



**national treasury**

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## **PRESS RELEASE**

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### **Provincial Budgets 2008/09 Financial Year First Quarter Provincial Budget Report**

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#### **SUMMARY:**

1. The first quarter 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 July 2008, covers spending for the first three months of the 2008/09 financial year, which ended 30 June 2008. 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 by 22 July 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. In aggregate, provinces have spent 24.1 per cent or R59.8 billion of their budgets of R248.4 billion for the first quarter ended 30 June 2008. This represents a spending increase year-on-year of 36.3 per cent or R15.9 billion higher than for the same period last year when provinces had spent R43.9 billion.
4. Education expenditure totalled R24.8 billion or 23.8 per cent of the R104.2 billion combined education budgets and remains the largest item on provincial budgets (41.9 per cent). The spending pattern reflects a 27.9 per cent or R5.4 billion increase over the same period last year.
5. Health expenditure totalled R17.1 billion or 24.7 per cent of the R69.4 billion combined health budgets and is the second largest item (after education) on provincial budgets (27.9 per cent). The spending pattern reflects a 30 per cent or R4 billion increase compared with the same period in 2007/08.

6. Social welfare services (social development) spending for the first quarter of the 2008/09 financial year is recorded at 20.2 per cent or R1.7 billion of the R8.3 billion social welfare services budgets.
7. Total personnel expenditure, in aggregate, is at 25 per cent or R34 billion of the R136.1 billion personnel budget. These figures exclude the recent announced improvements in conditions of service (ICS), which were only effected from 01 July 2008.
8. In aggregate, provinces spent 18.5 per cent or R4.1 billion of their R22.2 billion combined capital budgets. This is a significant improvement of 32.1 per cent over the previous financial year, exceeding the R3.1 billion spent over the same period in 2007/08 by R1 billion.
9. Provincial education departments spent 14.2 per cent or R684.2 million of their R4.8 billion education capital budgets. However, this is higher by 10.4 per cent or R64.3 million more than spending over the same period of the previous financial year.
10. Health provincial departments also improved on capital spending. They have spent 17 per cent or R1.2 billion against their R7 billion health capital budgets, which is 11.8 per cent or R124.1 million more than the same period for 2007/08.
11. The greatest share of provincial capital is on the budgets of public works, roads and transport departments at 37.6 per cent. The sector spent 23.9 per cent or R2 billion against its combined capital budget of R8.4 billion. This represents a massive increase of 56 per cent or R716.6 million compared to the same period last year.
12. Provincial own revenue collected thus far is at 22 per cent or R2 billion of the total own revenue budget of R9.2 billion. National government has transferred R49.8 billion of the equitable share and R10.2 billion in conditional grants to provinces, during the first quarter of the 2008/09 financial year.
13. A more detail analysis of the expenditure outcome as at 30 June 2008 is set out in Annexure A, which also includes a comparative spending analysis for the same period over the 2007/08 financial year.

**DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2008/09 FINANCIAL YEAR:**

1. The budgeted figures for provinces are based on the 2008/09 provincial budget statements (main budgets) tabled in the various provincial legislatures during February and March 2008.

*Total Expenditure*

2. Table 1 indicates that provinces have spent 24.1 per cent or R59.8 billion of budgeted expenditure for the first quarter into the current financial year. Spending to date is at a higher level in percentage terms compared to spending against budgets over the same period in the 2007/08 financial year (20.8 per cent).
3. However, in nominal terms, spending is 36.3 per cent or R15.9 billion higher than for the same period last year when provinces had spent R43.9 billion. Between provinces, spending ranges from the lowest share of 21.2 per cent in Western Cape and 21.6 per cent in Limpopo, to the highest at 25.6 per cent in Free State and 25.3 per cent in Gauteng.

**Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2008**

R thousand	Main budget 2008/09				Actual Payments as at 30 June 2008				Actual Payments as % of main budget	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total			
Eastern Cape	29 723 932	5 128 765	3 232 033	<b>38 084 730</b>	7 180 923	1 548 731	839 652	<b>9 569 306</b>	25.1%	<b>5 714 831</b>	67.4%
Free State	11 760 168	2 025 488	1 899 247	<b>15 684 903</b>	3 021 210	559 726	427 487	<b>4 008 423</b>	25.6%	<b>2 840 005</b>	41.1%
Gauteng	30 969 212	12 235 507	3 466 970	<b>46 671 689</b>	7 595 411	3 802 310	394 082	<b>11 791 803</b>	25.3%	<b>8 120 822</b>	45.2%
KwaZulu-Natal	38 369 765	7 210 990	5 520 171	<b>51 100 926</b>	9 807 754	1 947 359	1 062 560	<b>12 817 673</b>	25.1%	<b>9 728 605</b>	31.8%
Limpopo	23 422 020	4 047 232	2 163 636	<b>29 632 888</b>	5 537 632	529 575	335 759	<b>6 402 966</b>	21.6%	<b>5 245 688</b>	22.1%
Mpumalanga	14 925 239	1 946 775	1 867 605	<b>18 739 619</b>	3 530 893	526 595	404 312	<b>4 461 800</b>	23.8%	<b>3 206 359</b>	39.2%
Northern Cape	5 207 535	761 084	720 161	<b>6 688 780</b>	1 326 141	207 670	132 265	<b>1 666 076</b>	24.9%	<b>1 225 177</b>	36.0%
North West	13 063 974	2 502 826	1 370 769	<b>16 937 569</b>	2 940 159	614 811	256 222	<b>3 811 192</b>	22.5%	<b>3 224 892</b>	18.2%
Western Cape	18 720 441	4 202 298	1 985 004	<b>24 907 743</b>	4 166 979	860 189	260 397	<b>5 287 565</b>	21.2%	<b>4 564 137</b>	15.9%
<b>Total</b>	<b>186 162 286</b>	<b>40 060 965</b>	<b>22 225 596</b>	<b>248 448 847</b>	<b>45 107 101</b>	<b>10 596 966</b>	<b>4 112 736</b>	<b>59 816 804</b>	<b>24.1%</b>	<b>43 870 515</b>	<b>36.3%</b>

