



national treasury

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**Provincial Budgets: 2010/11 Financial Year
Fourth Quarter Year to Date Provincial Budgets and Expenditure Report
(Preliminary Outcome)**

SUMMARY

1. Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), the fourth quarter provincial budget statement of receipts and payments is the first estimate of spending outcomes for the 2010/11 financial year (1 April 2010 to 31 March 2011). The statement is available on the treasury website at www.treasury.gov.za. These figures may be revised as provincial departments finalise (and reconcile) their financial statements by 31 May 2011 for submission to the provincial Auditors-General.
2. The information in the statement 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 fourth 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. They include 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. Since the third quarter publication, six provinces tabled a second adjusted estimate, which is now included in the fourth quarter publication.
4. Over and above the additional transfers, provinces increased their main budgets by R5 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.
5. In light of the above, in aggregate, provinces increased their main budgets (on the expenditure side) by R10.2 billion, with the bulk of the increases going to education (R3.1 billion), public works, roads and transport (R2.9 billion) and health (R2.3 billion).

Overall Expenditure Trends – Preliminary Outcomes

6. In aggregate, provinces have spent R330.9 billion, or 97.3 per cent, of their adjusted budgets of R340.1 billion in 2010/11. This represents a spending increase of 8.6 per cent or R26.1 billion compared to the 2009/10 financial year when provinces had spent R304.8 billion.
7. The preliminary outcome for education expenditure is R138.4 billion or 98.5 per cent of the R140.5 billion combined education adjusted budgets, an increase of 9.6 per cent or R12.1 billion on the previous financial year. It remains the largest item on provincial budgets (41.3 per cent).
8. Health expenditure totalled R98.1 billion, or 97.4 per cent, of the R100.7 billion combined health adjusted budgets and is the second largest item on provincial budgets (29.6 per cent). This represents an increase of 10.7 per cent or R9.5 billion on the 2009/10 financial year.
9. Social development expenditure is R9.9 billion or 93.4 per cent of the R10.6 billion social development adjusted budgets.
10. Personnel expenditure (compensation of employees) is in aggregate R193.7 billion or 101.1 per cent of the budgeted R191.7 billion.
11. In aggregate, provinces have spent R21.3 billion or 84 per cent of their R25.4 billion combined capital (payments for capital assets) adjusted budgets. This is a decline of 3.3 per cent when compared to the 2009/10 financial year.
12. Provincial education departments have spent R5.4 billion or 86.6 per cent of the budgeted R6.2 billion for capital expenditure. This is R136.7 million or 2.5 per cent less than what was spent in the previous financial year.
13. Provincial health departments have spent R6.7 billion or 74.1 per cent of the budgeted R9.1 billion for capital expenditure, which is R42 million or 0.6 per cent less than the outcome for 2009/10.
14. After health, the second biggest share of provincial capital adjusted budgets is for public works, roads and transport departments (31 per cent), which have spent R7.5 billion or 95.8 per cent of the total capital budget of R7.9 billion.
15. Provincial own revenue collected is at R10.4 billion or 107.4 per cent of the budgeted own revenue of R9.6 billion. National government has transferred R265.1 billion of the equitable share and R59.8 billion of conditional grants to provinces.
16. A more detailed analysis of the provincial preliminary outcome for the 2010/11 financial year is set out in Annexure A.

DETAILED ANALYSIS OF THE 2010/11 FINANCIAL YEAR (PRELIMINARY OUTCOME)

1. 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. The budgeted figures also take account of revisions effected in a second adjusted estimate for six provinces.

Total Expenditure

2. Table 1 indicates that in the 2010/11 financial year provinces spent R330.9 billion (preliminary outcome) or 97.3 per cent of the adjusted budgeted expenditure of R340.1 billion. Spending against adjusted budgets is lower in percentage terms compared to the 2009/10 financial year, when it stood at 100.3 per cent. Spending in nominal terms is 8.6 per cent or R26.1 billion higher than last year, when provinces had spent R304.8 billion.
3. Among provinces, spending is the lowest in KwaZulu-Natal (95.2 per cent of the adjusted budget) and the Northern Cape (95.9 per cent) and highest in Limpopo at 100 per cent and the Western Cape at 98.6 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 March 2011

