



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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**Provincial Budgets 2005/06
3rd Quarter Provincial Budget Report**

SUMMARY:

1. The third quarter provincial budget report covers spending for the first nine months of the 2005/06 financial year, which ended 31 December 2005.
2. Provinces have spent 70,7 per cent of their adjusted budget, or R154,9 billion of R219,2 billion.
3. Provinces spent 55 per cent or R7,7 billion of their R13,9 billion combined adjusted capital budgets.
4. Personnel expenditure by provinces is at 74 per cent or R71,6 billion of the R96,7 billion adjusted personnel budget.
5. Other key highlights include:
 - The greatest potential spending pressure is in provincial education departments, where provinces have spent 73,4 per cent or R53 billion of their R72,2 billion adjusted budget, an increase of R5,2 billion or 10,9 per cent over the same period last year. However, capital expenditure in education is relatively low at 45,1 per cent or R1,5 billion after nine months of the 2005/06 financial year.
 - Health expenditure is at 71 per cent or R33,5 billion, which is R4,8 billion higher compared with the same period last year. Capital expenditure in health is lower at 51,3 per cent or R2,1 billion, however, it is substantially higher compared to the same period last year.
 - The highest share of provincial adjusted capital budgets is for public works, roads and transport departments at 34 per cent. The sector spent 71,6 per cent or R3,4 billion against its combined capital adjusted budget of R4,7 billion after the third quarter of the financial year.
 - Provincial own revenue collected thus far is at 82 per cent or almost R5 billion of the total adjusted own revenue budget of R6 billion. National government has transferred R102,4 billion of the equitable share, and R58 billion in conditional grants to provinces after nine months of 2005/06.

DETAILED ANALYSIS AFTER NINE MONTHS OF THE 2005/06 BUDGET:

6. The budgeted figures for provinces are based the adjusted estimates of provinces, which were presented to their provincial legislatures during November 2005.
7. This analysis is based on the statement of receipts and payments, published by the National Treasury on 30 January 2006 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 the 15th January 2006, and submitted to the National Treasury on the 20th January 2006. 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 second 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 third quarter assessment will provide a valuable basis for determining any possible overspending pressures after provinces have tabled their adjustment budgets.

Total Expenditure

9. Table 1 indicates that provinces have spent 70,7 per cent or R154,9 billion of adjusted budget after nine months of the current financial year. Spending to date is at a similar level in percentage terms against spending over the same nine month period in the 2004/05 financial year. However, in nominal terms, spending is 13,4 per cent or R18,3 billion higher than for the same period last year when provinces had spent R136,7 billion. Among provinces, spending ranges from the lowest share of 68,3 per cent in Free State and 68,4 per cent in North West to the highest at 72,2 per cent in Eastern Cape and 71,8 per cent in Mpumalanga and Northern Cape.

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

R thousand	Adjusted budget 2005/06				Actual as at December 2005				Actual as % of adj budget	2004/05: Actual as at December 2004
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total		
Eastern Cape	19 920 422	12 958 129	1 622 195	34 500 746	14 296 335	9 543 994	1 063 524	24 903 853	72,2%	22 593 492
Free State	9 211 277	5 165 651	685 190	15 062 118	6 550 678	3 426 681	314 635	10 291 994	68,3%	9 351 976
Gauteng	20 939 788	11 359 715	2 084 116	34 383 619	15 127 843	7 562 361	1 066 322	23 756 526	69,1%	21 617 121
Kw aZulu-Natal	27 070 314	15 283 168	3 538 331	45 891 813	19 740 364	11 135 708	1 982 089	32 858 161	71,6%	28 298 480
Limpopo	17 910 953	9 174 298	1 596 161	28 681 412	12 751 496	6 921 170	682 066	20 354 732	71,0%	17 955 725
Mpumalanga	9 862 175	4 709 498	1 311 057	15 882 730	7 237 751	3 338 936	834 738	11 411 425	71,8%	9 632 759
Northern Cape	3 217 107	1 754 211	348 561	5 319 879	2 379 915	1 259 529	179 936	3 819 381	71,8%	3 307 447
North West	10 847 352	6 169 465	1 215 597	18 232 414	7 712 734	4 176 527	587 279	12 476 540	68,4%	10 978 400
Western Cape	13 129 217	6 540 285	1 541 817	21 211 319	9 390 376	4 693 786	954 419	15 038 581	70,9%	12 914 947
Total	132 108 605	73 114 420	13 943 025	219 166 050	95 187 492	52 058 692	7 665 008	154 911 192	70,7%	136 650 347

Social Services

10. Social services adjusted budgets total R178,9 billion, and comprise 81,6 per cent of the total R219,2 billion combined provincial adjusted budget in 2005/06. Table 2 indicates that provinces spent 71,9 per cent or R128,7 billion of the adjusted R178,9 billion budget for the three social services (education, health and social development). This is 13,3 per cent or R15,1 billion more than spending over the same period in 2004/05.