*Social Services*

4. Provinces have budgeted R181.9 billion for social services, which includes spending on education, health and social development. Spending on social services is recorded at R43.6 billion or 24 per cent of the total provincial social services budgets in 2008/09.

**Table 2: Provincial Social Services Expenditure as at 30 June 2008**

R thousand	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
Education	104 198 890	24 797 672	23.8%	41.5%	56.9%	19 389 333	27.9%
Health	69 439 904	17 125 192	24.7%	28.6%	39.3%	13 174 439	30.0%
Social Development	8 289 441	1 675 012	20.2%	2.8%	3.8%	1 095 376	52.9%
<b>Total</b>	<b>181 928 235</b>	<b>43 597 876</b>	<b>24.0%</b>	<b>72.9%</b>	<b>100.0%</b>	<b>33 659 148</b>	<b>29.5%</b>

## Education

- Education budgets of R104.2 billion comprise 41.9 per cent of total provincial budgets. Table 3 indicates that education expenditure is at 23.8 per cent or R24.8 billion of the total education budget, an increase of 27.9 per cent or R5.4 billion compared to the R19.4 billion spent over the same period in 2007/08.
- Spending by provinces on education ranges from the lowest rate in Gauteng at 22.2 per cent and Limpopo at 22.3 per cent to the highest in Northern Cape at 29.4 per cent and KwaZulu-Natal at 25.3 per cent.

**Table 3: Provincial Education Expenditure as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social serv expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	17 810 197	4 144 624	23.3%	43.3%	57.2%	2 880 087	43.9%
Free State	6 598 569	1 607 078	24.4%	40.1%	55.1%	1 287 128	24.9%
Gauteng	16 629 082	3 691 388	22.2%	31.3%	52.0%	2 965 273	24.5%
KwaZulu-Natal	21 389 127	5 417 381	25.3%	42.3%	56.4%	4 178 294	29.7%
Limpopo	14 221 050	3 169 951	22.3%	49.5%	61.5%	2 662 859	19.0%
Mpumalanga	8 934 232	2 238 959	25.1%	50.2%	66.8%	1 726 747	29.7%
Northern Cape	2 601 238	766 001	29.4%	46.0%	60.6%	519 143	47.6%
North West	6 995 482	1 636 688	23.4%	42.9%	60.5%	1 418 449	15.4%
Western Cape	9 019 913	2 125 602	23.6%	40.2%	49.8%	1 751 353	21.4%
<b>Total</b>	<b>104 198 890</b>	<b>24 797 672</b>	<b>23.8%</b>	<b>41.5%</b>	<b>56.9%</b>	<b>19 389 333</b>	<b>27.9%</b>

- Spending on goods and services (mostly learner support material) in education is recorded at 16.2 per cent or R2 billion of its R12.1 billion budget. It comprises approximately 11.6 per cent of total provincial education budgets, which is 0.7 percentage points more than the share in 2007/08.
- The bulk of education expenditure is on personnel (78.8 per cent). Current spending on education personnel amounts to 24.6 per cent or R19.5 billion of the education personnel budgets of R79.3 billion.

**Table 4: Provincial Personnel Expenditure: Education as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	13 843 318	3 120 680	22.5%	58.2%	75.3%	2 756 793	13.2%
Free State	4 910 055	1 273 895	25.9%	55.6%	79.3%	1 056 826	20.5%
Gauteng	12 315 991	2 998 831	24.3%	55.2%	81.2%	2 433 570	23.2%
KwaZulu-Natal	16 572 749	4 091 480	24.7%	56.6%	75.5%	3 371 327	21.4%
Limpopo	10 842 526	2 788 824	25.7%	61.1%	88.0%	2 370 997	17.6%
Mpumalanga	6 624 303	1 736 409	26.2%	63.6%	77.6%	1 382 090	25.6%
Northern Cape	1 953 794	515 799	26.4%	57.2%	67.3%	408 769	26.2%
North West	5 533 677	1 342 417	24.3%	57.7%	82.0%	1 143 829	17.4%
Western Cape	6 744 600	1 675 707	24.8%	53.0%	78.8%	1 353 240	23.8%
<b>Total</b>	<b>79 341 013</b>	<b>19 544 042</b>	<b>24.6%</b>	<b>57.5%</b>	<b>78.8%</b>	<b>16 277 441</b>	<b>20.1%</b>

9. Spending by provinces ranges from the lowest in Eastern Cape at 22.5 per cent and both Gauteng and North West at 24.3 per cent, to the highest in Northern Cape and Mpumalanga at 26.4 per cent and 26.2 per cent respectively.
10. Education capital expenditure is at 14.2 per cent or R684.2 million of the R4.8 billion budget. This is 10.4 per cent or R64.3 million more than the R619.9 million spent on capital over the same period last year.
11. Spending by provinces ranges from the lowest in Gauteng at only 2.3 per cent and Western Cape at 9.4 per cent to the highest in Northern Cape at 48.1 per cent and Mpumalanga at 27.1 per cent.

