



national treasury

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Provincial Budgets: 2009/10 Financial Year First Quarter Provincial Budgets and Expenditure Report

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 2009, covers spending for the first three months of the 2009/10 financial year, which ended 30 June 2009. It is available on the treasury website at 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 2009. 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 24.9 per cent or R72.4 billion of their budgets of R290.6 billion for the first quarter ended 30 June 2009. This represents a spending increase year-on-year of 21.1 per cent or R12.6 billion higher than for the same period last year when provinces had spent R59.7 billion.
4. Education expenditure totalled R30.2 billion or 25.5 per cent of the R118.5 billion combined education budgets and remains the largest item on provincial budgets (40.8 per cent). The spending pattern reflects a 22.1 per cent or R5.5 billion increase over the same period last year.
5. Health expenditure totalled R20.9 billion or 25.4 per cent of the R82.4 billion combined health budgets and is the second largest item (after education) on provincial budgets (28.3 per cent). The spending pattern reflects a 22.2 per cent or R3.8 billion increase compared with the same period in 2008/09.

6. Social development spending for the first quarter of the 2009/10 financial year is recorded at 21.2 per cent or R2 billion of the R9.3 billion social development budgets.
7. Personnel expenditure, in aggregate, is at 24.1 per cent or R38.2 billion of the R158.6 billion personnel budget.
8. In aggregate, provinces spent 23.5 per cent or R5.4 billion of their R23.2 billion combined capital budgets. This is a significant improvement of 32.5 per cent over the previous financial year, exceeding the R4.1 billion spent over the same period in 2008/09 by R1.3 billion.
9. Provincial education departments spent 29.1 per cent or R1.6 billion of their R5.5 billion education capital budgets. This is significantly higher by 109.7 per cent or R834.3 million more than spending over the same period of the previous financial year.
10. Provincial health departments also improved on capital spending. They have spent 21.2 per cent or R1.6 billion against their R7.8 billion health capital budgets, which is 39.5 per cent or R466.2 million more than the same period for 2008/09.
11. The greatest share of provincial capital is on the budgets of public works, roads and transport departments at 33.2 per cent. The sector spent 23.8 per cent or R1.8 billion against its combined capital budgets of R7.7 billion.
12. Provincial own revenue collected thus far is at 22.1 per cent or R2.1 billion of the total own revenue budget of R9.6 billion. National government has transferred R58.5 billion of the equitable share and R14 billion in conditional grants to provinces, during the first quarter of the 2009/10 financial year.
13. A more detail analysis of the expenditure outcome as at 30 June 2009 is set out in Annexure A, which also includes a comparative spending analysis for the same period over the 2008/09 financial year.

DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2009/10 FINANCIAL YEAR:

1. The budgeted figures for provinces are based on the 2009/10 provincial budget statements (main budgets) tabled in the various provincial legislatures during February 2009.

Total Expenditure

2. Table 1 indicates that provinces have spent 24.9 per cent or R72.4 billion of budgeted expenditure of R290.6 billion 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 2008/09 financial year (24 per cent).
3. However, in nominal terms, spending is 21.1 per cent or R12.6 billion more than for the same period last year when provinces had spent R59.7 billion. Between provinces, spending ranges from the lowest share of 22.9 per cent in Free State and 23.3 per cent in Northern Cape, to the highest at 27.2 per cent in Gauteng and 26.4 per cent in Eastern Cape.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2009

