



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

N C O P

Presented by the HOD, Dr. J Dlamini
for the Department of Health and Social Development
on behalf of the MEC on 11th May 2007

070511sc Finance
Report to the
Select Committee on Finance

on
Conditional Grants
and
Capital Expenditure
for the
Financial Year ended
31 March 2007



Capital Expenditure

Actual Expenditure	2003/04	2004/05	2005/06	2006/07
in R' 000	Spent	Spent	Spent	Spent
Buildings and other Fixed	226,859	237,955	226,414	403,106
Machinery and Equipment	92,360	157,072	164,670	313,796
Software and intangibles	-	383	258	24,749
Total Expenditure	319,219	395,410	391,342	741,651
Budget	344,652	438,310	533,871	662,625
% of Budget Growth > pre year	11%	27%	22%	24%
% of Budget Spent	93%	90%	73%	112%
Budgeted for 07/08 and the MTEF				
in R' 000	2007/08	2008/09	2009/10	
	Budget	Budget	Budget *	
Buildings and other Fixed	439,393	494,393	446,015	
Machinery and Equipment	247,682	281,283	298,595	
Software and intangibles	30,125	30,125	34,346	
Budget	717,200	805,801	778,956	
% of Budget Growth > pre year	8%	12%	-3%	

* The Departmental Baseline for 2009 / 2010 has been reduced by R 129.462 million in the 2007/08 Budget Statement



Actual Capital Expenditure 2006 / 07

Budgeted vs Expenditure	2006/07 Budget	Roll over & Additional Allocation & Revised Estimates	Revised Budget	Expenditure 31 March 2007	% Spent of the Revised Budget	Actual Variance
in R' 000						
Buildings and other Fixed	248,000	146,341	394,341	403,106	102.2%	-8,765
Machinery and Equipment	265,908	-27,178	238,730	313,796	131.4%	-75,066
Software and intangibles	59,200	-29,646	29,554	24,749	83.7%	4,805
Total Budget	573,108	89,517	662,625	741,651	111.9%	-79,026
Equitable Share						
Buildings and other Fixed	133,230	37,414	170,644	173,136	101.5%	-2,492
Machinery and Equipment	188,468	-26,065	162,403	210,303	129.5%	-47,900
Software and intangibles	59,200	-29,646	29,554	24,749	83.7%	4,805
Total Equitable Share	380,898	-18,297	362,601	408,188	112.6%	-45,587
Conditional Grants						
Buildings and other Fixed	114,770	108,927	223,697	229,970	102.8%	-6,273
Machinery and Equipment	77,440	-1,113	76,327	103,493	135.6%	-27,166
Total Con Grants	192,210	107,814	300,024	333,463	111.1%	-33,439



Capital Expenditure

Roll Over and Additional Allocations

Equitable Share

- A Roll over of R7.355m over for machinery and equipment
- An additional allocation for Infrastructure of R23m for the upgrade of two Hospitals transferred to Limpopo from Mpumalanga (Cross Boundary realignment)
 - The funds was used for staff accommodation, palisade fencing and other minor upgrades

Conditional Grants

Provincial Infrastructure Grant

- Requested R6.368 m and did not receive any roll-over
- R50 m was given in the 1st and taken back in the 2nd Adjustment Estimates
- The total PIG is utilised for Clinics and Health Centres



Capital Expenditure

Conditional Grants

Hospital Revitalisation Grant (HRG) and HMQI

- As from 2006/07 these two grants were combined and a roll over of R64.224 was received
- The HRG allocated over the MTEF in the 2005/06 Budget Statement was reduced from:
 - R142m to R48m in the first year of the MTEF for 06/07
 - R180m to R67m in the second year for 2007/08
- The Grant allocated in the 2007/08 Budget Statement has been adjusted upwards to R 148 m for 07/08 and R 216 m for 08/09 with the outer year still receiving a mere R104 m
- This constant change of the MTEF makes proper planning and implementation difficult



Capital Expenditure

Hospital Revitalisation

- The National Dept of Health recommended that an additional R80 m be made available to Limpopo in the 2006/07 financial year adjustment estimates
- National Treasury did not make the funds available as the total departmental expenditure at 31 August 2006 was below the straight line projection this was interpreted as a potential under expenditure and the department was told to use its own equitable share to top up the over heating Hospital Revitalisation Grant
- The department was advised by Pro Treasury to continue spending on the HRG as planned as funding would be made available
- The grant was over spent by R54.6 m = 48.5 %

Expenditure was as follows;

- Goods and Services at 136% = R 6 m over
- Buildings at 121.8%, R16.39 m over
- Equipment at 273.8%, R32 m over