**Table 5: Provincial Capital Expenditure: Education as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	945 279	150 752	15.9%	18.0%	3.6%	3 224	4575.9%
Free State	443 394	64 536	14.6%	15.1%	4.0%	48 275	33.7%
Gauteng	635 560	14 787	2.3%	3.8%	0.4%	169 725	-91.3%
KwaZulu-Natal	1 259 549	124 631	9.9%	11.7%	2.3%	221 652	-43.8%
Limpopo	666 343	163 655	24.6%	48.7%	5.2%	76 612	113.6%
Mpumalanga	377 493	102 219	27.1%	25.3%	4.6%	44 274	130.9%
Northern Cape	42 890	20 609	48.1%	15.6%	2.7%	4 493	358.7%
North West	252 191	25 063	9.9%	9.8%	1.5%	14 713	70.3%
Western Cape	191 842	17 984	9.4%	6.9%	0.8%	36 967	-51.4%
<b>Total</b>	<b>4 814 541</b>	<b>684 236</b>	<b>14.2%</b>	<b>16.6%</b>	<b>2.8%</b>	<b>619 935</b>	<b>10.4%</b>

### Health

12. Health budgets totalling R69.4 billion comprise 27.9 per cent of total provincial budgets. Table 6 indicates that health expenditure is at 24.7 per cent or R17.1 billion of the total health budget, representing a significant increase of 30 per cent or R4 billion compared to spending over the same period in 2007/08.

**Table 6: Provincial Health Expenditure as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social serv expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	9 746 015	2 809 381	28.8%	29.4%	38.8%	1 510 071	86.0%
Free State	4 287 858	1 200 596	28.0%	30.0%	41.2%	848 420	41.5%
Gauteng	13 889 251	3 033 064	21.8%	25.7%	42.8%	2 679 465	13.2%
KwaZulu-Natal	15 042 826	3 924 732	26.1%	30.6%	40.9%	3 448 952	13.8%
Limpopo	7 594 071	1 884 781	24.8%	29.4%	36.5%	1 335 140	41.2%
Mpumalanga	4 241 773	971 921	22.9%	21.8%	29.0%	669 047	45.3%
Northern Cape	1 773 588	426 411	24.0%	25.6%	33.8%	332 074	28.4%
North West	4 222 549	964 409	22.8%	25.3%	35.7%	735 923	31.0%
Western Cape	8 641 973	1 909 897	22.1%	36.1%	44.8%	1 615 347	18.2%
<b>Total</b>	<b>69 439 904</b>	<b>17 125 192</b>	<b>24.7%</b>	<b>28.6%</b>	<b>39.3%</b>	<b>13 174 439</b>	<b>30.0%</b>

13. Gauteng and Western Cape health have spent the lowest share of their budgets at 21.8 per cent and 22.1 per cent respectively. The highest shares are recorded in Eastern Cape at 28.8 per cent and Free State at 28 per cent.

14. Table 7 indicates that health personnel expenditure is R10.2 billion or 26.6 per cent of the health personnel budget, a significant increase of R2.7 billion or 35 per cent compared to the R7.6 billion spent over the same period in 2007/08. This can be attributed to the implementation of the Occupational Specific Dispensation (OSD) for Nurses.

**Table 7: Provincial Personnel Expenditure: Health as at 30 June 2008**

<b>R thousand</b>	<b>Main budget</b>	<b>Actual Payments as at 30 June 2008</b>	<b>Actual Payments as % of main budget</b>	<b>% share of Health Personnel to total personnel expenditure</b>	<b>% share of Health personnel to total Health expenditure</b>	<b>2007/08: Pre-audited outcome as at 30 June 2007</b>	<b>Year-on-year growth</b>
Eastern Cape	5 480 717	1 534 432	28.0%	28.6%	54.6%	1 006 003	52.5%
Free State	2 599 600	691 333	26.6%	30.1%	57.6%	514 280	34.4%
Gauteng	6 987 921	1 888 990	27.0%	34.8%	62.3%	1 401 571	34.8%
KwaZulu-Natal	8 707 238	2 435 258	28.0%	33.7%	62.0%	1 865 939	30.5%
Limpopo	4 357 296	1 096 605	25.2%	24.0%	58.2%	858 027	27.8%
Mpumalanga	2 307 646	602 937	26.1%	22.1%	62.0%	435 789	38.4%
Northern Cape	915 369	214 481	23.4%	23.8%	50.3%	177 783	20.6%
North West	2 268 883	597 741	26.3%	25.7%	62.0%	433 156	38.0%
Western Cape	4 771 834	1 154 337	24.2%	36.5%	60.4%	872 602	32.3%
<b>Total</b>	<b>38 396 504</b>	<b>10 216 114</b>	<b>26.6%</b>	<b>30.0%</b>	<b>59.7%</b>	<b>7 565 150</b>	<b>35.0%</b>

15. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 23.8 per cent or R5.7 billion of the R24.1 billion budget. This is an increase of 25.8 per cent or R1.2 billion compared to the R4.6 billion spent over the same period in 2007/08.