R thousand	Main budget 2009/10				Actual spending as at 30 June 2009				Actual payments as % of main budget	2008/09: Pre-audited Outcome as at 30 June 2008	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	33 498 218	5 697 299	3 439 217	42 634 734	8 706 641	1 711 974	855 556	11 274 171	26.4%	9 575 128	17.7%
Free State	13 892 678	2 419 999	2 061 305	18 373 982	3 129 958	740 510	329 223	4 199 691	22.9%	4 005 719	4.8%
Gauteng	39 133 818	13 591 987	2 533 316	55 259 121	9 959 235	4 523 228	528 512	15 010 975	27.2%	11 791 431	27.3%
KwaZulu-Natal	46 331 155	8 516 659	5 615 139	60 462 953	11 219 640	1 962 359	1 424 980	14 606 979	24.2%	12 737 486	14.7%
Limpopo	27 239 085	4 798 280	2 438 385	34 475 750	6 284 455	1 265 718	501 534	8 051 707	23.4%	6 403 098	25.7%
Mpumalanga	18 212 593	2 187 428	2 145 433	22 545 454	4 544 043	711 615	465 455	5 721 113	25.4%	4 470 882	28.0%
Northern Cape	6 024 382	980 329	936 047	7 940 758	1 466 271	218 212	163 618	1 848 101	23.3%	1 666 079	10.9%
North West	15 147 071	3 096 741	1 622 398	19 866 210	3 406 557	841 898	599 338	4 847 793	24.4%	3 811 192	27.2%
Western Cape	21 243 848	5 397 981	2 392 513	29 034 342	4 946 533	1 270 639	576 944	6 794 116	23.4%	5 287 567	28.5%
Total	220 722 848	46 686 703	23 183 753	290 593 304	53 663 333	13 246 153	5 445 160	72 354 646	24.9%	59 748 582	21.1%

Social Services

4. Provinces have budgeted R210.2 billion for social services, which includes spending on education, health and social development. Spending on social services is recorded at R53.1 billion or 25.3 per cent of the total provincial social services budgets for the first quarter of 2009/10.

Table 2: Provincial Social Services Expenditure as at 30 June 2009

R thousand	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
Education	118 533 748	30 180 129	25.5%	41.7%	56.9%	24 716 202	22.1%
Health	82 359 073	20 928 256	25.4%	28.9%	39.4%	17 125 187	22.2%
Social Development	9 278 820	1 969 075	21.2%	2.7%	3.7%	1 684 105	16.9%
Total	210 171 641	53 077 460	25.3%	73.4%	100.0%	43 525 494	21.9%

Education

- Education budgets of R118.5 billion comprise 40.8 per cent of total provincial budgets. Table 3 indicates that education expenditure is at 25.5 per cent or R30.2 billion of the total education budget, an increase of 22.1 per cent or R5.5 billion compared to the R24.7 billion spent over the same period in 2008/09.
- Spending by provinces on education ranges from the lowest rate in KwaZulu-Natal at 24.1 per cent and North West at 24.2 per cent to the highest in Gauteng at 27.6 per cent and both Mpumalanga and Free State at 26.2 per cent.

Table 3: Provincial Education Expenditure as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	19 447 507	5 052 039	26.0%	44.8%	59.0%	4 144 625	21.9%
Free State	7 383 261	1 934 035	26.2%	46.1%	60.2%	1 607 073	20.3%
Gauteng	18 987 053	5 248 438	27.6%	35.0%	52.9%	3 691 388	42.2%
KwaZulu-Natal	24 810 039	5 987 857	24.1%	41.0%	54.1%	5 335 915	12.2%
Limpopo	16 362 123	4 050 268	24.8%	50.3%	65.5%	3 169 951	27.8%
Mpumalanga	10 073 199	2 641 005	26.2%	46.2%	61.5%	2 238 959	18.0%
Northern Cape	2 979 208	776 770	26.1%	42.0%	56.2%	766 001	1.4%
North West	8 145 319	1 971 839	24.2%	40.7%	59.3%	1 636 688	20.5%
Western Cape	10 346 039	2 517 878	24.3%	37.1%	49.2%	2 125 602	18.5%
Total	118 533 748	30 180 129	25.5%	41.7%	56.9%	24 716 202	22.1%