R thousand	Adjusted budget 2010/11					Preliminary outcome as at 31 March 2011					Preliminary outcome as % of adjusted budget	2009/10: Outcome as at 31 March 2010	Year-on-year growth
	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total			
Eastern Cape	40 187 790	6 048 665	3 491 104	–	49 727 559	40 110 863	5 745 478	2 278 246	574	48 135 161	96.8%	45 234 852	6.4%
Free State	16 407 228	3 374 460	2 017 939	939	21 800 566	16 150 677	3 349 633	1 664 163	10 320	21 174 793	97.1%	18 774 099	12.8%
Gauteng	47 057 614	13 426 282	2 479 861	–	62 963 757	46 626 277	13 026 905	1 784 909	24 031	61 462 122	97.6%	59 054 362	4.1%
KwaZulu-Natal	54 711 886	9 554 757	6 525 591	333 428	71 125 662	52 465 088	9 226 108	5 678 635	337 131	67 706 962	95.2%	63 809 284	6.1%
Limpopo	33 012 058	5 365 172	2 812 468	3 650	41 193 348	33 351 467	5 149 442	2 675 940	1 722	41 178 571	100.0%	35 596 585	15.7%
Mpumalanga	21 133 433	3 338 798	2 311 348	25	26 783 604	20 946 284	3 366 366	1 901 173	298	26 214 121	97.9%	23 684 351	10.7%
Northern Cape	7 184 312	1 304 467	1 126 829	–	9 615 608	7 005 530	1 281 837	936 012	1 046	9 224 425	95.9%	8 178 416	12.8%
North West	16 953 830	3 809 371	1 667 322	21	22 430 544	16 743 599	3 625 083	1 530 939	–	21 899 621	97.6%	20 365 345	7.5%
Western Cape	25 380 131	6 097 857	2 928 149	5 491	34 411 628	24 875 744	6 170 676	2 865 501	22 098	33 934 019	98.6%	30 106 431	12.7%
Total	262 028 282	52 319 829	25 360 611	343 554	340 052 276	258 275 529	50 941 528	21 315 518	397 220	330 929 795	97.3%	304 803 725	8.6%

Social Services

4. Provinces have budgeted R251.8 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 31 March 2011

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2009/10: Outcome as at 31 March 2010	Year-on-year growth
Education	140 525 578	138 362 644	98.5%	41.8%	56.2%	126 292 719	9.6%
Health	100 660 587	98 065 517	97.4%	29.6%	39.8%	88 592 759	10.7%
Social Development	10 610 873	9 909 322	93.4%	3.0%	4.0%	9 052 536	9.5%
Total	251 797 038	246 337 483	97.8%	74.4%	100.0%	223 938 014	10.0%

5. The preliminary outcome on social services is recorded at R246.3 billion, or 97.8 per cent of the total provincial social services adjusted budgets for 2010/11.

Education

6. Education adjusted budgets of R140.5 billion comprise 41.3 per cent of total provincial adjusted budgets. Table 3 indicates that the preliminary outcome for expenditure is R138.4 billion or 98.5 per cent of the total education adjusted budget. This is an increase of 9.6 per cent, or R12.1 billion, on the R126.3 billion spent in 2009/10.
7. Spending by provinces on education ranges from 97 per cent in Mpumalanga and 97.4 per cent in the Eastern Cape, KwaZulu-Natal and Gauteng, to the highest in Limpopo at 102.6 per cent, followed by the North West at 99.4 per cent.

Table 3: Provincial Education Expenditure as at 31 March 2011

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
Eastern Cape	23 183 440	22 585 345	97.4%	46.9%	60.2%	21 165 545	6.7%
Free State	8 731 626	8 532 568	97.7%	40.3%	55.9%	7 846 210	8.7%
Gauteng	22 841 486	22 257 845	97.4%	36.2%	49.8%	20 058 080	11.0%
Kw aZulu-Natal	29 570 060	28 812 076	97.4%	42.6%	56.6%	26 230 746	9.8%
Limpopo	19 552 834	20 053 600	102.6%	48.7%	63.5%	17 864 636	12.3%
Mpumalanga	11 961 872	11 598 734	97.0%	44.2%	61.1%	10 940 089	6.0%
Northern Cape	3 509 409	3 483 904	99.3%	37.8%	53.6%	3 183 574	9.4%
North West	9 176 639	9 123 171	99.4%	41.7%	58.5%	8 390 526	8.7%
Western Cape	11 998 212	11 915 401	99.3%	35.1%	46.9%	10 613 313	12.3%
Total	140 525 578	138 362 644	98.5%	41.8%	56.2%	126 292 719	9.6%

8. The preliminary outcome on goods and services (including learner and teacher support materials) in education is recorded at R12 billion, or 80.1 per cent of the budgeted amount of R15 billion.