16. Capital expenditure in the health sector is at 17 per cent or R1.2 billion. This represents an increase of 11.8 per cent or R124.1 million more than the R1.1 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 30 June 2008**

<b>R thousand</b>	<b>Main budget</b>	<b>Actual Payments as at 30 June 2008</b>	<b>Actual Payments as % of main budget</b>	<b>% share of Health Capital to total Capital expenditure</b>	<b>% share of Capital to total Health expenditure</b>	<b>2007/08: Pre-audited outcome as at 30 June 2007</b>	<b>Year-on-year growth</b>
Eastern Cape	1 094 183	232 716	21.3%	27.7%	8.3%	59 746	289.5%
Free State	399 688	107 945	27.0%	25.3%	9.0%	66 147	63.2%
Gauteng	1 405 043	247 732	17.6%	62.9%	8.2%	280 829	-11.8%
KwaZulu-Natal	1 253 493	185 224	14.8%	17.4%	4.7%	308 740	-40.0%
Limpopo	863 562	124 537	14.4%	37.1%	6.6%	118 630	5.0%
Mpumalanga	518 155	63 944	12.3%	15.8%	6.6%	36 274	76.3%
Northern Cape	298 754	34 282	11.5%	25.9%	8.0%	25 607	33.9%
North West	449 382	99 011	22.0%	38.6%	10.3%	56 228	76.1%
Western Cape	672 620	83 846	12.5%	32.2%	4.4%	102 920	-18.5%
<b>Total</b>	<b>6 954 880</b>	<b>1 179 237</b>	<b>17.0%</b>	<b>28.7%</b>	<b>6.9%</b>	<b>1 055 121</b>	<b>11.8%</b>

17. Between provinces, with a varying degree of spending, the lowest rate of health capital spending is in Northern Cape at 11.5 per cent and Mpumalanga at 12.3 per cent with Free State and North West recording the highest rate of spending at 27 per cent and 22 per cent respectively.

#### *Social Welfare Services (Social Development)*

18. Social welfare services budgets, at R8.3 billion, comprise 3.3 per cent of total provincial budgets.

19. Provinces registered spending of 20.2 per cent or R1.7 billion of their R8.3 billion budget. This represents a significant increase of 52.9 per cent or R579.6 million above the R1.1 billion spent over the same period last year.

20. Between provinces, there are varying degrees of spending with the lowest being in Limpopo at only 14.2 per cent and North West at 16.9 per cent while the highest are KwaZulu-Natal at 22 per cent and both Mpumalanga and Gauteng at 21.4 per cent.

**Table 9: Provincial Social Welfare Services Expenditure as at 30 June 2008**

<b>R thousand</b>	<b>Main budget</b>	<b>Actual Payments as at 30 June 2008</b>	<b>Actual Payments as % of main budget</b>	<b>% share of Soc welfare to total provincial expenditure</b>	<b>% share of Soc welfare to total Social serv expenditure</b>	<b>2007/08: Pre-audited outcome as at 30 June 2007</b>	<b>Year-on-year growth</b>
Eastern Cape	1 385 123	286 347	20.7%	3.0%	4.0%	141 423	102.5%
Free State	536 193	108 455	20.2%	2.7%	3.7%	54 445	99.2%
Gauteng	1 729 184	369 333	21.4%	3.1%	5.2%	237 740	55.4%
KwaZulu-Natal	1 198 113	263 672	22.0%	2.1%	2.7%	177 544	48.5%
Limpopo	725 606	103 243	14.2%	1.6%	2.0%	81 126	27.3%
Mpumalanga	662 332	141 682	21.4%	3.2%	4.2%	81 522	73.8%
Northern Cape	357 302	70 927	19.9%	4.3%	5.6%	59 531	19.1%
North West	607 523	102 744	16.9%	2.7%	3.8%	78 291	31.2%
Western Cape	1 088 065	228 609	21.0%	4.3%	5.4%	183 754	24.4%
<b>Total</b>	<b>8 289 441</b>	<b>1 675 012</b>	<b>20.2%</b>	<b>2.8%</b>	<b>3.8%</b>	<b>1 095 376</b>	<b>52.9%</b>

#### *Housing and Local Government*

21. Housing and local government budgets at R14.2 billion comprise 5.7 per cent of total provincial budgets.

22. Housing and local government spending at the end of the first quarter is at 18.6 per cent or R2.6 billion of the R14.2 billion budget (table 10). This represents a significant increase of 47.2 per cent or R847.7 million more than the R1.8 billion spent over the same period last year.

23. Spending varies between provinces with the lowest being in KwaZulu-Natal at 13.7 per cent and Western Cape at 15 per cent while the highest are Free State at 33.4 per cent and Mpumalanga at 26.2 per cent.

