



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PRESS RELEASE

3 MARCH 2011

Provincial Budgets: 2010/11 Financial Year Third Quarter Year to Date Provincial Budgets and Expenditure Report

SUMMARY:

1. Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this provincial budget statement of receipts and payments covers spending for the first nine months (April to December 2010) of the 2010/11 financial year. The statement is available on the treasury website at www.treasury.gov.za.
2. The information comes from the Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who, in turn, submitted the information to the National Treasury. Queries on spending or budget numbers should therefore, in the first instance, be referred to the head of the relevant provincial department, and in the second instance to the head of the relevant provincial treasury. Queries on conditional grants may be referred to the head of the administering national department.
3. The budgeted figures in the third quarter publication take account of revisions effected in the 2010 Adjusted Estimates of Provincial Expenditure, which were presented to the provincial legislatures during November and December 2010. It includes R5.3 billion appropriated by national government to provinces (R4.2 billion to the provincial equitable share and R1.1 billion to conditional grants) through the Adjustments Appropriation Act and Division of Revenue Amendment Act.
4. The additional transfers to provinces are for:
 - a. Higher than budgeted personnel remuneration increases, including the increased housing allowance.
 - b. Occupation Specific Dispensation payments for the provincial health sector.
 - c. Expenditure for the Devolution of Property Rate Funds grant in provinces.
 - d. Expenditure for the Comprehensive HIV and Aids programme to meet the increased demand for male circumcision.
 - e. Expenses relating to disasters and other emergencies in KwaZulu-Natal and the Western Cape.
5. Over and above the additional transfers, provinces increased their main budgets by R3.8 billion. The increases consist mainly of unspent conditional grants not surrendered to the National Revenue Fund and other funds surrendered to the respective Provincial Revenue Funds during 2009/10.

6. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R9.1 billion with the bulk going to education (R3 billion), health (R2.3 billion) and public works, roads and transport (R1.8 billion).

Overall Expenditure Trends

7. In aggregate, provinces spent R242.9 billion, or 71.7 per cent, of their adjusted budgets of R338.9 billion for the period ended 31 December 2010. This represents a spending increase of 7.1 per cent or R16.1 billion compared to the same period last year when provinces had spent R226.8 billion.
8. Education expenditure totalled R104.5 billion, or 74.4 per cent of the R140.4 billion combined education adjusted budgets, and remains the largest item on provincial budgets (41.4 per cent). This expenditure is an increase of 10.3 per cent or R9.7 billion on the same period last year.
9. Health expenditure totalled R72.2 billion, or 71.7 per cent, of the R100.7 billion combined health adjusted budgets and is the second largest item on provincial budgets (29.7 per cent). This represents an increase of 10.3 per cent or R6.8 billion on the same period last year.
10. Social development spending is R7 billion or 66.1 per cent of the R10.6 billion social development adjusted budgets.
11. Personnel expenditure in aggregate is at R145.2 billion, or 75.8 per cent of the budgeted R191.5 billion.
12. In aggregate, provinces spent R14.2 billion or 55.9 per cent of their R25.4 billion combined capital adjusted budgets. This is a decline of 12.8 per cent when compared to the same period in 2009/10.
13. Provincial education departments spent R3.6 billion or 57.4 per cent of the budgeted R6.2 billion for capital expenditure. This is R1 billion or 21.1 per cent less than what was spent in the previous financial year.
14. Provincial health departments spent R4.6 billion or 50.7 per cent of the budgeted R9.1 billion for capital expenditure, which is R550.2 million or 10.7 per cent, less than the same period for 2009/10.
15. After health, the second biggest share of provincial capital adjusted budgets, is for public works, roads and transport departments (31 per cent), which spent R5.1 billion or 64.9 per cent of the total capital budget of R7.9 billion.
16. Provincial own revenue collected thus far is at R7.3 billion or 76.6 per cent of the budgeted own revenue of R9.6 billion. After nine months, national government had transferred R198.8 billion of the equitable share and R46.7 billion of conditional grants to provinces.
17. A more detailed analysis of the expenditure outcome as at 31 December 2010 is set out in Annexure A, which also includes a comparative analysis of spending for the same period over the 2009/10 financial year.

DETAILED ANALYSIS FOR THE THIRD QUARTER YEAR TO DATE OF THE 2010/11 FINANCIAL YEAR

- The budgeted figures for provinces are based on the 2010/11 adjusted estimates of provincial revenue and expenditure documents (adjusted budgets) tabled in the provincial legislatures during November and December 2010.

