



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

Enquiries: Lungisa Fuzile Tel: 012 315 5158 Cell: 082 497 6397 E-mail: Lungisa.Fuzile@treasury.gov.za

**PRESS RELEASE
1 NOVEMBER 2005**

**Provincial Budgets 2005/06
Mid-Term Provincial Budget Report**

SUMMARY:

1. The second quarter provincial budget report covers spending for the first six months of the 2005/06 financial year, which ended 30 September 2005.
2. Provinces have spent 46,8 per cent of their main budget, or R100,1 billion of R213,7 billion.
3. Provinces spent 40,4 per cent or over R4,8 billion of their R11,9 billion combined capital budgets.
4. Personnel expenditure by provinces is at 48,7 per cent or R47,1 billion of the R96,7 billion budget including the recent public service increases.
5. Other key highlights include:
 - The greatest potential spending pressure is in education departments, where provinces have spent 49 per cent or R34,4 billion of their R70,2 billion budget, an increase of R4,3 billion or 14,2 per cent over the same period last year. However, capital expenditure in education is relatively low at 34,1 per cent or R978,8 million for the first six months.
 - Health expenditure is at 47,2 per cent or totalled R21,7 billion, which is R3,4 billion higher compared with the same period last year. Capital expenditure in health is lower at 35,2 per cent or R1,2 billion, however, it is substantially higher compared to the same period last year.
 - The highest share of provincial capital budgets is for public works, roads and transport departments at 36 per cent. The sector spent 50,7 per cent or R2,2 billion against its total capital budget of R4,3 billion after the 2nd quarter of the financial year.
 - Provincial own revenue collected thus far is at 55,9 per cent or R3,3 billion of the total own revenue budget of R5,9 billion. National government has transferred R70 billion of the equitable share, and R38,7 billion in conditional grants to provinces, during the first six months of 2005/06.

DETAILED ANALYSIS OF FIRST SIX MONTHS OF 2005/06 BUDGET:

6. The budgeted figures for provinces are based on the 2005/06 provincial budgets (main budgets) tabled in March 2005.
7. This analysis is based on the statement of receipts and payments, published by the National Treasury on 28 October 2005 and is available on the treasury website www.treasury.gov.za. The information is based on the Section 40(4) PFMA reports signed by each head of provincial department to their provincial treasury by 15 October 2005, and submitted to the National Treasury by 22 October 2005. Queries on spending or budget numbers should therefore, in the first instance, be referred to the relevant head official of the provincial department, and in the second instance to the head official of the provincial treasury. Queries on conditional grants may also be referred to the relevant head official of the administering national department.
8. The information presented here is restricted to financial information only, but provincial departments should be in a position to provide complementary non-financial performance information at least up to the first quarter (as such information comes with a longer lag of 2 to 4 months) relative to the targets set in their Strategic and Performance Plans tabled in provincial legislatures. Such information is necessary to measure outputs and performance and to assess value for money. This second quarter information will provide a valuable basis for determining potential overspending pressures which provinces must take into account when preparing their adjustment budgets.

Total Expenditure

9. Table 1 indicates that provinces have spent 46,8 per cent or R100,1 billion of budgeted expenditure after six months into the current financial year. Spending to date is at the same level in percentage terms against spending over the same six month period in the 2004/05 financial year. However, in nominal terms, spending is 14,6 per cent or R12,8 billion higher than for the same period last year when provinces had spent R87,3 billion. Between provinces, spending ranges from the lowest share of 45,4 per cent in Limpopo and 45,8 per cent in North West to the highest at 49,8 per cent in Mpumalanga and 49,3 per cent in Northern Cape.