**Table 10: Provincial Housing and Local Government Expenditure as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Local Gov & Housing to total provincial expenditure	% share of Housing Grant to total LG & Housing expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 968 111	346 265	17.6%	3.6%	55.5%	134 381	157.7%
Free State	1 022 024	340 927	33.4%	8.5%	83.0%	106 236	220.9%
Gauteng	3 325 991	610 896	18.4%	5.2%	64.6%	517 782	18.0%
KwaZulu-Natal	2 827 509	388 023	13.7%	3.0%	57.2%	315 543	23.0%
Limpopo	1 158 967	212 515	18.3%	3.3%	66.4%	101 907	108.5%
Mpumalanga	982 049	257 149	26.2%	5.8%	70.7%	137 245	87.4%
Northern Cape	340 088	59 781	17.6%	3.6%	41.4%	73 369	-18.5%
North West	1 144 745	210 111	18.4%	5.5%	82.5%	204 777	2.6%
Western Cape	1 451 041	217 131	15.0%	4.1%	73.2%	203 857	6.5%
<b>Total</b>	<b>14 220 525</b>	<b>2 642 798</b>	<b>18.6%</b>	<b>4.4%</b>	<b>67.0%</b>	<b>1 795 097</b>	<b>47.2%</b>

*Housing conditional grant*

24. 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 18 per cent or R1.8 billion of their R9.9 billion housing conditional grant. These spending figures are higher by 47 per cent or R566.3 million over the same period last year.

**Table 11: Integrated Housing and Human Settlement Development Grant as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 251 018	192 070	15.4%	2.0%	10.8%	51 739	271.2%
Free State	772 410	283 120	36.7%	7.1%	16.0%	70 953	299.0%
Gauteng	2 579 973	394 547	15.3%	3.3%	22.3%	386 533	2.1%
KwaZulu-Natal	1 575 586	221 921	14.1%	1.7%	12.5%	194 520	14.1%
Limpopo	783 247	141 095	18.0%	2.2%	8.0%	40 120	251.7%
Mpumalanga	629 210	181 790	28.9%	4.1%	10.3%	81 769	122.3%
Northern Cape	161 312	24 775	15.4%	1.5%	1.4%	40 505	-38.8%
North West	896 102	173 383	19.3%	4.5%	9.8%	175 768	-1.4%
Western Cape	1 203 984	159 029	13.2%	3.0%	9.0%	163 526	-2.8%
<b>Total</b>	<b>9 852 842</b>	<b>1 771 730</b>	<b>18.0%</b>	<b>3.0%</b>	<b>100.0%</b>	<b>1 205 433</b>	<b>47.0%</b>

*Personnel expenditure*

25. Personnel expenditure ("compensation of employees") is at 25 per cent or R34 billion of the R136.1 billion budget. Spending to date is 24.6 per cent or R6.7 billion higher than the R27.3 billion spent over the same period last year.

26. Eastern Cape and Western Cape recorded the lowest rate of personnel spending at 24.1 per cent and 24.3 per cent respectively while KwaZulu-Natal, Mpumalanga and Free State all recorded the highest rates at 25.5 per cent.



**Table 12: Provincial Personnel Expenditure as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	22 266 906	5 362 947	24.1%	56.0%	15.8%	4 272 677	25.5%
Free State	9 008 822	2 293 089	25.5%	57.2%	6.7%	1 848 647	24.0%
Gauteng	21 627 205	5 429 281	25.1%	46.0%	16.0%	4 268 092	27.2%
KwaZulu-Natal	28 305 087	7 231 365	25.5%	56.4%	21.3%	5 785 259	25.0%
Limpopo	18 028 994	4 567 670	25.3%	71.3%	13.4%	3 803 142	20.1%
Mpumalanga	10 685 530	2 728 724	25.5%	61.2%	8.0%	2 135 635	27.8%
Northern Cape	3 632 478	901 579	24.8%	54.1%	2.7%	727 132	24.0%
North West	9 515 548	2 324 726	24.4%	61.0%	6.8%	1 926 962	20.6%
Western Cape	12 999 397	3 159 795	24.3%	59.8%	9.3%	2 508 226	26.0%
<b>Total</b>	<b>136 069 967</b>	<b>33 999 175</b>	<b>25.0%</b>	<b>56.8%</b>	<b>100.0%</b>	<b>27 275 773</b>	<b>24.6%</b>

### Overall capital budgets and expenditure

27. By the end of the first quarter, provinces have spent 18.5 per cent or R4.1 billion of their R22.2 billion capital budgets (“payments for capital assets”). This is significantly higher (32.1 per cent or R1 billion) than the R3.1 billion spent over the same period last year.

**Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	3 232 033	839 652	26.0%	8.8%	20.4%	184 856	354.2%
Free State	1 899 247	427 487	22.5%	10.7%	10.4%	252 605	69.2%
Gauteng	3 466 970	394 082	11.4%	3.3%	9.6%	614 410	-35.9%
KwaZulu-Natal	5 520 171	1 062 560	19.2%	8.3%	25.8%	928 454	14.4%
Limpopo	2 163 636	335 759	15.5%	5.2%	8.2%	247 348	35.7%
Mpumalanga	1 867 605	404 312	21.6%	9.1%	9.8%	192 050	110.5%
Northern Cape	720 161	132 265	18.4%	7.9%	3.2%	77 109	71.5%
North West	1 370 769	256 222	18.7%	6.7%	6.2%	213 920	19.8%
Western Cape	1 985 004	260 397	13.1%	4.9%	6.3%	403 091	-35.4%
<b>Total</b>	<b>22 225 596</b>	<b>4 112 736</b>	<b>18.5%</b>	<b>6.9%</b>	<b>100.0%</b>	<b>3 113 843</b>	<b>32.1%</b>

28. Table 13 provides capital spending information by province, which indicates low rates of spending in Gauteng at 11.4 per cent and Western Cape at 13.1 per cent and high rates in Eastern Cape at 26 per cent and Free State at 22.5 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R1.1 billion followed by Eastern Cape at R839.7 million and Free State at R427.5 million.

