



national treasury

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Provincial Budgets: 2009/10 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 29 January 2010, covers spending for the first nine months of the 2009/10 financial year, which ended 31 December 2009. It is available on the treasury website at www.treasury.gov.za.
2. The information is sourced from 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 January 2010. 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 in the third quarter publication take account of revisions effected in the provincial adjustment budgets, which were presented to their provincial legislatures during November 2009. It includes R10.8 billion allocated to provinces (R9 billion to the provincial equitable share and R1.8 billion to conditional grants) through the *2009 Adjusted Estimates of National Expenditure*.
4. The approved additional adjustments to provinces were gazetted on 10 December 2009 and these additional transfers were taken up in the provincial adjusted budgets in terms of Section 31(2) of the PFMA and Section 24(2) of the Division of Revenue Act, 2009.
5. Some of the additional transfers to provinces appropriated by National Government are:
 - a. The wage agreement (Resolution 5 of 2009 of the PSCBC) is 5 per cent higher than what provinces planned for when they tabled their 2009 Budgets. R4.5 billion is approved to cover for this shortfall.
 - b. The Occupation Specific Dispensation (OSD) for educators concluded in 2009 (ELRC collective agreement 4 of 2009) is also placing additional funding responsibilities on provinces. R3.8 billion is approved to cover for this shortfall.
 - c. The agreement reached in the Public Health and Social Development Sectoral Bargaining Council (PHSDSBC) on 7 August 2009 gave effect to the introduction of an OSD for medical doctors, dentists, medical and dental specialists, pharmacists,

pharmacy assistants and emergency medical services personnel (paramedics). R646 million is approved to cover for these shortfalls.

- d. An amount of R353.2 million is set aside to cover the shortfall in property rates in selected provinces.
 - e. An additional R900 million is approved to scale up both preventative and treatment components on the Comprehensive HIV and Aids programme.
 - f. An additional R144 million is approved for the Gautrain Rapid Rail Link conditional grant to protect the real value of spending on this programme.
 - g. An additional R213.8 million is approved to fund selected provinces for unforeseeable and unavoidable expenses.
 - h. An additional R30 million is approved to fund the final FIFA 2010 World Cup preparation strategies that are to be implemented by the health sector.
 - i. R197.6 million of provincial conditional grants not transferred by national departments were approved to be rolled over.
6. In addition to the national adjustments, provinces increased their main budgets by R3.3 billion. The provincial adjustments consist mainly of unspent conditional grants not surrendered to the National Revenue Fund and other funds surrendered to the respective Provincial Revenue Funds during 2008/09.
 7. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R14.1 billion with the bulk to education (R6.5 billion), health (R4.2 billion) and public works, roads and transport (R2.6 billion).

Overall Expenditure Trends

8. In aggregate, provinces have spent 74.7 per cent or R226.9 billion of their adjusted budgets of R303.8 billion for the period ended 31 December 2009. This represents a spending increase year-on-year of 13.8 per cent or R27.6 billion higher than for the same period last year when provinces had spent R199.3 billion.
9. Education expenditure totalled R94.7 billion or 75.9 per cent of the R124.8 billion combined education adjusted budgets and remains the largest item on provincial budgets (41.1 per cent). The spending pattern reflects a 15.9 per cent or R13 billion increase over the same period last year.
10. Health expenditure totalled R65.5 billion or 76 per cent of the R86.2 billion combined health adjusted budgets and is the second largest item (after education) on provincial budgets (28.4 per cent). The spending pattern reflects a 14.7 per cent or R8.4 billion increase compared with the same period in 2008/09.
11. Social development spending for the first nine months of the 2009/10 financial year is recorded at 70.5 per cent or R6.5 billion of the R9.3 billion social development adjusted budgets.
12. Personnel expenditure, in aggregate, is at 74.9 per cent or R125.9 billion of the R168 billion personnel adjusted budgets.
13. In aggregate, provinces spent 67.4 per cent or R16.2 billion of their R24 billion combined capital adjusted budgets. This is 2.8 per cent higher when compared to the same period in 2008/09.