Table 1: Provincial Aggregated Budgets and Expenditure as at September 2005

R thousand	Main budget 2005/06				Actual as at September 2005				Actual as % of main budget	2004/05: Actual as at September 2004
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total		
Eastern Cape	19 501 708	12 866 364	1 620 967	33 989 039	9 373 916	6 138 927	717 042	16 229 885	47,8%	14 996 832
Free State	9 100 054	4 897 768	543 722	14 541 544	4 288 043	2 306 078	195 629	6 789 750	46,7%	5 833 880
Gauteng	20 245 842	11 707 249	1 454 986	33 408 077	9 605 975	5 291 437	712 021	15 609 433	46,7%	13 425 899
KwaZulu-Natal	27 786 104	14 766 630	3 020 322	45 573 056	12 990 075	7 040 007	1 185 797	21 215 879	46,6%	18 252 971
Limpopo	17 536 318	8 928 833	1 492 919	27 958 070	8 075 426	4 179 444	430 468	12 685 339	45,4%	11 560 468
Mpumalanga	9 552 570	4 449 330	1 073 473	15 075 373	4 644 187	2 305 995	562 826	7 513 008	49,8%	5 943 883
Northern Cape	3 092 539	1 674 364	280 793	5 047 696	1 513 117	872 053	105 137	2 490 308	49,3%	2 176 048
North West	10 629 825	5 861 363	967 574	17 458 762	4 990 763	2 659 246	346 251	7 996 260	45,8%	7 064 042
Western Cape	12 942 643	6 241 245	1 443 961	20 627 849	6 036 932	2 984 247	551 509	9 572 688	46,4%	8 088 630
Total	130 387 603	71 393 146	11 898 717	213 679 466	61 518 435	33 777 435	4 806 680	100 102 550	46,8%	87 342 653

Social Services

10. Social services budgets total R175,8 billion, and comprise 82,3 per cent of the total R213,7 billion provincial budget in 2005/06. Table 2 indicates that provinces spent 47,7 per cent or R83,9 billion of the budgeted R175,8 billion for the three social services (education, health and social development). This is 15 per cent or R10,9 billion more than spending over the same period in 2004/05.

Table 2: Provincial Social Services Expenditure as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Education	70 222 514	34 417 096	49,0%	34,4%	30 132 168	14,2%
Health	45 905 363	21 659 128	47,2%	21,6%	18 275 762	18,5%
Social Development	59 685 670	27 776 571	46,5%	27,7%	24 538 113	13,2%
Total	175 813 547	83 852 795	47,7%	83,8%	72 946 043	15,0%

Social Development

11. Social development budgets at R59,7 billion comprise 27,9 per cent of total provincial budgets.
12. The second quarter spending figures indicate that provincial social development budgets have stabilised. Provinces registered spending of 46,5 per cent or R27,8 billion of their R59,7 billion budget (Table 3). This represents an increase of 13,2 per cent or R3,2 billion above the R24,5 billion spent over the same period last year.
13. Between provinces, there are varying degrees of year-on-year growth in spending with Mpumalanga spending 28,8 per cent and Gauteng spending 27,8 per cent more while North West reflects a decline of 1,7 per cent and Eastern Cape increasing only 6,1 per cent.

Table 3: Provincial Social Development Expenditure as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Soc Dev to total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	11 136 295	5 211 152	46,8%	32,1%	4 910 965	6,1%
Free State	4 348 492	1 894 944	43,6%	27,9%	1 641 799	15,4%
Gauteng	7 541 242	3 673 766	48,7%	23,5%	2 874 296	27,8%
KwaZulu-Natal	13 605 622	6 151 810	45,2%	29,0%	5 629 079	9,3%
Limpopo	7 669 568	3 670 948	47,9%	28,9%	3 074 461	19,4%
Mpumalanga	4 012 912	1 997 700	49,8%	26,6%	1 551 220	28,8%
Northern Cape	1 504 858	704 340	46,8%	28,3%	638 611	10,3%
North West	4 949 198	2 169 742	43,8%	27,1%	2 206 613	-1,7%
Western Cape	4 917 483	2 302 169	46,8%	24,0%	2 011 069	14,5%
Total	59 685 670	27 776 571	46,5%	27,7%	24 538 113	13,2%

Social Assistance Transfers Grant

14. Table 4 reflects social grants beneficiary numbers by type of grant and by province over the six month period ending September 2005. There is a steady average monthly growth in beneficiary numbers of 2,4 per cent over the six month period rising from 8,8 million in April to 9,9 million in September 2005. The bulk of beneficiaries are for the take-up of Child Support grants (6,2 million beneficiaries) and Old Age (2,1 million beneficiaries) which includes Grant-In-Aid take-up for the month of September. Child Support Grant beneficiaries reflect the highest monthly average growth of 3,8 per cent. Between provinces, KwaZulu-Natal and Eastern Cape have the highest number of recorded beneficiaries at 2,2 million and 1,9 million beneficiaries followed by Limpopo at 1,5 million. Mpumalanga has the most volatile fluctuation in beneficiary numbers rising sharply in May and then steadying over June through September. But Mpumalanga still reflects the highest average monthly growth of 23,8 per cent over the six month period.

