



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

Enquiries: **Lungisa Fuzile**  
Tel: **012 315 5158**

E-mail: [Lungisa.Fuzile@treasury.gov.za](mailto:Lungisa.Fuzile@treasury.gov.za)

## **PRESS RELEASE**

**06 February 2008**

### **Provincial Budgets: 2007/08 Financial Year Third Quarter Year-to-Date Provincial Budgets and Expenditure Report**

---

#### **SUMMARY:**

1. The third quarter year to date provincial budget statement of receipts and payments, published by the National Treasury in terms of Section 32 of the Public Finance Management Act, 1999 (PFMA) on 30 January 2008, covers spending for the first nine months of the 2007/08 financial year, which ended 31 December 2007. It is available on the treasury website at [www.treasury.gov.za](http://www.treasury.gov.za).
2. The information is based on the Section 40(4) PFMA reports signed by each head of provincial department to their provincial treasury, and submitted to the National Treasury on 22 January 2008. 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.
3. The budgeted expenditure figures take account of revisions effected in the provincial adjustment budgets, which include R2.8 billion allocated to provinces (R1.6 billion to the provincial equitable share and R1.2 billion to conditional grants) through the *2007 Adjusted Estimates of National Expenditure*.
4. The approved adjustments to provinces were gazetted on 20 December 2007 and these additional transfers were reflected in the adjusted provincial budgets in terms of Section 31(2) of the PFMA and Section 22(2) of the Division of Revenue Act, 2007.
5. In addition to the national adjustments, provinces increased their main budgets by R1.6 billion. The provincial adjustments consist mainly of unspent conditional grants not surrendered to the National Revenue Fund and other funds surrendered to the Provincial Revenue Funds during 2006/07.
6. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R4.4 billion with the bulk of the additional funds allocated to health (R1.6 billion) and education (R1.2 billion).

*Highlights include the following:*

7. In aggregate, provinces have spent 71.6 per cent or R153.9 billion of their adjusted budgets of R214.8 billion for the period ended 31 December 2007. This represents an increase in spending of 16.9 per cent or R22.2 billion higher than for the same period last year when provinces had spent R131.7 billion.
8. Education expenditure totalled R66.3 billion or 73.7 per cent of the R89.9 billion combined adjusted education budgets and remains the largest item on adjusted provincial budgets (41.9 per cent). The spending pattern reflects a 14.3 per cent or R8.3 billion increase over the same period last year.
9. Health expenditure totalled R45.3 billion or 74.4 per cent of the R60.8 billion combined adjusted health budgets and is the second largest item (after education) on adjusted provincial budgets (28.3 per cent). The spending pattern reflects a 17.0 per cent or R6.6 billion increase compared with the same period in 2006/07.
10. Social welfare services (social development) spending for the first nine months of the 2007/08 financial year is recorded at 72.0 per cent or R4.6 billion of the R6.4 billion adjusted social welfare services budgets.
11. Total personnel expenditure, in aggregate, is at 74.7 per cent or R88.7 billion of the R118.8 billion adjusted personnel budgets. These figures include the announced improvements in conditions of service (ICS) effected from 01 July 2007.
12. In aggregate, provinces spent 61.4 per cent or R11.7 billion of their R19.1 billion combined adjusted capital budgets. This is an improvement of 17.7 per cent over the previous financial year, exceeding the R10.0 billion spent over the same period in 2006/07 by R1.8 billion. This reflects an ongoing improvement in capital spending capacity.
13. Provincial education departments spent 58.9 per cent or R2.3 billion of their R3.9 billion adjusted education capital budgets, which is marginally (2.3 per cent) lower than what was spent in the same period last year.
14. Health provincial departments show improvement on capital spending. They have spent 60.6 per cent or R3.7 billion against their R6.0 billion adjusted health capital budgets, which is 14.4 per cent or R460.8 million more than the same period for 2006/07.
15. The greatest share of provincial capital is on the budgets of public works, roads and transport departments at 37.9 per cent. The sector spent 69.4 per cent or R5.0 billion against its combined adjusted capital budget of R7.3 billion. This represents a massive increase of 45.2 per cent or R1.6 billion compared to the same period last year.
16. These suggest that the initiatives that have been put in place to enhance infrastructure delivery are paying off.
17. Spending on conditional grants is generally lower at 60.4 per cent against the adjusted conditional grants budget (including provincial roll-overs), excluding Schedule 4 grants, for the first nine months.
18. Provincial own revenue collected by the end of December 2007 was 81.0 per cent or R6.6 billion of the total adjusted own revenue budget of R8.2 billion. National government has transferred R130.6 billion of the equitable share and R23.8 billion in conditional grants to provinces, during the first nine months of 2007/08.
19. A more detail analysis of the expenditure outcome as at 31 December 2007 is set out in **Annexure A.**

## DETAILED ANALYSIS FOR THE FIRST NINE MONTHS OF THE 2007/08 FINANCIAL YEAR:

1. The budgeted figures for provinces are based on the 2007/08 provincial adjusted estimates tabled in the various provincial legislatures during November 2007.