14. Provincial education departments spent 84 per cent or R4.5 billion of their R5.4 billion education capital adjusted budgets. This is significantly higher by 36.4 per cent or R1.2 billion more than spending over the same period of the previous financial year.
15. Provincial health departments also improved on capital spending. They have spent 59.7 per cent or R5.2 billion against their R8.6 billion health capital adjusted budgets, which is 7.9 per cent or R379 million more than the same period for 2008/09.
16. The second highest share of provincial capital adjusted budgets, after health, is for public works, roads and transport departments at 32.2 per cent. The sector spent 68.2 per cent or R5.3 billion against its combined capital adjusted budgets of R7.7 billion.
17. Provincial own revenue collected thus far is at 74.8 per cent or R7 billion of the total own revenue adjusted budget of R9.3 billion. National government has transferred R179.1 billion of the equitable share and R40.2 billion in conditional grants to provinces, during the first nine months of the 2009/10 financial year.
18. A more detail analysis of the expenditure outcome as at 31 December 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 THIRD QUARTER YEAR TO DATE OF THE 2009/10 FINANCIAL YEAR:

1. The budgeted figures for provinces are based on the 2009/10 adjusted estimates of provincial expenditure tabled in the various provincial legislatures during November 2009.
2. The analysis is based on the statement of receipts and payments, which covers spending for the first nine months of the 2009/10 financial year, as at 31 December 2009.
3. The information is based on the Section 40(4) PFMA reports signed by each head of provincial department to their provincial treasury by 15 January 2010, and submitted to the National Treasury by 22 January 2010.

Total Expenditure

4. Table 1 indicates that provinces have spent 74.7 per cent or R226.9 billion of adjusted budgeted expenditure of R303.8 billion for the first nine months into the current financial year. Spending to date is at a lower level in percentage terms compared to spending against adjusted budgets over the same period in the 2008/09 financial year (76.8 per cent).
5. However, in nominal terms, spending is 13.8 per cent or R27.6 billion more than for the same period last year when provinces had spent R199.3 billion. Between provinces, spending ranges from the lowest share of 69.9 per cent in Free State and 71.2 per cent in Western Cape, to the highest at 79.4 per cent in Eastern Cape and 76 per cent in KwaZulu-Natal.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2009

R thousand	Adjusted budget 2009/10				Actual spending as at 31 December 2009				Actual payments as % of adjusted budget	2008/09: Outcome as at 31 December 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	35 129 367	5 824 515	3 611 552	44 565 434	27 978 839	4 794 047	2 610 100	35 382 986	79.4%	29 522 918	19.8%
Free State	14 698 595	2 756 186	1 896 273	19 351 054	10 201 941	2 196 561	1 119 937	13 518 439	69.9%	12 597 199	7.3%
Gauteng	40 843 733	14 699 508	2 996 817	58 540 058	31 656 611	10 913 275	1 714 075	44 283 961	75.6%	40 389 985	9.6%
Kw aZulu-Natal	47 936 780	8 801 578	5 168 421	61 906 779	36 120 275	7 018 886	3 884 178	47 023 338	76.0%	41 576 485	13.1%
Limpopo	29 218 363	4 328 482	2 408 030	35 954 875	20 666 601	3 612 085	1 653 867	25 932 553	72.1%	22 424 165	15.6%
Mpumalanga	18 757 231	2 816 727	2 282 086	23 856 044	13 950 546	2 102 674	1 478 413	17 531 633	73.5%	15 302 770	14.6%
Northern Cape	6 276 702	1 028 838	1 085 167	8 390 707	4 784 538	805 700	496 251	6 086 489	72.5%	5 382 712	13.1%
North West	15 680 028	3 268 573	1 662 178	20 610 779	11 349 537	2 502 124	1 407 373	15 259 034	74.0%	13 176 714	15.8%
Western Cape	22 237 774	5 571 722	2 862 608	30 672 104	16 138 396	3 899 251	1 794 242	21 831 889	71.2%	18 926 785	15.3%
Total	230 778 573	49 096 129	23 973 132	303 847 834	172 847 284	37 844 603	16 158 435	226 850 323	74.7%	199 299 733	13.8%

Social Services

6. Provinces have budgeted R220.3 billion for social services, which includes spending on education, health and social development. Spending on social services is recorded at R166.7 billion or 75.7 per cent of the total provincial social services adjusted budgets for the first nine months of 2009/10.

Table 2: Provincial Social Services Expenditure as at 31 December 2009

R thousand	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Education	124 825 143	94 740 770	75.9%	41.8%	56.8%	81 710 941	15.9%
Health	86 163 696	65 474 617	76.0%	28.9%	39.3%	57 083 023	14.7%
Social Development	9 261 432	6 528 773	70.5%	2.9%	3.9%	6 116 921	6.7%
Total	220 250 271	166 744 160	75.7%	73.5%	100.0%	144 910 885	15.1%

Education

- Education adjusted budgets of R124.8 billion comprise 41.1 per cent of total provincial adjusted budgets. Table 3 indicates that education expenditure is at 75.9 per cent or R94.7 billion of the total education budget, an increase of 15.9 per cent or R13 billion compared to the R81.7 billion spent over the same period in 2008/09.
- Spending by provinces on education ranges from the lowest rate in Free State at 73 per cent and Western Cape at 74.6 per cent to the highest in Eastern Cape at 80.5 per cent and Northern Cape at 77 per cent.