Actual Capital Expenditure on Buildings for the 2006 / 07 financial year

Capital Infrastructure Projects in R ' 000	Adjusted Budget	Actual Expenditure	% Spent	Variance
Provincial Infrastructure Grant	102,125	106,366	104%	- 4,241
Hospital Revitalization Program	75,150	91,202	121%	- 16,052
Forensic Mortuaries	35,022	36,075	103%	- 1,053
Whitoc-Extension of Offices	5,000	2,756	55%	2,244
Central Laundries	27,379	23,092	84%	4,287
Staff Accommodation	90,641	90,489	100%	152
Philadelphia - Groblersdal	23,000	22,928	100%	72
EMS Stations	9,000	8,598	96%	402
20 Clinics plus Health Center	22,024	20,511	93%	1,513
Nursing College Campuses	5,000	1,089	22%	3,911
TOTAL	394,341	403,106	102%	- 8,765



Capital Expenditure - 06 / 07

Reasons for over expenditure against the budget by R79m = 11.9 %

- **Buildings = R8.8 m over at 2.2 %**

- **Conditional Grants, R6.2 m = 2.8 %**

- The HRG realized an over expenditure of R16.4 m = 21.8%
- The other grants realized an under expenditure of R10.2 m that resulted in a net over expenditure of R6.2 m on the grants
- The request for a roll over of R6.3 m on PIG was not granted

- **Equitable Share, R 2.4 m = 1.5 %**

- The completion of EMS stations progressed better than expected resulting in an over expenditure of R9 m while other programmes under spent by R6.6 m due to delays encountered by contractors that realized a net over expenditure of R2.4 m

- **Software = R 4.8 m under = 16.7 %**

- Software of R 2.6 for the new HIS was obtained towards the end of March and will thus only be paid in April 2007



Capital Expenditure - 06 / 07

Reasons for over expenditure by R75.1 m = 31.4 %

- **Machinery and Equipment**

Conditional Grants – R27.2 m = 35.6 %

- The HRG realized an over expenditure of R32.1 m = 174 %
- The other grants realized an under expenditure of R4.9 m that resulted in a net over expenditure of R27.2 m on the con grants

Equitable Share – R47.9 m = 28.5 %

- In an attempt to speed up service delivery in 2007/08 some capital equipment was ordered for delivery as from April 2007 onwards. Equipment was however delivered in February 07 and March 07 and paid for in March 07.
- The capital budget for 2007/08 has been reduced accordingly
- Equipment for the implementation of HIS for R25.5 m was received but not yet paid at year end



Conditional Grant Expenditure at 31 March 2007

Actual Expenditure on Conditional Grants in R ' 000	2006/07					
	DORA Budget	Roll over Additional Allocation	Revised Budget	Expenditure for the year 2006 / 07	% of DORA	% of Rev bud
HIV & AIDS	175,861	35,684	211,545	200,897	114.2%	95.0%
National Tertiary Services	71,579	-	71,579	71,579	100.0%	100.0%
Health Prof Train & Dev	72,411	-	72,411	72,411	100.0%	100.0%
Hospital Revitalisation	48,247	64,224	112,471	167,054	346.2%	148.5%
Forensic Pathology	38,385	7,058	45,443	41,895	109.1%	92.2%
Provincial Infrastructure	102,125	-	102,125	102,125	100.0%	100.0%
Total Budget = DORA	508,608	106,966	615,574	655,961	129.0%	106.6%



HIV & AIDS @ 95 %

A roll over of R 13.6 m was requested while R 35.652 m was allocated in the adjustment estimates in Oct 06

- The department indicated that it did not have plans to spend the additional funds by year end
- An offer made of R 2.2 m for the purchase of a property to house a training centre was not finalised at year end
- Shortage of qualified medical personnel for the comprehensive programme remains a challenge
- The balance of R10.64 m has been committed and a roll over has been requested
- Some 12 400 patients were on ART in March 2007

NTSG & HPTD

These are Schedule 4 grants and are intended to supplement the departmental Equitable Share budget and both grants were fully utilised



Forensic Pathology @ 92 %

Machinery and Equipment @ 85 %

- R786 000 worth of office furniture has been ordered, and delivery is awaited pending the completion of the buildings

Compensation of Employees @ 100 %

- 43 Staff members have been appointed from September 2006 onwards

Buildings @ 91%

- The construction of 12 mortuaries is progressing well and will continue into the next financial year
- Additional funds will be utilised to complete the physical structures

A roll over was requested for the unspent of R 3.548 m that has been committed

THANK YOU