Table 4: Social grants beneficiary numbers by type of grant, April to September 2005¹

	April 2005	May 2005	June 2005	July 2005	Aug 2005	Sep 2005	% growth (average)
Type of grant							
Old age ²	2 067 645	2 137 342	2 105 116	2 106 095	2 109 142	2 113 849	0,4%
War veterans	3 312	3 321	3 242	3 193	3 136	3 105	-1,3%
Disability	1 294 829	1 322 613	1 304 683	1 299 974	1 278 809	1 266 493	-0,4%
Foster care	248 563	250 008	267 981	262 162	268 368	268 606	1,6%
Care dependency	84 952	86 263	86 010	86 716	87 608	88 420	0,8%
Child support	5 131 876	6 091 636	5 752 546	5 886 865	5 999 303	6 189 898	3,8%
Total	8 831 177	9 891 183	9 519 578	9 645 005	9 746 366	9 930 371	2,4%
Province							
Eastern Cape	1 747 424	1 749 513	1 771 116	1 806 211	1 841 305	1 876 401	1,4%
Free State	599 269	599 240	619 727	635 393	643 942	650 804	1,7%
Gauteng	1 162 682	1 164 122	1 160 968	1 173 485	1 186 588	1 236 814	1,2%
KwaZulu-Natal	2 158 681	2 153 838	2 166 485	2 195 885	2 193 123	2 234 178	0,7%
Limpopo	1 412 608	1 413 469	1 435 879	1 450 551	1 455 811	1 478 880	0,9%
Mpumalanga	263 891	1 142 452	735 060	740 214	756 681	766 842	23,8%
Northern Cape	188 641	188 274	198 508	198 508	201 026	202 490	1,4%
North West	628 668	808 491	755 721	757 682	766 451	769 923	4,1%
Western Cape	669 313	671 784	676 114	687 076	701 439	714 039	1,3%
Total	8 831 177	9 891 183	9 519 578	9 645 005	9 746 366	9 930 371	2,4%

1. Excludes "Social Relief of Distress" which is included in the overall Social Assistance Transfers Grant.

2. The Old Age Grant includes "Grant-in-aid".

15. Table 5 reflects social grant payments by type of grant and by province over the six month period ending September 2005. As with beneficiary numbers, there has been a steady average monthly growth in grant payments of 2,4 per cent over the six month period rising from under R4,0 billion in April to almost 4,5 billion in September 2005. The majority of payments are for Old Age (R1,8 billion) which include Grant-In-Aid payments, Child Support grant payments (R1,3 billion) and Disability grant payments (R1,1 billion) in September 2005. Care Dependency (3,4 per cent), Child Support (3 per cent) and Old Age (2,8 per cent) grant payments have the highest average monthly growth over the six month period. Between provinces, KwaZulu-Natal and Eastern Cape records the highest payments of social grants of R981,3 million and R798,6 million followed by Gauteng at R677 million. Gauteng and Mpumalanga have the highest average monthly growth in social grant payments of 10,6 per cent and 5,9 per cent respectively.

Table 5: Social grants payments by type of grant, April to September 2005¹

	April 2005	May 2005	June 2005	July 2005	Aug 2005	Sep 2005	% growth (average)
R thousand							
Type of grant							
Old age ²	1 607 503	1 547 883	1 682 657	1 764 249	1 649 463	1 845 226	2,8%
War veterans	2 556	2 052	2 962	2 964	2 411	2 224	-2,7%
Disability	1 058 462	1 034 788	1 091 687	1 147 955	1 075 357	1 112 217	1,0%
Foster care	152 882	149 582	160 671	173 948	170 308	172 471	2,4%
Care dependency	70 159	68 532	70 762	73 965	72 715	82 753	3,4%
Child support	1 090 224	1 054 094	1 027 925	1 139 089	1 135 277	1 262 133	3,0%
Total	3 981 785	3 856 930	4 036 664	4 302 170	4 105 531	4 477 024	2,4%
Province							
Eastern Cape	793 813	788 885	793 128	781 983	790 273	798 562	0,1%
Free State	272 504	263 356	275 573	281 073	281 497	281 539	0,7%
Gauteng	409 982	374 625	552 712	738 521	480 098	676 954	10,6%
KwaZulu-Natal	902 844	896 351	918 153	938 629	939 699	981 269	1,7%
Limpopo	543 088	523 040	527 287	531 307	532 391	536 691	-0,2%
Mpumalanga	317 071	265 328	215 266	271 396	309 221	421 920	5,9%
Northern Cape	89 744	94 064	104 992	98 492	97 413	97 905	1,8%
North West	328 570	334 146	329 590	334 568	346 505	352 112	1,4%
Western Cape	324 169	317 135	319 963	326 201	328 434	330 072	0,4%
Total	3 981 785	3 856 930	4 036 664	4 302 170	4 105 531	4 477 024	2,4%