Table 3: Provincial Education Expenditure as at 31 December 2009

R thousand	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Eastern Cape	20 529 488	16 533 975	80.5%	46.7%	60.6%	13 494 247	22.5%
Free State	7 921 932	5 785 315	73.0%	42.8%	58.1%	5 221 107	10.8%
Gauteng	19 981 832	14 957 079	74.9%	33.8%	49.7%	12 662 094	18.1%
Kw aZulu-Natal	26 058 854	19 685 170	75.5%	41.9%	56.3%	17 640 308	11.6%
Limpopo	17 322 367	13 003 061	75.1%	50.1%	64.9%	10 953 349	18.7%
Mpumalanga	10 683 793	8 034 934	75.2%	45.8%	62.1%	7 324 676	9.7%
Northern Cape	3 169 930	2 440 820	77.0%	40.1%	54.8%	2 176 543	12.1%
North West	8 493 135	6 346 855	74.7%	41.6%	59.8%	5 319 608	19.3%
Western Cape	10 663 812	7 953 561	74.6%	36.4%	48.6%	6 919 009	15.0%
Total	124 825 143	94 740 770	75.9%	41.8%	56.8%	81 710 941	15.9%

- Spending on goods and services (which includes learner and teacher support material) in education is recorded at 73.5 per cent or R9.4 billion of its R12.8 billion adjusted budget. It comprises approximately 10.3 per cent of total provincial education adjusted budgets.
- The bulk of education expenditure is on personnel (76.7 per cent). Current spending on education personnel amounts to 74.5 per cent or R72.7 billion of the education personnel adjusted budgets of R97.6 billion.
- Spending by provinces ranges from the lowest in Free State at 72.3 per cent and North West at 72.4 per cent, to the highest in Eastern Cape and Gauteng at 77.6 per cent and 74.9 per cent respectively.

Table 4: Provincial Personnel Expenditure: Education as at 31 December 2009

	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
R thousand							
Eastern Cape	16 258 191	12 618 481	77.6%	59.9%	76.3%	10 201 932	23.7%
Free State	6 209 003	4 486 882	72.3%	56.0%	77.6%	4 000 125	12.2%
Gauteng	14 950 277	11 197 550	74.9%	54.6%	74.9%	9 462 129	18.3%
Kw aZulu-Natal	20 940 481	15 344 752	73.3%	58.5%	78.0%	13 559 238	13.2%
Limpopo	13 638 118	10 204 243	74.8%	60.6%	78.5%	8 796 644	16.0%
Mpumalanga	8 257 489	6 159 562	74.6%	61.4%	76.7%	5 518 027	11.6%
Northern Cape	2 483 370	1 857 897	74.8%	56.3%	76.1%	1 689 554	10.0%
North West	6 623 870	4 796 457	72.4%	57.5%	75.6%	4 220 627	13.6%
Western Cape	8 200 780	6 022 468	73.4%	52.0%	75.7%	5 292 283	13.8%
Total	97 561 579	72 688 292	74.5%	57.7%	76.7%	62 740 559	15.9%

12. Education capital expenditure is at 84 per cent or R4.5 billion of the R5.4 billion adjusted budget. This is a significant increase of 36.4 per cent or R1.2 billion more than the R3.3 billion spent on capital over the same period last year.

13. Spending by provinces ranges from the lowest in Mpumalanga at only 63.5 per cent and Western Cape at 69.1 per cent to the highest in Northern Cape at 97.2 per cent and Eastern Cape at 96.7 per cent.

Table 5: Provincial Capital Expenditure: Education as at 31 December 2009

	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
R thousand							
Eastern Cape	867 583	838 580	96.7%	32.1%	5.1%	679 646	23.4%
Free State	439 603	373 118	84.9%	33.3%	6.4%	291 750	27.9%
Gauteng	843 842	651 931	77.3%	38.0%	4.4%	312 513	108.6%
Kw aZulu-Natal	1 239 026	1 046 594	84.5%	26.9%	5.3%	807 219	29.7%
Limpopo	930 578	824 460	88.6%	49.9%	6.3%	546 567	50.8%
Mpumalanga	411 528	261 140	63.5%	17.7%	3.3%	344 282	-24.1%
Northern Cape	78 856	76 656	97.2%	15.4%	3.1%	44 726	71.4%
North West	285 696	251 943	88.2%	17.9%	4.0%	166 577	51.2%
Western Cape	275 992	190 663	69.1%	10.6%	2.4%	117 824	61.8%
Total	5 372 704	4 515 085	84.0%	27.9%	4.8%	3 311 104	36.4%

Health

14. Health adjusted budgets totalling R86.2 billion comprise 28.4 per cent of total provincial adjusted budgets. Table 6 indicates that health expenditure is at 76 per cent or R65.5 billion of the total health budget, representing an increase of 14.7 per cent or R8.4 billion compared to spending over the same period in 2008/09.

