

**CONDITIONAL GRANTS & EQUIPMENT
WESTERN CAPE DEPARTMENT OF HEALTH
REPORT AS AT 31 DECEMBER 2005**

At the end of December 75% of the funds should have been spent. According to the attached table, on the conditional grants 72% has been spent, and 42% on the Equipment

Below are comments on the items where less than 75% has been spent to date:

Integrated Nutrition Programme

- a) Allocation made against the wrong codes on initial budget allocation
- b) Money has been spent in regions, but because of staff shortages, has not been Journalised to Nutrition
- c) Some money has been committed, but not reflected on BAS as expenditure yet
The department still projects to spend its full budget.

Hospital Management and Quality Improvement

Since the amount of the grant allocated per hospital is so small, most expenses are debited against the relevant hospitals, and later journalised to the conditional grant. However, it is expected that this grant will be underspent by about 20%.

Provincial Infrastructure

Although spending is now at 61%, the department still expects the full budget to be spent. Projects requiring payments in the last 3 months include:

- Atlantis reroofing hospital (R3m complete in February)
- Mowbray upgrading (R47m whole project) proceeding well
- Red Cross Trust (R4m)

Hospital Revitalisation

The table indicates the information per project:

	Project		Year	Budget	% of
	YTD Jan-March	Project			
	Rm	Rm	Rm	Rm	Budget
Vredenburg	12	10	23	40	57%
Worcester	35	11	46	75	61%
George	25	10	35	40	89%
Paarl	2	3	5	15	30%
Khayelitsha	0	1	1	2	55%
	74	36	110	172	64%

The original budget was R172m. In the adjustment budget the budget was reduced to R148m because of the expected underexpenditure. The table indicates that only R110m will be spent, and that assumes an acceleration of expenditure in the last 3 months.

Reasons for underspending:

Vredenburg hospital:

Slow performance of Contractor with result that not all medical equipment could be purchased and installed in the current financial year. Due to increased costs in new block existing block will be done as separate contract in 06/07 with increased expenditure in 06/07.

Worcester hospital:

Slow performance of Contractor with result that not all medical equipment could be purchased and installed in the current financial year. Expenditure spread out over next two financial years.

George hospital phase 2:

Contractor performed extremely well, additional work added to contract.

Paarl hospital:

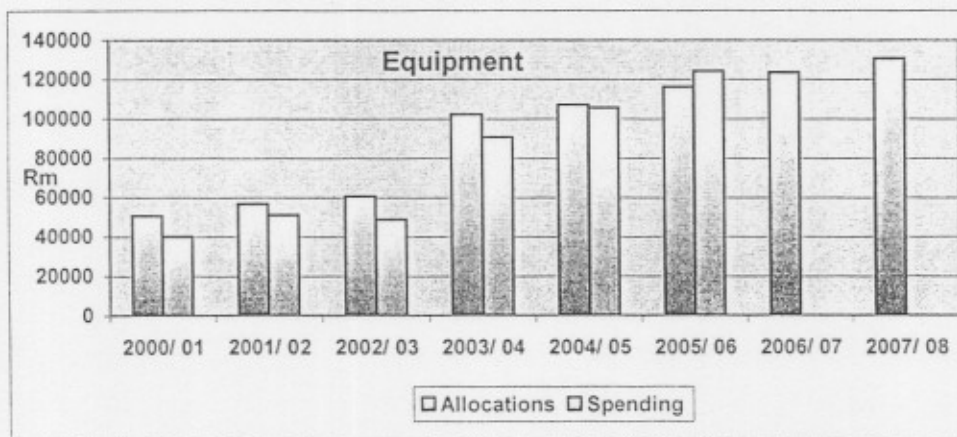
This project was delayed due to delay with approval of business case between Department of Health and National Department of Health which resulted in an under expenditure of R41.5m – The major reason for our under expenditure – In the meanwhile approval was granted and the project put out to tender with tenders due to close on 15/2/05.

Khayelitsha hospital:

Late approval of business case resulting in late appointment of Consultants – Consultants have been appointed and are busy with design.

EQUIPMENT

The following graph indicates how the budget increased over the years:



In the adjustment budget process the budget for 2005/6 was increased from

R125m to R145m. The additional R20m should therefore be spent in the last quarter.

Equipment spending currently stands at 42%, but the dept still projects to spend its full budget.

High value items to be paid in the last few months include:

	Rm
Operating microscope	1.7
L-arm for pacemaker insertion	1
Linear accelerator	15.1
Image intensifier	1.3
Microfilm scanner	1.4
Gamma camera	3.6
Echo cardiography	1.2
	<hr/>
	25.3
	<hr/>

The spending YTD is R62m. At the same point in time a year ago, the spending was R35m, and the budget was exceeded.

To solve the problem of the high spending in the last quarter, the department is planning to convert equipment acquisition from a one year to a two-year cycle.

CONDITIONAL GRANT AND EQUIPMENT EXPENDITURE FOR THE 2005/6 FINANCIAL YEAR UP TO 30 DECEMBER 2005
DEPARTMENT OF HEALTH: WESTERN CAPE

	BUDGET	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	UNSPENT	% SPENT
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm		
Integrated Nutrition Programme	5.3	0.1	0.1	0.2	0.6	0.2	0.2	0.6	0.3	0.4	2.7	2.6	51
Hiv/Aids	82.5	2.3	5.9	9.9	2.6	9.3	7.1	9.1	12.8	7.7	66.8	15.6	81
Hospital Management and Quality Improvement	17.6	0.6	0.3	0.6	1.0	0.8	0.6	0.7	1.3	2.1	8.0	9.6	45
Professional Training and Development	323.3	26.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9	26.9	242.5	80.8	75
National Tertiary Services	1,214.7	101.2	101.2	101.2	101.2	101.2	101.2	101.2	101.2	101.2	911.0	303.7	75
Provincial Infrastructure	55.2	0.0	1.6	1.6	2.6	3.6	4.0	3.5	11.6	5.1	33.5	21.7	61
Hospital Revitalisation	172.0	0.0	10.9	10.3	5.8	9.8	11.4	7.4	8.9	9.7	74.2	97.8	43
TOTAL CONDITIONAL GRANTS	1,870.6	131.2	146.9	150.7	140.7	151.8	151.6	149.6	163.1	153.1	1,338.8	531.8	72
EQUIPMENT	145,210.0	1,627.1	5,971.8	6,721.3	11.4	5,288.5	3,744.4	9,636.1	7,752.3	20,775.7	61,528.6	83,681.4	42