Table 2: Provincial Social Services Expenditure as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Education	72 215 413	52 982 798	73,4%	34,2%	47 759 419	10,9%
Health	47 148 109	33 488 036	71,0%	21,6%	28 692 347	16,7%
Social Development	59 544 153	42 216 870	70,9%	27,3%	37 167 915	13,6%
Total	178 907 675	128 687 704	71,9%	83,1%	113 619 681	13,3%

Social Development

11. Social development adjusted budgets of R59,5 billion comprise 27,2 per cent of total provincial adjusted budgets.
12. The third quarter spending figures indicate that provincial social development departments recorded spending of 70,9 per cent or R42,2 billion of their R59,5 billion adjusted budget (Table 3). This represents an increase of 13,6 per cent or R5 billion above the R37,2 billion spent over the same period last year.
13. Among provinces, there are varying degrees of year-on-year growth in spending with Eastern Cape spending 19,6 per cent and Limpopo spending 19,1 per cent more while North West and Free State reflecting only modest increases of 3,7 per cent and 9,1 per cent respectively.

Table 3: Provincial Social Development Expenditure as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of Soc Dev to total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	11 136 518	7 969 505	71,6%	32,0%	6 660 730	19,6%
Free State	4 387 154	2 876 733	65,6%	28,0%	2 637 104	9,1%
Gauteng	7 663 665	5 263 455	68,7%	22,2%	4 675 024	12,6%
Kw aZulu-Natal	13 015 123	9 669 214	74,3%	29,4%	8 617 471	12,2%
Limpopo	7 712 515	5 659 471	73,4%	27,8%	4 749 914	19,1%
Mpumalanga	4 110 839	2 861 908	69,6%	25,1%	2 580 906	10,9%
Northern Cape	1 517 842	1 067 836	70,4%	28,0%	935 011	14,2%
North West	5 067 066	3 318 603	65,5%	26,6%	3 201 225	3,7%
Western Cape	4 933 431	3 530 145	71,6%	23,5%	3 110 530	13,5%
Total	59 544 153	42 216 870	70,9%	27,3%	37 167 915	13,6%

Social Assistance Transfers Grant

14. Table 4 reflects social grants beneficiary numbers by type of grant and by province over the nine month period ending December 2005. There is a steady average monthly growth in beneficiary numbers of 2,2 per cent over the nine month period rising from 8,8 million in April to 10,5 million in December 2005. The bulk of beneficiaries are for the take-up of Child Support grants (6,7 million beneficiaries) and Old Age (2,1 million beneficiaries which includes Grant-In-Aid take-up) for the month of December. Child Support Grant beneficiaries reflect the highest monthly average growth of 3,4 per cent. Between provinces, KwaZulu-Natal and Eastern Cape have the highest number of recorded beneficiaries at 2,4 million and 2 million beneficiaries respectively 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 to December. As a result, Mpumalanga reflects the highest average monthly growth of 15 per cent over the nine month period, however it is hugely influenced by the large increase in May.

Table 4: Social grants beneficiary numbers by type of grant, April to December 2005