Table 6: Provincial Health Expenditure as at 31 December 2009

	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
R thousand							
Eastern Cape	11 773 927	9 736 511	82.7%	27.5%	35.7%	8 087 130	20.4%
Free State	5 512 642	3 709 362	67.3%	27.4%	37.2%	3 498 306	6.0%
Gauteng	17 200 765	13 737 710	79.9%	31.0%	45.7%	12 334 598	11.4%
Kw aZulu-Natal	18 329 163	14 283 536	77.9%	30.4%	40.8%	12 886 196	10.8%
Limpopo	9 358 949	6 452 754	68.9%	24.9%	32.2%	5 798 635	11.3%
Mpumalanga	6 047 714	4 390 904	72.6%	25.0%	33.9%	3 338 574	31.5%
Northern Cape	2 301 429	1 723 290	74.9%	28.3%	38.7%	1 344 139	28.2%
North West	5 175 391	3 866 872	74.7%	25.3%	36.4%	3 356 104	15.2%
Western Cape	10 463 716	7 573 678	72.4%	34.7%	46.3%	6 439 341	17.6%
Total	86 163 696	65 474 617	76.0%	28.9%	39.3%	57 083 023	14.7%

15. Free State and Limpopo health have spent the lowest share of their adjusted budgets at 67.3 per cent and 68.9 per cent respectively. The highest shares are recorded in Eastern Cape at 82.7 per cent and Gauteng at 79.9 per cent.

16. Table 7 indicates that health personnel expenditure is R36.9 billion or 77 per cent of the health personnel adjusted budget, an increase of R5.1 billion or 15.9 per cent compared to the R31.8 billion spent over the same period in 2008/09.

Table 7: Provincial Personnel Expenditure: Health as at 31 December 2009

	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
R thousand							
Eastern Cape	6 267 262	5 608 713	89.5%	26.6%	57.6%	4 556 914	23.1%
Free State	3 183 257	2 300 875	72.3%	28.7%	62.0%	2 164 361	6.3%
Gauteng	9 601 125	7 163 460	74.6%	34.9%	52.1%	5 978 786	19.8%
Kw aZulu-Natal	10 210 534	8 333 956	81.6%	31.7%	58.3%	7 541 808	10.5%
Limpopo	5 669 992	4 099 662	72.3%	24.4%	63.5%	3 457 398	18.6%
Mpumalanga	3 226 236	2 267 041	70.3%	22.6%	51.6%	1 929 810	17.5%
Northern Cape	1 078 394	757 769	70.3%	23.0%	44.0%	664 320	14.1%
North West	2 883 728	2 106 055	73.0%	25.2%	54.5%	1 894 753	11.2%
Western Cape	5 748 979	4 230 861	73.6%	36.5%	55.9%	3 611 610	17.1%
Total	47 869 507	36 868 392	77.0%	29.3%	56.3%	31 799 760	15.9%

17. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 79.1 per cent or R23.4 billion of the R29.7 billion adjusted budget. This is an increase of 14.4 per cent or R2.9 billion compared to the R20.5 billion spent over the same period in 2008/09.

18. Capital expenditure in the health sector is at 59.7 per cent or R5.2 billion. This represents an increase of 7.9 per cent or R379 million more than the R4.8 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 31 December 2009

	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Health Capital to total Capital expenditure	% share of Capital to total Health expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
R thousand							
Eastern Cape	1 286 480	764 598	59.4%	29.3%	7.9%	677 278	12.9%
Free State	473 349	219 543	46.4%	19.6%	5.9%	287 973	-23.8%
Gauteng	1 793 003	818 100	45.6%	47.7%	6.0%	1 402 141	-41.7%
Kw aZulu-Natal	1 496 725	1 054 736	70.5%	27.2%	7.4%	825 608	27.8%
Limpopo	907 619	518 458	57.1%	31.3%	8.0%	467 695	10.9%
Mpumalanga	858 289	550 643	64.2%	37.2%	12.5%	284 584	93.5%
Northern Cape	472 850	290 086	61.3%	58.5%	16.8%	150 799	92.4%
North West	508 958	459 363	90.3%	32.6%	11.9%	376 503	22.0%
Western Cape	841 268	482 682	57.4%	26.9%	6.4%	306 653	57.4%
Total	8 638 541	5 158 209	59.7%	31.9%	7.9%	4 779 234	7.9%

19. Between provinces, with a varying degree of spending, the lowest rate of health capital spending is in Gauteng at 45.6 per cent and Free State at 46.4 per cent with North West and KwaZulu-Natal recording the highest rate of spending at 90.3 per cent and 70.5 per cent respectively.

