

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 986 [NW2138E]
DATE OF PUBLICATION: 20 SEPTEMBER 2019

986. Mr R A Lees (DA) to ask the Minister of Finance:

With regard to conditional grants budgeted for (a) provincial and (b) municipal spheres of government in the past four financial years, what are the details of (i) each grant partially spent or not spent at all including the amount of each grant (aa) not paid to the provincial and municipal spheres of government, (bb) returned to the national revenue fund by the provincial and municipal spheres of government and (cc) rolled over to future financial years and (ii) the reasons for the amount of each grant not having been spent, (iii) the amount of each grant actually spent and (iv) the amount budgeted for each grant?

NW2138E

REPLY:

[(a)(i), (aa), (bb), (cc)(ii)(iii) and (iv)]:

2015/16 Provincial Grants

In 2015/16 Provinces were allocated R85.3 billion in various conditional grants, of which, R276 million was not transferred to provinces. Of the total of R86.6 available to provinces (including roll overs) provinces spent R85.3 billion resulting in an underspending of R1.3 billion.

Roll overs amounting to R1.04 billion were approved and provinces surrendered R508 million, which was made up of unapproved roll-overs and unspent amounts that were not requested, back to the National Revenue Fund.

Under spending occurred mainly on infrastructure related components of the grants including the building of libraries, the Education Infrastructure Grant, the Health Revitalisation Grant and the Human Settlements Development Grant. The reasons for under expenditure includes, capacity constraints, poor planning and execution, poor workmanship resulting in cost increases and weak overall project management.

The detailed information on the 2015/16 allocations, roll-overs and unspent amounts per grant are in the following annexures:

Annexure AP - (a) (i) expenditure and underspending

Annexure AP – (aa) transfers
Annexure BP – (bb) surrendered to NRF
Annexure BP – (cc) roll-overs
Annexure AP - (a) (iii) actual expenditure per each grant
Annexure AP - (a) (iv) allocations

[(a)(i), (aa), (bb), (cc)(ii)(iii) and (iv)]

2016/17 Provincial Grants:

In 2016/17 Provinces were allocated R89 billion in various conditional grants, of which, R7 million was not transferred to provinces. Of the total of R90.7 available to provinces (including roll overs) provinces spent R88.5 billion resulting in an underspending of R2.2 billion.

Roll overs amounting to R1.4 billion was approved and provinces surrendered R417 million, which was made up of unapproved roll-overs and unspent amounts that were not requested, back to the National Revenue Fund.

Under spending occurred mainly on infrastructure related components of the grants including the building of libraries, the Education Infrastructure Grant, the Health Revitalisation Grant and the Human Settlements Development Grant. The School Nutrition grant underspent as well due to invoices being submitted late for payments. In terms of the infrastructure related grants, the reasons for under expenditure include, capacity constraints, poor planning and execution poor workmanship resulting in cost increases and weak overall project management.

The detailed information 2016/17 on allocations, roll-overs and unspent amounts per grant are in the following annexures:

Annexure AP - (a) (i) expenditure and underspending
Annexure AP – (aa) transfers
Annexure BP – (bb) surrendered to NRF
Annexure BP – (cc) roll-overs
Annexure AP - (a) (iii) actual expenditure per each grant
Annexure AP - (a) (iv) allocations

[(a)(i), (aa), (bb), (cc)(ii)(iii) and (iv)]

2017/18 Provincial Grants

In 2017/18 Provinces were allocated R96.7 billion in various conditional grants, of which, R38 million was not transferred to provinces. Of the total of R98.5 available to provinces (including roll overs) provinces spent R96.3 billion resulting in an underspending of R2.2 billion.

Roll overs amounting to R1.4 billion was approved and provinces surrendered R755 million, which was made up of unapproved roll-overs and unspent amounts that were not requested, back to the National Revenue Fund.

Under spending occurred mainly on infrastructure related components of the grants including the, Education Infrastructure Grant, the Health Revitalisation Grant and the Provincial Roads Maintenance Grant. The School Nutrition grant underspent as well due to invoices being submitted late for payments. In terms of the infrastructure related grants, the reasons for under expenditure include, capacity constraints, poor planning and execution poor workmanship resulting in cost increases and weak overall project management.