Total Expenditure

- Table 1 indicates that nine months into the current financial year provinces had spent R242.9 billion, or 71.7 per cent, of the adjusted budgeted expenditure of R338.9 billion. Spending against adjusted budgets is lower in percentage terms compared to the same period for the 2009/10 financial year when it stood at 74.6 per cent. However, spending in nominal terms is 7.1 per cent, or R16.1 billion, higher than last year, when provinces spent R226.8 billion.
- Among provinces, spending is the lowest in KwaZulu-Natal (68.7 per cent of the adjusted budget) and the Free State (69.4 per cent) and highest in Gauteng at 74.9 per cent and the Eastern Cape at 74.4 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2010

R thousand	Adjusted budget 2010/11					Total	Actual spending as at 31 December 2010					Actual spending as % of adjusted budget	2009/10: Outcome as at 31 December 2009	Year-on-year growth
	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	40 187 790	6 009 665	3 491 104	–		49 688 559	30 770 940	4 491 720	1 709 273	97	36 972 030	74.4%	35 382 415	4.5%
Free State	16 403 408	3 614 460	2 018 748	939		22 037 555	11 845 621	2 373 932	1 071 202	5 813	15 296 568	69.4%	13 518 259	13.2%
Gauteng	47 053 565	12 299 424	2 479 861	–		61 832 850	34 963 504	10 072 919	1 279 112	11 297	46 326 832	74.9%	44 269 317	4.6%
KwaZulu-Natal	54 710 086	9 636 557	6 525 591	333 428		71 205 662	38 860 752	6 038 386	3 841 345	189 046	48 929 529	68.7%	47 005 590	4.1%
Limpopo	32 985 362	5 226 246	2 848 421	150		41 060 179	24 068 470	3 743 707	1 557 515	158	29 369 850	71.5%	25 932 562	13.3%
Mpumalanga	21 133 433	3 338 798	2 311 348	25		26 783 604	15 500 442	2 462 756	1 271 446	82	19 234 726	71.8%	17 531 375	9.7%
Northern Cape	7 184 312	1 130 467	1 126 829	–		9 441 608	5 240 957	842 869	651 160	4	6 734 990	71.3%	6 085 843	10.7%
North West	16 953 830	3 809 371	1 667 322	21		22 430 544	12 122 817	2 608 407	1 066 976	–	15 798 200	70.4%	15 259 034	3.5%
Western Cape	25 380 471	6 097 857	2 928 149	5 151		34 411 628	18 074 762	4 367 068	1 757 676	3 767	24 203 273	70.3%	21 831 291	10.9%
Total	261 992 257	51 162 845	25 397 373	339 714		338 892 189	191 448 265	37 001 764	14 205 705	210 264	242 865 998	71.7%	226 815 686	7.1%

Social Services

- Provinces have budgeted R251.7 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 31 December 2010

R thousand	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
Education	140 413 423	104 477 163	74.4%	43.0%	56.9%	94 740 770	10.3%
Health	100 720 587	72 236 999	71.7%	29.7%	39.3%	65 474 611	10.3%
Social Development	10 570 873	6 989 610	66.1%	2.9%	3.8%	6 528 173	7.1%
Total	251 704 883	183 703 772	73.0%	75.6%	100.0%	166 743 554	10.2%

5. Spending on social services is recorded at R183.7 billion, or 73 per cent of the total provincial social services adjusted budgets for the first nine months of 2010/11.

Education

6. Education adjusted budgets of R140.4 billion comprise 41.4 per cent of total provincial adjusted budgets. Table 3 indicates that education expenditure is at 74.4 per cent or R104.5 billion of the total education adjusted budget, an increase of 10.3 per cent, or R9.7 billion, on the R94.7 billion spent over the same period in 2009/10.
7. Spending by provinces on education ranges from the lowest rates of 70.9 per cent in the Free State and 73.3 per cent in Mpumalanga, to the highest in the Eastern Cape at 76.6 per cent, followed by Limpopo at 75.3 per cent.

Table 3: Provincial Education Expenditure as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	23 183 440	17 751 573	76.6%	48.0%	60.9%	16 533 975	7.4%
Free State	8 731 626	6 190 227	70.9%	40.5%	56.4%	5 785 315	7.0%
Gauteng	22 841 486	16 767 367	73.4%	36.2%	50.0%	14 957 079	12.1%
Kw aZulu-Natal	29 570 060	22 171 428	75.0%	45.3%	57.9%	19 685 170	12.6%
Limpopo	19 440 679	14 646 483	75.3%	49.9%	64.3%	13 003 061	12.6%
Mpumalanga	11 961 872	8 769 065	73.3%	45.6%	61.9%	8 034 934	9.1%
Northern Cape	3 509 409	2 580 039	73.5%	38.3%	52.9%	2 440 820	5.7%
North West	9 176 639	6 777 294	73.9%	42.9%	59.8%	6 346 855	6.8%
Western Cape	11 998 212	8 823 687	73.5%	36.5%	47.5%	7 953 561	10.9%
Total	140 413 423	104 477 163	74.4%	43.0%	56.9%	94 740 770	10.3%

8. Spending on goods and services (including learner and teacher support materials) in education is recorded at R8.5 billion, or 56.5 per cent of the budgeted amount of R15 billion. It comprises approximately 10.7 per cent of total provincial education adjusted budgets.