	April 2005	May 2005	June 2005	July 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	% growth (average)
Type of grant										
Old age	2 066 736	2 137 086	2 105 744	2 106 724	2 107 722	2 112 902	2 126 525	2 124 910	2 128 861	0,4%
War veterans	3 306	3 314	3 235	3 180	3 136	3 093	3 034	2 996	2 955	-1,4%
Disability	1 292 489	1 320 261	1 304 983	1 299 974	1 278 809	1 263 719	1 291 516	1 296 949	1 302 581	0,1%
Foster care	248 676	250 139	268 108	262 370	268 368	266 816	277 203	281 402	264 535	0,8%
Care dependency	84 563	85 986	85 719	86 397	86 914	87 536	88 307	88 486	88 429	0,6%
Child support	5 126 208	6 091 636	5 752 545	5 886 865	5 999 303	6 189 898	6 388 672	6 565 863	6 703 324	3,4%
Total	8 821 978	9 888 422	9 520 334	9 645 510	9 744 252	9 923 964	10 175 257	10 360 606	10 490 685	2,2%
Province										
Eastern Cape	1 747 424	1 749 513	1 771 116	1 806 211	1 841 305	1 876 401	1 911 495	1 946 590	1 981 684	1,6%
Free State	599 269	599 240	619 727	635 393	643 942	650 804	656 127	665 756	666 235	1,3%
Gauteng	1 162 682	1 164 122	1 160 968	1 173 485	1 186 588	1 236 814	1 246 288	1 272 255	1 287 134	1,3%
KwaZulu-Natal	2 153 013	2 153 838	2 166 785	2 195 885	2 193 123	2 231 790	2 289 108	2 337 540	2 375 166	1,2%
Limpopo	1 412 608	1 413 469	1 435 879	1 450 551	1 455 811	1 478 880	1 506 151	1 536 655	1 544 186	1,1%
Mpumalanga	264 294	1 143 559	735 687	740 843	756 871	767 486	792 408	796 983	808 651	15,0%
Northern Cape	188 641	188 274	198 508	198 508	201 026	202 490	204 683	206 758	211 392	1,4%
North West	628 668	808 491	755 721	757 682	766 451	769 923	853 140	877 558	897 231	4,5%
Western Cape	665 379	667 916	675 943	686 952	699 135	709 376	715 857	720 511	719 006	1,0%
Total	8 821 978	9 888 422	9 520 334	9 645 510	9 744 252	9 923 964	10 175 257	10 360 606	10 490 685	2,2%

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 nine month period ending December 2005. Like the beneficiary numbers, there has been a low but steady average monthly growth in grant payments of 1,9 per cent over the nine month period rising from under R4 billion in April to R4,6 billion in December 2005. The majority of payments are for Old Age (R1,8 billion) which include Grant-In-Aid payments, Child Support grant payments (R1,4 billion) and Disability grant payments (R1,2 billion). Foster Care (4,9 per cent), Child Support (3 per cent) and Disability (1,6 per cent) grant payments have the highest average monthly growth over the nine month period. Among provinces, KwaZulu-Natal and Eastern Cape records the highest payments of social grants of R1,2 billion and R823,4 million followed by Gauteng at R634,8 million. Gauteng and KwaZulu-Natal have the highest average monthly growth in social grant payments of 5,6 per cent and 3,1 per cent respectively.

Table 5: Social grants payments by type of grant, April to December 2005

	April 2005	May 2005	June 2005	July 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	% growth (average)
R thousand										
Type of grant										
Old age	1 607 503	1 547 986	1 682 866	1 764 360	1 649 576	1 845 535	1 613 501	1 356 241	1 771 997	1,2%
War veterans	2 556	2 052	2 962	2 964	2 411	(38 220)	52 839	2 375	(7 897)	-
Disability	1 058 462	1 034 788	1 091 687	1 147 955	1 075 357	1 112 217	982 967	1 168 324	1 197 229	1,6%
Foster care	152 882	149 582	160 671	173 948	170 308	172 471	147 700	205 417	223 580	4,9%
Care dependency	70 159	68 532	70 762	73 965	72 715	82 753	81 722	81 090	63 548	-1,2%
Child support	1 090 224	986 396	995 225	1 101 758	1 089 435	1 262 133	1 137 102	1 426 858	1 378 480	3,0%
Total	3 981 785	3 789 335	4 004 173	4 264 950	4 059 802	4 436 889	4 015 830	4 240 304	4 626 937	1,9%
Province										
Eastern Cape	793 813	788 885	793 128	781 983	790 273	798 562	806 852	815 141	823 432	0,5%
Free State	272 504	263 356	275 573	281 073	281 497	281 539	279 773	278 466	284 356	0,5%
Gauteng	409 982	374 625	552 712	738 521	480 098	636 510	224 474	624 535	634 834	5,6%
Kw aZulu-Natal	902 844	896 351	918 153	938 629	939 699	981 269	1 161 434	932 571	1 155 162	3,1%
Limpopo	543 088	523 040	527 287	531 307	532 391	536 691	543 020	549 835	625 624	1,8%
Mpumalanga	317 071	197 733	182 775	234 176	263 492	422 029	211 547	236 154	303 997	-0,5%
Northern Cape	89 744	94 064	104 992	98 492	97 413	97 905	96 152	99 279	99 667	1,3%
North West	328 570	334 146	329 590	334 568	346 505	352 112	365 619	377 440	367 157	1,4%
Western Cape	324 169	317 135	319 963	326 201	328 434	330 272	326 959	326 883	332 708	0,3%
Total	3 981 785	3 789 335	4 004 173	4 264 950	4 059 802	4 436 889	4 015 830	4 240 304	4 626 937	1,9%

