



national treasury

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National Treasury
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PRESS RELEASE

First Quarter Provincial Budgets and Expenditure Report Provincial Budgets: 2010/11 Financial Year

SUMMARY:

1. The first quarter provincial budget statement of receipts and payments, published by the National Treasury on 30 July 2010, covers spending in provinces for the first quarter of the 2010/11 financial year, which ended 30 June 2010. It is published in terms of Section 32 of the Public Finance Management Act, 1999 (PFMA) and 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 July 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. In aggregate, provinces have spent 22.9 per cent or R75.7 billion of their budgets of R329.8 billion for the first quarter. This represents a spending increase year-on-year of 4.8 per cent, as spending was R3.5 billion higher than for the same period last year.
4. Education expenditure totalled R33.2 billion or 24.1 per cent of the R137.4 billion combined education budgets. It remains the largest item on provincial budgets (41.7 per cent). The spending pattern reflects a 10 per cent or R3 billion increase over the same period last year.
5. Health expenditure totalled R23.3 billion or 23.7 per cent of the R98.4 billion combined health budgets and is the second largest item on provincial budgets (29.8 per cent). The spending pattern reflects a 11.5 per cent or R2.4 billion increase compared with the same period last year.
6. Social development spending for the first quarter is 20.2 per cent, or R2.1 billion of the R10.2 billion social development budgets.
7. Personnel expenditure, in aggregate, is at 24.7 per cent or R45.8 billion of the R185.7 billion personnel budgets.
8. In aggregate, provinces spent 16.4 per cent or R4.2 billion of their R25.4 billion combined capital budgets. This is a decline of 21.2 per cent when compared to the same period in 2009/10.

9. Provincial education departments spent 13.7 per cent or R982.9 million of their R7.2 billion education capital budgets. This is 38.4 per cent or R613.4 million less than spending over the same period of the previous financial year.
10. Provincial health departments improved on capital spending. They have spent 18.5 per cent or R1.6 billion against their R8.8 billion health capital budgets, which is 7.3 per cent or R111.3 million more than the same period for 2009/10.
11. The second highest share of provincial capital budgets, after health, is for public works, roads and transport departments at 29.2 per cent. The sector spent 18 per cent or R1.3 billion against its combined capital budgets of R7.4 billion.
12. Provincial own revenue collected thus far is at 21.9 per cent or R2.1 billion of the total own revenue budget of R9.5 billion. National government has transferred R65.2 billion of the equitable share and R15.9 billion in conditional grants to provinces, during the first quarter of the 2010/11 financial year.
13. A more detail analysis of the expenditure outcome as at 30 June 2010 is set out in Annexure A, which also includes a comparative spending analysis for the same period over the 2009/10 financial year.

DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2010/11 FINANCIAL YEAR:

1. The budgeted figures for provinces are based on the 2010/11 estimates of provincial revenue and expenditure documents (main budgets) tabled in the various provincial legislatures during February and March 2010.

Total Expenditure

2. Table 1 indicates that provinces have spent 22.9 per cent or R75.7 billion of budgeted expenditure of R329.8 billion for the first quarter into the current financial year. Spending against budgets for the first quarter is at a lower level in percentage terms when compared to spending against budgets over the same period for the 2009/10 financial year (24.9 per cent).
3. However, in nominal terms, spending is 4.8 per cent or R3.5 billion more than for the same period last year when provinces had spent R72.2 billion. Between provinces, spending ranges from the lowest share of 20 per cent in North West and 21.2 per cent in Free State, to the highest at 25.3 per cent in Gauteng and 24.8 per cent in Eastern Cape.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2010