- Spending on goods and services (which includes learner and teacher support material) in education is recorded at 21.2 per cent or R2.9 billion of its R13.7 billion budget. It comprises approximately 11.6 per cent of total provincial education budgets, which is exactly the same percentage share compared to the 2008/09 financial year.
- The bulk of education expenditure is on personnel (71.9 per cent). Current spending on education personnel amounts to 24 per cent or R21.7 billion of the education personnel budgets of R90.5 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	15 180 910	3 701 287	24.4%	56.8%	73.3%	3 120 680	18.6%
Free State	5 821 306	1 368 536	23.5%	55.8%	70.8%	1 273 892	7.4%
Gauteng	13 859 183	3 338 286	24.1%	54.5%	63.6%	2 998 883	11.3%
KwaZulu-Natal	19 161 085	4 556 907	23.8%	57.5%	76.1%	4 091 482	11.4%
Limpopo	12 152 411	3 097 787	25.5%	59.7%	76.5%	2 788 824	11.1%
Mpumalanga	7 948 599	1 862 182	23.4%	61.3%	70.5%	1 736 409	7.2%
Northern Cape	2 295 175	558 767	24.3%	56.0%	71.9%	515 803	8.3%
North West	6 384 905	1 423 215	22.3%	56.6%	72.2%	1 342 417	6.0%
Western Cape	7 719 367	1 805 147	23.4%	52.0%	71.7%	1 675 707	7.7%
Total	90 522 941	21 712 114	24.0%	56.8%	71.9%	19 544 097	11.1%

9. Spending by provinces ranges from the lowest in North West at 22.3 per cent and both Western Cape and Mpumalanga at 23.4 per cent, to the highest in Limpopo and Eastern Cape at 25.5 per cent and 24.4 per cent respectively.
10. Education capital expenditure is at 29.1 per cent or R1.6 billion of the R5.5 billion budget. This is a significant increase of 109.7 per cent or R834.3 million more than the R760.5 million spent on capital over the same period last year.
11. Spending by provinces ranges from the lowest in Mpumalanga at only 17.5 per cent and Gauteng at 18.9 per cent to the highest in Free State at 57.4 per cent and Northern Cape at 41.9 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2009

R thousand	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
Eastern Cape	933 279	280 637	30.1%	32.8%	5.6%	150 753	86.2%
Free State	337 137	193 560	57.4%	58.8%	10.0%	64 536	199.9%
Gauteng	742 851	140 323	18.9%	26.6%	2.7%	91 062	54.1%
KwaZulu-Natal	1 551 282	432 882	27.9%	30.4%	7.2%	124 631	247.3%
Limpopo	908 999	288 488	31.7%	57.5%	7.1%	163 655	76.3%
Mpumalanga	415 060	72 488	17.5%	15.6%	2.7%	102 219	-29.1%
Northern Cape	57 553	24 098	41.9%	14.7%	3.1%	20 608	16.9%
North West	286 347	84 832	29.6%	14.2%	4.3%	25 063	238.5%
Western Cape	250 899	77 498	30.9%	13.4%	3.1%	17 984	330.9%
Total	5 483 407	1 594 806	29.1%	29.3%	5.3%	760 511	109.7%

Health

12. Health budgets totalling R82.4 billion comprise 28.3 per cent of total provincial budgets. Table 6 indicates that health expenditure is at 25.4 per cent or R20.9 billion of the total health budget, representing an increase of 22.2 per cent or R3.8 billion compared to spending over the same period in 2008/09.

Table 6: Provincial Health Expenditure as at 30 June 2009

R thousand	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
Eastern Cape	11 328 346	3 206 610	28.3%	28.4%	37.4%	2 809 381	14.1%
Free State	5 197 838	1 150 880	22.1%	27.4%	35.8%	1 200 596	-4.1%
Gauteng	16 589 941	4 290 190	25.9%	28.6%	43.2%	3 033 066	41.4%
KwaZulu-Natal	17 769 956	4 679 772	26.3%	32.0%	42.3%	3 924 731	19.2%
Limpopo	9 017 772	2 000 617	22.2%	24.8%	32.4%	1 884 781	6.1%
Mpumalanga	5 429 452	1 514 616	27.9%	26.5%	35.2%	971 914	55.8%
Northern Cape	2 213 662	528 823	23.9%	28.6%	38.3%	426 412	24.0%
North West	4 919 308	1 207 064	24.5%	24.9%	36.3%	964 409	25.2%
Western Cape	9 892 798	2 349 684	23.8%	34.6%	45.9%	1 909 897	23.0%
Total	82 359 073	20 928 256	25.4%	28.9%	39.4%	17 125 187	22.2%

13. Free State and Limpopo health have spent the lowest share of their budgets at 22.1 per cent and 22.2 per cent respectively. The highest shares are recorded in Eastern Cape at 28.3 per cent and Mpumalanga at 27.9 per cent.