Education

16. Education adjusted budgets of R72,2 billion comprise 33 per cent of total provincial adjusted budgets. Table 6 indicates that education expenditure is at 73,4 per cent or R53 billion of the total adjusted education budget, an increase of 10,9 per cent or R5,2 billion compared to the R47,8 billion spent over the same period in 2004/05. Spending between provinces for education ranges from the lowest rate in Free State at 71,3 per cent and Gauteng at 71,9 per cent to the highest in Northern Cape at 75,9 per cent and Limpopo at 75,1 per cent.

17. The bulk of education expenditure is on personnel (82,7 per cent), amounting to 75,2 per cent or R43,8 billion of the adjusted education personnel budget of R58,2 billion. Spending on goods and services (mostly learner support material) in education is recorded at 63,7 per cent or R4,6 billion of its R7,2 billion adjusted budget.

Table 6: Provincial Education Expenditure as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of Education to total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	11 521 188	8 583 598	74,5%	34,5%	7 946 951	8,0%
Free State	5 056 634	3 604 749	71,3%	35,0%	3 162 295	14,0%
Gauteng	10 807 411	7 769 332	71,9%	32,7%	7 504 735	3,5%
Kw aZulu-Natal	14 750 350	10 801 115	73,2%	32,9%	9 518 297	13,5%
Limpopo	10 067 553	7 561 966	75,1%	37,2%	7 012 629	7,8%
Mpumalanga	5 964 056	4 329 537	72,6%	37,9%	3 595 256	20,4%
Northern Cape	1 566 994	1 189 552	75,9%	31,1%	1 082 299	9,9%
North West	5 976 568	4 365 918	73,1%	35,0%	3 896 408	12,0%
Western Cape	6 504 659	4 777 031	73,4%	31,8%	4 040 549	18,2%
Total	72 215 413	52 982 798	73,4%	34,2%	47 759 419	10,9%

18. Education capital expenditure is low at 45,1 per cent or R1,5 billion of the R3,4 billion adjusted budget. However, this is marginally higher (1,9 per cent or R27,7 million) than what was spent on capital over the same period last year. Capital spending for education between provinces ranges from the lowest in KwaZulu-Natal at 21,7 per cent and Mpumalanga at 33,8 per cent to the highest in Western Cape at 70,8 per cent and North West at 68,5 per cent.

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

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	%share of Education Capital to total Capital expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	353 620	217 738	61,6%	20,5%	232 696	-6,4%
Free State	84 448	31 112	36,8%	9,9%	72 877	-57,3%
Gauteng	585 590	262 457	44,8%	24,6%	511 465	-48,7%
Kw aZulu-Natal	880 983	191 512	21,7%	9,7%	95 854	99,8%
Limpopo	491 815	265 266	53,9%	38,9%	328 055	-19,1%
Mpumalanga	342 078	115 577	33,8%	13,8%	98 473	17,4%
Northern Cape	31 745	15 131	47,7%	8,4%	10 815	39,9%
North West	269 886	184 906	68,5%	31,5%	135 640	36,3%
Western Cape	335 703	237 633	70,8%	24,9%	7 743	2969,0%
Total	3 375 868	1 521 332	45,1%	19,8%	1 493 618	1,9%

Health

19. Health adjusted budgets totalling R47,1 billion comprise 21,5 per cent of the total provincial adjusted budget. Table 8 indicates that health expenditure is at 71 per cent or R33,5 billion of the total health adjusted budget, representing an increase of 16,7 per cent or R4,8 billion compared to spending after the third quarter of the 2004/05 financial year.

20. Limpopo and Gauteng have spent the lowest share of their adjusted health budgets after nine months at 63,4 per cent and 70,1 per cent respectively. The highest shares are recorded in Northern Cape and Mpumalanga at 75,9 per cent and 75,4 per cent respectively.

