

Challenges

- Construction of new structures and upgrading of existing structures have escalated the demand for infrastructure, although Gauteng is making insufficient progress in attaining overall infrastructure objectives.
- Whilst the overall provincial allocation for infrastructure investments in the 2007/08 is only 13,6 percent of the global GPG budget, only 45 per cent of this portion was actually spent on capital projects, and approximately 32,5 percent on maintenance projects for the first half of the year.
- Treasury is concerned that whilst some projects are moving at an acceptable pace, other large scale capex projects, are moving at a sluggish pace and are being plagued by operational, procurement and reporting difficulties.
- In addition GPG allocations for infrastructure maintenance is very low, clearly indicating that maintenance of existing facilities is a low priority across most Departments given existing budget pressures. There is an urgent need to arrest the decline of existing infrastructure assets and prevent asset degeneration and dilapidation and the incurrence of high replacement costs.
- On site difficulties relating to poor planning, defaulting contractors, delayed procurement processes, lack of efficient project management and reporting continues to compromise the infrastructure delivery programme



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Interventions

- GPG departments be encouraged to conduct the continuous assessment of provincial infrastructure under their jurisdiction, and be urged to timeously attend to maintenance backlogs and prioritise these needs as part of their budget bids.
- GPG departments be required to develop comprehensive maintenance plans for existing and new infrastructure projects to ensure the longevity of state assets.
- GPG departments be encouraged to ensure enhanced planning of projects to avoid expenditure high's and low's and combat operational, procurement and design risks.
- GPG departments continue to build and be supported in their efforts by Treasury to build infrastructure capacity to ensure improved monitoring and reporting.
- The Infrastructure Delivery Improvement Programme (IDIP), which seeks to align the project delivery cycle with the budget cycle over the MTEF, be actively monitored and rolled out by Treasury to all sectors.
- Infrastructure plans must be carefully scrutinised to ensure value for money and stated delivery targets are met, and ensure credible implementation for both projects at all stages of the project cycle.
- Treasury continue its pursuit of ensuring that Departments meet their infrastructure goals and objectives, and assist strengthen thin structures and tighten budgetary leaks



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Overall Expenditure Analysis: Conditional Grants

R '000	Division of Revenue Act, No. 2 of 2006	Approved Payment Schedule	Transferred from National to province	Received by province	Actual as at 30 Sept 2007 (Section 32) (excluding Schedule 4 grants)	Actual as % of total available (excluding Schedule 4 grants)
Agriculture	22,921	10,314	10,318	10,318	-	-
Comprehensive Agricultural Support Programme Grant	19,651	8,843	8,847	8,847	-	-
Land Care Programme Grant: Poverty Relief and Infrastructure Development ¹	3,270	1,471	1,472	1,472	-	-
Education	277,499	138,752	138,752	138,752	106,943	38.5
Further Education and Training College Sector Recapitalisation Grant	140,509	70,256	70,256	70,256	49,129	35.0
HIV and Aids (Life Skills Education) Grant	22,416	11,208	11,208	11,208	7,394	33.0
National School Nutrition Programme Grant	114,574	57,288	57,288	57,288	50,420	44.0



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Overall Analysis of Spending: Conditional Grants

R '000	Division of Revenue Act, No. 2 of 2006	Approved Payment Schedule	Transferred from National to province	Received by province	Actual as at 30 Sept 2007 (Section 32) (excluding Schedule 4 grants)	Actual as % of total available (excluding Schedule 4 grants)
Health	3,527,777	1,763,885	1,763,885	1,763,885	408,663	41.4
Comprehensive HIV and Aids Grant	399,604	199,800	199,800	199,800	176,901	44.3
Forensic Pathology Services Grant	83,749	41,875	41,875	41,875	31,690	37.8
Health Professions Training and Development Grant ¹	581,741	290,868	290,868	290,868		
Hospital Revitalisation Grant	503,284	251,644	251,644	251,644	200,072	39.8
National Tertiary Services Grant ¹	1,959,399	979,698	979,698	979,698		
Housing	2,197,223	963,767	963,767	963,767	842,603	38.3
Integrated Housing and Human Settlement Development Grant	2,197,223	963,767	963,767	963,767	842,603	38.3

1. Spending of these grants is subsumed in the spending of a range of programmes across provincial departments and therefore no reporting is required on these grants.