### Total Expenditure

2. Table 1 indicates that provinces have spent 71.6 per cent or R153.9 billion of adjusted budgeted expenditure for the first nine months into the current financial year. Spending to date is at a slightly higher level in percentage terms compared to spending against adjusted budgets over the same period in the 2006/07 financial year (70.0 per cent).
3. However, in nominal terms, spending is 16.9 per cent or R22.2 billion higher than for the same period last year when provinces had spent R131.7 billion. Among provinces, spending ranges from the lowest share of 68.2 per cent in Mpumalanga and 69.1 per cent in Gauteng, to the highest at 74.9 per cent in KwaZulu-Natal and 72.9 per cent in Limpopo.

**Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2007**

R thousand	Adjusted budget 2007/08				Actual payments as at 31 December 2007				Actual payments as % of adjusted budget	2006/07: Outcome as at 31 December 2006
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total		
Eastern Cape	24 544 901	3 687 003	2 376 882	<b>30 608 786</b>	18 084 973	2 097 301	1 652 900	<b>21 835 174</b>	71.3%	<b>19 121 386</b>
Free State	10 536 699	1 590 598	1 400 212	<b>13 527 509</b>	7 789 218	1 008 861	1 020 780	<b>9 818 859</b>	72.6%	<b>8 691 693</b>
Gauteng	27 575 998	10 478 360	3 139 328	<b>41 193 686</b>	19 079 719	7 733 646	1 636 545	<b>28 449 910</b>	69.1%	<b>23 439 088</b>
KwaZulu-Natal	34 235 421	5 378 832	4 923 743	<b>44 537 996</b>	26 067 907	4 202 912	3 070 282	<b>33 341 101</b>	74.9%	<b>26 806 499</b>
Limpopo	19 960 539	3 416 740	1 583 997	<b>24 961 276</b>	14 686 125	2 506 465	996 400	<b>18 188 990</b>	72.9%	<b>16 789 466</b>
Mpumalanga	13 219 711	1 866 907	1 759 830	<b>16 846 448</b>	9 379 823	1 268 983	845 854	<b>11 494 660</b>	68.2%	<b>9 067 958</b>
Northern Cape	4 504 575	643 270	750 855	<b>5 898 700</b>	3 380 282	471 759	401 386	<b>4 253 427</b>	72.1%	<b>3 343 932</b>
North West	11 770 458	2 402 657	1 385 337	<b>15 558 452</b>	8 498 747	1 651 926	886 223	<b>11 036 896</b>	70.9%	<b>10 676 780</b>
Western Cape	16 271 594	3 585 620	1 825 223	<b>21 682 437</b>	11 838 341	2 385 870	1 239 583	<b>15 463 794</b>	71.3%	<b>13 719 039</b>
<b>Total</b>	<b>162 619 896</b>	<b>33 049 987</b>	<b>19 145 407</b>	<b>214 815 290</b>	<b>118 805 135</b>	<b>23 327 723</b>	<b>11 749 953</b>	<b>153 882 811</b>	<b>71.6%</b>	<b>131 655 841</b>

### Social Services

4. Provinces' adjusted social services budgets are at R157.2 billion, which includes spending on education, health and social development. Spending on social services is recorded at R116.2 billion or 73.9 per cent of the total adjusted provincial social services budget. Adjusted social services budgets comprise 73.2 per cent of total adjusted provincial budgets in 2007/08.

**Table 2: Provincial Social Services Expenditure as at 31 December 2007**

R thousand	Adjusted budget	Actual payments as at 31 December 2007	Actual payments as % of adjusted budget	% share of total provincial expenditure
Education	89 948 768	66 331 776	73.7%	43.1%
Health	60 812 323	45 269 643	74.4%	29.4%
Social Development	6 398 113	4 607 486	72.0%	3.0%
<b>Total Social Services</b>	<b>157 159 204</b>	<b>116 208 905</b>	<b>73.9%</b>	<b>75.5%</b>

## Education

5. The original education budget, in aggregate, has been increased by R1.2 billion during the provincial adjusted estimates process. Adjusted education budgets of R89.9 billion comprise 41.9 per cent of total adjusted provincial budgets.
6. Table 3 indicates that education expenditure is at 73.7 per cent or R66.3 billion of the total adjusted education budget, an increase of 14.3 per cent or R8.3 billion compared to the R58.0 billion spent over the same period in 2006/07.
7. Spending by provinces on education ranges from 70.9 per cent in Gauteng and 71.0 per cent in Mpumalanga to 78.3 per cent in North West and 75.7 per cent in Northern Cape.

**Table 3: Provincial Education Expenditure as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Education to total provincial expenditure</b>
Eastern Cape	14 497 592	10 631 213	73.3%	48.7%
Free State	5 718 029	4 295 908	75.1%	43.8%
Gauteng	14 645 637	10 380 513	70.9%	36.5%
KwaZulu-Natal	18 836 900	14 184 621	75.3%	42.5%
Limpopo	11 926 675	8 877 681	74.4%	48.8%
Mpumalanga	8 118 307	5 762 176	71.0%	50.1%
Northern Cape	2 286 860	1 730 784	75.7%	40.7%
North West	6 096 036	4 775 997	78.3%	43.3%
Western Cape	7 822 732	5 692 883	72.8%	36.8%
<b>Total</b>	<b>89 948 768</b>	<b>66 331 776</b>	<b>73.7%</b>	<b>43.1%</b>

8. Spending on goods and services (mostly learner support material) in education is recorded at 60.8 per cent or R6.0 billion of its R9.8 billion adjusted budget. It comprises approximately 11 per cent of total adjusted provincial education budgets.
9. The bulk of education expenditure is on personnel (79.1 per cent). Current spending on education personnel amounts to 74.9 per cent or R52.5 billion of the adjusted education personnel budgets of R70.1 billion.