Table 8: Provincial Health Expenditure as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	%share of Health to total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	6 212 887	4 560 255	73,4%	18,3%	3 963 872	15,0%
Free State	3 118 328	2 278 350	73,1%	22,1%	2 024 257	12,6%
Gauteng	9 840 640	6 896 675	70,1%	29,0%	5 853 755	17,8%
Kw aZulu-Natal	10 424 516	7 525 901	72,2%	22,9%	6 432 170	17,0%
Limpopo	5 097 869	3 234 123	63,4%	15,9%	2 959 007	9,3%
Mpumalanga	2 652 522	2 000 327	75,4%	17,5%	1 563 739	27,9%
Northern Cape	1 037 813	788 217	75,9%	20,6%	601 949	30,9%
North West	2 986 712	2 111 268	70,7%	16,9%	1 830 426	15,3%
Western Cape	5 776 822	4 092 920	70,9%	27,2%	3 463 172	18,2%
Total	47 148 109	33 488 036	71,0%	21,6%	28 692 347	16,7%

21. Capital expenditure in the health sector is somewhat low at 51,3 per cent or R2,1 billion. However, this is significantly higher at 62 per cent or R806 million more than the R1,3 billion spent for the same period last year (Table 9). Between provinces, the lowest rate of spending is in Limpopo at 35 per cent and Free State at 44,1 per cent with Mpumalanga and KwaZulu-Natal recording the highest rate of spending at 69,4 per cent and 57,8 per cent respectively.

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

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of Health Capital to total Capital expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	483 944	231 408	47,8%	21,8%	315 068	-26,6%
Free State	255 248	112 463	44,1%	35,7%	123 224	-8,7%
Gauteng	847 096	438 308	51,7%	41,1%	71 619	512,0%
Kw aZulu-Natal	1 031 952	596 247	57,8%	30,1%	318 366	87,3%
Limpopo	506 089	177 314	35,0%	26,0%	248 293	-28,6%
Mpumalanga	265 398	184 196	69,4%	22,1%	38 997	372,3%
Northern Cape	155 117	76 611	49,4%	42,6%	36 692	108,8%
North West	207 090	108 911	52,6%	18,5%	111 878	-2,7%
Western Cape	352 748	179 824	51,0%	18,8%	35 108	412,2%
Total	4 104 682	2 105 282	51,3%	27,5%	1 299 245	62,0%

Overall capital budgets and expenditure

22. Provinces have spent 55 per cent or R7,7 billion of their R13,9 billion adjusted capital budgets ("payment for capital assets"). This is significantly higher (28,7 per cent or R1,7 billion) than the R6 billion spent over the same period last year. However provinces will most likely underspend by the same proportion as in the previous financial year.

23. Table 10 also provides capital spending information by province, which indicates significantly low rates of spending in Limpopo at 42,7 per cent and Free State at 45,9 per cent to the highest in Eastern Cape at 65,6 per cent and Mpumalanga at 63,7 per cent. In absolute terms, KwaZulu-Natal has spent the most at R2,0 billion followed by Eastern Cape and Gauteng at R1,1 billion.

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 December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of Capital to total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	1 622 195	1 063 524	65,6%	4,3%	1 361 767	-21,9%
Free State	685 190	314 635	45,9%	3,1%	276 837	13,7%
Gauteng	2 084 116	1 066 322	51,2%	4,5%	774 675	37,6%
Kw aZulu-Natal	3 538 331	1 982 089	56,0%	6,0%	1 312 146	51,1%
Limpopo	1 596 161	682 066	42,7%	3,4%	804 861	-15,3%
Mpumalanga	1 311 057	834 738	63,7%	7,3%	356 119	134,4%
Northern Cape	348 561	179 936	51,6%	4,7%	149 520	20,3%
North West	1 215 597	587 279	48,3%	4,7%	401 136	46,4%
Western Cape	1 541 817	954 419	61,9%	6,3%	518 561	84,1%
Total	13 943 025	7 665 008	55,0%	4,9%	5 955 622	28,7%

25. The biggest adjusted capital budgets in provinces are in public works, roads and transport departments at 34 per cent or R4,7 billion of the total provincial capital adjusted budget of R13,9 billion. Spending for these departments is relatively higher than in other sectors at 71,6 per cent or R3,4 billion which is appreciably higher by 25,1 per cent or R682,1 million more than the R2,7 billion spent last year over the same period. Between provinces, the lowest rate of spending is recorded in Limpopo at 50,1 per cent and North West at 51,2 per cent, whilst Eastern Cape and Mpumalanga recorded the highest rates of spending at 86,9 per cent and 86,5 per cent respectively.