1. Excludes "Social Relief of Distress" which is included in the overall Social Assistance Transfers Grant.

2. The Old Age Grant includes "Grant-in-aid".

Education

16. Education budgets of R70,2 billion comprise 32,9 per cent of total provincial budgets. Table 6 indicates that education expenditure is at 49 per cent or R34,4 billion of the total education budget, an increase of 14,2 per cent or R4,3 billion compared to the R30,1 billion spent over the same period in 2004/05. Spending between provinces for education ranges from the lowest rate in North West at 48,1 per cent and Mpumalanga at 48,7 per cent to the highest in Northern Cape at 51,9 per cent and Gauteng at 49,7 per cent.
17. The bulk of education expenditure is on personnel, amounting to 50,3 per cent or R28,9 billion of the education personnel budget of R57,5 billion. Spending on goods and services (mostly learner support material) in education is recorded at 36,3 per cent or R2,3 billion of its R6,3 billion budget.

Table 6: Provincial Education Expenditure as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Education to total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	11 251 320	5 527 108	49,1%	34,1%	4 981 804	10,9%
Free State	4 872 115	2 390 268	49,1%	35,2%	1 989 889	20,1%
Gauteng	10 360 369	5 146 289	49,7%	33,0%	4 619 426	11,4%
KwaZulu-Natal	14 505 932	7 081 269	48,8%	33,4%	6 148 850	15,2%
Limpopo	9 868 605	4 812 292	48,8%	37,9%	4 475 821	7,5%
Mpumalanga	5 737 277	2 792 938	48,7%	37,2%	2 294 307	21,7%
Northern Cape	1 533 960	795 703	51,9%	32,0%	692 658	14,9%
North West	5 833 090	2 807 632	48,1%	35,1%	2 430 564	15,5%
Western Cape	6 259 846	3 063 597	48,9%	32,0%	2 498 849	22,6%
Total	70 222 514	34 417 096	49,0%	34,4%	30 132 168	14,2%

18. Education capital expenditure is somewhat low at 34,1 per cent or R978,8 million of the R2,9 billion budget. However, this is marginally higher than the R942,4 million spent on capital over the same period last year. Spending between provinces ranges from the lowest in KwaZulu-Natal at 14,8 per cent and Northern Cape at 28,5 per cent to the highest in North West at 60,5 per cent and Western Cape at 58,4 per cent.

Table 7: Provincial Capital Expenditure: Education as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Education Capital to total Capital expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	346 356	139 552	40,3%	19,5%	153 428	-9,0%
Free State	62 155	19 024	30,6%	9,7%	55 414	-65,7%
Gauteng	495 492	180 652	36,5%	25,4%	331 749	-45,5%
KwaZulu-Natal	780 983	115 810	14,8%	9,8%	14 691	688,3%
Limpopo	477 183	180 254	37,8%	41,9%	254 038	-29,0%
Mpumalanga	252 974	81 606	32,3%	14,5%	70 474	15,8%
Northern Cape	31 116	8 856	28,5%	8,4%	7 433	19,1%
North West	192 491	116 429	60,5%	33,6%	51 864	124,5%
Western Cape	233 972	136 666	58,4%	24,8%	3 267	4083,2%
Total	2 872 722	978 849	34,1%	20,4%	942 358	3,9%

Health

19. Health budgets totalling R45,9 billion comprise 21,5 per cent of the total provincial budget. Table 8 indicates that health expenditure is at 47,2 per cent or R21,7 billion of the total health budget, representing an increase of 18,5 per cent or R3,4 billion compared to spending after the second quarter of the 2004/05 financial year.

20. Limpopo health has spent the lowest share of its budget after the first six months at 40,7 per cent with Western Cape spending 45,5 per cent. The highest shares are recorded in Eastern Cape and Northern Cape both at 51,2 per cent.