Table 4: Provincial Personnel Expenditure: Education as at 31 March 2011

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
Eastern Cape	18 332 258	18 860 897	102.9%	60.0%	83.5%	17 112 266	10.2%
Free State	6 822 986	6 842 096	100.3%	54.7%	80.2%	6 094 271	12.3%
Gauteng	16 869 088	17 358 566	102.9%	53.0%	78.0%	15 278 267	13.6%
Kw aZulu-Natal	22 769 852	22 746 665	99.9%	57.6%	78.9%	20 975 773	8.4%
Limpopo	15 289 891	15 866 212	103.8%	59.9%	79.1%	14 169 799	12.0%
Mpumalanga	9 246 479	9 252 529	100.1%	60.2%	79.8%	8 416 088	9.9%
Northern Cape	2 719 157	2 723 381	100.2%	54.1%	78.2%	2 493 966	9.2%
North West	6 937 153	7 085 573	102.1%	56.2%	77.7%	6 501 951	9.0%
Western Cape	9 330 046	9 194 326	98.5%	51.1%	77.2%	8 214 843	11.9%
Total	108 316 910	109 930 245	101.5%	56.8%	79.5%	99 257 224	10.8%

9. The bulk of education expenditure is on personnel (79.5 per cent). The preliminary outcome on education personnel amounts to R109.9 billion, or 101.5 per cent, of the R108.3 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 98.5 per cent in the Western Cape, to 103.8 per cent in Limpopo.
10. Education capital preliminary outcome is at R5.4 billion, or 86.6 per cent, of the R6.2 billion adjusted budget. This is lower than the spending in the previous financial year by 2.5 per cent. Education capital expenditure is lowest in the Eastern Cape at 43.9 per cent and highest in Gauteng at 163 per cent.

Table 5: Provincial Capital Expenditure: Education as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
R thousand							
Eastern Cape	903 335	396 456	43.9%	17.4%	1.8%	868 024	-54.3%
Free State	247 872	168 818	68.1%	10.1%	2.0%	437 933	-61.5%
Gauteng	382 050	622 864	163.0%	34.9%	2.8%	870 058	-28.4%
Kw aZulu-Natal	2 105 304	1 921 434	91.3%	33.8%	6.7%	1 407 097	36.6%
Limpopo	1 085 969	1 074 955	99.0%	40.2%	5.4%	987 394	8.9%
Mpumalanga	659 372	425 470	64.5%	22.4%	3.7%	328 341	29.6%
Northern Cape	76 212	109 159	143.2%	11.7%	3.1%	98 130	11.2%
North West	310 699	242 812	78.2%	15.9%	2.7%	312 349	-22.3%
Western Cape	468 264	441 512	94.3%	15.4%	3.7%	230 811	91.3%
Total	6 239 077	5 403 480	86.6%	25.3%	3.9%	5 540 137	-2.5%

Health

11. Health adjusted budgets, totalling R100.7 billion, comprise 29.6 per cent of total provincial adjusted budgets.

Table 6: Provincial Health Expenditure as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
R thousand							
Eastern Cape	13 842 348	13 339 392	96.4%	27.7%	35.6%	12 089 071	10.3%
Free State	6 307 313	6 013 809	95.3%	28.4%	39.4%	5 208 138	15.5%
Gauteng	20 386 800	20 490 725	100.5%	33.3%	45.9%	18 395 601	11.4%
Kw aZulu-Natal	22 120 186	20 649 992	93.4%	30.5%	40.6%	20 349 276	1.5%
Limpopo	10 644 084	10 506 323	98.7%	25.5%	33.3%	9 020 020	16.5%
Mpumalanga	6 591 225	6 529 820	99.1%	24.9%	34.4%	5 758 822	13.4%
Northern Cape	2 655 462	2 537 296	95.6%	27.5%	39.0%	2 205 223	15.1%
North West	5 704 786	5 716 779	100.2%	26.1%	36.7%	5 195 574	10.0%
Western Cape	12 408 383	12 281 381	99.0%	36.2%	48.3%	10 371 034	18.4%
Total	100 660 587	98 065 517	97.4%	29.6%	39.8%	88 592 759	10.7%

12. Table 6 indicates that, at R98.1 billion or 97.4 per cent of the total health adjusted budget, health expenditure increased by 10.7 per cent, or R9.5 billion, on the 2009/10 financial year.

