%
<b>Other</b>	<b>203,496</b>	<b>235,937</b>	<b>(32,441)</b>	<b>116%</b>	<b>144,462</b>	<b>158,583</b>	<b>110%</b>
Office of the Premier	5,548	5,501	47	99%	5,062	4,937	98%
Legislature	3,055	3,617	(562)	118%	1,448	1,584	109%
Provincial Safety and Liaison	1,638	1,426	212	87%	485	705	145%
Transport, Roads and Works	149,988	157,229	(7,241)	105%	109,863	110,807	101%
Economic Affairs	841	1,280	(439)	152%	1,270	922	73%
Sport, Arts and Culture	23,768	20,993	2,775	88%	13,953	14,900	107%
Provincial Treasury	2,128	1,751	377	82%	1,164	867	74%
Housing and Local Government	3,365	3,285	80	98%	2,320	2,160	93%
Agriculture and Land Reform	12,282	39,392	(27,110)	321%	7,241	20,178	279%
Tourism, Environment and Conservation	883	1,463	(580)	166%	1,666	1,524	92%
<b>Total</b>	<b>530,690</b>	<b>513,351</b>	<b>17,339</b>	<b>97%</b>	<b>348,849</b>	<b>314,939</b>	<b>90%</b>

## Payments for Capital Assets (Capital Expenditure)

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- Total Capital Expenditure as at 31<sup>st</sup> March 2007 amount to **R513,3 million** or 97% of CAPEX budget.
  - An improvement compared to 90% in 2005/06.
- Social Sector Capital Expenditure amount to **R277,4 million** as at 31<sup>st</sup> March 2007 or 85% of capital budget
  - An improvement compared to 76% in 2005/06.
- Education capital expenditure amount to **R23,7 million** or 84% of capital budget.
  - A considerable decline compared to 103% in 2005/06.
- Health capital expenditure total to **R240,1 million** or 85% of capital budget.
  - An improvement compared to 75% in 2005/06
- Social Services & Population Development capital spending amount to **R13,5 million** or 79% of capital budget.
  - Considerable improvement compared to 37% in 2005/06.
- Other sectors capital expenditure combined total to **R235,9 million** or 116% of capital budget, overspending by 16%.
- Material overspending are recorded by:
  - Department of Agriculture and Land Reform at **R27 million**;
  - Department of Transport, Roads and Public Works at **R7 million**

## Total Infrastructure (Maintenance & Capital)

Department	Adjusted Budget	4th quarter actual expenditure	Projection for remainder of financial year	(Over) / Under expenditure	% of expenditure to budget
<b>Education</b>	33,579	27,903	-	5,676	83%
Current	18,202	9,517	-	8,685	52%
Capital	15,377	18,386	-	(3,009)	120%
<b>Transport, Roads and Public Works</b>	296,935	290,937	-	5,998	98%
Current	138,055	135,020	-	3,035	98%
Capital	158,880	155,917	-	2,963	98%
<b>Sport, Arts and Culture</b>	22,562	20,619	-	1,943	91%
Current	-	-	-	-	-
Capital	22,562	20,619	-	1,943	91%
<b>Health</b>	325,642	244,227	-	81,415	75%
Current	-	-	-	-	-
Capital	325,642	244,227	-	81,415	75%
<b>Agriculture and Land Reform</b>	32,890	32,890	-	-	100%
Current	-	-	-	-	-
Capital	32,890	32,890	-	-	100%
<b>TOTAL</b>	<b>711,608</b>	<b>(616,576)</b>		<b>95,032</b>	<b>87%</b>

## Summary spending on Infrastructure

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- Allocated Adjusted Budget : **R712 million** of which **R206,4 million** represent PIIG
- Total Infrastructure preliminary spending as at 31 March 2007 amount to **R616 million** or 87% of the total infrastructure budget, an underspending by **R95 million** or 13% of the adjusted budget
- Material underspending is recorded by the Department of Health at **R81,4 million**

## Spending on Infrastructure per Department

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- **Education**

- Allocated Budget: **R33, 5 million** of which **R27,8 million** represent PIG
- Preliminary spending as at 31 March 2007 total to **R27, 9 million** or **83%** of infrastructure budget.

- **Transport, Roads and Public Works,**

- Allocated Budget : **R296,9 million**, of which **R157,6 million** represents PIG.
- Preliminary spending as at 31 March 2007 total to **R290, 9 million** or **98%** of the budget.



## Spending on Infrastructure per Department cont...

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### ● Health

- Allocated Budget: **R325 million**, of which **R12 million** represents PIG.
- Preliminary expenditure as at 31 March 2007 total to **R244 million** or 75% of the adjusted budget.
- The department recorded an underspending of **R81, 4 million**.

## Spending on Infrastructure per Department cont....

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- **Agriculture and Land Reform**

- Allocated Budget : **R32, 8 million**, of which **R4, 8 million** represents PIG.
- Spending as at 31 March 2007 total to **R32, 8 million** or **100%** of the adjusted budget.

- **Sport, Arts and Culture**

- Allocated Budget : **R22, 5 million**
- Spending as at 31 March 2007 total to **R20, 6 million** or **91%** of the adjusted budget

## **Challenges : Main causes of Infrastructure Underspensing**

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- Situation Analysis conducted recently in the Department of Education reflect the following :
  - No formal documented needs analysis and planning process or system exist.
    - This lead to inadequate coordination between Education (Client Agency) and Public Works (Implementing Agency).
  - Unclear roles and responsibilities between Client and Implementing Departments.
  - IDIP not clearly understood.
  - Service Level Agreements (SLAs) between Client and Implementing Agencies lacks sufficient coordination, operational guidelines and communication mechanisms.