Social Development

20. Social development adjusted budgets of R9.3 billion, comprise 3 per cent of total provincial adjusted budgets.

21. Provinces registered spending of 70.5 per cent or R6.5 billion of their R9.3 billion adjusted budget. This represents an increase of 6.7 per cent or R411.9 million above the R6.1 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 60.6 per cent and Mpumalanga at 66.1 per cent while the highest are KwaZulu-Natal at 74.6 per cent and Limpopo at 74.5 per cent.

Table 9: Provincial Social Development Expenditure as at 31 December 2009

	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
R thousand							
Eastern Cape	1 454 622	1 021 803	70.2%	2.9%	3.7%	982 664	4.0%
Free State	682 550	469 598	68.8%	3.5%	4.7%	381 468	23.1%
Gauteng	1 943 389	1 398 448	72.0%	3.2%	4.6%	1 272 538	9.9%
Kw aZulu-Natal	1 361 280	1 015 823	74.6%	2.2%	2.9%	959 977	5.8%
Limpopo	782 835	583 298	74.5%	2.2%	2.9%	468 580	24.5%
Mpumalanga	768 343	508 232	66.1%	2.9%	3.9%	497 040	2.3%
Northern Cape	428 766	293 312	68.4%	4.8%	6.6%	260 226	12.7%
North West	658 829	399 561	60.6%	2.6%	3.8%	384 222	4.0%
Western Cape	1 180 818	838 698	71.0%	3.8%	5.1%	910 206	-7.9%
Total	9 261 432	6 528 773	70.5%	2.9%	3.9%	6 116 921	6.7%

Housing and Local Government

23. Housing and local government adjusted budgets of R18.1 billion comprise 6 per cent of total provincial adjusted budgets.
24. Housing and local government spending is at the end of the first nine months of the 2009/10 financial year 78.4 per cent or R14.2 billion of the R18.1 billion adjusted budget (table 10). This represents a significant increase of 22.7 per cent or R2.6 billion more than the R11.6 billion spent over the same period last year.
25. Spending varies between provinces with the lowest being in Western Cape at 68.5 per cent and Mpumalanga at 71.4 per cent while the highest are Gauteng at 87.8 per cent and Limpopo at 84.5 per cent.

Table 10: Provincial Housing and Local Government Expenditure as at 31 December 2009

R thousand	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Local Gov & Housing to total provincial expenditure	% share of Housing Grant to total LG & Housing expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Eastern Cape	2 301 987	1 754 455	76.2%	5.0%	60.6%	1 220 210	43.8%
Free State	1 313 407	1 062 803	80.9%	7.9%	78.4%	886 115	19.9%
Gauteng	4 100 906	3 599 535	87.8%	8.1%	82.7%	3 103 210	16.0%
KwaZulu-Natal	3 667 631	2 732 374	74.5%	5.8%	61.4%	2 154 789	26.8%
Limpopo	1 410 497	1 192 228	84.5%	4.6%	73.8%	858 367	38.9%
Mpumalanga	1 392 375	993 528	71.4%	5.7%	58.7%	1 012 105	-1.8%
Northern Cape	531 563	429 902	80.9%	7.1%	67.2%	279 632	53.7%
North West	1 531 947	1 157 663	75.6%	7.6%	75.1%	899 034	28.8%
Western Cape	1 867 324	1 280 023	68.5%	5.9%	92.1%	1 165 149	9.9%
Total	18 117 637	14 202 511	78.4%	6.3%	72.9%	11 578 611	22.7%

Housing Conditional Grant

26. Most of the housing and local government expenditure is on the Integrated Housing and Human Settlement Development conditional grant.
27. Table 11 indicates that provinces spent 83.2 per cent or R10.3 billion of their R12.4 billion adjusted housing conditional grant. These spending figures are higher by 26.1 per cent or R2.1 billion over the same period last year.