The detailed information 2017/18 on allocations, roll-overs and unspent amounts per grant are in the following annexures:

Annexure AP - (a) (i) expenditure and underspending

Annexure AP – (aa) transfers

Annexure BP – (bb) surrendered to NRF

Annexure BP – (cc) roll-overs

Annexure AP - (a) (iii) actual expenditure per each grant

Annexure AP - (a) (iv) allocations

[(a)(i), (aa), (bb), (cc)(ii)(iii) and (iv)]

2018/19 Provincial Grants

In 2018/19 Provinces were allocated R100.3 billion in various conditional grants, of which, R9 million was not transferred to provinces. Of the total of R103 available to provinces (including roll overs) provinces spent R99.4 billion resulting in an underspending of R3.5 billion. It must be noted however, that these numbers are pre-audited and is subject to change once the audit has been finalized.

Roll overs amounting to R2 billion was approved and provinces surrendered R1.4 billion, which was made up of unapproved roll-overs and unspent amounts that were not requested, back to the

National Revenue Fund. It must be noted however, that these numbers are pre-audited and is subject to change once the audit has been finalized.

Under spending occurred mainly on infrastructure related components of the grants including the, Education Infrastructure Grant, the Health Revitalisation Grant and the Human Settlements Development Grant. The School Nutrition grant underspent as well due to invoices being submitted late for payments. There also SCM and planning delays that resulted in underspending on the Comprehensive Agricultural Support Programme.

In terms of the infrastructure related grants, the reasons for under expenditure include, capacity constraints, poor planning and execution poor workmanship resulting in cost increases and weak overall project management.

The detailed information 2018/19 on allocations, roll-overs and unspent amounts per grant are in the following annexures:

Annexure AP - (a) (i) expenditure and underspending

Annexure AP – (aa) transfers

Annexure BP – (bb) surrendered to NRF

Annexure BP – (cc) roll-overs

Annexure AP - (a) (iii) actual expenditure per each grant

Annexure AP - (a) (iv) allocations

Kindly note that National Treasury has published this information (Allocation, Transfers, Expenditure and underspending) on the website.

[(b), (i), (aa), (bb), (cc), (ii), (iii) and (iv)]

2014/15 Local Government Grants

In 2014/15 municipalities were allocated R25.7 billion in various conditional grants and R25.5 billion was transferred to municipalities. Municipalities underspent on the transferred amount and as a result a total amount of R3 billion in different grants was requested by municipalities to be rolled over into the next financial year, however only R1.2 billion was approved to be rolled over into the 2015/16 financial year and R1.8 billion was unapproved.

A total of R3.2 billion in unspent conditional grants was returned to the National Revenue Fund, this was made up of unapproved roll-overs and unspent amounts that were never requested to be rolled over into the next financial year, but were unspent at the end of the financial year.

The reasons for under expenditure vary, as seen from the roll-over requests submissions by municipalities, ranging from capacity constraints, poor planning, slow or late procurement, leadership issues, among others. There is of late disruptions to procurement and project implementation processes by local business forums demanding that 30 per cent of each project cost be procured from local entrepreneurs or SMME's, which is not always possible due to most not meeting the qualifying criteria required to deliver on the projects needed to be implemented.

The detailed information 2014/15 on allocations, roll-overs and unspent amounts per grant are in the following annexures:

- Annexure C - (b)(i) expenditure and underspending
- Annexure A – (aa) transfers
- Annexure C – (bb) offset/surrendered to NRF
- Annexure B – (cc) roll-overs
- Annexure C - (b)(iii) actual expenditure per each grant
- Annexure A - (b) (iv) allocations

[(b), (i), (aa), (bb), (cc), (ii), (iii) and (iv)]

2015/16 Local Government Grants

In 2015/16 municipalities were allocated R28 billion in various conditional grants and R27.7 billion was transferred to municipalities. Municipalities underspent on the transferred amount and as a result a total amount of R2.5 billion in different grants was requested by municipalities to be rolled over into the next financial year, however only R991.2 million was approved to be rolled over into the 2015/16 financial year, while R1.5 billion was unapproved.

A total of R1.5 billion in unspent conditional grants was returned to the National Revenue Fund, a reduced amount than in 2014/15, and made up of unapproved roll-overs and unspent amounts that were never requested to be rolled over into the next financial year, but were unspent at the end of the financial year.