14. Table 7 indicates that health personnel expenditure is R11.4 billion or 24.7 per cent of the health personnel budget, an increase of R1.2 billion or 11.4 per cent compared to the R10.2 billion spent over the same period in 2008/09.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	6 066 040	1 835 547	30.3%	28.2%	57.2%	1 534 432	19.6%
Free State	3 048 360	706 938	23.2%	28.8%	61.4%	691 333	2.3%
Gauteng	9 037 304	2 139 136	23.7%	34.9%	49.9%	1 888 992	13.2%
KwaZulu-Natal	10 362 138	2 565 332	24.8%	32.4%	54.8%	2 435 258	5.3%
Limpopo	5 380 928	1 307 345	24.3%	25.2%	65.3%	1 096 605	19.2%
Mpumalanga	2 926 127	687 584	23.5%	22.6%	45.4%	602 936	14.0%
Northern Cape	1 050 683	231 187	22.0%	23.2%	43.7%	214 481	7.8%
North West	2 767 277	646 377	23.4%	25.7%	53.5%	597 741	8.1%
Western Cape	5 364 971	1 258 611	23.5%	36.2%	53.6%	1 154 337	9.0%
Total	46 003 828	11 378 057	24.7%	29.8%	54.4%	10 216 115	11.4%

15. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 27.7 per cent or R7.9 billion of the R28.6 billion budget. This is a significant increase of 38 per cent or R2.2 billion compared to the R5.7 billion spent over the same period in 2008/09.

16. Capital expenditure in the health sector is at 21.2 per cent or R1.6 billion. This represents a significant increase of 39.5 per cent or R466.2 million more than the R1.2 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Health Capital to total Capital expenditure	% share of Capital to total Health expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	1 265 480	202 897	16.0%	23.7%	6.3%	232 716	-12.8%
Free State	439 982	69 398	15.8%	21.1%	6.0%	107 945	-35.7%
Gauteng	1 460 021	302 211	20.7%	57.2%	7.0%	247 731	22.0%
KwaZulu-Natal	1 366 178	418 179	30.6%	29.3%	8.9%	185 224	125.8%
Limpopo	905 879	137 882	15.2%	27.5%	6.9%	124 537	10.7%
Mpumalanga	643 530	170 701	26.5%	36.7%	11.3%	63 947	166.9%
Northern Cape	423 869	60 110	14.2%	36.7%	11.4%	34 282	75.3%
North West	519 067	158 979	30.6%	26.5%	13.2%	99 011	60.6%
Western Cape	749 206	125 063	16.7%	21.7%	5.3%	83 846	49.2%
Total	7 773 212	1 645 420	21.2%	30.2%	7.9%	1 179 239	39.5%

17. Between provinces, with a varying degree of spending, the lowest rate of health capital spending is in Northern Cape at 14.2 per cent and Limpopo at 15.2 per cent with both

North West and KwaZulu-Natal recording the highest rate of spending at 30.6 per cent and Mpumalanga at 26.5 per cent.

Social Development

18. Social development budgets, at R9.3 billion, comprise 3.2 per cent of total provincial budgets.
19. Provinces registered spending of 21.2 per cent or R2 billion of their R9.3 billion budget. This represents an increase of 16.9 per cent or R285 million above the R1.7 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 17.2 per cent and Mpumalanga at 17.9 per cent while the highest are KwaZulu-Natal at 29 per cent and Eastern Cape at 21.7 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2009