29. The biggest capital budgets in provinces are in public works, roads and transport departments at 37.6 per cent or R8.4 billion of the total provincial capital budget of R22.2 billion. Spending by these departments is at 23.9 per cent or R2 billion which is a massive 56 per cent or R716.6 million more than the R1.3 billion spent last year over the same period.

30. Between provinces, the lowest rate of spending is recorded in Limpopo at 4.6 per cent and Gauteng at 9.6 per cent, while Eastern Cape and Mpumalanga recorded the highest rates of spending at 38.6 per cent and 28.6 per cent respectively.

**Table 14: Provincial Capital Expenditure: Public Works, Roads and Transport as at 30 June 2008**

	Main budget	Actual Payments as at 30 June 2008	Actual Payments as % of main budget	% share of PWRT Capital to total PWRT expenditure	% share of PWRT Capital to total Capital expenditure	2007/08: Pre-audited outcome as at 30 June 2007	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 035 767	399 518	38.6%	42.7%	47.6%	114 133	250.0%
Free State	870 680	231 833	26.6%	49.7%	54.2%	114 837	101.9%
Gauteng	1 042 194	100 225	9.6%	3.3%	25.4%	144 487	-30.6%
KwaZulu-Natal	2 590 823	717 082	27.7%	57.7%	67.5%	370 024	93.8%
Limpopo	157 383	7 176	4.6%	1.7%	2.1%	6 576	9.1%
Mpumalanga	759 172	216 770	28.6%	44.6%	53.6%	101 381	113.8%
Northern Cape	319 362	65 672	20.6%	44.1%	49.7%	34 792	88.8%
North West	558 631	109 739	19.6%	20.8%	42.8%	132 384	-17.1%
Western Cape	1 021 201	147 331	14.4%	36.1%	56.6%	260 111	-43.4%
<b>Total</b>	<b>8 355 213</b>	<b>1 995 346</b>	<b>23.9%</b>	<b>26.0%</b>	<b>48.5%</b>	<b>1 278 725</b>	<b>56.0%</b>

#### *Conditional grants*

31. The total conditional grant allocation is R38.7 billion (including Schedule 4 grants) with health making up the bulk at R13.7 billion.

32. Table 15 (overleaf) reflects spending on conditional grant allocations as at 30 June 2008 for all provinces. It excludes expected conditional grant roll-overs from the 2007/08 financial year and 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.

33. 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, 2008 (Act No. 2 of 2008).

34. Against the total allocation of R23.2 billion, this excludes Schedule 4 grants, the rate of conditional grants spending amounts to 25.1 per cent or R5.8 billion. However, when excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R3.4 billion or 17.1 per cent against a total allocation of R19.9 billion.

35. Specific grants that show low rates of spending include Community Library Services (5.9 per cent), Land Care Programme (6.5 per cent), HIV and Aids (Life Skills Education) (9.8 per cent) and Mass Sport and Recreation Participation Programme (10.1 per cent).

**Table 15: Provincial Conditional Grants Expenditure as at 30 June 2008**

R thousand	Division of Revenue Act, 2008 (Act No. 2 of 2008)	Transferred from National to province	Actual Payments as at 30 June 2008	Payments as % of main budget (excluding Schedule 4 grants)
<b>Agriculture</b>	<b>583 887</b>	<b>138 627</b>	<b>3 172</b>	<b>6.5%</b>
1. Comprehensive agricultural support programme grant	534 918	133 730		
Land care programme grant: poverty relief and infrastructure	48 969	4 897	3 172	6.5%
<b>Arts and Culture</b>	<b>338 000</b>	<b>53 043</b>	<b>19 799</b>	<b>5.9%</b>
Community library services grant	338 000	53 043	19 799	5.9%
<b>Education</b>	<b>2 546 008</b>	<b>835 263</b>	<b>729 414</b>	<b>28.6%</b>
Further education and training college sector recapitalisation	795 000	397 505	377 950	47.5%
HIV and Aids (life skills education) grant	167 905	41 979	16 487	9.8%
National school nutrition programme grant	1 583 103	395 779	334 977	21.2%
<b>Health</b>	<b>13 686 597</b>	<b>3 384 735</b>	<b>843 742</b>	<b>14.2%</b>
Comprehensive HIV and Aids grant	2 585 423	626 580	372 658	14.4%
Forensic pathology services grant	466 878	116 724	83 637	17.9%
1. Health professions training and development grant	1 675 999	397 366		
Hospital revitalisation grant	2 882 663	725 147	387 447	13.4%
1. National tertiary services grant	6 075 634	1 518 918		
<b>Housing</b>	<b>9 852 842</b>	<b>2 315 662</b>	<b>1 771 730</b>	<b>18.0%</b>
Integrated housing and human settlement development grant	9 852 842	2 315 662	1 771 730	18.0%
<b>National Treasury</b>	<b>7 246 707</b>	<b>1 811 681</b>		
1. Infrastructure grant to provinces	7 246 707	1 811 681		
<b>Public Works</b>	<b>889 325</b>	-	-	<b>0.0%</b>
Devolution of property rate funds grant	889 325	-	-	0.0%
<b>Sport and Recreation South Africa</b>	<b>290 000</b>	<b>96 433</b>	<b>29 291</b>	<b>10.1%</b>
Mass sport and recreation participation programme grant	290 000	96 433	29 291	10.1%
<b>Transport</b>	<b>3 265 993</b>	<b>1 574 828</b>	<b>2 414 774</b>	<b>73.9%</b>
Gautrain rapid rail link grant	3 265 993	1 574 828	2 414 774	73.9%
<b>Total excluding Schedule 4 grants and Gautrain exp</b>	<b>38 699 359</b>	<b>10 210 272</b>	<b>3 397 148</b>	<b>17.1%</b>
<b>Total excluding Schedule 4 grants expenditure</b>	<b>38 699 359</b>	<b>10 210 272</b>	<b>5 811 922</b>	<b>25.1%</b>