The reasons for under expenditure vary, as seen from the roll-over requests submissions by municipalities, ranging from capacity constraints, poor planning, slow or late procurement, leadership issues, among others. There is of late disruptions to procurement and project implementation processes by local business forums demanding that 30 per cent of each project cost be procured from local entrepreneurs or SMME's, which is not always possible due to most not meeting the qualifying criteria required to deliver on the projects needed to be implemented.

The detailed information on 2015/16 allocations, roll-overs and unspent amounts per grant are in the following annexures:

Annexure C - (b)(i) expenditure and underspending

Annexure A – (aa) transfers

Annexure C – (bb) offset/surrendered to NRF

Annexure B – (cc) roll-overs

Annexure C - (b)(iii) actual expenditure per each grant

Annexure A - (b) (iv) allocations

[(b), (i), (aa), (bb), (cc), (ii), (iii) and (iv)]

2016/17 Local Government Grants

In 2016/17 municipalities were allocated R30 billion in various conditional grants and R29.7 billion was transferred to municipalities. Municipalities underspent on the transferred amount and as a result a total amount of R2.1 billion in different grants was requested by municipalities to be rolled over into the next financial year, albeit a lesser amount than in the previous financial year. Of the total requested roll-over of R2.1 billion, only R923.5 million was approved to be rolled over into the 2015/16 financial year, while R1.1 billion was unapproved.

A total of R1.4 billion in unspent conditional grants was returned to the National Revenue Fund (R1.5 billion in 2015/16), this was made up of unapproved roll-overs and unspent amounts that were never requested to be rolled over into the next financial year, but were unspent at the end of the financial year.

The reasons for under expenditure vary, as seen from the roll-over requests submissions by municipalities, ranging from capacity constraints, poor planning, slow or late procurement, leadership issues, among others. There is of late disruptions to procurement and project implementation processes by local business forums demanding that 30 per cent of each project

cost be procured from local entrepreneurs or SMME's, which is not always possible due to most not meeting the qualifying criteria required to deliver on the projects needed to be implemented.

The detailed information on allocations, roll-overs and unspent amounts per grant are in the following annexures:

Annexure C - (b)(i) expenditure and underspending

Annexure A – (aa) transfers

Annexure C – (bb) offset/surrendered to NRF

Annexure B – (cc) roll-overs

Refer to last paragraph above - (b)(ii) why not spent per grant

Annexure C - (b)(iii) actual expenditure per each grant

Annexure A - (b) (iv) allocations

[(b), (i), (aa), (bb), (cc), (ii), (iii) and (iv)]

2017/18 Local Government Grants

In 2017/18 municipalities were allocated R32.4 billion in various conditional grants and R32 billion was transferred to municipalities. Municipalities underspent on the transferred amount and as a result a total amount of R3.2 billion in different grants was requested by municipalities to be rolled over into the next financial year, over R200 million and R700 million more than in 2014/15 and 2016/17 respectively. From the requested roll-over of R3.2 billion, a mere R904 million was approved to be rolled over into the 2015/16 financial year, however R2.3 billion was unapproved to be carried over into 2018/19.

A total amount of R3.6 billion in unspent conditional grants was returned to the National Revenue Fund, this was made up of unapproved roll-overs and unspent amounts that were never requested to be rolled over into the next financial year, but were unspent at the end of the financial year. The reasons for under expenditure vary, as seen from the roll-over requests submissions by municipalities, ranging from capacity constraints, poor planning, slow or late procurement, leadership issues, among others. There is of late disruptions to procurement and project implementation processes by local business forums demanding that 30 per cent of each project cost be procured from local entrepreneurs or SMME's, which is not always possible due to most not meeting the qualifying criteria required to deliver on the projects needed to be implemented.

The detailed information on allocations, roll-overs and unspent amounts per grant are in the following annexures:

- Annexure C - (b)(i) expenditure and underspending
- Annexure A – (aa) transfers
- Annexure C – (bb) offset/surrendered to NRF
- Annexure B – (cc) roll-overs
- Annexure C - (b)(iii) actual expenditure per each grant
- Annexure A - (b) (iv) allocations

Kindly note that National Treasury has published the information (Allocation, Transfers, Expenditure and underspending) on the website



Annexure B - LG
Consolidated Roll-over



Annexure C - LG
Unspent CG for 2014



Annexure AP.xlsx



Annexure BP.xlsx



Annexure A- LG CG
Allocations for 2014