**Table 4: Provincial Personnel Expenditure: Education as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Education Personnel to total personnel expenditure</b>
Eastern Cape	11 884 432	8 856 535	74.5%	64.0%
Free State	4 436 517	3 361 840	75.8%	56.4%
Gauteng	10 769 050	7 852 969	72.9%	56.7%
KwaZulu-Natal	15 031 608	11 337 495	75.4%	58.6%
Limpopo	9 646 615	7 175 354	74.4%	60.1%
Mpumalanga	5 951 757	4 476 854	75.2%	64.7%
Northern Cape	1 705 503	1 342 250	78.7%	56.5%
North West	4 758 723	3 721 093	78.2%	59.5%
Western Cape	5 919 781	4 354 695	73.6%	52.8%
<b>Total</b>	<b>70 103 986</b>	<b>52 479 085</b>	<b>74.9%</b>	<b>59.1%</b>

10. Personnel spending by provinces ranges from the lowest in Gauteng at 72.9 per cent and Western Cape at 73.6 per cent, to the highest in Northern Cape at 78.7 per cent and North West at 78.2 per cent.
11. Education capital expenditure is at 58.9 per cent or R2.3 billion of the R3.9 billion adjusted capital budget. This is R55.0 million less than the R2.4 billion spent on capital over the same period last year.
12. Spending between provinces ranges from the lowest in Mpumalanga at only 38.9 per cent and Gauteng at 52.0 per cent to the highest in Limpopo at 82.5 per cent and Northern Cape at 72.6 per cent.

**Table 5: Provincial Capital Expenditure: Education as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Education Capital to total Capital expenditure</b>
Eastern Cape	590 423	334 045	56.6%	20.2%
Free State	252 609	167 803	66.4%	16.4%
Gauteng	760 520	395 098	52.0%	24.1%
KwaZulu-Natal	1 034 377	619 158	59.9%	20.2%
Limpopo	400 962	330 925	82.5%	33.2%
Mpumalanga	429 201	166 765	38.9%	19.7%
Northern Cape	44 638	32 388	72.6%	8.1%
North West	199 333	129 876	65.2%	14.7%
Western Cape	194 372	124 490	64.0%	10.0%
<b>Total</b>	<b>3 906 435</b>	<b>2 300 548</b>	<b>58.9%</b>	<b>19.6%</b>

### Health

13. The original health budget, in aggregate, has been increased by R1.6 billion during the provincial adjusted estimates process.
14. Adjusted health budgets totalling R60.8 billion, comprise 28.3 per cent of total adjusted provincial budgets. Table 6 indicates that health expenditure is at 74.4 per cent or R45.3 billion of the total adjusted health budget, representing an increase of 17.0 per cent or R6.6 billion compared to spending over the same period in 2006/07.

**Table 6: Provincial Health Expenditure as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Health to total provincial expenditure</b>
Eastern Cape	8 068 697	5 914 378	73.3%	27.1%
Free State	3 744 400	2 818 720	75.3%	28.7%
Gauteng	12 445 630	8 993 231	72.3%	31.6%
KwaZulu-Natal	13 925 428	11 097 261	79.7%	33.3%
Limpopo	5 986 606	4 682 632	78.2%	25.7%
Mpumalanga	3 717 636	2 529 325	68.0%	22.0%
Northern Cape	1 579 993	1 184 353	75.0%	27.8%
North West	3 916 628	2 616 450	66.8%	23.7%
Western Cape	7 427 305	5 433 293	73.2%	35.1%
<b>Total</b>	<b>60 812 323</b>	<b>45 269 643</b>	<b>74.4%</b>	<b>29.4%</b>

15. North West and Mpumalanga health have spent the lowest share of their adjusted budgets at 66.8 per cent and 68.0 per cent respectively. The highest shares are recorded in KwaZulu-Natal at 79.7 per cent and Limpopo at 78.2 per cent.
16. Table 7 indicates that health personnel expenditure is R25.2 billion or 76.1 per cent of the adjusted health personnel budget, an increase of R4.0 billion or 18.9 per cent compared to the R21.2 billion spent over the same period in 2006/07.

**Table 7: Provincial Personnel Expenditure: Health as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Health Personnel to total personnel expenditure</b>
Eastern Cape	4 171 711	3 300 143	79.1%	23.8%
Free State	2 251 816	1 706 420	75.8%	28.6%
Gauteng	6 213 280	4 580 963	73.7%	33.0%
KwaZulu-Natal	7 913 564	6 239 004	78.8%	32.3%
Limpopo	3 709 544	2 973 366	80.2%	24.9%
Mpumalanga	2 031 153	1 428 241	70.3%	20.7%
Northern Cape	794 513	583 211	73.4%	24.5%
North West	1 996 435	1 421 293	71.2%	22.7%
Western Cape	4 055 297	2 986 797	73.7%	36.2%
<b>Total</b>	<b>33 137 313</b>	<b>25 219 438</b>	<b>76.1%</b>	<b>28.4%</b>

17. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 75.8 per cent or R16.4 billion of the R21.6 billion adjusted budget. This is an increase of 14.9 per cent or R2.1 billion compared to the R14.3 billion spent over the same period in 2006/07.
18. Capital expenditure in the health sector is at 60.6 per cent or R3.7 billion. This represents an increase of 14.4 per cent or R460.8 million more than the R3.2 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Health Capital to total Capital expenditure</b>
Eastern Cape	838 528	629 049	75.0%	38.1%
Free State	292 470	203 700	69.6%	20.0%
Gauteng	1 196 713	674 514	56.4%	41.2%
KwaZulu-Natal	1 388 863	885 192	63.7%	28.8%
Limpopo	605 395	401 404	66.3%	40.3%
Mpumalanga	389 248	144 249	37.1%	17.1%
Northern Cape	310 428	139 722	45.0%	34.8%
North West	511 953	271 045	52.9%	30.6%
Western Cape	512 843	317 240	61.9%	25.6%
<b>Total</b>	<b>6 046 441</b>	<b>3 666 115</b>	<b>60.6%</b>	<b>31.2%</b>

19. The lowest rate of health capital spending is in Mpumalanga at 37.1 per cent and Northern Cape at 45.0 per cent with Eastern Cape and Free State recording the highest rate of spending at 75.0 per cent and 69.6 per cent respectively.

### Social Welfare Services (Social Development)

20. Adjusted social welfare services budgets, at R6.4 billion, comprise 3.0 per cent of total adjusted provincial budgets.

**Table 9: Provincial Social Welfare Services Expenditure as at 31 December 2007**

	Adjusted budget	Actual payments as at 31 December 2007	Actual payments as % of adjusted budget	% share of Soc welfare to total provincial expenditure
<b>R thousand</b>				
Eastern Cape	882 794	645 425	73.1%	3.0%
Free State	453 092	303 372	67.0%	3.1%
Gauteng	1 369 957	1 143 201	83.4%	4.0%
KwaZulu-Natal	1 065 223	749 230	70.3%	2.2%
Limpopo	427 077	302 988	70.9%	1.7%
Mpumalanga	497 517	313 866	63.1%	2.7%
Northern Cape	310 214	216 816	69.9%	5.1%
North West	490 675	274 676	56.0%	2.5%
Western Cape	901 564	657 912	73.0%	4.3%
<b>Total</b>	<b>6 398 113</b>	<b>4 607 486</b>	<b>72.0%</b>	<b>3.0%</b>

21. Provinces registered spending of 72.0 per cent or R4.6 billion of their R6.4 billion adjusted budget (table 9). This represents an increase of 30.1 per cent or R1.1 billion above the R3.5 billion spent over the same period last year.

22. Between provinces, there are varying degrees of spending with the lowest being in North West at only 56.0 per cent and Mpumalanga at 63.1 per cent while the highest are Gauteng and Eastern Cape at 83.4 per cent and 73.1 per cent respectively.

### Housing and Local Government

23. Adjusted housing and local government budgets at R12.3 billion comprise 5.7 per cent of total adjusted provincial budgets.

24. Housing and local government spending at the end of the third quarter (year to date) is at 61.8 per cent or R7.6 billion of the R12.3 billion adjusted budget (table 10). This represents an increase of 22.2 per cent or R1.4 billion more than the R6.2 billion spent over the same period last year.

**Table 10: Provincial Housing and Local Government Expenditure as at 31 December 2007**

	Adjusted budget	Actual payments as at 31 December 2007	Actual payments as % of adjusted budget	% share of Local Gov & Housing to total provincial expenditure
<b>R thousand</b>				
Eastern Cape	1 234 055	572 130	46.4%	2.6%
Free State	906 074	458 604	50.6%	4.7%
Gauteng	2 908 374	2 163 146	74.4%	7.6%
KwaZulu-Natal	2 305 155	1 508 564	65.4%	4.5%
Limpopo	1 054 062	585 000	55.5%	3.2%
Mpumalanga	1 006 023	564 583	56.1%	4.9%
Northern Cape	297 500	241 756	81.3%	5.7%
North West	1 113 079	713 600	64.1%	6.5%
Western Cape	1 431 861	771 694	53.9%	5.0%
<b>Total</b>	<b>12 256 183</b>	<b>7 579 077</b>	<b>61.8%</b>	<b>4.9%</b>

25. Spending varies between provinces with the lowest being in Eastern Cape at 46.4 per cent and Free State at 50.6 per cent while the highest are Northern Cape at 81.3 per cent and Gauteng at 74.4 per cent.

#### *Housing conditional grant*

26. Most of the housing and local government expenditure is on the Integrated Housing and Human Settlement Development conditional grant. Table 11 indicates that provinces spent 58.8 per cent or R5.1 billion of their R8.7 billion adjusted housing conditional grant budget. These spending figures are higher by 23.0 per cent or R961.1 million over the same period last year.