Table 4: Provincial Personnel Expenditure: Education as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	18 332 258	14 540 661	79.3%	60.6%	81.9%	12 618 481	15.2%
Free State	6 822 986	5 088 933	74.6%	54.7%	82.2%	4 486 882	13.4%
Gauteng	16 869 088	13 038 840	77.3%	53.4%	77.8%	11 197 550	16.4%
Kw aZulu-Natal	22 769 852	17 533 163	77.0%	58.6%	79.1%	15 344 752	14.3%
Limpopo	15 162 567	11 838 544	78.1%	60.5%	80.8%	10 204 243	16.0%
Mpumalanga	9 246 479	6 976 751	75.5%	60.7%	79.6%	6 159 562	13.3%
Northern Cape	2 719 157	2 050 952	75.4%	54.3%	79.5%	1 857 897	10.4%
North West	6 937 153	5 293 968	76.3%	56.4%	78.1%	4 796 457	10.4%
Western Cape	9 330 046	6 823 873	73.1%	51.2%	77.3%	6 022 468	13.3%
Total	108 189 586	83 185 685	76.9%	57.3%	79.6%	72 688 292	14.4%

9. The bulk of education expenditure is on personnel (79.6 per cent). Current spending on education personnel amounts to R83.2 billion, or 76.9 per cent, of the R108.2 billion budgeted for personnel (table 4).
10. Spending by provinces on personnel expenditure in education ranges from 73.1 per cent in the Western Cape, to 79.3 per cent in the Eastern Cape.
11. Education capital expenditure is at R3.6 billion, or 57.4 per cent, of the R6.2 billion adjusted budget. This is significantly lower than the spending over the same period of the previous financial year.

Table 5: Provincial Capital Expenditure: Education as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	903 335	297 295	32.9%	17.4%	1.7%	838 580	-64.5%
Free State	247 872	71 469	28.8%	6.7%	1.2%	373 118	-80.8%
Gauteng	382 050	411 058	107.6%	32.1%	2.5%	674 288	-39.0%
Kw aZulu-Natal	2 105 304	1 398 177	66.4%	36.4%	6.3%	1 046 594	33.6%
Limpopo	1 083 969	622 295	57.4%	40.0%	4.2%	824 460	-24.5%
Mpumalanga	659 372	276 766	42.0%	21.8%	3.2%	261 140	6.0%
Northern Cape	76 212	54 391	71.4%	8.4%	2.1%	76 656	-29.0%
North West	310 699	142 518	45.9%	13.4%	2.1%	251 943	-43.4%
Western Cape	468 264	305 134	65.2%	17.4%	3.5%	190 663	60.0%
Total	6 237 077	3 579 103	57.4%	25.2%	3.4%	4 537 442	-21.1%

12. Spending on education capital expenditure is lowest in the Free State at 28.8 per cent and highest in Gauteng at 107.6 per cent.

Health

13. Health adjusted budgets totalling R100.7 billion comprise 29.7 per cent of total provincial adjusted budgets.

Table 6: Provincial Health Expenditure as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	13 842 348	10 274 230	74.2%	27.8%	35.2%	9 736 511	5.5%
Free State	6 307 313	4 262 001	67.6%	27.9%	38.9%	3 709 362	14.9%
Gauteng	20 386 800	15 458 909	75.8%	33.4%	46.1%	13 737 710	12.5%
Kw aZulu-Natal	22 120 186	15 160 740	68.5%	31.0%	39.6%	14 283 536	6.1%
Limpopo	10 704 084	7 373 078	68.9%	25.1%	32.4%	6 452 757	14.3%
Mpumalanga	6 591 225	4 818 387	73.1%	25.1%	34.0%	4 390 897	9.7%
Northern Cape	2 655 462	1 945 926	73.3%	28.9%	39.9%	1 723 288	12.9%
North West	5 704 786	4 083 168	71.6%	25.8%	36.0%	3 866 872	5.6%
Western Cape	12 408 383	8 860 560	71.4%	36.6%	47.7%	7 573 678	17.0%
Total	100 720 587	72 236 999	71.7%	29.7%	39.3%	65 474 611	10.3%