R thousand	Main budget 2010/11				Total	Actual spending as at 30 June 2010				Actual spending as % of main budget	
	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets		Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets		Total
Eastern Cape	38 703 055	5 871 753	3 648 987	–	48 223 795	9 961 830	1 269 312	719 607	96	11 950 845	24.8%
Free State	15 990 595	3 379 994	2 010 425	–	21 381 014	3 542 902	789 135	199 662	758	4 532 457	21.2%
Gauteng	45 551 221	12 173 767	3 131 658	–	60 856 646	11 057 848	4 022 356	324 210	167	15 404 581	25.3%
Kw aZulu-Natal	53 728 085	8 409 339	6 607 601	332 338	69 077 363	12 084 868	1 948 628	1 259 083	246	15 292 825	22.1%
Limpopo	32 007 273	4 943 025	2 702 293	100	39 652 691	7 291 426	1 098 724	232 416	–	8 622 566	21.7%
Mpumalanga	20 784 225	3 132 785	2 183 575	–	26 100 585	4 768 537	772 965	448 650	–	5 990 152	23.0%
Northern Cape	7 098 874	1 021 776	1 041 856	–	9 162 506	1 608 986	240 950	176 317	–	2 026 253	22.1%
North West	16 586 756	3 906 870	1 620 731	21	22 114 378	3 485 282	578 272	348 874	–	4 412 428	20.0%
Western Cape	24 889 882	5 868 902	2 478 975	3 733	33 241 492	5 663 376	1 311 509	472 672	505	7 448 062	22.4%
Total	255 339 966	48 708 211	25 426 101	336 192	329 810 470	59 465 055	12 031 851	4 181 491	1 772	75 680 169	22.9%

Social Services

4. Provinces have budgeted R246.1 billion for social services, which includes spending on education, health and social development.

Table 2: Provincial Social Services Expenditure as at 30 June 2010

R thousand	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
Education	137 438 683	33 183 268	24.1%	43.8%	56.6%	30 180 129	10.0%
Health	98 380 858	23 341 156	23.7%	30.8%	39.8%	20 927 930	11.5%
Social Development	10 235 907	2 065 407	20.2%	2.7%	3.5%	1 969 075	4.9%
Total	246 055 448	58 589 831	23.8%	77.4%	100.0%	53 077 134	10.4%

5. Spending on social services is recorded at R58.6 billion or 23.8 per cent of the total provincial social services budgets for the first quarter of 2010/11.

Education

6. Education budgets of R137.4 billion comprise 41.7 per cent of total provincial budgets. Table 3 indicates that education expenditure is at 24.1 per cent or R33.2 billion of the total education budget, an increase of 10 per cent or R3 billion compared to the R30.2 billion spent over the same period in 2009/10.
7. Spending by provinces on education ranges from the lowest rate in North West at 21.8 per cent and Free State at 23.2 per cent to the highest in Gauteng at 25.1 per cent and KwaZulu-Natal at 25 per cent.

Table 3: Provincial Education Expenditure as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	22 679 786	5 486 221	24.2%	45.9%	57.4%	5 052 039	8.6%
Free State	8 539 463	1 977 182	23.2%	43.6%	58.1%	1 934 035	2.2%
Gauteng	22 485 539	5 634 674	25.1%	36.6%	49.9%	5 248 438	7.4%
Kw aZulu-Natal	29 034 762	7 245 130	25.0%	47.4%	58.9%	5 987 857	21.0%
Limpopo	18 814 610	4 504 313	23.9%	52.2%	65.3%	4 050 268	11.2%
Mpumalanga	11 530 252	2 703 330	23.4%	45.1%	61.0%	2 641 005	2.4%
Northern Cape	3 457 789	810 234	23.4%	40.0%	53.4%	776 770	4.3%
North West	9 050 791	1 971 575	21.8%	44.7%	59.4%	1 971 839	0.0%
Western Cape	11 845 691	2 850 609	24.1%	38.3%	48.6%	2 517 878	13.2%
Total	137 438 683	33 183 268	24.1%	43.8%	56.6%	30 180 129	10.0%