**Table 11: Provincial Integrated Housing and Human Settlement Development Grant Expenditure as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of grant to total provincial expenditure</b>
Eastern Cape	1 052 554	155 119	14.7%	0.7%
Free State	653 508	325 522	49.8%	3.3%
Gauteng	2 197 223	1 727 831	78.6%	6.1%
KwaZulu-Natal	1 310 555	891 895	68.1%	2.7%
Limpopo	651 705	358 498	55.0%	2.0%
Mpumalanga	676 286	382 755	56.6%	3.3%
Northern Cape	131 036	125 454	95.7%	2.9%
North West	875 178	547 958	62.6%	5.0%
Western Cape	1 177 770	618 196	52.5%	4.0%
<b>Total</b>	<b>8 725 815</b>	<b>5 133 228</b>	<b>58.8%</b>	<b>3.3%</b>

#### *Personnel expenditure*

27. Personnel expenditure (“compensation of employees”) is at 74.7 per cent or R88.7 billion of the R118.8 billion adjusted personnel budget. Spending to date is 14.7 per cent or R11.3 billion higher than the R77.4 billion spent over the same period last year.

28. Gauteng and Western Cape recorded the lowest rate of personnel spending at 73.1 per cent and 73.2 per cent respectively while KwaZulu-Natal and Northern Cape recorded the highest rates at 76.1 per cent and 75.5 per cent respectively.

**Table 12: Provincial Personnel Expenditure as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Personnel to total provincial expenditure</b>
Eastern Cape	18 429 518	13 849 024	75.1%	63.4%
Free State	7 988 932	5 957 173	74.6%	60.7%
Gauteng	18 971 553	13 860 974	73.1%	48.7%
KwaZulu-Natal	25 405 292	19 335 129	76.1%	58.0%
Limpopo	15 847 688	11 939 330	75.3%	65.6%
Mpumalanga	9 426 662	6 914 168	73.3%	60.2%
Northern Cape	3 148 861	2 377 462	75.5%	55.9%
North West	8 286 984	6 250 561	75.4%	56.6%
Western Cape	11 275 919	8 249 529	73.2%	53.3%
<b>Total</b>	<b>118 781 409</b>	<b>88 733 350</b>	<b>74.7%</b>	<b>57.7%</b>



### Overall capital budgets and expenditure

29. By the end of the third quarter (year to date), provinces had spent 61.4 per cent or R11.8 billion of their R19.1 billion adjusted capital budgets ("payments for capital assets"). This represents an increase of 17.7 per cent or R1.8 billion than the R10.0 billion spent over the same period last year.
30. Table 13 provides capital spending information by province, which indicates low rates of spending in Mpumalanga at 48.1 per cent and Gauteng at 52.1 per cent and high rates in Free State at 72.9 per cent and Eastern Cape at 69.5 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R3.1 billion followed by Eastern Cape at R1.7 billion and Gauteng at R1.6 billion.

**Table 13: Provincial Capital (Payments for Capital Assets)  
Expenditure as at 31 December 2007**

R thousand	Adjusted budget	Actual payments as at 31 December 2007	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure
Eastern Cape	2 376 882	1 652 900	69.5%	7.6%
Free State	1 400 212	1 020 780	72.9%	10.4%
Gauteng	3 139 328	1 636 545	52.1%	5.8%
KwaZulu-Natal	4 923 743	3 070 282	62.4%	9.2%
Limpopo	1 583 997	996 400	62.9%	5.5%
Mpumalanga	1 759 830	845 854	48.1%	7.4%
Northern Cape	750 855	401 386	53.5%	9.4%
North West	1 385 337	886 223	64.0%	8.0%
Western Cape	1 825 223	1 239 583	67.9%	8.0%
<b>Total</b>	<b>19 145 407</b>	<b>11 749 953</b>	<b>61.4%</b>	<b>7.6%</b>

31. The biggest adjusted capital budgets in provinces are in public works, roads and transport departments at 37.9 per cent or R7.3 billion of the total adjusted provincial capital budget of R19.1 billion. Spending for these departments is at 69.4 per cent or R5.0 billion which is 45.2 per cent or R1.6 billion more than the R3.5 billion spent last year over the same period.

**Table 14: Provincial Capital Expenditure: Public Works, Roads and Transport as at 31 December 2007**

R thousand	Adjusted budget	Actual payments as at 31 December 2007	Actual payments as % of adjusted budget	% share of PWRT Capital to total Capital expenditure
Eastern Cape	824 376	629 395	76.3%	38.1%
Free State	735 658	564 257	76.7%	55.3%
Gauteng	777 737	451 337	58.0%	27.6%
KwaZulu-Natal	2 105 756	1 448 671	68.8%	47.2%
Limpopo	143 872	84 350	58.6%	8.5%
Mpumalanga	767 937	484 943	63.1%	57.3%
Northern Cape	301 480	170 079	56.4%	42.4%
North West	533 351	426 582	80.0%	48.1%
Western Cape	1 072 302	780 886	72.8%	63.0%
<b>Total</b>	<b>7 262 469</b>	<b>5 040 500</b>	<b>69.4%</b>	<b>42.9%</b>

32. Between provinces, the lowest rate of spending is recorded in Northern Cape at 56.4 per cent and Gauteng at 58.0 per cent, while North West and Free State recorded the highest rates of spending at 80.0 per cent and 76.7 per cent respectively.

## Conditional grants

33. The total adjusted conditional grant allocation for all grants is R33.5 billion (including Schedule 4 grants and provincial roll-overs) with health making up the bulk at R11.9 billion.