14. Table 6 indicates that, at R72.2 billion or 71.7 per cent of the total health adjusted budget, health expenditure increased by 10.3 per cent, or R6.8 billion, on the same period in 2009/10.
15. The Free State and KwaZulu-Natal provinces spent the lowest share of their health adjusted budgets at 67.6 per cent and 68.5 per cent respectively. The highest shares are recorded by Gauteng at 75.8 per cent and the Eastern Cape at 74.2 per cent.
16. Table 7 indicates that health personnel expenditure is R43.6 billion, or 75.8 per cent, of the health personnel adjusted budget, an increase of R6.7 billion, or 18.1 per cent, on the R36.9 billion spent over the same period in 2009/10.

Table 7: Provincial Personnel Expenditure: Health as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	8 204 792	6 289 860	76.7%	26.2%	61.2%	5 608 712	12.1%
Free State	3 693 486	2 811 549	76.1%	30.2%	66.0%	2 300 875	22.2%
Gauteng	10 893 823	9 031 356	82.9%	37.0%	58.4%	7 163 460	26.1%
Kw aZulu-Natal	13 231 196	9 542 832	72.1%	31.9%	62.9%	8 333 956	14.5%
Limpopo	6 599 370	4 823 961	73.1%	24.7%	65.4%	4 099 665	17.7%
Mpumalanga	3 579 957	2 657 642	74.2%	23.1%	55.2%	2 267 045	17.2%
Northern Cape	1 199 991	954 694	79.6%	25.3%	49.1%	757 780	26.0%
North West	3 130 487	2 425 603	77.5%	25.8%	59.4%	2 106 055	15.2%
Western Cape	6 937 042	5 021 302	72.4%	37.7%	56.7%	4 230 861	18.7%
Total	57 470 144	43 558 799	75.8%	30.0%	60.3%	36 868 409	18.1%

17. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R24.1 billion, or 70.5 per cent, of the R34.2 billion adjusted budget.
18. Capital expenditure in the health sector is at R4.6 billion, or 50.7 per cent, a decrease of R550.2 million or 10.7 per cent, on the R5.2 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Health Capital to total Capital expenditure	% share of Capital to total Health expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	1 344 587	602 809	44.8%	35.3%	5.9%	764 597	-21.2%
Free State	629 700	209 952	33.3%	19.6%	4.9%	219 543	-4.4%
Gauteng	1 797 966	770 121	42.8%	60.2%	5.0%	818 100	-5.9%
Kw aZulu-Natal	1 658 217	796 489	48.0%	20.7%	5.3%	1 054 736	-24.5%
Limpopo	1 048 628	578 614	55.2%	37.1%	7.8%	518 458	11.6%
Mpumalanga	734 202	441 255	60.1%	34.7%	9.2%	550 636	-19.9%
Northern Cape	449 123	248 050	55.2%	38.1%	12.7%	290 070	-14.5%
North West	449 349	349 111	77.7%	32.7%	8.6%	459 363	-24.0%
Western Cape	979 245	611 571	62.5%	34.8%	6.9%	482 682	26.7%
Total	9 091 017	4 607 972	50.7%	32.4%	6.4%	5 158 185	-10.7%

19. Spending by provinces varied, with the lowest rate of health capital expenditure being in the Free State at 33.3 per cent, Gauteng at 42.8 per cent, and the highest being North West and the Western Cape at 77.7 per cent and 62.5 per cent respectively.

Social Development

20. At R10.6 billion, the social development adjusted budget comprises 3.1 per cent of total provincial adjusted budgets.
21. Provinces registered spending of R7 billion, or 66.1 per cent, of the total R10.6 billion adjusted budget. This represents an increase of R461.4 million, or 7.1 per cent, on the R6.5 billion spent over the same period last year.
22. There are varying degrees of spending among provinces, the lowest being KwaZulu-Natal at 58.9 per cent and Gauteng at 60.9 per cent while the highest are the Northern Cape at 73.3 per cent and Eastern Cape at 72.5 per cent.