8. Spending on goods and services (which includes learner and teacher support material) in education is recorded at 14 per cent or R2.1 billion of its R14.7 billion budget. It comprises approximately 10.7 per cent of total provincial education budgets.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	17 372 413	4 559 650	26.2%	59.8%	83.1%	3 701 287	23.2%
Free State	6 666 435	1 620 337	24.3%	55.6%	82.0%	1 368 536	18.4%
Gauteng	16 100 096	4 112 353	25.5%	53.8%	73.0%	3 338 286	23.2%
Kw aZulu-Natal	22 022 542	5 597 653	25.4%	58.9%	77.3%	4 556 907	22.8%
Limpopo	14 667 809	3 736 701	25.5%	60.4%	83.0%	3 097 787	20.6%
Mpumalanga	9 217 097	2 202 194	23.9%	60.6%	81.5%	1 862 182	18.3%
Northern Cape	2 674 086	640 380	23.9%	55.1%	79.0%	558 767	14.6%
North West	6 814 710	1 673 003	24.5%	56.9%	84.9%	1 423 215	17.6%
Western Cape	9 107 962	2 177 538	23.9%	51.8%	76.4%	1 805 147	20.6%
Total	104 643 150	26 319 809	25.2%	57.4%	79.3%	21 712 114	21.2%

9. The bulk of education expenditure is on personnel (79.3 per cent). Current spending on education personnel amounts to 25.2 per cent or R26.3 billion of the education personnel budgets of R104.6 billion (table 4).

10. Spending by provinces ranges from the lowest in three provinces, Mpumalanga, Western Cape and Northern Cape all at 23.9 per cent, to the highest in Eastern Cape at 26.2 per cent and both Gauteng and Limpopo at 25.5 per cent.

11. Education capital expenditure is at 13.7 per cent or R982.9 million of the R7.2 billion budget. This is significantly lower by 38.4 per cent or R613.4 million less than spending over the same period of the previous financial year.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	1 253 894	97 001	7.7%	13.5%	1.8%	280 637	-65.4%
Free State	305 929	19 953	6.5%	10.0%	1.0%	193 560	-89.7%
Gauteng	1 139 032	37 849	3.3%	11.7%	0.7%	141 844	-73.3%
Kw aZulu-Natal	2 229 985	612 121	27.4%	48.6%	8.4%	432 882	41.4%
Limpopo	1 085 512	55 369	5.1%	23.8%	1.2%	288 488	-80.8%
Mpumalanga	457 725	83 773	18.3%	18.7%	3.1%	72 488	15.6%
Northern Cape	69 753	12 808	18.4%	7.3%	1.6%	24 098	-46.9%
North West	294 276	30 951	10.5%	8.9%	1.6%	84 832	-63.5%
Western Cape	315 552	33 099	10.5%	7.0%	1.2%	77 498	-57.3%
Total	7 151 658	982 924	13.7%	23.5%	3.0%	1 596 327	-38.4%

12. Spending by provinces ranges from the lowest in Gauteng at only 3.3 per cent and Limpopo at 5.1 per cent to the highest in KwaZulu-Natal at 27.4 per cent and Northern Cape at 18.4 per cent.

Health

13. Health budgets totalling R98.4 billion comprise 29.8 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	13 340 872	3 723 675	27.9%	31.2%	39.0%	3 206 610	16.1%
Free State	6 151 710	1 242 702	20.2%	27.4%	36.5%	1 150 880	8.0%
Gauteng	20 072 001	5 241 927	26.1%	34.0%	46.4%	4 290 190	22.2%
Kw aZulu-Natal	21 657 681	4 777 815	22.1%	31.2%	38.8%	4 679 772	2.1%
Limpopo	10 534 963	2 175 004	20.6%	25.2%	31.5%	2 000 617	8.7%
Mpumalanga	6 420 715	1 569 207	24.4%	26.2%	35.4%	1 514 615	3.6%
Northern Cape	2 657 301	605 926	22.8%	29.9%	39.9%	528 498	14.7%
North West	5 582 752	1 222 533	21.9%	27.7%	36.8%	1 207 064	1.3%
Western Cape	11 962 863	2 782 367	23.3%	37.4%	47.4%	2 349 684	18.4%
Total	98 380 858	23 341 156	23.7%	30.8%	39.8%	20 927 930	11.5%

14. Table 6 indicates that health expenditure is at 23.7 per cent or R23.3 billion of the total health budget, representing an increase of 11.5 per cent or R2.4 billion compared to spending over the same period in 2009/10.