**Table 15: Provincial Conditional Grants Expenditure as at 31 December 2007**

	Division of Revenue Act, 2007 (Act No. 1 of 2007)	Other Gazetted Amounts	Provincial roll- overs	Total available 2007/08	Transferred from National to province	Actual payments as at 31 December 2007	Actual payments as % of total available (excluding Schedule 4 grants)
<b>R thousand</b>							
<b>Agriculture</b>	<b>461 725</b>	<b>300 000</b>	<b>40 893</b>	<b>802 618</b>	<b>345 479</b>	<b>42 554</b>	<b>11.4%</b>
Agriculture disaster management grant	–	300 000	16 034	316 034	–	15 684	5.0%
<sup>1.</sup> Comprehensive agricultural support programme grant	415 000	–	13 583	428 583	308 099		
Land care programme grant: poverty relief and infrastr	46 725	–	11 276	58 001	37 380	26 870	46.3%
<b>Arts and Culture</b>	<b>180 000</b>	<b>–</b>	<b>–</b>	<b>180 000</b>	<b>135 006</b>	<b>68 938</b>	<b>38.3%</b>
Community library services grant	180 000	–	–	180 000	135 006	68 938	38.3%
<b>Education</b>	<b>1 905 633</b>	<b>111 140</b>	<b>90 516</b>	<b>2 107 289</b>	<b>1 614 070</b>	<b>1 604 903</b>	<b>76.2%</b>
Further education and training college sector recapital	595 000	36 090	8 213	639 303	631 090	587 453	91.9%
HIV and Aids (life skills education) grant	157 695	8 699	–	166 394	118 274	87 319	52.5%
National school nutrition programme grant	1 152 938	66 351	82 303	1 301 592	864 706	930 131	71.5%
<b>Health</b>	<b>11 320 982</b>	<b>415 696</b>	<b>171 996</b>	<b>11 908 674</b>	<b>8 486 605</b>	<b>3 222 306</b>	<b>64.6%</b>
Comprehensive HIV and Aids grant	1 945 575	60 648	–	2 006 223	1 459 145	1 556 020	77.6%
Forensic pathology services grant	551 383	121 037	135 877	808 297	409 454	370 824	45.9%
<sup>1.</sup> Health professions training and development grant	1 596 189	–	–	1 596 189	1 197 133		
Hospital revitalisation grant	1 906 629	234 011	36 119	2 176 759	1 429 981	1 295 462	59.5%
<sup>1.</sup> National tertiary services grant	5 321 206	–	–	5 321 206	3 990 892		
<b>Housing</b>	<b>8 237 946</b>	<b>105 000</b>	<b>382 869</b>	<b>8 725 815</b>	<b>5 859 734</b>	<b>5 133 228</b>	<b>58.8%</b>
Integrated housing and human settlement developme	8 237 946	105 000	382 869	8 725 815	5 859 734	5 133 228	58.8%
<b>National Treasury</b>	<b>6 164 025</b>	<b>250 000</b>	<b>110 272</b>	<b>6 524 297</b>	<b>4 380 702</b>		
<sup>1.</sup> Infrastructure grant to provinces	6 164 025	–	110 272	6 274 297	4 380 702		
<sup>1.</sup> Transitional grant: North West	–	250 000	–	250 000	–		
<b>Sport and Recreation South Africa</b>	<b>194 000</b>	<b>–</b>	<b>3 927</b>	<b>197 927</b>	<b>163 373</b>	<b>119 951</b>	<b>60.6%</b>
Mass sport and recreation participation programme gr	194 000	–	3 927	197 927	163 373	119 951	60.6%
<b>Transport</b>	<b>3 029 411</b>	<b>–</b>	<b>–</b>	<b>3 029 411</b>	<b>2 846 761</b>	<b>1 647 508</b>	<b>54.4%</b>
Gautrain rapid rail link grant	3 029 411	–	–	3 029 411	2 846 761	1 647 508	54.4%
<b>Total excluding Schedule 4 grants expenditure</b>	<b>31 493 722</b>	<b>1 181 836</b>	<b>800 473</b>	<b>33 476 031</b>	<b>23 831 730</b>	<b>11 839 388</b>	<b>60.4%</b>

34. Table 15 reflects spending on conditional grant allocations as at 31 December 2007 for all provinces. It excludes spending on general purpose conditional grants (Schedule 4 grants) like National Tertiary Services, Health Professions Training and Development and the Infrastructure grant to provinces, as reporting against these grants cannot be separated from the provinces' health and capital budgets.

**TABLE 16: FURTHER EDUCATION AND TRAINING COLLEGE SECTOR RECAPITALISATION GRANT BY COLLEGE**  
**3rd QUARTER ENDED 31 DECEMBER 2007**