Table 11: Provincial Integrated Housing and Human Settlement Development Grant Expenditure as at 31 December 2009

R thousand	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Eastern Cape	1 313 378	1 063 217	81.0%	3.0%	10.3%	698 935	52.1%
Free State	962 759	833 331	86.6%	6.2%	8.1%	706 382	18.0%
Gauteng	3 187 086	2 976 013	93.4%	6.7%	28.8%	2 460 289	21.0%
Kw aZulu-Natal	2 180 448	1 677 128	76.9%	3.6%	16.2%	1 241 079	35.1%
Limpopo	996 667	880 391	88.3%	3.4%	8.5%	592 230	48.7%
Mpumalanga	795 447	583 415	73.3%	3.3%	5.6%	660 597	-11.7%
Northern Cape	325 011	288 894	88.9%	4.7%	2.8%	150 222	92.3%
North West	1 100 120	869 170	79.0%	5.7%	8.4%	725 682	19.8%
Western Cape	1 581 425	1 178 265	74.5%	5.4%	11.4%	970 576	21.4%
Total	12 442 341	10 349 824	83.2%	4.6%	100.0%	8 205 992	26.1%

Personnel Expenditure

28. Personnel expenditure (“compensation of employees”) is at 74.9 per cent or R125.9 billion of the R168 billion adjusted budget. Spending to date is 16.3 per cent or R17.7 billion higher than the R108.3 billion spent over the same period last year.

29. Free State and both Northern Cape and North West recorded the lowest rate of personnel spending at 71.9 per cent and 72.6 per cent respectively while Eastern Cape and KwaZulu-Natal recorded the highest rates at 79.8 per cent and 75.5 per cent respectively.

Table 12: Provincial Personnel Expenditure as at 31 December 2009

R thousand	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Eastern Cape	26 403 445	21 058 144	79.8%	59.5%	16.7%	17 044 584	23.5%
Free State	11 146 594	8 013 373	71.9%	59.3%	6.4%	7 219 204	11.0%
Gauteng	27 436 560	20 516 195	74.8%	46.3%	16.3%	17 194 706	19.3%
Kw aZulu-Natal	34 747 375	26 251 086	75.5%	55.8%	20.8%	23 318 090	12.6%
Limpopo	22 753 904	16 828 182	74.0%	64.9%	13.4%	14 445 161	16.5%
Mpumalanga	13 692 429	10 033 327	73.3%	57.2%	8.0%	8 757 925	14.6%
Northern Cape	4 548 934	3 301 416	72.6%	54.2%	2.6%	2 918 223	13.1%
North West	11 499 228	8 347 804	72.6%	54.7%	6.6%	7 377 342	13.2%
Western Cape	15 793 964	11 575 793	73.3%	53.0%	9.2%	9 991 298	15.9%
Total	168 022 433	125 925 320	74.9%	55.5%	100.0%	108 266 533	16.3%

Overall Capital Budgets and Expenditure

30. By the end of the first nine months of the 2009/10 financial year, provinces have spent 67.4 per cent or R16.2 billion of their R24 billion capital adjusted budgets (payments for capital assets). This is higher by 2.8 per cent or R433.5 million more than the R15.7 billion spent over the same period last year.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2009

R thousand	Adjusted budget	Actual payments as at 31 December 2009	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Eastern Cape	3 611 552	2 610 100	72.3%	7.4%	16.2%	2 490 027	4.8%
Free State	1 896 273	1 119 937	59.1%	8.3%	6.9%	1 492 414	-25.0%
Gauteng	2 996 817	1 714 075	57.2%	3.9%	10.6%	1 978 936	-13.4%
Kw aZulu-Natal	5 168 421	3 884 178	75.2%	8.3%	24.0%	3 953 817	-1.8%
Limpopo	2 408 030	1 653 867	68.7%	6.4%	10.2%	1 349 125	22.6%
Mpumalanga	2 282 086	1 478 413	64.8%	8.4%	9.1%	1 468 647	0.7%
Northern Cape	1 085 167	496 251	45.7%	8.2%	3.1%	617 322	-19.6%
North West	1 662 178	1 407 373	84.7%	9.2%	8.7%	1 119 205	25.7%
Western Cape	2 862 608	1 794 242	62.7%	8.2%	11.1%	1 255 398	42.9%
Total	23 973 132	16 158 435	67.4%	7.1%	100.0%	15 724 891	2.8%

31. Table 13 provides capital spending information by province, which indicates low rates of spending in Northern Cape at 45.7 per cent and Gauteng at 57.2 per cent and high rates in North West at 84.7 per cent and KwaZulu-Natal at 75.2 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R3.9 billion followed by Eastern Cape at R2.6 billion.

Conditional Grants

32. The total conditional grant adjusted allocation is R52.2 billion (including Schedule 4 grants and provincial roll-overs) with health making up the bulk at R17 billion.

33. Table 14 (overleaf) reflects spending on conditional grant adjusted allocations as at 31 December 2009 for all provinces. It includes conditional grant roll-overs from the 2008/09 financial year and other provincial adjustments, but 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.