Table 8: Provincial Health Expenditure as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Health to total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	6 087 791	3 119 631	51,2%	19,2%	2 590 524	20,4%
Free State	3 076 013	1 490 559	48,5%	22,0%	1 294 106	15,2%
Gauteng	9 257 806	4 436 425	47,9%	28,4%	3 649 214	21,6%
KwaZulu-Natal	10 379 202	4 836 296	46,6%	22,8%	4 085 840	18,4%
Limpopo	5 045 617	2 053 696	40,7%	16,2%	1 911 148	7,5%
Mpumalanga	2 480 458	1 261 146	50,8%	16,8%	977 352	29,0%
Northern Cape	942 069	482 076	51,2%	19,4%	385 870	24,9%
North West	2 893 904	1 365 735	47,2%	17,1%	1 175 426	16,2%
Western Cape	5 742 503	2 613 564	45,5%	27,3%	2 206 282	18,5%
Total	45 905 363	21 659 128	47,2%	21,6%	18 275 762	18,5%

21. Capital expenditure in the health sector is relatively low at 35,2 per cent or R1,2 billion. However, this is significantly higher at 61,3 per cent or R467,9 million more than the R763,7 million spent for the same period last year (Table 9). Between provinces, the lowest rate of spending is in Limpopo at 18,6 per cent and North West at 23,4 per cent with Gauteng and KwaZulu-Natal recording the highest rate of spending at 57,7 per cent and 44,2 per cent respectively.

Table 9: Provincial Capital Expenditure: Health as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Health Capital to total Capital expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	519 669	167 457	32,2%	23,4%	199 213	-15,9%
Free State	249 090	61 886	24,8%	31,6%	85 102	-27,3%
Gauteng	463 207	267 283	57,7%	37,5%	35 095	661,6%
KwaZulu-Natal	843 477	372 651	44,2%	31,4%	152 513	144,3%
Limpopo	508 061	94 572	18,6%	22,0%	168 368	-43,8%
Mpumalanga	225 591	90 997	40,3%	16,2%	24 809	266,8%
Northern Cape	105 365	37 610	35,7%	35,8%	10 645	253,3%
North West	222 282	52 123	23,4%	15,1%	71 464	-27,1%
Western Cape	364 435	87 083	23,9%	15,8%	16 538	426,6%
Total	3 501 177	1 231 662	35,2%	25,6%	763 747	61,3%

Overall capital budgets and expenditure

22. Provinces have spent 40,4 per cent or over R4,8 billion of their R11,9 billion capital budgets ("payment for capital assets"). This is significantly higher (31 per cent or R1,1 billion) than the R3,7 billion spent over the same period last year.

23. Table 10 also provides capital spending information by province, which indicates significantly low rates of spending in Limpopo at 28,8 per cent and North West at 35,8 per cent to the highest in Mpumalanga at 52,4 per cent and Gauteng at 48,9 per cent. In absolute terms, KwaZulu-Natal has spent the most at R1,2 billion followed by Eastern Cape at R717 million and Gauteng at R712 million.

24. It should be noted that the Integrated Housing and Human Settlement Development grant (formally the housing subsidy grant) is now classified under transfers and subsidies, and not capital.

Table 10: Provincial Capital (Payments for Capital Assets) Expenditure as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Capital to total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	1 620 967	717 042	44,2%	4,4%	834 927	-14,1%
Free State	543 722	195 629	36,0%	2,9%	166 492	17,5%
Gauteng	1 454 986	712 021	48,9%	4,6%	497 780	43,0%
KwaZulu-Natal	3 020 322	1 185 797	39,3%	5,6%	752 818	57,5%
Limpopo	1 492 919	430 468	28,8%	3,4%	598 895	-28,1%
Mpumalanga	1 073 473	562 826	52,4%	7,5%	237 203	137,3%
Northern Cape	280 793	105 137	37,4%	4,2%	71 252	47,6%
North West	967 574	346 251	35,8%	4,3%	204 487	69,3%
Western Cape	1 443 961	551 509	38,2%	5,8%	305 081	80,8%
Total	11 898 717	4 806 680	40,4%	4,8%	3 668 934	31,0%

25. The biggest capital budgets in provinces are in public works, roads and transport departments at 36 per cent or R4,3 billion of the total provincial capital budget of R11,9 billion. Spending for these departments is relatively higher than in other sectors at 50,7 per cent or R2,2 billion which is appreciably higher at 31,6 per cent or R521,4 million more than the R1,6 billion spent last year over the same period. Between provinces, the lowest rate of spending is recorded in Limpopo at 36,9 per cent and Northern Cape at 37,9 per cent, whilst Mpumalanga and Free State recorded the highest rates of spending at 70,6 per cent and 63,5 per cent respectively.