Further Education and Training Colleges	Division of Revenue Act, No. 1 of 2007	Government Gazette, 20 December 2007	Total available 2007/08	Year to Date			Actual payments made by Colleges
				Approved Provincial Payment Schedule	Transferred from National to province	Transferred from province to Colleges	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Eastern Cape</b>	<b>78 815</b>	<b>11 522</b>	<b>90 337</b>	<b>90 337</b>	<b>90 337</b>	<b>90 337</b>	<b>53 002</b>
Buffalo City	15 000	-	15 000			15 000	13 717
E Cape Midlands	11 000	2 808	13 808			13 808	4 987
Ikhala College	9 000	-	9 000			9 000	4 043
Ingwe College	5 706	-	5 706			5 706	1 247
King Hintsa College	6 109	-	6 109			6 109	3 078
King Sabata College	7 000	-	7 000			7 000	3 684
Lovedale College	10 000	2 887	12 887			12 887	9 555
Port Elizabeth College	15 000	5 827	20 827			20 827	12 691
<b>Free State</b>	<b>36 000</b>	<b>-</b>	<b>36 000</b>	<b>36 000</b>	<b>36 000</b>	<b>36 000</b>	<b>21 315</b>
Flavius Mareka College	7 000	-	7 000			7 000	5 183
Goldfields College	11 000	-	11 000			11 000	5 884
Maluti College	7 000	-	7 000			7 000	4 634
Motheo College	11 000	-	11 000			11 000	5 614
<b>Gauteng</b>	<b>140 509</b>	<b>21 056</b>	<b>161 565</b>	<b>161 565</b>	<b>161 565</b>	<b>161 565</b>	<b>81 772</b>
Central Johannesburg	18 000	8 076	26 076			26 076	13 602
Ekhuruleni West	20 000	9 041	29 041			29 041	10 509
Ekhuruleni East	17 000	-	17 000			17 000	15 509
Sedibeng	14 000	-	14 000			14 000	12 024
South West College	15 000	-	15 000			15 000	4 025
Tshwane South	27 105	909	28 014			28 014	12 473
Tshwane North	25 211	3 030	28 241			28 241	10 633
Western College	4 193	-	4 193			4 193	2 997
<b>KwaZulu-Natal</b>	<b>115 453</b>	<b>-</b>	<b>115 453</b>	<b>115 453</b>	<b>115 453</b>	<b>115 453</b>	<b>66 832</b>
Coastal College	19 000	-	19 000			19 000	12 750
Elangeni College	11 000	-	11 000			11 000	3 461
Esayidi College	15 453	-	15 453			15 453	8 548
Majuba College	17 000	-	17 000			17 000	13 368
Mnambithi College	6 000	-	6 000			6 000	2 259
Mthashana College	10 000	-	10 000			10 000	5 234
Thekwini College	9 000	-	9 000			9 000	4 991
Umfolozu College	18 000	-	18 000			18 000	8 345
Umgungundlovu College	10 000	-	10 000			10 000	7 876
<b>Limpopo</b>	<b>67 443</b>	<b>2 912</b>	<b>70 355</b>	<b>70 355</b>	<b>70 355</b>	<b>70 355</b>	<b>49 487</b>
Capricorn College	16 000	1 831	17 831			17 831	10 868
Lephalale College	8 000	71	8 071			8 071	5 863
Letaba College	11 000	2	11 002			11 002	8 009
Mopani College	11 350	73	11 423			11 423	9 967
Sekhukhune College	9 000	924	9 924			9 924	5 916
Vhembe College	2 000	11	2 011			2 011	1 920
Waterberg College	10 093	-	10 093			10 093	6 944
<b>Mpumalanga</b>	<b>40 055</b>	<b>600</b>	<b>40 655</b>	<b>40 655</b>	<b>40 655</b>	<b>40 655</b>	<b>29 133</b>
Ehlanzani College	10 055	600	10 655			10 655	4 918
Gert Sibande College	11 000	-	11 000			11 000	10 335
Nkangala College	19 000	-	19 000			19 000	13 880
<b>Northern Cape</b>	<b>8 000</b>	<b>-</b>	<b>8 000</b>	<b>8 000</b>	<b>8 000</b>	<b>8 000</b>	<b>5 677</b>
Rural College	5 000	-	5 000			5 000	3 339
Urban College	3 000	-	3 000			3 000	2 338
<b>North West</b>	<b>28 725</b>	<b>-</b>	<b>28 725</b>	<b>28 725</b>	<b>28 725</b>	<b>28 725</b>	<b>22 227</b>
Orbit College	2 918	-	2 918			2 918	2 800
Taletso College	10 000	-	10 000			10 000	10 064
Vuselela College	15 807	-	15 807			15 807	9 363
<b>Western Cape</b>	<b>80 000</b>	<b>-</b>	<b>80 000</b>	<b>80 000</b>	<b>80 000</b>	<b>80 000</b>	<b>59 701</b>
Boland College	12 000	-	12 000			12 000	8 722
Cape Town College	17 000	-	17 000			17 000	11 035
False Bay College	14 000	-	14 000			14 000	8 080
Northlink College	16 000	-	16 000			16 000	17 064
South Cape College	13 000	-	13 000			13 000	9 773
West Coast College	8 000	-	8 000			8 000	5 027
<b>Total</b>	<b>595 000</b>	<b>36 090</b>	<b>631 090</b>	<b>631 090</b>	<b>631 090</b>	<b>631 090</b>	<b>389 146</b>