Table 9: Provincial Social Development Expenditure as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	1 566 136	1 135 595	72.5%	3.1%	3.9%	1 021 803	11.1%
Free State	714 837	514 432	72.0%	3.4%	4.7%	469 598	9.5%
Gauteng	2 181 638	1 327 672	60.9%	2.9%	4.0%	1 398 448	-5.1%
Kw aZulu-Natal	1 668 182	982 246	58.9%	2.0%	2.6%	1 015 823	-3.3%
Limpopo	1 105 216	755 010	68.3%	2.6%	3.3%	583 298	29.4%
Mpumalanga	881 447	572 175	64.9%	3.0%	4.0%	508 232	12.6%
Northern Cape	479 340	351 171	73.3%	5.2%	7.2%	293 312	19.7%
North West	740 260	477 704	64.5%	3.0%	4.2%	399 561	19.6%
Western Cape	1 233 817	873 605	70.8%	3.6%	4.7%	838 098	4.2%
Total	10 570 873	6 989 610	66.1%	2.9%	3.8%	6 528 173	7.1%

Human Settlements and Local Government

23. Human settlements and local government adjusted budgets, at R21.4 billion, comprise 6.3 per cent of total provincial adjusted budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	2 646 448	1 834 855	69.3%	5.0%	64.0%	1 754 454	4.6%
Free State	1 788 436	1 074 437	60.1%	7.0%	70.4%	1 062 803	1.1%
Gauteng	4 635 778	3 367 953	72.7%	7.3%	83.8%	3 599 534	-6.4%
Kw aZulu-Natal	4 254 459	2 411 270	56.7%	4.9%	61.7%	2 732 376	-11.8%
Limpopo	1 898 687	1 373 911	72.4%	4.7%	71.0%	1 192 234	15.2%
Mpumalanga	1 673 047	1 071 171	64.0%	5.6%	64.6%	993 528	7.8%
Northern Cape	497 671	433 668	87.1%	6.4%	63.0%	429 255	1.0%
North West	1 681 607	1 037 997	61.7%	6.6%	73.9%	1 157 663	-10.3%
Western Cape	2 305 404	1 473 166	63.9%	6.1%	84.1%	1 280 023	15.1%
Total	21 381 537	14 078 428	65.8%	5.8%	72.4%	14 201 870	-0.9%

24. Spending by human settlements and local government was R14.1 billion, or 65.8 per cent, of the R21.4 billion adjusted budget. This represents a decrease of R123.4 million, or 0.9 per cent, on the R14.2 billion spent over the same period last year.

25. Spending levels by provinces varied, with the lowest being KwaZulu-Natal at 56.7 per cent and the Free State at 60.1 per cent, while the highest spenders were the Northern Cape at 87.1 per cent and Gauteng at 72.7 per cent.

Human Settlements Development Conditional Grant

26. Most of the human settlements and local government expenditure is from the Human Settlements Development conditional grant. Table 11 indicates that provinces spent R10.2 billion, or 66.8 per cent, of the R15.2 billion Human Settlements Development grant adjusted budget. These spending figures are R63.7 million or 0.6 per cent lower than the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 31 December 2010

R thousand	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
Eastern Cape	1 598 646	1 174 944	73.5%	3.2%	11.5%	1 063 218	10.5%
Free State	1 300 691	756 528	58.2%	4.9%	7.4%	833 331	-9.2%
Gauteng	3 886 831	2 823 271	72.6%	6.1%	27.7%	2 977 026	-5.2%
Kw aZulu-Natal	2 791 133	1 488 094	53.3%	3.0%	14.6%	1 677 125	-11.3%
Limpopo	1 246 150	975 002	78.2%	3.3%	9.6%	880 391	10.7%
Mpumalanga	1 011 033	692 454	68.5%	3.6%	6.8%	583 415	18.7%
Northern Cape	273 260	273 069	99.9%	4.1%	2.7%	281 263	-2.9%
North West	1 188 973	766 674	64.5%	4.9%	7.5%	869 170	-11.8%
Western Cape	1 952 721	1 238 859	63.4%	5.1%	12.2%	1 087 690	13.9%
Total	15 249 438	10 188 895	66.8%	4.2%	100.0%	10 252 629	-0.6%

Personnel expenditure

27. Personnel expenditure (compensation of employees) for the first nine months of the 2010/11 financial year is at R145.2 billion, or 75.8 per cent, of the R191.5 billion adjusted budget.

Table 12: Provincial Personnel Expenditure as at 31 December 2010

R thousand	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
Eastern Cape	30 812 551	23 976 388	77.8%	64.9%	16.5%	21 057 660	13.9%
Free State	12 579 148	9 308 824	74.0%	60.9%	6.4%	8 013 373	16.2%
Gauteng	31 151 075	24 428 762	78.4%	52.7%	16.8%	20 483 608	19.3%
Kw aZulu-Natal	40 132 621	29 915 341	74.5%	61.1%	20.6%	26 251 087	14.0%
Limpopo	25 771 368	19 569 118	75.9%	66.6%	13.5%	16 828 188	16.3%
Mpumalanga	15 382 934	11 495 757	74.7%	59.8%	7.9%	10 033 085	14.6%
Northern Cape	4 998 060	3 778 800	75.6%	56.1%	2.6%	3 301 032	14.5%
North West	12 338 823	9 386 523	76.1%	59.4%	6.5%	8 347 804	12.4%
Western Cape	18 344 830	13 325 657	72.6%	55.1%	9.2%	11 575 796	15.1%
Total	191 511 410	145 185 170	75.8%	59.8%	100.0%	125 891 633	15.3%