R thousand	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
Eastern Cape	1 434 015	310 822	21.7%	2.8%	3.6%	286 347	8.5%
Free State	683 462	129 533	19.0%	3.1%	4.0%	108 455	19.4%
Gauteng	1 935 797	389 341	20.1%	2.6%	3.9%	369 333	5.4%
KwaZulu-Natal	1 376 681	399 383	29.0%	2.7%	3.6%	263 672	51.5%
Limpopo	761 600	130 638	17.2%	1.6%	2.1%	103 243	26.5%
Mpumalanga	792 343	141 895	17.9%	2.5%	3.3%	150 771	-5.9%
Northern Cape	407 893	75 921	18.6%	4.1%	5.5%	70 931	7.0%
North West	724 527	145 048	20.0%	3.0%	4.4%	102 744	41.2%
Western Cape	1 162 502	246 494	21.2%	3.6%	4.8%	228 609	7.8%
Total	9 278 820	1 969 075	21.2%	2.7%	3.7%	1 684 105	16.9%

Housing and Local Government

21. Housing and local government budgets at R17.6 billion comprise 6.1 per cent of total provincial budgets.
22. Housing and local government spending at the end of the first quarter is at 25.8 per cent or R4.5 billion of the R17.6 billion budget (table 10). This represents a significant increase of 71.7 per cent or R1.9 billion more than the R2.6 billion spent over the same period last year.
23. Spending varies between provinces with the lowest being in North West at 16.9 per cent and KwaZulu-Natal at 20.5 per cent while the highest are Gauteng at 34.9 per cent and Limpopo at 32.9 per cent.

Table 10: Provincial Housing and Local Government Expenditure as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Local Gov & Housing to total provincial expenditure	% share of Housing Grant to total LG & Housing expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	2 133 805	515 863	24.2%	4.6%	57.4%	347 638	48.4%
Free State	1 248 877	343 303	27.5%	8.2%	83.8%	340 927	0.7%
Gauteng	3 996 268	1 392 816	34.9%	9.3%	83.0%	610 897	128.0%
KwaZulu-Natal	3 708 849	760 435	20.5%	5.2%	47.9%	389 302	95.3%
Limpopo	1 401 234	460 643	32.9%	5.7%	79.1%	212 517	116.8%
Mpumalanga	1 383 502	312 865	22.6%	5.5%	42.0%	257 149	21.7%
Northern Cape	520 895	113 950	21.9%	6.2%	55.0%	59 781	90.6%
North West	1 349 867	228 379	16.9%	4.7%	82.6%	210 111	8.7%
Western Cape	1 891 089	414 027	21.9%	6.1%	83.3%	217 131	90.7%
Total	17 634 386	4 542 281	25.8%	6.3%	70.4%	2 645 453	71.7%

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 25.7 per cent or R3.2 billion of their R12.4 billion housing conditional grant. These spending figures are higher by 77.3 per cent or R1.4 billion over the same period last year.

Table 11: Provincial Integrated Housing and Human Settlement Development Grant Expenditure as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	1 313 378	295 926	22.5%	2.6%	9.3%	192 070	54.1%
Free State	962 759	287 761	29.9%	6.9%	9.0%	283 110	1.6%
Gauteng	3 187 086	1 155 773	36.3%	7.7%	36.2%	426 156	171.2%
KwaZulu-Natal	2 180 448	364 577	16.7%	2.5%	11.4%	221 943	64.3%
Limpopo	996 667	364 473	36.6%	4.5%	11.4%	141 095	158.3%
Mpumalanga	795 447	131 260	16.5%	2.3%	4.1%	181 789	-27.8%
Northern Cape	325 011	62 709	19.3%	3.4%	2.0%	24 775	153.1%
North West	1 100 055	188 557	17.1%	3.9%	5.9%	173 383	8.8%
Western Cape	1 581 425	344 956	21.8%	5.1%	10.8%	158 189	118.1%
Total	12 442 276	3 195 992	25.7%	4.4%	100.0%	1 802 510	77.3%

Personnel Expenditure

25. Personnel expenditure ("compensation of employees") is at 24.1 per cent or R38.2 billion of the R158.6 billion budget. Spending to date is 12.4 per cent or R4.2 billion higher than the R34 billion spent over the same period last year.