Table 11: Provincial Capital Expenditure: Public Works, Roads and Transport

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of PWRT Capital to total Capital expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	656 094	383 856	58,5%	53,5%	470 082	-18,3%
Free State	134 110	85 134	63,5%	43,5%	7 539	1029,2%
Gauteng	389 773	212 081	54,4%	29,8%	100 473	111,1%
KwaZulu-Natal	1 227 811	602 006	49,0%	50,8%	544 594	10,5%
Limpopo	152 385	56 231	36,9%	13,1%	38 434	46,3%
Mpumalanga	452 189	319 277	70,6%	56,7%	119 550	167,1%
Northern Cape	103 304	39 190	37,9%	37,3%	41 501	-5,6%
North West	419 224	163 093	38,9%	47,1%	53 535	204,6%
Western Cape	748 561	309 575	41,4%	56,1%	273 343	13,3%
Total	4 283 451	2 170 443	50,7%	45,2%	1 649 051	31,6%

Housing and other conditional grants

26. As noted above, the Integrated Housing and Human Settlement Development grant (formally the housing subsidy grant) expenditure is no longer treated as capital. Table 12 indicates that provinces spent 44,3 per cent or R2,1 billion of their R4,8 billion housing conditional grant. These spending figures are a significant improvement compared to last year with spending increasing by 25,7 per cent or R439 million from R1,7 billion over the same period last year.

Table 12: Provincial Integrated Housing and Human Settlement Development Grant Expenditure

R thousand	Main budget	Actual as at September 2005	Actual as % of main budget	% share of grant to total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
Eastern Cape	581 218	227 713	39,2%	1,4%	253 260	-10,1%
Free State	398 618	177 744	44,6%	2,6%	167 008	6,4%
Gauteng	1 340 675	628 979	46,9%	4,0%	441 265	42,5%
Kw aZulu-Natal	799 659	340 849	42,6%	1,6%	318 627	7,0%
Limpopo	397 650	133 070	33,5%	1,0%	106 708	24,7%
Mpumalanga	321 123	138 744	43,2%	1,8%	148 507	-6,6%
Northern Cape	79 917	63 513	79,5%	2,6%	66 045	-3,8%
North West	467 880	255 547	54,6%	3,2%	67 467	278,8%
Western Cape	456 740	180 482	39,5%	1,9%	138 737	30,1%
Total	4 843 480	2 146 641	44,3%	2,1%	1 707 624	25,7%

27. Table 13 (overleaf) reflects spending on all 2005/06 conditional grant allocations as at 30 September 2005 for all provinces. It excludes conditional grants rollovers from the 2004/05 financial year and spending on general conditional grants (schedule 4) like National Tertiary Services, Hospital Professions Training and Development, and the Provincial Infrastructure grants, as reporting against these grants cannot be separated from the province's health and capital budgets. Spending on the Comprehensive Agricultural Support Programme and Integrated Housing and Human Settlement Development grant (also schedule 4) is subsumed in a range of programmes across provincial departments and therefore no separate reporting is required.

28. The total conditional grant allocation for all grants is at R74,6 billion (excluding rollovers) with social development making up the bulk with R55,9 billion. Against the total allocation, the rate of conditional grants spending (excluding schedule 4 grants) amounts to 40,3 per cent.

29. Specific grants that show low spending include Hospital Revitalisation (29 per cent), Hospital Management and Quality Improvement (29,4 per cent), Mass Sport and Recreation Participation Programme (32,1 per cent), Social Assistance Administration grant (36,8 per cent), HIV and Aids (Education - Life Skills) (36,9 per cent) and Integrated Nutrition Programme (Health) (37 per cent). Overall only two grants, namely Human Settlement and Redevelopment and Land Care Programme have recorded spending of over 50 per cent against total available funds excluding rollovers.

30. Provincial roll-overs, as submitted by provinces in their In-Year Management, Monitoring and Reporting model, amount to R785,6 million which includes rollovers for Integrated Housing and Human Settlement Development of R308,5 million, Provincial Infrastructure of R93,1 million, Hospital Revitalization of R89,1 million and Social Assistance Transfers grant of R60,3 million amongst others which are excluded from the table, but are available for spending during the 2005/06 financial year.

31. National departments administering the above conditional grants, monitor transfers, spending and outputs on the conditional grants they administer.