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National Treasury	524,238	262,119	262,120	262,120	-	-
Provincial Infrastructure Grant ¹	524,238	262,119	262,120	262,120	-	-
Sport and Recreation South Africa	46,901	27,713	27,713	27,713	11,303	24.1
Mass Sport and Recreation Participation Programme Grant	28,091	18,307	18,307	18,307	10,311	36.7
Community Library Services Grant	18,810	9,406	9,406	9,406	992	5.3
Transport	3,029,411	1,514,706	1,002,608	1,002,608	1,384,814	45.7
Gautrain Rapid Rail Link Grant	3,029,411	1,514,706	1,002,608	1,002,608	1,384,814	45.7
Total	9,625,970	4,681,256	4,169,164	4,169,164	2,754,326	42.0

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Schedule 5 Grants : Non-financial Performance

Agriculture

→ Land Care Programme Grant, Poverty Relief and Infrastructure Development

- By end of Q2, no expenditure is recorded against this allocation
- This is due to the fact that GDACE is in discussions with its service providers, being DWAF et.al. and these processes are still in planning and procurement stages
- No indication is received to which stages the latter have progressed
- Works in progress is reported as the clearing of alien vegetation on 4 hectares of land in the north of the Province.
- The Department is awaiting contract sign off by DWAF and anticipate transfer of funds by end of December 2007.

Arts and Culture

→ Community and Library Services Grant

- Of the 18,8 million allocation for 2007/08, An amount of R9,4 million was transferred by the end of Q2, and only R992 thousand spent quarter, and no expenditure was reported to date
- The main reason for the under spending is due to the non-purchasing of library information resources and late transfers to municipalities due to delays in signing of service level agreements being experienced with local government.



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Schedule 5 Grants : Non-financial Performance

Sport and Recreation South Africa

→ Mass Sport and Recreation Participation Programme Grant

- This grant had an allocation of R28 million for the 2007/08 financial year, to be disbursed in four equal tranches throughout the year
- To date 10,8 million has been received by DSRAC, and only R1,3 million has been spent.
- The under-spending has due to delays experienced in the procurement processes for sports equipments and apparel. The Department has subsequently reported that the tender process has since been finalised.

Housing

→ Integrated Housing and Human Settlement Development Grant

- The total allocation for the Integrated Housing and Human Settlement Grant is R2,197 billion, and actual expenditure up to end of Q2 was reported at R842,6 million (44,6 per cent)
- under spending has been compounded by administrative delays experienced with the processing of claims due to the rollout by the National Department of Housing of two new versions of the Housing Subsidy Scheme
- Such interruptions were caused by a complete shutdown and creation of a backup database, re-installation of user systems, setup of new functionalities, and training users in the new systems. In view hereof movement of funds against this grant is expected to rise in the remainder of 2007/08.



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Schedule 5 Grants : Non-financial Performance

Education

→ Further Education and Training College Sector Recapitalisation Grant

- 35% of the 50% transferred, has been expended on procuring of suitable training services and necessary goods and services to facilitate colleges effecting their mandates
- The relatively low expenditure is a result of cumbersome and sluggish procurement procedures
- The Department has indicated that the frequency of monitoring shall be increased especially for colleges that are lagging in expenditure. There remains uncertainty over the rollovers from 2006/07 of R21 million approximately.

→ HIV and Aids (Life Skills Education)

- In terms of this grant, 33 per cent of the overall allocation of R22,4 million has been expended by the end of Q2
- A strategy has been devised whereby districts have been instructed to ensure increased participation by stakeholders and more fluid dissemination of information



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Schedule 5 Grants : Non-financial Performance

Education (contd.)

→ National School Nutrition Programme

- In terms of this grant, 44 per cent of the grant has been spent by the end of this period, mostly on purchases of foodstuffs to feed 450 310 learners in the Province
- Main challenge is the escalating food and fuel prices that affect purchase price and the distribution of food items.

Health

→ Comprehensive HIV and Aids Grant

- 44,3 per cent of grant expended by end of Q2
- Main challenges faced are employment of chief community liaison officers (CCLO), laboratory costs, outstanding invoices not received, high demand for milk products, slow process of approval for training tender and non compliance by NGO`s to submit quarterly claims in time
- Monitoring, controls have been strengthened by implementing NGO`s training on expenditure guidelines , reconciliation and submission of reports; fast tracking tender process; and facilitating to improve process of employment of CCLO.

→ Forensic Pathology Services Grant

- The grant has made in Q2 commitments for capital projects to the value of R9,1 million and personnel expenditure amount of R3,2 million will be correctly placed in financial system
- Allocated budget will be spent in full

→ Hospital Revitalization Grant

- Expenditure of R34,5 million will reflect in Q3 as result of delay in processing transaction by Department of Public Transport, Roads and Works on behalf of Health
- Implementation of projects and monitoring is well underway
- It is anticipated that the full allocation will be spent on this grant



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Assessment of Moy and

- Gauteng Treasury pringemer support to Departme encour proper planning in ocr deliv
- A dedicated Public F created implementation of thgthen
- Other reforms envisæent of k implementation, mo; proces level include:
 - phase-in approach/e analy
 - introducing the reqme planr business case for €
 - implementation ans plans;
 - Supporting departquality o reports for infrastr Monitor
- Departments are sukeports although compliancæill a ch by Accounting Office



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