26. North West and both Mpumalanga and Free State recorded the lowest rate of personnel spending at 22.7 per cent and 23.2 per cent respectively while Eastern Cape and Limpopo recorded the highest rates at 26 per cent and 25.1 per cent respectively.

Table 12: Provincial Personnel Expenditure as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	24 998 953	6 511 863	26.0%	57.8%	17.0%	5 365 767	21.4%
Free State	10 569 688	2 453 023	23.2%	58.4%	6.4%	2 293 086	7.0%
Gauteng	25 639 247	6 130 232	23.9%	40.8%	16.0%	5 429 216	12.9%
KwaZulu-Natal	33 284 138	7 919 104	23.8%	54.2%	20.7%	7 231 367	9.5%
Limpopo	20 705 754	5 189 961	25.1%	64.5%	13.6%	4 567 815	13.6%
Mpumalanga	13 101 746	3 037 061	23.2%	53.1%	7.9%	2 729 449	11.3%
Northern Cape	4 301 283	998 532	23.2%	54.0%	2.6%	901 533	10.8%
North West	11 091 185	2 516 002	22.7%	51.9%	6.6%	2 324 726	8.2%
Western Cape	14 874 507	3 472 369	23.3%	51.1%	9.1%	3 159 798	9.9%
Total	158 566 501	38 228 147	24.1%	52.8%	100.0%	34 002 757	12.4%

Overall Capital Budgets and Expenditure

27. By the end of the first quarter, provinces have spent 23.5 per cent or R5.4 billion of their R23.2 billion capital budgets (“payments for capital assets”). This is significantly higher by 32.5 per cent or R1.3 billion more than the R4.1 billion spent over the same period last year.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2009

	Main budget	Actual payments as at 30 June 2009	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2008/09: Outcome as at 30 June 2008	Year-on-year growth
R thousand							
Eastern Cape	3 439 217	855 556	24.9%	7.6%	15.7%	837 096	2.2%
Free State	2 061 305	329 223	16.0%	7.8%	6.0%	427 737	-23.0%
Gauteng	2 533 316	528 512	20.9%	3.5%	9.7%	396 028	33.5%
KwaZulu-Natal	5 615 139	1 424 980	25.4%	9.8%	26.2%	1 062 560	34.1%
Limpopo	2 438 385	501 534	20.6%	6.2%	9.2%	335 760	49.4%
Mpumalanga	2 145 433	465 455	21.7%	8.1%	8.5%	400 811	16.1%
Northern Cape	936 047	163 618	17.5%	8.9%	3.0%	132 266	23.7%
North West	1 622 398	599 338	36.9%	12.4%	11.0%	256 222	133.9%
Western Cape	2 392 513	576 944	24.1%	8.5%	10.6%	261 268	120.8%
Total	23 183 753	5 445 160	23.5%	7.5%	100.0%	4 109 748	32.5%

28. Table 13 provides capital spending information by province, which indicates low rates of spending in Free State at 16 per cent and Northern Cape at 17.5 per cent and high rates in North West at 36.9 per cent and KwaZulu-Natal at 25.4 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R1.4 billion followed by Eastern Cape at R855.6 million and North West at R599.3 million.

29. The biggest capital budgets in provinces are in public works, roads and transport departments at 33.2 per cent of the total provincial capital budget of R23.2 billion. Spending by these departments is at 23.8 per cent or R1.8 billion against its combined capital budgets of R7.7 billion.

30. Between provinces, with various degrees of spending, the lowest rate is recorded in Free State at only 3 per cent and Limpopo at 10.1 per cent, while North West and Eastern Cape recorded the highest rates of spending at 51.3 per cent and 31.7 per cent respectively.

Conditional Grants

31. The total conditional grant allocation is R49.3 billion (including Schedule 4 grants) with health making up the bulk at R15.6 billion.

32. Table 14 (overleaf) reflects spending on conditional grant allocations as at 30 June 2009 for all provinces. It excludes expected conditional grant roll-overs from the 2008/09 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, 2009. The Public Transport Operations grant provides supplementary funding towards public transport services provided by provincial departments of transport. The Expanded Public Works Programme Incentive grant (Schedule 8) is dealt with in terms of Section 23 of the Division of Revenue Act, 2009.