Table 13: Provincial Conditional Grants Expenditure as at September 2005

	Division of Revenue Act, No. 1 of 2005	Other Gazetted Amounts	Total available 2005/06 (excluding rollovers)	Transferred from National to province	Actual as at September 2005	Actual as % of budget (excluding provincial rollovers)
R thousand						
Agriculture	290 000	–	290 000	130 501	24 278	60,7%
1. Comprehensive Agricultural Support Programme Grant	250 000	–	250 000	112 501		
Land Care Programme Grant: Poverty Relief and Infra	40 000	–	40 000	18 000	24 278	60,7%
Education	1 048 444	–	1 048 444	524 225	483 932	46,2%
HIV and Aids (Life Skills Education) Grant	136 293	–	136 293	68 148	50 289	36,9%
National School Nutrition Programme Grant	912 151	–	912 151	456 077	433 643	47,5%
Health	8 665 835	–	8 665 835	4 150 840	816 486	33,5%
Comprehensive HIV and Aids Grant	1 135 108	–	1 135 108	384 320	428 249	37,7%
1. Health Professions Training and Development Grant	1 520 180	–	1 520 180	760 086		
Hospital Management and Quality Improvement Grant	150 342	–	150 342	75 179	44 200	29,4%
Hospital Revitalisation Grant	1 027 427	–	1 027 427	513 731	298 341	29,0%
Integrated Nutrition Programme Grant	123 392	–	123 392	62 831	45 696	37,0%
1. National Tertiary Services Grant	4 709 386	–	4 709 386	2 354 693		
Housing	4 867 876	–	4 867 876	2 601 971	2 172 730	44,6%
Integrated Housing and Human Settlement Developm	4 843 480	–	4 843 480	2 584 834	2 146 641	44,3%
Human Settlement and Redevelopment Grant	24 396	–	24 396	17 137	26 089	106,9%
Land Affairs	8 000	–	8 000	–	–	0,0%
Land Distribution: Alexandra Urban Renewal Project C	8 000	–	8 000	–	–	0,0%
National Treasury	3 730 773	–	3 730 773	1 632 054		
1. Provincial Infrastructure Grant	3 730 773	–	3 730 773	1 632 054		
Social Development	55 931 759	–	55 931 759	29 618 204	26 568 942	47,5%
HIV and Aids (Community-Based Care) Grant	138 391	–	138 391	124 551	63 629	46,0%
1. Integrated Social Development Services Grant	388 000	–	388 000	194 000		
Social Assistance Administration Grant	3 382 055	–	3 382 055	1 691 874	1 244 430	36,8%
Social Assistance Transfers Grant	52 023 313	–	52 023 313	27 607 779	25 260 882	48,6%
Sport and Recreation South Africa	24 000	–	24 000	16 086	7 715	32,1%
Mass Sport and Recreation Participation Programme	24 000	–	24 000	16 086	7 715	32,1%
Total	74 566 687	–	74 566 687	38 673 881	30 074 083	40,3%

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.

32. Table 14 below indicates that provinces are spending slowly on conditional grants excluding the schedule 4 conditional grants. It indicates that five or more provinces have spent less than 35 per cent of their grant budget after six months for the following grants: Land Care Programme, Hospital Revitalisation, Hospital Management and Quality Improvement and Mass Sport and Recreation Participation Programme.

33. The table also indicates the number of provinces spending at slightly higher levels between 35 and 45 per cent (inclusive) and greater than 45 per cent of their conditional grant budgets. Although the rate of spending is encouraging and improved over previous financial years, overall spending still lies below average.

Table 14: Selected Conditional Grants Spending Rate as at September 2005

	Number of provinces spent less than 35%	Number of provinces spent between 35% and 45% (inclusive)	Number of provinces spent more than 45%
Agriculture			
Land Care Programme Grant: Poverty R	6 EC, FS, GT, KZN, LIM, NW,	0	3 MPU, NC, WC,
Education			
Hiv And Aids (Life Skills Education)	4 GT, LIM, NW, WC,	3 FS, MPU, NC,	2 EC, KZN,
National School Nutrition Programme	1 WC,	4 FS, GT, LIM, NW,	4 EC, KZN, MPU, NC,
Health			
Comprehensive Hiv And Aids	4 EC, FS, LIM, NC,	3 KZN, MPU, NW,	2 GT, WC,
Hospital Revitalisation	6 EC, FS, KZN, LIM, NW, WC,	1 MPU,	2 GT, NC,
Integrated Nutrition Programme	3 LIM, NW, WC,	3 EC, FS, KZN,	3 GT, MPU, NC,
Hospital Management And Quality Impr	7 EC, FS, GT, KZN, LIM, NC, WC,	0	2 MPU, NW,
Housing			
Integrated Housing And Human Settlem	1 LIM,	5 EC, FS, KZN, MPU, WC,	3 GT, NC, NW,
Human Settlement And Redevelopmen	1 GT,	0	3 FS, LIM, WC,
Land Affairs			
Land Distribution: Alexandra Urban Ren	1 GT,	0	0
Social Development			
Social Assistance Administration	4 FS, GT, LIM, MPU,	5 EC, KZN, NC, NW, WC,	0
Social Assistance Transfers	0	2 FS, NW,	7 EC, GT, KZN, LIM, MPU, NC,
Hiv And Aids (Community-Based Care)	3 FS, KZN, WC,	1 NC,	5 EC, GT, LIM, MPU, NW,
Sport and Recreation South Africa			
Mass Sport And Recreation Participatio	5 FS, GT, KZN, LIM, NW,	2 NC, WC,	2 EC, MPU,

1. Percentages represent actual expenditure of main budget as published in the Division of Revenue Act, 2005 (Act No.1 of 2005).