15. Free State and Limpopo health have spent the lowest share of their budgets at 20.2 per cent and 20.6 per cent respectively. The highest shares are recorded in Eastern Cape at 27.9 per cent and Gauteng at 26.1 per cent.

16. Table 7 indicates that health personnel expenditure is R13.7 billion or 24.6 per cent of the health personnel budget, an increase of R2.3 billion or 20.2 per cent compared to the R11.4 billion spent over the same period in 2009/10.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	7 919 339	2 093 038	26.4%	27.4%	56.2%	1 835 547	14.0%
Free State	3 575 952	855 226	23.9%	29.3%	68.8%	706 938	21.0%
Gauteng	10 582 546	2 791 675	26.4%	36.5%	53.3%	2 139 136	30.5%
Kw aZulu-Natal	12 739 583	2 992 412	23.5%	31.5%	62.6%	2 565 332	16.6%
Limpopo	6 499 398	1 519 475	23.4%	24.6%	69.9%	1 307 345	16.2%
Mpumalanga	3 476 417	851 618	24.5%	23.4%	54.3%	687 586	23.9%
Northern Cape	1 167 528	280 659	24.0%	24.1%	46.3%	231 171	21.4%
North West	3 026 617	743 109	24.6%	25.3%	60.8%	646 377	15.0%
Western Cape	6 609 793	1 549 763	23.4%	36.9%	55.7%	1 258 611	23.1%
Total	55 597 173	13 676 975	24.6%	29.9%	58.6%	11 378 043	20.2%

17. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 23.6 per cent or R8 billion of the R33.9 billion budget.

18. Capital expenditure in the health sector is at 18.5 per cent or R1.6 billion. This represents an increase of 7.3 per cent or R111.3 million more than the R1.5 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Health Capital to total Capital expenditure	% share of Capital to total Health expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	1 282 012	301 473	23.5%	41.9%	8.1%	202 897	48.6%
Free State	617 943	43 009	7.0%	21.5%	3.5%	69 398	-38.0%
Gauteng	1 690 643	261 427	15.5%	80.6%	5.0%	302 211	-13.5%
Kw aZulu-Natal	1 649 148	261 749	15.9%	20.8%	5.5%	418 179	-37.4%
Limpopo	1 002 858	116 783	11.6%	50.2%	5.4%	137 882	-15.3%
Mpumalanga	791 158	182 242	23.0%	40.6%	11.6%	52 968	244.1%
Northern Cape	478 298	84 914	17.8%	48.2%	14.0%	60 109	41.3%
North West	419 345	213 537	50.9%	61.2%	17.5%	158 979	34.3%
Western Cape	906 687	173 813	19.2%	36.8%	6.2%	125 063	39.0%
Total	8 838 092	1 638 947	18.5%	39.2%	7.0%	1 527 686	7.3%

19. Between provinces, with a varying degree of spending, the lowest rate of health capital spending is in Free State at 7 per cent and Limpopo at 11.6 per cent with the highest in North West and Eastern Cape at 50.9 per cent and 23.5 per cent respectively.

Social Development

20. Social development budgets, at R10.2 billion, comprise 3.1 per cent of total provincial budgets.
21. Provinces registered spending of 20.2 per cent or R2.1 billion of their R10.2 billion budget. This represents an increase of 4.9 per cent or R96.3 million above the R2 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 16.6 per cent and KwaZulu-Natal at 17.2 per cent while the highest are Limpopo at 26.9 per cent and Free State at 25.1 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	1 560 151	348 067	22.3%	2.9%	3.6%	310 822	12.0%
Free State	721 690	180 972	25.1%	4.0%	5.3%	129 533	39.7%
Gauteng	2 165 370	410 365	19.0%	2.7%	3.6%	389 341	5.4%
Kw aZulu-Natal	1 668 170	286 414	17.2%	1.9%	2.3%	399 383	-28.3%
Limpopo	805 705	216 759	26.9%	2.5%	3.1%	130 638	65.9%
Mpumalanga	881 447	159 870	18.1%	2.7%	3.6%	141 895	12.7%
Northern Cape	464 212	102 412	22.1%	5.1%	6.7%	75 921	34.9%
North West	749 875	124 700	16.6%	2.8%	3.8%	145 048	-14.0%
Western Cape	1 219 287	235 848	19.3%	3.2%	4.0%	246 494	-4.3%
Total	10 235 907	2 065 407	20.2%	2.7%	3.5%	1 969 075	4.9%