34. Against the total allocation of R27.2 billion, this excludes Schedules 4 and 8 grants, the rate of conditional grants spending amounts to 24.8 per cent or R6.8 billion. However, when excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R5.4 billion or 22.1 per cent against a total allocation of R24.4 billion.

35. Specific grants that show low rates of spending include Overload Control (no spending), Health Disaster Response (Cholera) (2.1 per cent), Sani Pass Roads (3.4 per cent), Community Library Services (7.3 per cent), Devolution of Property Rate Funds (7.8 per cent), Land Care Programme (10.7 per cent), Mass Sport and Recreation Participation Programme (12.4 per cent) and HIV and Aids (Life Skills Education) (14.2 per cent).

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2009

R thousand	Division of Revenue Act, 2009 (Act No. 12 of 2009)	Transferred from National to provinces	Actual payments as at 30 June 2009	Payments as % of main budget (excluding Schedule 4, 8 grants)
Agriculture	876 811	218 224	94 815	58.7%
Agricultural Disaster Management Grant	60 000	30 000	70 922	118.2%
1. Comprehensive Agricultural Support Programme Grant	715 394	143 081		
Land Care Programme Grant: Poverty Relief and Infrastructure	51 417	5 143	5 479	10.7%
Ilima/Letsema Projects Grant	50 000	40 000	18 414	36.8%
Arts and Culture	440 600	93 329	32 076	7.3%
Community Library Services Grant	440 600	93 329	32 076	7.3%
Education	2 571 929	458 664	525 293	20.4%
HIV and Aids (Life Skills Education) Grant	177 401	44 354	25 115	14.2%
National School Nutrition Programme Grant	2 394 528	414 310	500 178	20.9%
Health	15 578 392	4 173 698	1 388 926	19.3%
Comprehensive HIV and Aids Grant	3 476 186	940 256	658 820	19.0%
Forensic Pathology Services Grant	491 662	128 781	132 061	26.9%
Health Disaster Response (Cholera) Grant	50 000	–	1 039	2.1%
1. Health Professions Training and Development Grant	1 759 799	402 096		
Hospital Revitalisation Grant	3 186 303	1 048 941	597 006	18.7%
1. National Tertiary Services Grant	6 614 442	1 653 624		
Housing	12 592 276	3 968 418	3 227 855	25.6%
Housing Disaster Relief Grant	150 000	100 000	31 863	21.2%
Integrated Housing and Human Settlement Development Grant	12 442 276	3 868 418	3 195 992	25.7%
National Treasury	9 249 247	2 325 660		
1. Infrastructure Grant to Provinces	9 249 247	2 325 660		
Public Works	1 147 957	249 137	77 959	7.8%
Devolution of Property Rate Funds Grant	996 538	249 137	77 959	7.8%
2. Expanded Public Works Programme Incentive Grant	151 419	–		
Sport and Recreation South Africa	402 250	97 999	50 027	12.4%
Mass Sport and Recreation Participation Programme Grant	402 250	97 999	50 027	12.4%
Transport	6 409 016	2 383 741	1 370 862	47.6%
Gautrain Rapid Rail Link Grant	2 832 691	1 104 724	1 369 711	48.4%
Overload Control Grant	10 069	10 069	–	0.0%
1. Public Transport Operations Grant	3 531 909	1 234 601		
Sani Pass Roads Grant	34 347	34 347	1 151	3.4%
Total	49 268 478	13 968 870		
Total excluding Schedules 4 and 8 grants	27 246 268	8 209 808	6 767 813	24.8%
Total excluding Schedules 4,8 grants & Gautrain	24 413 577	7 105 084	5 398 102	22.1%

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.

2. The Expanded Public Works Programme Incentive Grant (Schedule 8) is dealt with in terms of Section 23 of the Division of Revenue Act, 2009 (Act No. 12 of 2009).

36. Table 15 indicates selected conditional grant spending rates as at 30 June 2009. It further indicates that five or more provinces have spent less than 15 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), Devolution of Property Rate Funds, Mass Sport and Recreation Participation Programme and Public Transport Operations.