28. Spending to date is R19.3 billion, or 15.3 per cent, higher than the R125.9 billion spent over the same period last year.
29. The Western Cape and Free State recorded the lowest rate of personnel spending at 72.6 per cent and 74 per cent respectively, while Gauteng and the Eastern Cape recorded the highest at 78.4 per cent and 77.8 per cent respectively.

Overall Capital Budgets and Expenditure

30. By the end of December 2010, provinces had spent R14.2 billion or 55.9 per cent of the R25.4 billion capital adjusted budget (payments for capital assets). This is a decline of 12.8 per cent compared to the same period in 2009/10.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2010

	Adjusted budget	Actual spending as at 31 December 2010	Actual spending as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand							
Eastern Cape	3 491 104	1 709 273	49.0%	4.6%	12.0%	2 610 099	-34.5%
Free State	2 018 748	1 071 202	53.1%	7.0%	7.5%	1 119 937	-4.4%
Gauteng	2 479 861	1 279 112	51.6%	2.8%	9.0%	1 736 285	-26.3%
Kw aZulu-Natal	6 525 591	3 841 345	58.9%	7.9%	27.0%	3 883 896	-1.1%
Limpopo	2 848 421	1 557 515	54.7%	5.3%	11.0%	1 653 869	-5.8%
Mpumalanga	2 311 348	1 271 446	55.0%	6.6%	9.0%	1 478 340	-14.0%
Northern Cape	1 126 829	651 160	57.8%	9.7%	4.6%	610 752	6.6%
North West	1 667 322	1 066 976	64.0%	6.8%	7.5%	1 407 373	-24.2%
Western Cape	2 928 149	1 757 676	60.0%	7.3%	12.4%	1 794 242	-2.0%
Total	25 397 373	14 205 705	55.9%	5.8%	100.0%	16 294 793	-12.8%

31. Table 13 provides capital spending information by province and shows low rates of spending in the Eastern Cape at 49 per cent and Gauteng at 51.6 per cent, and high rates in North West at 64 per cent and the Western Cape at 60 per cent. However, in absolute terms, KwaZulu-Natal spent the most, with total spending of R3.8 billion followed by the Western Cape at R1.8 billion and the Eastern Cape at R1.7 billion.
32. Provincial education departments spent R3.6 billion, or 57.4 per cent, of their R6.2 billion education capital adjusted budgets. This is R1 billion, or 21.1 per cent, less than spending over the same period in the previous financial year.
33. Provincial health departments spent R4.6 billion, or 50.7 per cent, of their R9.1 billion health capital adjusted budgets, which is R550.2 million or 10.7 per cent less than the same period for 2009/10.
34. At 31 per cent, public works, roads and transport departments has, after health, the second highest share of provincial capital adjusted budgets. The sector spent R5.1 billion or 64.9 per cent against its combined capital adjusted budgets of R7.9 billion.

Conditional Grants

35. The total conditional grant adjusted allocation is R64.5 billion (including conditional grant roll-overs from the 2009/10 financial year and other provincial adjustments), with health making up the bulk at R20.4 billion.