Housing and Local Government

23. Housing and local government budgets at R20.8 billion comprise 6.3 per cent of total provincial budgets.

Table 10: Provincial Housing and Local Government Expenditure as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Local Gov & Housing to total provincial expenditure	% share of Housing Grant to total LG & Housing expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	2 533 676	509 141	20.1%	4.3%	59.8%	515 863	-1.3%
Free State	1 684 961	227 046	13.5%	5.0%	56.6%	343 303	-33.9%
Gauteng	4 511 575	833 136	18.5%	5.4%	78.4%	1 392 817	-40.2%
Kw aZulu-Natal	4 173 516	627 943	15.0%	4.1%	47.7%	762 170	-17.6%
Limpopo	1 885 787	314 655	16.7%	3.6%	59.9%	460 647	-31.7%
Mpumalanga	1 601 587	316 704	19.8%	5.3%	62.2%	312 865	1.2%
Northern Cape	493 017	116 908	23.7%	5.8%	59.5%	113 950	2.6%
North West	1 704 199	204 679	12.0%	4.6%	68.0%	228 379	-10.4%
Western Cape	2 163 261	452 855	20.9%	6.1%	84.1%	414 027	9.4%
Total	20 751 579	3 603 067	17.4%	4.8%	65.5%	4 544 021	-20.7%

24. Housing and local government spending at the end of the first quarter is at 17.4 per cent or R3.6 billion of the R20.8 billion budget (table 10). This represents a significant decrease of 20.7 per cent or R941 million less than the R4.5 billion spent over the same period last year.

25. Spending varies between provinces with the lowest being in North West at 12 per cent and Free State at 13.5 per cent while the highest are Northern Cape at 23.7 per cent and Western Cape at 20.9 per cent.

Housing Conditional Grant

26. Most of the housing and local government expenditure is on the Human Settlements Development conditional grant. Table 11 indicates that provinces spent 15.7 per cent or R2.4 billion of their R15 billion housing conditional grant. These spending figures are less by 28 per cent or R916.9 million over the same period last year.

Table 11: Provincial Human Settlements Development Grant as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	1 598 646	304 217	19.0%	2.5%	12.9%	295 942	2.8%
Free State	1 300 691	128 435	9.9%	2.8%	5.4%	287 762	-55.4%
Gauteng	3 771 831	653 410	17.3%	4.2%	27.7%	1 156 586	-43.5%
Kw aZulu-Natal	2 714 109	299 822	11.0%	2.0%	12.7%	364 577	-17.8%
Limpopo	1 234 750	188 548	15.3%	2.2%	8.0%	364 473	-48.3%
Mpumalanga	975 863	197 076	20.2%	3.3%	8.3%	212 377	-7.2%
Northern Cape	273 260	69 523	25.4%	3.4%	2.9%	62 709	10.9%
North West	1 288 770	139 103	10.8%	3.2%	5.9%	188 557	-26.2%
Western Cape	1 868 843	380 946	20.4%	5.1%	16.1%	344 956	10.4%
Total	15 026 763	2 361 080	15.7%	3.1%	100.0%	3 277 939	-28.0%