34. 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.

35. Against the total adjusted allocation of R29.9 billion, this excludes Schedules 4 and 8 grants, the rate of conditional grants spending amounts to 73.8 per cent or R22.1 billion. However, when excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R19.1 billion or 71 per cent against a total adjusted allocation of R26.9 billion.

36. Specific grants that show low rates of spending include Health Disaster Response (Cholera) (20.2 per cent), Agricultural Disaster Management (35.8 per cent), Overload Control (44.8 per cent), Illema/Letsema Projects (49.5 per cent), Housing Disaster Relief (53 per cent) and Devolution of Property Rate Funds (56.6 per cent).

Table 14: Provincial Conditional Grants Expenditure as at 31 December 2009

	Division of Revenue Act, 2009 (Act No. 12 of 2009)	Other gazetted amounts	Provincial roll-overs/ other provincial adjustments	Total available 2009/10	Received by province	Actual payments as at 31 December 2009	Payments as % of main budget (excluding Schedule 4, 8 grants)
R thousand							
Agriculture	876 811	96 900	96 618	1 070 329	891 891	148 065	44.7%
Agricultural Disaster Management Grant	60 000	96 900	49 249	206 149	156 900	73 816	35.8%
1. Comprehensive Agricultural Support Programme Grant	715 394	–	23 742	739 136	643 854		
Land Care Programme Grant: Poverty Relief and Infrastructure/Letsema Projects Grant	51 417	–	2 709	54 126	41 137	39 123	72.3%
	50 000	–	20 918	70 918	50 000	35 126	49.5%
Arts and Culture	440 600	–	20 232	460 832	355 419	280 965	61.0%
Community Library Services Grant	440 600	–	20 232	460 832	355 419	280 965	61.0%
Education	2 571 929	3 474	143 208	2 718 611	1 943 269	2 005 332	73.8%
HIV and Aids (Life Skills Education) Grant	177 401	3 474	1 996	182 871	126 583	113 186	61.9%
National School Nutrition Programme Grant	2 394 528	–	141 212	2 535 740	1 816 686	1 892 146	74.6%
Health	15 578 392	1 124 107	265 184	16 967 683	11 780 193	5 119 214	60.4%
Comprehensive HIV and Aids Grant	3 476 186	900 000	1 931	4 378 117	2 706 550	2 728 851	62.3%
Forensic Pathology Services Grant	491 662	10 207	24 633	526 502	372 142	388 506	73.8%
Health Disaster Response (Cholera) Grant	50 000	–	–	50 000	–	10 079	20.2%
1. Health Professions Training and Development Grant	1 759 799	–	19 744	1 779 543	1 319 834		
Hospital Revitalisation Grant	3 186 303	183 900	124 976	3 495 179	2 420 825	1 991 778	57.0%
1. National Tertiary Services Grant	6 614 442	–	93 900	6 708 342	4 960 842		
2010 World Cup Health Preparation Strategy Grant	–	30 000	–	30 000	–	–	0.0%
Housing	12 592 276	–	65	12 592 341	10 814 021	10 429 370	82.8%
Housing Disaster Relief Grant	150 000	–	–	150 000	150 000	79 546	53.0%
Integrated Housing and Human Settlement Development Grant	12 442 276	–	65	12 442 341	10 664 021	10 349 824	83.2%
National Treasury	9 249 247	–	89 955	9 339 202	6 810 501		
1. Infrastructure Grant to Provinces	9 249 247	–	89 955	9 339 202	6 810 501		
Public Works	1 147 957	353 200	136 173	1 637 330	1 401 500	841 097	56.6%
Devolution of Property Rate Funds Grant	996 538	353 200	136 673	1 486 411	1 349 738	841 097	56.6%
2. Expanded Public Works Programme Incentive Grant	151 419	–	-500	150 919	51 762		
Sport and Recreation South Africa	402 250	–	20 480	422 730	334 023	256 220	60.6%
Mass Sport and Recreation Participation Programme Grant	402 250	–	20 480	422 730	334 023	256 220	60.6%
Transport	6 409 016	260 929	277 310	6 947 255	5 883 907	2 986 101	87.4%
Gautrain Rapid Rail Link Grant	2 832 691	144 029	–	2 976 720	2 832 690	2 945 606	99.0%
Overload Control Grant	10 069	–	3 659	13 728	10 069	6 148	44.8%
1. Public Transport Operations Grant	3 531 909	–	–	3 531 909	2 889 901		
Sani Pass Roads Grant	34 347	–	–	34 347	34 347	34 347	100.0%
Transport Disaster Management Grant	–	116 900	273 651	390 551	116 900	–	0.0%
Total	49 268 478	1 838 610	1 049 225	52 156 313	40 214 724		
Total excluding Schedules 4 and 8 grants	27 246 268	1 838 610	822 384	29 907 262	23 538 030	22 066 364	73.8%
Total excluding Schedules 4,8 grants & Gautrain	24 413 577	1 694 581	822 384	26 930 542	20 705 340	19 120 758	71.0%

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).