Table 14: Provincial Conditional Grants Expenditure as at 31 December 2010

	Division of Revenue Act, 2010 (Act No. 1 of 2010)	Other gazetted amounts	Provincial roll-overs/ other provincial adjustments	Total available 2010/11	Received by province	Actual spending as at 31 December 2010	Actual spending as % of total available (excluding Schedule 4, 8 grants)
R thousand							
Agriculture, Forestry and Fisheries	1 116 867	50 000	71 495	1 238 362	1 019 710	155 272	46.3%
Agriculture Disaster Management Grant	–	50 000	26 694	76 694	50 000	9 331	12.2%
1. Comprehensive Agricultural Support Programme Grant	862 365	–	40 985	903 350	776 115		
Ilima/Letsema Projects Grant	200 000	–	2 555	202 555	150 000	112 142	55.4%
Land Care Programme Grant: Poverty Relief and Infrastructure	54 502	–	1 261	55 763	43 595	33 799	60.6%
Arts and Culture	512 660	–	48 401	561 061	423 381	300 383	53.5%
Community Library Services Grant	512 660	–	48 401	561 061	423 381	300 383	53.5%
Basic Education	3 931 371	–	47 574	3 978 945	2 949 359	2 674 332	67.2%
HIV and Aids (Life Skills Education) Grant	188 045	–	8 265	196 310	141 031	108 675	55.4%
National School Nutrition Programme Grant	3 663 326	–	39 309	3 702 635	2 777 603	2 550 971	68.9%
Technical Secondary Schools Recapitalisation Grant	80 000	–	–	80 000	30 725	14 686	18.4%
Cooperative Governance and Traditional Affairs	–	214 398	–	214 398	–	–	0.0%
Provincial Infrastructure Disaster Relief Grant	–	214 398	–	214 398	–	–	0.0%
Health	19 852 773	40 000	548 404	20 441 177	15 043 327	6 842 597	61.9%
Comprehensive HIV and Aids Grant	6 011 757	40 000	76 659	6 128 416	4 500 358	4 109 460	67.1%
Forensic Pathology Services Grant	556 962	–	14 808	571 770	427 278	365 379	63.9%
Health Disaster Response (Cholera) Grant	–	–	39 713	39 713	–	–	0.0%
1. Health Professions Training and Development Grant	1 865 387	–	48 730	1 914 117	1 406 560		
Hospital Revitalisation Grant	4 020 667	–	280 972	4 301 639	3 160 627	2 364 771	55.0%
1. National Tertiary Services Grant	7 398 000	–	77 835	7 475 835	5 548 504		
2010 World Cup Health Preparation Strategy Grant	–	–	9 687	9 687	–	2 987	30.8%
Higher Education and Training	3 772 661	31 297	–	3 803 958	3 219 388		
1. Further Education and Training Colleges Grant	3 772 661	31 297	–	3 803 958	3 219 388		
Human Settlements	15 160 563	15 000	207 675	15 383 238	11 622 628	10 215 695	66.4%
Housing Disaster Relief Grant	133 800	–	–	133 800	100 350	26 800	20.0%
Human Settlements Development Grant	15 026 763	15 000	207 675	15 249 438	11 522 278	10 188 895	66.8%
National Treasury	11 314 911	–	201 080	11 515 991	6 660 215		
1. Infrastructure Grant to Provinces	11 314 911	–	201 080	11 515 991	6 660 215		
Public Works	1 483 833	769 035	121 468	2 374 336	2 010 815	1 010 446	49.5%
Devolution of Property Rate Funds Grant	1 096 192	769 035	120 513	1 985 740	1 865 227	986 707	49.7%
2. EPWP Incentive Grant to Provinces for the Infrastructure Sector	331 004	–	955	331 959	88 951		
EPWP Grant for the Social Sector	56 637	–	–	56 637	56 637	23 739	41.9%
Sport and Recreation South Africa	426 385	–	20 792	447 177	348 666	289 683	64.8%
Mass Sport and Recreation Participation Programme Grant	426 385	–	20 792	447 177	348 666	289 683	64.8%
Transport	4 312 431	–	186 506	4 498 937	3 370 090	525 618	82.7%
Gautrain Rapid Rail Link Grant	438 360	–	–	438 360	438 360	438 360	100.0%
Overload Control Grant	11 038	–	–	11 038	11 038	–	0.0%
1. Public Transport Operations Grant	3 863 033	–	16	3 863 049	2 920 692		
Transport Disaster Management Grant	–	–	186 490	186 490	–	87 258	46.8%
Total	61 884 455	1 119 730	1 453 395	64 457 580	46 667 579		
Total excluding Schedules 4 and 8 grants	32 477 094	1 088 433	1 083 794	34 649 321	26 047 154	22 014 026	63.5%
Total excluding Schedules 4,8 grants & Gautrain	32 038 734	1 088 433	1 083 794	34 210 961	25 608 794	21 575 666	63.1%

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.

36. Table 14 reflects spending by all provinces on conditional grant adjusted allocations as at 31 December 2010. It includes conditional grant roll-overs from the 2009/10 financial

year and other provincial adjustments, but excludes spending on Schedule 4 and Schedule 8 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 (EPWP) Incentive grant for the infrastructure sector (Schedule 8 grant) specifies incentives to provinces to meet targets for priority government programmes.

37. Against the total adjusted allocation of R34.6 billion (which excludes Schedules 4 and 8 grants), the rate of conditional grants spending amounts to R22 billion, or 63.5 per cent. Excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R21.6 billion, or 63.1 per cent, of the total adjusted allocation of R34.2 billion.