Personnel Expenditure

27. Personnel expenditure ("compensation of employees") is at 24.7 per cent or R45.8 billion of the R185.7 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	29 548 093	7 629 316	25.8%	63.8%	16.7%	6 511 862	17.2%
Free State	12 253 768	2 916 427	23.8%	64.3%	6.4%	2 450 344	19.0%
Gauteng	29 910 978	7 641 332	25.5%	49.6%	16.7%	6 131 509	24.6%
Kw aZulu-Natal	38 918 909	9 509 223	24.4%	62.2%	20.8%	7 919 144	20.1%
Limpopo	24 977 819	6 183 796	24.8%	71.7%	13.5%	5 189 964	19.1%
Mpumalanga	15 320 160	3 634 222	23.7%	60.7%	7.9%	3 036 945	19.7%
Northern Cape	4 912 419	1 162 284	23.7%	57.4%	2.5%	998 400	16.4%
North West	12 025 335	2 939 860	24.4%	66.6%	6.4%	2 455 503	19.7%
Western Cape	17 847 042	4 202 531	23.5%	56.4%	9.2%	3 472 361	21.0%
Total	185 714 523	45 818 991	24.7%	60.5%	100.0%	38 166 032	20.1%

28. Spending to date is 20.1 per cent or R7.7 billion higher than the R38.2 billion spent over the same period last year.

29. Western Cape and both Northern Cape and Mpumalanga recorded the lowest rate of personnel spending at 23.5 per cent and 23.7 per cent respectively while Eastern Cape and Gauteng recorded the highest rates at 25.8 per cent and 25.5 per cent respectively.

Overall Capital Budgets and Expenditure

30. By the end of the first quarter, provinces have spent 16.4 per cent or R4.2 billion of their R25.4 billion capital budgets ("payments for capital assets"). This is a decline of 21.2 per cent when compared to the same period in 2009/10.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2010

	Main budget	Actual spending as at 30 June 2010	Actual spending as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	3 648 987	719 607	19.7%	6.0%	17.2%	855 556	-15.9%
Free State	2 010 425	199 662	9.9%	4.4%	4.8%	324 705	-38.5%
Gauteng	3 131 658	324 210	10.4%	2.1%	7.8%	530 027	-38.8%
Kw aZulu-Natal	6 607 601	1 259 083	19.1%	8.2%	30.1%	1 424 687	-11.6%
Limpopo	2 702 293	232 416	8.6%	2.7%	5.6%	501 536	-53.7%
Mpumalanga	2 183 575	448 650	20.5%	7.5%	10.7%	347 722	29.0%
Northern Cape	1 041 856	176 317	16.9%	8.7%	4.2%	161 611	9.1%
North West	1 620 731	348 874	21.5%	7.9%	8.3%	586 158	-40.5%
Western Cape	2 478 975	472 672	19.1%	6.3%	11.3%	577 120	-18.1%
Total	25 426 101	4 181 491	16.4%	5.5%	100.0%	5 309 122	-21.2%

31. Table 13 provides capital spending information by province, which indicates low rates of spending in Limpopo at 8.6 per cent and Free State at 9.9 per cent and high rates in North West at 21.5 per cent and Mpumalanga at 20.5 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R1.3 billion followed by Eastern Cape at R719.6 million and Western Cape at R472.7 million.

32. Provincial education departments spent 13.7 per cent or R982.9 million of their R7.2 billion education capital budgets. This is 38.4 per cent or R613.4 million less than spending over the same period of the previous financial year.

33. Provincial health departments improved on capital spending. They have spent 18.5 per cent or R1.6 billion against their R8.8 billion health capital budgets, which is 7.3 per cent or R111.3 million more than the same period for 2009/10.

34. The second highest share of provincial capital budgets, after health, is for public works, roads and transport departments at 29.2 per cent. The sector spent 18 per cent or R1.3 billion against its combined capital budgets of R7.4 billion.

Conditional Grants

35. The total conditional grant allocation is R61.9 billion (including Schedule 4 and 8 grants) with health making up the bulk at R19.9 billion.