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.

36. Spending on the Further Education and Training College Sector Recapitalisation grant is at 47.5 per cent or R378 million and reflects actual transfers from the provincial education departments to the FET colleges.

37. Table 16 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 25.3 per cent or R100.4 million of the R397.5 million received from the provincial education departments.

**TABLE 16: FURTHER EDUCATION AND TRAINING COLLEGE SECTOR RECAPITALISATION GRANT BY COLLEGE**  
**1st QUARTER ENDED 30 JUNE 2008**

Further Education and Training Colleges	Division of Revenue Act, No. 2 of 2008	1st Quarter			
		Approved Provincial Payment Schedule (National allocation)	Transferred from National to province	Transferred from province to Colleges	Actual payments made by Colleges
		R'000	R'000	R'000	R'000
<b>Eastern Cape</b>	<b>115 506</b>	<b>57 753</b>	<b>57 753</b>	<b>57 753</b>	<b>7 970</b>
Buffalo City	14 880			7 440	947
E Cape Midlands	17 490			8 745	1 964
Ikhala College	18 830			9 415	416
Ingwe College	14 256			7 128	1 190
King Hintsa College	14 000			7 000	1 027
King Sabata College	11 110			5 555	220
Lovedale College	9 760			4 880	1 007
Port Elizabeth College	15 180			7 590	1 199
<b>Free State</b>	<b>52 200</b>	<b>26 100</b>	<b>26 100</b>	<b>26 100</b>	<b>5 674</b>
Flavius Mareka College	10 570			5 285	810
Goldfields College	11 530			5 765	382
Maluti College	16 100			8 050	1 747
Motheo College	14 000			7 000	2 735
<b>Gauteng</b>	<b>167 156</b>	<b>83 579</b>	<b>83 579</b>	<b>83 579</b>	<b>18 183</b>
Central Johannesburg	20 460			10 230	164
Ekhuruleni West	21 590			10 795	4 576
Ekhuruleni East	25 700			12 850	4 348
Sedibeng	19 900			9 950	5 552
South West College	19 530			9 765	513
Tshwane South	27 437			13 719	979
Tshwane North	25 216			12 608	458
Western College	7 323			3 662	1 593
<b>KwaZulu-Natal</b>	<b>162 974</b>	<b>81 488</b>	<b>81 488</b>	<b>81 488</b>	<b>25 857</b>
Coastal College	18 000			9 000	1 399
Elangeni College	20 715			10 358	5 554
Esayidi College	20 659			10 330	2 983
Majuba College	16 100			8 050	4 290
Mnambithi College	13 530			6 765	288
Mthashana College	18 180			9 090	1 889
Thekwini College	13 400			6 700	887
Umfolozo College	21 000			10 500	2 082
Umgungundlovu College	21 390			10 695	6 485
<b>Limpopo</b>	<b>111 646</b>	<b>55 824</b>	<b>55 824</b>	<b>55 824</b>	<b>15 016</b>
Capricorn College	28 650			14 325	2 212
Lephalale College	9 880			4 940	182
Letaba College	13 490			6 745	728
Mopani College	19 901			9 951	6 302
Sekhukhune College	19 950			9 975	2 316
Vhembe College	3 495			1 748	826
Waterberg College	16 280			8 140	2 450
<b>Mpumalanga</b>	<b>39 099</b>	<b>19 550</b>	<b>19 550</b>	<b>19 550</b>	<b>5 084</b>
Ehlanzani College	12 009			6 005	344
Gert Sibande College	15 190			7 595	4 067
Nkangala College	11 900			5 950	673
<b>Northern Cape</b>	<b>7 620</b>	<b>3 810</b>	<b>3 810</b>	<b>3 810</b>	<b>803</b>
Rural College	5 000			2 500	523
Urban College	2 620			1 310	280
<b>North West</b>	<b>61 494</b>	<b>30 748</b>	<b>30 748</b>	<b>30 748</b>	<b>5 555</b>
Orbit College	20 007			10 004	1 276
Taletso College	14 670			7 335	1 587
Vuselela College	26 817			13 409	2 692
<b>Western Cape</b>	<b>77 305</b>	<b>38 653</b>	<b>38 653</b>	<b>38 653</b>	<b>16 275</b>
Boland College	14 140			7 070	2 467
Cape Town College	6 425			3 213	616
False Bay College	15 520			7 760	771
Northink College	9 850			4 925	2 215
South Cape College	18 300			9 150	7 439
West Coast College	13 070			6 535	2 767
<b>Total</b>	<b>795 000</b>	<b>397 505</b>	<b>397 505</b>	<b>397 505</b>	<b>100 417</b>