Table 11: Provincial Capital Expenditure: Public Works, Roads and Transport as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of PWRT Capital to total Capital expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	660 297	573 982	86,9%	54,0%	787 639	-27,1%
Free State	214 701	110 213	51,3%	35,0%	46 819	135,4%
Gauteng	407 179	292 732	71,9%	27,5%	152 299	92,2%
Kw aZulu-Natal	1 376 321	1 050 437	76,3%	53,0%	819 591	28,2%
Limpopo	179 804	90 038	50,1%	13,2%	55 857	61,2%
Mpumalanga	518 235	448 493	86,5%	53,7%	201 174	122,9%
Northern Cape	109 863	58 004	52,8%	32,2%	86 551	-33,0%
North West	522 406	267 329	51,2%	45,5%	114 137	134,2%
Western Cape	753 560	503 589	66,8%	52,8%	448 659	12,2%
Total	4 742 366	3 394 817	71,6%	44,3%	2 712 726	25,1%

Housing and other conditional grants

26. Table 12 indicates that provinces spent 75,9 per cent or R3,7 billion of their R4,8 billion housing conditional grant. These spending figures are a significant improvement compared to last year with spending increasing by 11,5 per cent or R378 million from R3,3 billion spent over the same period last year.

Table 12: Provincial Integrated Housing and Human Settlement Development Grant

R thousand	Division of Revenue Act, 2005 (Act No. 1 of 2005)	Actual as at December 2005	Actual as % of adj budget	%share of grant to total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
Eastern Cape	581 218	420 631	72,4%	1,7%	499 331	-15,8%
Free State	398 618	241 325	60,5%	2,3%	343 689	-29,8%
Gauteng	1 340 675	1 043 766	77,9%	4,4%	797 388	30,9%
Kw aZulu-Natal	799 659	553 548	69,2%	1,7%	558 507	-0,9%
Limpopo	397 650	271 846	68,4%	1,3%	214 512	26,7%
Mpumalanga	321 123	207 623	64,7%	1,8%	288 243	-28,0%
Northern Cape	79 917	74 217	92,9%	1,9%	89 300	-16,9%
North West	467 880	502 140	107,3%	4,0%	188 651	166,2%
Western Cape	456 740	363 023	79,5%	2,4%	320 543	13,3%
Total	4 843 480	3 678 119	75,9%	2,4%	3 300 164	11,5%

27. Table 13 (overleaf) reflects spending on all 2005/06 conditional grant allocations as at 31 December 2005 for all provinces. It excludes conditional grants rollovers from the 2004/05 financial year and spending on general purpose conditional grants (Schedule 4 grants) 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, Integrated Social Development Services and Land Distribution (Alexandra Urban Renewal Project) (also schedule 4) is subsumed in a range of programmes across provincial departments and therefore no separate reporting is required in terms of the Division of Revenue Act, 2005 (Act No. 1 of 2005).
28. The total conditional grant allocation for all grants (including additional allocations published in the *Government Gazette* of 7 December 2005) is at R75,1 billion (excluding provincial rollovers) with social development making up the bulk with R55,9 billion. Against the total allocation (excluding provincial rollovers), the rate of conditional grants spending (excluding schedule 4 grants) amounts to 71,7 per cent or R46,3 billion.
29. Specific grants that show low spending trends include Disaster Relief (zero per cent), Forensic Pathology Services (2,3 per cent) and Agricultural Disaster Management (29,5 per cent).
30. Provincial roll-overs, as submitted by provinces in their In-Year Management, Monitoring and Reporting model, amount to R1,3 billion which includes rollovers for Integrated Housing and Human Settlement Development of R384,1 million, Provincial Infrastructure of R188 million, Hospital Revitalisation of R126,9 million, Integrated Social Development Services of R78,8 million and National School Nutrition Programme of R75,9 million amongst others which are excluded from the table, but are available for spending during the 2005/06 financial year.