36. Table 14 (overleaf) reflects spending on conditional grant allocations as at 30 June 2010 for all provinces. It excludes expected conditional grant roll-overs from the 2009/10 financial year and spending on Schedule 4 grants. Schedule 4 grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Expanded Public Works Programme Incentive grant for the Infrastructure Sector (Schedule 8 grant) specifies incentives to provinces to meet targets with regards to priority government programmes.

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2010

R thousand	Division of Revenue Act, 2010 (Act No. 1 of 2010)	Received by province	Actual spending as at 30 June 2010	Actual spending as % of main budget (excluding Schedule 4, 8 grants)
Agriculture, Forestry and Fisheries	1 116 867	227 918	15 891	6.2%
1. Comprehensive Agricultural Support Programme Grant	862 365	172 469	11 295	5.6%
Ilima/Letsema Projects Grant	200 000	50 000	4 596	8.4%
Land Care Programme Grant: Poverty Relief and Infrastructure	54 502	5 449	-	0.0%
Arts and Culture	512 660	86 736	54 010	10.5%
Community Library Services Grant	512 660	86 736	54 010	10.5%
Basic Education	3 931 371	1 061 316	606 545	15.4%
HIV and Aids (Life Skills Education) Grant	188 045	43 161	13 586	7.2%
National School Nutrition Programme Grant	3 663 326	1 006 157	592 959	16.2%
Technical Secondary Schools Recapitalisation Grant	80 000	11 998	-	0.0%
Health	19 852 773	4 921 085	2 103 608	19.9%
Comprehensive HIV and Aids Grant	6 011 757	1 439 618	1 131 356	18.8%
Forensic Pathology Services Grant	556 962	145 646	136 387	24.5%
1. Health Professions Training and Development Grant	1 865 387	495 657	-	0.0%
Hospital Revitalisation Grant	4 020 667	990 661	835 865	20.8%
1. National Tertiary Services Grant	7 398 000	1 849 503	-	0.0%
Higher Education and Training	3 772 661	1 208 190	-	0.0%
1. Further Education and Training Colleges Grant	3 772 661	1 208 190	-	0.0%
Human Settlements	15 160 563	3 561 724	2 371 388	15.6%
Housing Disaster Relief Grant	133 800	33 450	10 308	7.7%
Human Settlements Development Grant	15 026 763	3 528 274	2 361 080	15.7%
National Treasury	11 314 911	2 828 727	-	0.0%
1. Infrastructure Grant to Provinces	11 314 911	2 828 727	-	0.0%
Public Works	1 483 833	466 079	186 272	16.2%
Devolution of Property Rate Funds Grant	1 096 192	463 581	186 272	17.0%
2. EPWP Incentive Grant to Provinces for the Infrastructure Sector	331 004	2 498	-	0.0%
EPWP Grant for the Social Sector	56 637	-	-	0.0%
Sport and Recreation South Africa	426 385	123 227	70 230	16.5%
Mass Sport and Recreation Participation Programme Grant	426 385	123 227	70 230	16.5%
Transport	4 312 431	1 419 081	438 360	97.5%
Gautrain Rapid Rail Link Grant	438 360	438 360	438 360	100.0%
Overload Control Grant	11 038	11 038	-	0.0%
1. Public Transport Operations Grant	3 863 033	969 683	-	0.0%
Total	61 884 455	15 904 083	5 846 304	18.0%
Total excluding Schedules 4 and 8 grants	32 477 094	8 377 356	5 407 944	16.9%
Total excluding Schedules 4,8 grants & Gautrain	32 038 734	7 938 996	5 407 944	16.9%

1. Schedule 4 grants specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets.

2. Schedule 8 grants specifying incentives to provinces to meet targets with regards to priority government programmes.

37. Against the total allocation of R32.5 billion, this excludes Schedules 4 and 8 grants, the rate of conditional grants spending amounts to 18 per cent or R5.8 billion. However, when excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R5.4 billion or 16.9 per cent against a total allocation of R32 billion.