Source: National Department of Education

35. Spending on the Comprehensive Agricultural Support Programme grant (also Schedule 4) is subsumed in a range of programmes and therefore no separate reporting is required in terms of the Division of Revenue Act, 2007 (Act No. 1 of 2007).
36. Against the total adjusted allocation of R19.6 billion (including provincial roll-overs), this excludes Schedule 4 grants, the rate of conditional grants spending amounts to 60.4 per cent or R11.8 billion.
37. Specific grants that show low rates of spending include Agricultural Disaster Management (5.0 per cent), Community Library Services (38.3 per cent), Forensic Pathology Services (45.9 per cent) and Land Care Programme (46.3 per cent).
38. The government contribution for Gautrain totals R4.5 billion for the 2007/08 financial year. Of the R4.5 billion, R1.5 billion is funded through the provincial equitable share (Gauteng Provincial Government) and R3.0 billion in the form of a conditional grant (funded by National Government). Expenditure incurred against the conditional grant portion is recorded at R1.6 billion against the Gautrain Rapid Rail Link conditional grant allocation of R3.0 billion.
39. Spending on the Further Education and Training College Sector Recapitalisation grant is at 91.9 per cent or R587.5 million and reflects actual transfers from the provincial education departments to the FET colleges.
40. Table 16 (page 9) indicates the actual amounts transferred by provincial education departments to colleges and amounts spent by colleges, as provided by the national Department of Education. FET colleges' expenditure is at 61.7 per cent or R389.1 million of the R631.1 million transferred from the provincial education departments.

**Table 17: Selected Conditional Grants Spending Rate as at 31 December 2007**

	Number of provinces spent less than 60%	Number of provinces spent between 60% and 70% (inclusive)	Number of provinces spent more than 70%
<b>Agriculture</b>			
Land Care Programme: Poverty Relief and Infra	7 FS, GT, KZN, LIM, NC, NW, WC		2 EC, MPU
<b>Arts and Culture</b>			
Community Library Services Grant	8 EC, FS, GT, LIM, MPU, NC, NW, WC	1 KZN	
<b>Education</b>			
Further Education And Training College Sector		1 MPU	8 EC, FS, GT, KZN, LIM, NC, NW, WC
HIV and Aids (Life Skills Education)	5 EC, KZN, LIM, MPU, WC	1 NW	3 FS, GT, NC
National School Nutrition Programme		2 EC, KZN	7 FS, GT, LIM, MPU, NC, NW, WC
<b>Health</b>			
Comprehensive HIV and Aids		2 FS, WC	7 EC, GT, KZN, LIM, MPU, NC, NW
Forensic Pathology Services	6 EC, KZN, LIM, MPU, NW, WC	1 GT	2 FS, NC
Hospital Revitalisation	4 GT, KZN, MPU, NC	1 EC	4 FS, LIM, NW, WC
<b>Housing</b>			
Integrated Housing and Human Settlement Dev	5 EC, FS, LIM, MPU, WC	2 KZN, NW	2 GT, NC
<b>Sport and Recreation South Africa</b>			
Mass Sport and Recreation Participation Progr	3 GT, LIM, NC	4 EC, FS, MPU, WC	2 KZN, NW
<b>Transport</b>			
Gautrain Rapid Rail Link	1 GT		

Percentages represent actual expenditure of adjusted budget as published in the Division of Revenue Act, 2007 (Act No.1 of 2007) and subsequent gazettes.

41. Table 17 (page 10) indicates selected conditional grant spending rates as at 31 December 2007. It further indicates that five or more provinces have spent less than 60 per cent of their adjusted grant budget after the first nine months for the following grants: Land Care Programme, Community Library Services, HIV and Aids (Life Skills Education), Forensic Pathology Services and Integrated Housing and Human Settlement Development.
42. The table also indicates the number of provinces spending at slightly higher levels between 60 and 70 per cent and greater than 70 per cent of their adjusted conditional grant budgets.
43. Although the conditional grant rate of spending is encouraging and reflects an improvement over previous financial years, overall conditional grants spending still lies below the total provincial spending average of 71.6 per cent.

#### *Provincial revenue*

44. Provincial revenue includes adjusted budgeted equitable share allocations of R172.9 billion, adjusted conditional grants of R32.7 billion and adjusted own revenue of R8.2 billion. The total provincial revenue received and collected to date is recorded at 75.3 per cent or R161.0 billion of total adjusted budgeted total revenue of R213.7 billion.
45. National government transferred 75.5 per cent or R130.6 billion of the equitable share and 72.9 per cent or R23.8 billion in conditional grants, to provinces after the first nine months of the current financial year.
46. After the third quarter (year to date), provinces had collected 81.0 per cent or R6.6 billion of the adjusted budgeted own revenue of R8.2 billion which is 18.0 per cent or R1.0 billion more than what was collected by the end of December for the previous financial year.

**Table 18: Provincial Own Revenue Collection as at 31 December 2007**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2007</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Own Revenue to total provincial revenue</b>
Eastern Cape	829 825	696 084	83.9%	2.9%
Free State	503 555	391 543	77.8%	3.8%
Gauteng	2 327 794	1 791 356	77.0%	5.8%
KwaZulu-Natal	1 423 141	1 121 342	78.8%	3.4%
Limpopo	444 122	299 074	67.3%	1.6%
Mpumalanga	337 855	333 358	98.7%	2.7%
Northern Cape	138 684	96 821	69.8%	2.2%
North West	438 869	470 141	107.1%	4.2%
Western Cape	1 707 335	1 399 865	82.0%	8.9%
<b>Total</b>	<b>8 151 180</b>	<b>6 599 585</b>	<b>81.0%</b>	<b>4.1%</b>

47. The collection rate varies from 67.3 per cent in Limpopo and 69.8 per cent in Northern Cape, to a high of 107.1 per cent in North West and 98.7 per cent in Mpumalanga. It appears at this stage that most provinces will exceed their collection of budgeted own revenue.