Table 13: Provincial Conditional Grants Expenditure as at December 2005

	Division of Revenue Act, No. 1 of 2005	Government Gazette, 7 December 2005	Total available 2005/06 (excluding rollovers)	Transferred from National to province	Actual as at December 2005	Actual as % of budget (<u>excluding provincial roll-overs</u>)
R thousand						
Agriculture	290 000	120 000	410 000	232 000	75 558	47,2%
1. Comprehensive Agricultural Support Programme Grant	250 000	–	250 000	200 000		
Land Care Programme Grant: Poverty Relief and Incentives	40 000	–	40 000	32 000	40 184	100,5%
Agricultural Disaster Management Grant	–	120 000	120 000	–	35 374	29,5%
Education	1 048 444	200 000	1 248 444	786 337	818 893	65,6%
HIV and Aids (Life Skills Education) Grant	136 293	–	136 293	102 222	85 082	62,4%
National School Nutrition Programme Grant	912 151	200 000	1 112 151	684 115	733 811	66,0%
DPLG	–	40 700	40 700	16 189	–	0,0%
Disaster Relief Grant	–	40 700	40 700	16 189	–	0,0%
Health	8 665 835	186 606	8 852 441	6 402 754	1 599 523	61,0%
Comprehensive HIV and Aids Grant	1 135 108	15 000	1 150 108	776 529	845 025	73,5%
1. Health Professions Training and Development Grant	1 520 180	–	1 520 180	1 140 133		
Hospital Management and Quality Improvement Grant	150 342	–	150 342	112 762	81 463	54,2%
Hospital Revitalisation Grant	1 027 427	78 000	1 105 427	711 593	591 004	53,5%
Integrated Nutrition Programme Grant	123 392	–	123 392	95 379	79 905	64,8%
National Tertiary Services Grant	4 709 386	–	4 709 386	3 532 043		
1. Forensic Pathology Services Grant	–	93 606	93 606	34 315	2 126	2,3%
Housing	4 867 876	–	4 867 876	3 958 504	3 715 348	76,3%
Integrated Housing and Human Settlement Development Grant	4 843 480	–	4 843 480	3 937 949	3 678 119	75,9%
Human Settlement and Redevelopment Grant	24 396	–	24 396	20 555	37 229	152,6%
Land Affairs	8 000	–	8 000	–	–	–
1. Land Distribution: Alexandra Urban Renewal Project	8 000	–	8 000	–		
National Treasury	3 730 773	–	3 730 773	2 132 176	–	–
1. Provincial Infrastructure Grant	3 730 773	–	3 730 773	2 132 176		
Social Development	55 931 759	–	55 931 759	44 494 777	40 039 482	72,1%
HIV and Aids (Community-Based Care) Grant	138 391	–	138 391	124 551	95 773	69,2%
1. Integrated Social Development Services Grant	388 000	–	388 000	357 427		
Social Assistance Administration Grant	3 382 055	–	3 382 055	2 540 743	1 908 966	56,4%
Social Assistance Transfers Grant	52 023 313	–	52 023 313	41 472 056	38 034 743	73,1%
Sport and Recreation South Africa	24 000	–	24 000	20 183	16 312	68,0%
Mass Sport and Recreation Participation Programme	24 000	–	24 000	20 183	16 312	68,0%
Total	74 566 687	547 306	75 113 993	58 042 920	46 265 116	71,7%

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.

31. Table 14 below indicates that some provinces are spending slowly on conditional grants excluding the schedule 4 conditional grants. It indicates that five or more provinces have spent less than 50 per cent of their grant budget after nine months for Hospital Management and Quality Improvement with many grants falling within the 50% to 70% spending range. However these spending trends exhibit a marked improvement in conditional grant spending as compared to previous financial years.

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

	Number of provinces spent less than 50%	Number of provinces spent between 50% and 70% (inclusive)	Number of provinces spent more than 70%
Agriculture			
Land Care Programme Grant: Poverty	1 NW,	-	8 EC, FS, GT, KZN, LIM, MPU, NC, WC,
Education			
Hiv And Aids (Life Skills Education)	2 GT, LIM,	4 FS, NC, NW, WC,	3 EC, KZN, MPU,
National School Nutrition Programme	-	6 EC, FS, GT, LIM, NW, WC,	3 KZN, MPU, NC,
Health			
Comprehensive Hiv And Aids	2 FS, LIM,	3 EC, NC, NW,	4 GT, KZN, MPU, WC,
Hospital Revitalisation	4 EC, FS, KZN, LIM,	1 WC,	4 GT, MPU, NC, NW,
Integrated Nutrition Programme	1 NC,	5 EC, FS, GT, KZN, WC,	3 LIM, MPU, NW,
Hospital Management And Quality Im	5 FS, GT, KZN, LIM, WC,	2 NC, NW,	2 EC, MPU,
Housing			
Integrated Housing And Human Settle	-	4 FS, KZN, LIM, MPU,	5 EC, GT, NC, NW, WC,
Human Settlement And Redevelopme	1 GT,	-	3 FS, LIM, WC,
Land Affairs			
Land Distribution: Alexandra Urban F	1 GT,	-	-
Social Development			
Social Assistance Administration	1 FS,	8 EC, GT, KZN, LIM, MPU, NC,	-
Social Assistance Transfers	-	3 FS, GT, NW,	6 EC, KZN, LIM, MPU, NC, WC,
Hiv And Aids (Community-Based Car	1 FS,	3 EC, KZN, NW,	5 GT, LIM, MPU, NC, WC,
Sport and Recreation South Africa			
Mass Sport And Recreation Participa	2 GT, NW,	1 NC,	6 EC, FS, KZN, LIM, MPU, WC,