Source: National Department of Education

38. Table 17 indicates selected conditional grant spending rates as at 30 June 2008. It further indicates that five or more provinces have spent less than 10 per cent of their grants budgets after the first quarter for the following grants: Land Care Programme, Community Library Services, HIV and Aids (Life Skills Education) and Mass Sport and Recreation Participation Programme.
39. The table also indicates the number of provinces spending at slightly higher levels between 10 and 20 per cent and greater than 20 per cent of their conditional grant budgets.
40. 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 24.1 per cent.

**Table 17: Selected Conditional Grants Spending Rate as at 30 June 2008**

	Number of provinces spent less than 10%	Number of provinces spent between 10% and 20% (inclusive)	Number of provinces spent more than 20%
<b>Agriculture</b>			
Land Care Programme: Poverty Relief and	7 EC, GT, LIM, MPU, NC, NW, WC	1 KZN	1 FS
<b>Arts and Culture</b>			
Community Library Services Grant	9 All provinces		
<b>Education</b>			
Further Education And Training College Se	1 MPU		8 EC, FS, GT, KZN, LIM, NC, NW, WC
HIV and Aids (Life Skills Education)	5 EC, GT, KZN, LIM, NW	1 FS	3 MPU, NC, WC
National School Nutrition Programme	1 GT	4 KZN, LIM, NW, WC	4 EC, FS, MPU, NC
<b>Health</b>			
Comprehensive HIV and Aids	2 GT, KZN	3 FS, MPU, NW	4 EC, LIM, NC, WC
Forensic Pathology Services		5 EC, FS, GT, KZN, MPU	4 LIM, NC, NW, WC
Hospital Revitalisation	3 KZN, LIM, MPU	4 GT, NC, NW, WC	2 EC, FS
<b>Housing</b>			
Integrated Housing and Human Settlement		7 EC, GT, KZN, LIM, NC, NW, WC	2 FS, MPU
<b>Sport and Recreation South Africa</b>			
Mass Sport and Recreation Participation P	5 EC, GT, LIM, NC, NW	3 FS, KZN, WC	1 MPU
<b>Transport</b>			
Gautrain Rapid Rail Link			1 GT

*Percentages represent actual expenditure of main budget as published in the Division of Revenue Act, 2008 (Act No.2 of 2008).*

### *Provincial revenue*

41. Provincial revenue includes budgeted equitable share allocations of R199.4 billion, conditional grants of R38.7 billion and own revenue of R9.2 billion. The total provincial revenue received and collected to date is recorded at 25.1 per cent or R62.1 billion of total budgeted total revenue of R247.3 billion.
42. National government transferred 25 per cent or R49.8 billion of the equitable share and 26.4 per cent or R10.2 billion in conditional grants, to provinces after the first quarter of the current financial year.
43. After the first quarter, provinces have collected 22 per cent or R2 billion of the budgeted own revenue of R9.2 billion which is closely matched or R0.5 million more than what was collected by the end of June for the previous financial year.

44. The collection rate varies from 18.3 per cent in Limpopo and 20.1 per cent in KwaZulu-Natal, to a high of 31.6 per cent in North West and 26.3 per cent in Eastern Cape.

**Table 18: Provincial Own Revenue Collection as at 30 June 2008**

<b>R thousand</b>	<b>Main budget</b>	<b>Actual collection as at 30 June 2008</b>	<b>Actual collection as % of main budget</b>	<b>% share of Own Revenue to total Own Revenue</b>	<b>2007/08: Pre-audited outcome as at 30 June 2007</b>	<b>Year-on-year growth</b>
Eastern Cape	927 462	243 491	26.3%	12.1%	202 005	20.5%
Free State	556 366	134 113	24.1%	6.6%	126 002	6.4%
Gauteng	2 818 890	575 250	20.4%	28.5%	515 671	11.6%
KwaZulu-Natal	1 591 724	320 657	20.1%	15.9%	359 316	-10.8%
Limpopo	530 062	97 052	18.3%	4.8%	57 649	68.3%
Mpumalanga	359 727	75 707	21.0%	3.8%	74 230	2.0%
Northern Cape	145 635	33 757	23.2%	1.7%	24 600	37.2%
North West	549 462	173 616	31.6%	8.6%	227 782	-23.8%
Western Cape	1 701 118	363 170	21.3%	18.0%	429 030	-15.4%
<b>Total</b>	<b>9 180 446</b>	<b>2 016 813</b>	<b>22.0%</b>	<b>100.0%</b>	<b>2 016 285</b>	<b>0.0%</b>