37. The table also indicates the number of provinces spending at slightly higher levels between 15 and 25 per cent and greater than 25 per cent of their conditional grant budgets.

Table 15: Selected Conditional Grant Spending Rates as at 30 June 2009

	Number of provinces spent less than 15%	Number of provinces spent between 15% and 25% (inclusive)	Number of provinces spent more than 25%
Agriculture			
Land Care Programme: Poverty Relief and Infra	8 EC, FS, GT, KZN, LIM, MPU, NW, WC		1 NC
Arts and Culture			
Community Library Services Grant	9 All provinces		
Education			
HIV and Aids (Life Skills Education) Grant	5 GT, KZN, LIM, MPU, NC	4 EC, FS, NW, WC	
National School Nutrition Programme Grant	1 MPU	6 FS, GT, KZN, LIM, NC, WC	2 EC, NW
Health			
Comprehensive HIV and Aids Grant	2 EC, GT	5 FS, KZN, MPU, NC, NW	2 LIM, WC
Forensic Pathology Services Grant	1 EC	3 LIM, MPU, NC	5 FS, GT, KZN, NW, WC
Hospital Revitalisation Grant	2 KZN, LIM	6 EC, FS, GT, MPU, NC, WC	1 NW
Housing			
Integrated Housing and Human Settlement Dev		6 EC, KZN, MPU, NC, NW, WC	3 FS, GT, LIM
Public Works			
Devolution of Property Rate Funds Grant	7 EC, FS, GT, LIM, MPU, NW, WC	2 KZN, NC	
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Progr	5 EC, KZN, LIM, MPU, NW	4 FS, GT, NC, WC	
Transport			
Gautrain Rapid Rail Link Grant			1 GT
Public Transport Operations Grant	7 EC, FS, GT, KZN, LIM, MPU, NC	2 NW, WC	

Percentages represent actual expenditure of main budgets as published in the Division of Revenue Act, 2009 (Act No. 12 of 2009).

Provincial Revenue

38. Provincial revenue includes budgeted equitable share allocations of R231.1 billion, conditional grants of R49.3 billion and own revenue of R9.6 billion. The total provincial revenue received and collected to date is recorded at 25.7 per cent or R74.5 billion of total budgeted revenue of R289.9 billion.

39. National government transferred 25.3 per cent or R58.5 billion of the equitable share and 28.4 per cent or R14 billion in conditional grants, to provinces after the first quarter of the current financial year.

40. After the first quarter, provinces have collected 22.1 per cent or R2.1 billion of the budgeted own revenue of R9.6 billion which is 6.7 per cent or R134.2 million more than what was collected by the end of June for the previous financial year.

41. The collection rate varies from 16.6 per cent in Gauteng and 20.6 per cent in Free State, to a high of 27.8 per cent in Northern Cape and 27 per cent in Eastern Cape.

Table 16: Provincial Own Revenue Collection as at 30 June 2009

R thousand	Main budget	Actual collection as at 30 June 2009	Actual collection as % of main budget	% share of Own Revenue to total provincial revenue	2008/09: Outcome as at 30 June 2008	Year-on-year growth
Eastern Cape	703 652	189 650	27.0%	1.8%	246 570	-23.1%
Free State	616 627	126 720	20.6%	2.7%	133 857	-5.3%
Gauteng	3 035 411	502 971	16.6%	3.4%	516 012	-2.5%
KwaZulu-Natal	1 645 029	423 266	25.7%	2.8%	323 923	30.7%
Limpopo	559 661	116 390	20.8%	1.3%	93 656	24.3%
Mpumalanga	480 216	115 658	24.1%	2.0%	103 768	11.5%
Northern Cape	141 066	39 284	27.8%	1.9%	34 039	15.4%
North West	584 407	139 769	23.9%	2.7%	173 616	-19.5%
Western Cape	1 818 123	469 079	25.8%	6.4%	363 172	29.2%
Total	9 584 192	2 122 787	22.1%	2.8%	1 988 613	6.7%