1) Percentages represent actual expenditure of main budget as published in the Division or Revenue Act, 2005 (Act No.1 of 2005) and other Gazettes but excludes provincial rollovers

Personnel Expenditure

32. Personnel expenditure ("compensation of employees") is at 74 per cent or R71,6 billion of the R96,7 billion adjusted budget. Spending to date is 8,9 per cent or R5,8 billion higher than the R65,7 billion spent last year. Gauteng and Western Cape recorded the lowest rates of personnel spending at 71,8 per cent and 71,9 per cent respectively while Limpopo and North West recorded the highest rates at 77,5 per cent and 74,6 per cent respectively. (refer to Table 15 overleaf)

Table 15: Provincial Personnel Expenditure as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of Personnel to total provincial expenditure	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	15 380 485	11 462 933	74,5%	46,0%	10 820 903	5,9%
Free State	6 941 330	5 078 036	73,2%	49,3%	4 668 037	8,8%
Gauteng	14 972 917	10 744 246	71,8%	45,2%	9 937 582	8,1%
Kw aZulu-Natal	19 799 703	14 630 265	73,9%	44,5%	13 391 412	9,3%
Limpopo	13 314 031	10 319 518	77,5%	50,7%	9 381 338	10,0%
Mpumalanga	6 798 023	5 050 710	74,3%	44,3%	4 474 804	12,9%
Northern Cape	2 205 411	1 614 078	73,2%	42,3%	1 472 017	9,7%
North West	8 035 654	5 998 243	74,6%	48,1%	5 450 700	10,0%
Western Cape	9 272 057	6 669 516	71,9%	44,3%	6 129 505	8,8%
Total	96 719 611	71 567 544	74,0%	46,2%	65 726 298	8,9%

Provincial Revenue

33. Provincial Revenue includes budgeted equitable share allocations of R134,7 billion, conditional grants of R75,1 billion and own revenue of R6 billion (post adjustments).
34. National government transferred 76 per cent or R102,4 billion of the equitable share, and 77,3 per cent or R58 billion in conditional grants, to provinces after nine months of the current financial year.
35. After nine months, provinces have collected 82 per cent or almost R5 billion of their adjusted own revenue budget of R6 billion.
36. The total provincial revenue received and collected to date is recorded at 76,6 per cent or R165,4 billion of total adjusted revenue budget of R215,9 billion.

Table 16: Provincial Own Revenue Collection as at December 2005

	Adjusted budget	Actual as at December 2005	Actual as % of adj budget	% share of Own Revenue to total provincial revenue	2004/05: Actual as at December 2004	Year-on-year growth
R thousand						
Eastern Cape	440 550	364 578	82,8%	1,3%	225 562	61,6%
Free State	390 000	299 115	76,7%	2,8%	290 800	2,9%
Gauteng	1 514 492	1 401 261	92,5%	5,5%	1 188 883	17,9%
Kw aZulu-Natal	1 124 029	865 229	77,0%	2,5%	837 163	3,4%
Limpopo	391 975	303 136	77,3%	1,4%	187 165	62,0%
Mpumalanga	278 639	269 985	96,9%	2,3%	211 143	27,9%
Northern Cape	105 000	78 317	74,6%	2,0%	76 390	2,5%
North West	413 030	276 367	66,9%	2,1%	313 919	-12,0%
Western Cape	1 382 401	1 096 688	79,3%	6,9%	898 232	22,1%
Total	6 040 116	4 954 678	82,0%	3,0%	4 229 256	17,2%

37. The R6 billion adjusted budget amount is almost identical to the own revenue collection for the entire 2004/05 financial year. The R5 billion collected thus far is however 17,2 per cent or R725,4 million more than what was collected by the end of December for the previous financial year. The collection rate varies from 66,9 per cent in North West and 74,6 per cent in Northern Cape, to a high of 96,9 per cent in Mpumalanga and 92,5 per cent in Gauteng.