Personnel Expenditure

34. Personnel expenditure ("compensation of employees") is at 48,7 per cent or R47,1 billion of the R96,7 billion budget. Spending to date is 12,2 per cent or R5,1 billion higher than the R42 billion spent last year. Free State and Western Cape recorded the lowest rates of personnel spending at 47,2 per cent and 47,3 per cent respectively while Eastern Cape and Limpopo recorded the highest rates at 50,2 per cent and 49,9 per cent respectively. (refer to Table 15 overleaf)

Table 15: Provincial Personnel Expenditure as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Personnel to total provincial expenditure	2004/05: Actual as at September 2004	Year-on-year growth
R thousand						
Eastern Cape	15 123 407	7 598 308	50,2%	46,8%	6 906 605	10,0%
Free State	7 105 533	3 351 682	47,2%	49,4%	2 958 378	13,3%
Gauteng	14 635 658	7 062 368	48,3%	45,2%	6 367 306	10,9%
Kw aZulu-Natal	20 170 331	9 676 298	48,0%	45,6%	8 565 398	13,0%
Limpopo	13 430 179	6 698 526	49,9%	52,8%	6 001 872	11,6%
Mpumalanga	6 780 222	3 302 731	48,7%	44,0%	2 853 765	15,7%
Northern Cape	2 204 603	1 060 523	48,1%	42,6%	925 267	14,6%
North West	7 975 859	3 964 413	49,7%	49,6%	3 473 820	14,1%
Western Cape	9 321 711	4 405 047	47,3%	46,0%	3 944 175	11,7%
Total	96 747 503	47 119 895	48,7%	47,1%	41 996 586	12,2%

Provincial Revenue

35. Provincial Revenue includes budgeted equitable share allocations of R134,7 billion, conditional grants of R74,6 billion and own revenue of R5,9 billion.
36. National government transferred 52 per cent or R70 billion of the equitable share, and 51,9 per cent or R38,7 billion in conditional grants, to provinces after six months of the current financial year.
37. After six months, provinces have collected 55,9 per cent or R3,3 billion of budgeted own revenue of R5,9 billion.
38. The total provincial revenue received and collected to date is recorded at 52,1 per cent or R112 billion of total budgeted total revenue of R215,2 billion.

Table 16: Provincial Own Revenue Collection as at September 2005

	Main budget	Actual as at September 2005	Actual as % of main budget	% share of Own Revenue to total provincial revenue	2004/05: Actual as at September 2004	Year-on- year growth
R thousand						
Eastern Cape	325 724	251 494	77,2%	1,3%	157 185	60,0%
Free State	390 000	202 327	51,9%	2,8%	155 235	30,3%
Gauteng	1 514 492	895 287	59,1%	5,2%	827 085	8,2%
Kw aZulu-Natal	1 120 415	602 989	53,8%	2,6%	548 729	9,9%
Limpopo	377 626	181 865	48,2%	1,3%	96 173	89,1%
Mpumalanga	272 407	203 296	74,6%	2,6%	120 770	68,3%
Northern Cape	105 000	55 450	52,8%	2,0%	48 188	15,1%
North West	426 030	181 841	42,7%	2,0%	172 914	5,2%
Western Cape	1 372 846	728 827	53,1%	6,7%	546 531	33,4%
Total	5 904 540	3 303 376	55,9%	2,9%	2 672 811	23,6%

39. The R5,9 billion budgeted amount is slightly less than the R6,2 billion collected in the previous year (2004/05). The R3,3 billion collected thus far is 23,6 per cent or R630,6 million more than what was collected by the end of September for the previous financial year. The collection rate varies from 42,7 per cent in North West and 48,2 per cent in Limpopo, to a high of 77,2 per cent in Eastern Cape and 74,6 per cent in Mpumalanga. It appears at this stage that most provinces will exceed their collection of budgeted own revenue projecting to over collect by 7,4 per cent or R435,1 million.