38. Specific grants that show low rates of spending include: Ilima/Letsema Projects (5.6 per cent), HIV and Aids (Life Skills Education) (7.2 per cent), Housing Disaster Relief (7.7 per cent), Land Care Programme (8.4 per cent) and Community Library Services (10.5 per cent).
39. Table 15 indicates selected conditional grant spending rates as at 30 June 2010. 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), Hospital Revitalisation and Devolution of Property Rate Funds.
40. 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 Grants Spending Rates as at 30 June 2010

	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 In	7 EC, FS, KZN, LIM, MPU, NC, NW	2 GT, WC	
Arts and Culture			
Community Library Services Grant	7 EC, FS, GT, KZN, LIM, NW, WC	2 MPU, NC	
Education			
HIV and Aids (Life Skills Education) Grant	8 EC, FS, GT, KZN, LIM, NC, NW, WC	1 MPU	
National School Nutrition Programme Grant	3 GT, MPU, NW	5 EC, KZN, LIM, NC, WC	1 FS
Health			
Comprehensive HIV and Aids Grant	2 FS, NW	6 EC, KZN, LIM, MPU, NC, WC	1 GT
Forensic Pathology Services Grant	1 MPU	6 EC, FS, GT, LIM, NC, NW	2 KZN, WC
Hospital Revitalisation Grant	5 EC, FS, KZN, LIM, NC	2 MPU, WC	2 GT, NW
Housing			
Human Settlements Development Grant	3 FS, KZN, NW	5 EC, GT, LIM, MPU, WC	1 NC
Public Works			
Devolution of Property Rate Funds Grant	7 EC, GT, LIM, MPU, NC, NW, WC		2 FS, KZN
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Pro	3 FS, GT, NW	5 EC, KZN, MPU, NC, WC	1 LIM
Transport			
Gautrain Rapid Rail Link Grant			1 GT

Percentages represent actual expenditure of main budgets as published in the Division of Revenue Act, 2010 (Act No. 1 of 2010).

Provincial Revenue

41. Provincial revenue includes budgeted equitable share allocations of R261 billion, conditional grants of R61.9 billion and own revenue of R9.5 billion. The total provincial revenue received and collected to date is recorded at 25 per cent or R83.2 billion of total budgeted revenue of R332.3 billion.
42. National government transferred 25 per cent or R65.2 billion of the equitable share and 25.7 per cent or R15.9 billion in conditional grants, to provinces after the first quarter of the current financial year.
43. After the first quarter, provinces have collected 21.9 per cent or R2.1 billion of the budgeted own revenue of R9.5 billion which is 1.5 per cent or R30 million more than what was collected by the end of June for the previous financial year.

44. The collection rate varies from 11.1 per cent in North West and 18 per cent in Mpumalanga, to a high of 30 per cent in Eastern Cape and 26.3 per cent in Northern Cape.

Table 16: Provincial Own Revenue Collection as at 30 June 2010

	Main budget	Actual collection as at 30 June 2010	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue	% share of Own Revenue collected to total Own Revenue collected	2009/10: Outcome as at 30 June 2009	Year-on-year growth
R thousand							
Eastern Cape	634 222	190 083	30.0%	1.6%	9.2%	189 838	0.1%
Free State	647 411	162 901	25.2%	3.1%	7.8%	126 767	28.5%
Gauteng	2 801 234	533 274	19.0%	3.4%	25.7%	502 877	6.0%
Kw aZulu-Natal	1 803 568	439 647	24.4%	2.5%	21.2%	423 112	3.9%
Limpopo	553 438	129 658	23.4%	1.3%	6.2%	116 209	11.6%
Mpumalanga	555 117	99 818	18.0%	1.5%	4.8%	129 127	-22.7%
Northern Cape	185 696	48 923	26.3%	2.1%	2.4%	39 328	24.4%
North West	610 361	67 476	11.1%	1.2%	3.2%	50 615	33.3%
Western Cape	1 687 817	405 203	24.0%	4.8%	19.5%	469 082	-13.6%
Total	9 478 864	2 076 983	21.9%	2.5%	100.0%	2 046 955	1.5%