37. Table 15 indicates selected conditional grant spending rates as at 31 December 2009. It further indicates that four or more provinces have spent less than 60 per cent of their grants adjusted budgets after the first nine months for the following grants: Community Library Services, HIV and Aids (Life Skills Education), Hospital Revitalisation and Devolution of Property Rate Funds.

38. The table also indicates the number of provinces spending at slightly higher levels between 60 and 75 per cent and greater than 75 per cent of their conditional grant adjusted budgets.

Table 15: Selected Conditional Grants Spending Rates as at 31 December 2009

	Number of provinces spent less than 60%	Number of provinces spent between 60% and 75% (inclusive)	Number of provinces spent more than 75%
Agriculture Land Care Programme: Poverty Relief and In	2 GT, NW	1 EC	6 FS, KZN, LIM, MPU, NC, WC
Arts and Culture Community Library Services Grant	7 EC, FS, KZN, LIM, MPU, NW, WC		2 GT, NC
Education HIV and Aids (Life Skills Education) Grant National School Nutrition Programme Grant	6 EC, LIM, MPU, NC, NW, WC	2 FS, GT 7 FS, KZN, LIM, MPU, NC, NW, WC	1 KZN 2 EC, GT
Health Comprehensive HIV and Aids Grant Forensic Pathology Services Grant Hospital Revitalisation Grant	2 FS, MPU 1 NC 4 FS, KZN, LIM, MPU	6 EC, GT, KZN, LIM, NW, WC 3 EC, FS, WC 4 EC, GT, NC, WC	1 NC 5 GT, KZN, LIM, MPU, NW 1 NW
Housing Integrated Housing and Human Settlement D		2 MPU, WC	7 EC, FS, GT, KZN, LIM, NC, NW
Public Works Devolution of Property Rate Funds Grant	4 EC, GT, LIM, WC	3 FS, MPU, NW	2 KZN, NC
Sport and Recreation South Africa Mass Sport and Recreation Participation Pro	3 GT, KZN, NC	5 EC, LIM, MPU, NW, WC	1 FS
Transport Gautrain Rapid Rail Link Grant			1 GT

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

Provincial Revenue

39. Provincial revenue includes adjusted equitable share allocations of R240 billion, conditional grants of R51.1 billion and own revenue of R9.3 billion. The total provincial revenue received and collected to date is recorded at 75.3 per cent or R226.3 billion of total adjusted revenue of R300.5 billion.

40. National government transferred 74.6 per cent or R179.1 billion of the equitable share and 78.7 per cent or R40.2 billion in conditional grants, to provinces after the first nine months of the current financial year.

41. After the first nine months, provinces have collected 74.8 per cent or R7 billion of the own revenue adjusted budget of R9.3 billion which is 7.4 per cent or R478.9 million more than what was collected by the end of December for the previous financial year.

42. The collection rate varies from 64 per cent in Free State and 66 per cent in Gauteng, to a high of 93 per cent in Northern Cape and 90.3 per cent in Eastern Cape.

Table 16: Provincial Own Revenue Collection as at 31 December 2009

R thousand	Adjusted budget	Actual collection as at 31 December 2009	Actual collection as % of Adjusted budget	%share of Own Revenue to total provincial revenue	2008/09: Outcome as at 31 December 2008	Year-on-year growth
Eastern Cape	703 652	635 530	90.3%	1.9%	728 013	-12.7%
Free State	627 202	401 189	64.0%	2.8%	392 255	2.3%
Gauteng	2 826 638	1 865 559	66.0%	4.3%	1 423 208	31.1%
Kw aZulu-Natal	1 645 029	1 367 499	83.1%	2.9%	1 188 443	15.1%
Limpopo	554 438	406 579	73.3%	1.5%	365 703	11.2%
Mpumalanga	490 314	371 977	75.9%	2.1%	375 506	-0.9%
Northern Cape	141 066	131 148	93.0%	2.1%	115 991	13.1%
North West	607 709	453 752	74.7%	2.9%	490 286	-7.5%
Western Cape	1 714 905	1 335 580	77.9%	5.9%	1 410 532	-5.3%
Total	9 310 953	6 968 812	74.8%	3.1%	6 489 937	7.4%