38. Specific grants that show low rates of spending include:

- a. Overload Control (zero spending)
- b. Agricultural Disaster Management (12.2 per cent)
- c. Technical Secondary Schools Recapitalisation (18.4 per cent)
- d. Housing Disaster Relief (20 per cent)
- e. Expanded Public Works Programme for the Social Sector (41.9 per cent)
- f. Transport Disaster Management (46.8 per cent)
- g. Devolution of Property Rate Funds (49.7 per cent)
- h. Community Library Services (53.5 per cent)
- i. Hospital Revitalisation (55 per cent)
- j. Ilima/Letsema Projects (55.4 per cent)
- k. HIV and Aids (Life Skills Education) (55.4 per cent).

39. Table 15 indicates selected conditional grant spending rates as at 31 December 2010.

Table 15: Selected Conditional Grants Spending Rates as at 31 December 2010

	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 Infrastructure Development	5 EC, KZN, MPU, NC, NW	1 LIM	3 FS, GT, WC
Arts and Culture			
Community Library Services Grant	6 EC, KZN, LIM, MPU, NC, NW	1 FS	2 GT, WC
Education			
HIV and Aids (Life Skills Education) Grant	5 EC, GT, LIM, NW, WC	3 FS, KZN, NC	1 MPU
National School Nutrition Programme Grant		9 All provinces	
Health			
Comprehensive HIV and Aids Grant	3 EC, FS, NC	4 GT, KZN, NW, WC	2 LIM, MPU
Forensic Pathology Services Grant	4 EC, FS, GT, MPU	4 KZN, LIM, NC, NW	1 WC
Hospital Revitalisation Grant	5 EC, FS, KZN, LIM, NC	3 GT, MPU, WC	1 NW
Housing			
Human Settlements Development Grant	2 FS, KZN	5 EC, GT, MPU, NW, WC	2 LIM, NC
Public Works			
Devolution of Property Rate Funds Grant	4 EC, GT, KZN, LIM	2 FS, NW	3 MPU, NC, WC
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Programme Grant	3 KZN, NC, NW	3 EC, GT, MPU	3 FS, LIM, WC
Transport			
Gautrain Rapid Rail Link Grant			1 GT

Percentages represent actual expenditure against total available.

40. It further indicates that after nine months, five or more provinces had spent less than 60 per cent of the following grants: Land Care Programme, Community Library Services, HIV and Aids (Life Skills Education) and Hospital Revitalisation.
41. The table also indicates the number of provinces where spending of conditional grant adjusted budgets is at between 60 and 75 per cent, and where it is greater than 75 per cent.

Provincial Revenue

42. Provincial revenue includes adjusted equitable share allocations of R265.1 billion, conditional grants of R63 billion and own revenue of R9.6 billion. The total provincial revenue received and collected to date is recorded at R252.8 billion, or 74.8 per cent, of total adjusted revenue of R337.7 billion.
43. Within the first nine months of the current financial year, national government transferred R198.8 billion or 75 per cent of the equitable share to provinces, and R46.7 billion or 74.1 per cent in conditional grants to provinces..
44. After nine months, provinces have collected R7.3 billion or 76.6 per cent of the budgeted own revenue of R9.6 billion, which is R408.1 million, or 5.9 per cent, more than what was collected by the end of December for the previous financial year.
45. The collection rate varies from 65.8 per cent in North West and 67.9 per cent in Mpumalanga, to a high of 95 per cent in the Northern Cape and 81.7 per cent in KwaZulu-Natal.

Table 16: Provincial Own Revenue Collection as at 31 December 2010

	Adjusted budget	Actual collection as at 31 December 2010	Actual collection as % of adjusted budget	%share of Own Revenue to total provincial revenue	2009/10: Outcome as at 31 December 2009	Year-on-year growth
R thousand						
Eastern Cape	714 255	543 334	76.1%	1.5%	591 597	-8.2%
Free State	677 480	509 596	75.2%	3.2%	410 753	24.1%
Gauteng	2 706 474	2 024 365	74.8%	4.3%	1 864 827	8.6%
Kw aZulu-Natal	1 803 568	1 473 032	81.7%	2.7%	1 363 289	8.0%
Limpopo	561 198	430 370	76.7%	1.4%	403 998	6.5%
Mpumalanga	548 935	372 630	67.9%	1.9%	371 963	0.2%
Northern Cape	165 442	157 248	95.0%	2.2%	133 119	18.1%
North West	597 310	393 120	65.8%	2.4%	453 752	-13.4%
Western Cape	1 808 556	1 433 384	79.3%	5.5%	1 335 684	7.3%
Total	9 583 218	7 337 079	76.6%	2.9%	6 928 981	5.9%