13. The KwaZulu-Natal and Free State provinces spent the lowest share of their health adjusted budgets at 93.4 per cent and 95.3 per cent respectively. The highest shares are recorded by Gauteng at 100.5 per cent and the North West at 100.2 per cent.

14. Table 7 indicates that health personnel preliminary outcome is R58.9 billion, or 102.5 per cent, of the health personnel adjusted budget, an increase of R8 billion, or 15.7 per cent, on the R50.9 billion spent in 2009/10.

Table 7: Provincial Personnel Expenditure: Health as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
R thousand							
Eastern Cape	8 204 792	8 392 336	102.3%	26.7%	62.9%	7 397 477	13.4%
Free State	3 693 486	3 776 928	102.3%	30.2%	62.8%	3 144 308	20.1%
Gauteng	10 893 823	12 225 337	112.2%	37.3%	59.7%	9 877 243	23.8%
Kw aZulu-Natal	13 231 196	12 939 842	97.8%	32.7%	62.7%	12 125 849	6.7%
Limpopo	6 592 570	6 617 394	100.4%	25.0%	63.0%	5 593 767	18.3%
Mpumalanga	3 579 957	3 614 432	101.0%	23.5%	55.4%	3 073 377	17.6%
Northern Cape	1 199 991	1 278 087	106.5%	25.4%	50.4%	1 033 773	23.6%
North West	3 130 487	3 269 395	104.4%	25.9%	57.2%	2 876 640	13.7%
Western Cape	6 937 042	6 805 161	98.1%	37.9%	55.4%	5 780 151	17.7%
Total	57 463 344	58 918 912	102.5%	30.4%	60.1%	50 902 585	15.7%

15. Non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R32.4 billion, or 94.9 per cent, of the R34.1 billion adjusted budget.

16. The capital preliminary outcome in the health sector is at R6.7 billion, or 74.1 per cent, a decrease of R42 million or 0.6 per cent on the R6.8 billion spent last year.

Table 8: Provincial Capital Expenditure: Health as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
R thousand							
Eastern Cape	1 344 587	740 317	55.1%	32.5%	5.5%	926 544	-20.1%
Free State	629 700	433 250	68.8%	26.0%	7.2%	335 386	29.2%
Gauteng	1 797 966	1 048 470	58.3%	58.7%	5.1%	930 583	12.7%
Kw aZulu-Natal	1 658 217	1 190 318	71.8%	21.0%	5.8%	1 545 699	-23.0%
Limpopo	1 023 428	932 935	91.2%	34.9%	8.9%	752 214	24.0%
Mpumalanga	734 202	595 583	81.1%	31.3%	9.1%	672 639	-11.5%
Northern Cape	449 123	334 793	74.5%	35.8%	13.2%	380 157	-11.9%
North West	449 349	473 213	105.3%	30.9%	8.3%	515 734	-8.2%
Western Cape	979 245	972 820	99.3%	33.9%	7.9%	704 758	38.0%
Total	9 065 817	6 721 699	74.1%	31.5%	6.9%	6 763 714	-0.6%

17. Spending by provinces varied, with the lowest rate of health capital expenditure being in the Eastern Cape at 55.1 per cent, Gauteng at 58.3 per cent, and the highest being the North West and the Western Cape at 105.3 per cent and 99.3 per cent respectively.

Social Development

18. At R10.6 billion, the social development adjusted budget comprises 3.1 per cent of total provincial adjusted budgets.

19. Provinces registered a preliminary expenditure outcome of R9.9 billion, or 93.4 per cent, of the total R10.6 billion adjusted budget. This represents an increase of R856.8 million, or 9.5 per cent, on the R9.1 billion spent last year.
20. There were varying degrees of spending among provinces, the lowest being KwaZulu-Natal at 86.1 per cent and Gauteng at 87.2 per cent while the highest are the North West at 100.4 per cent and the Eastern Cape at 99.9 per cent.

Table 9: Provincial Social Development Expenditure as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
R thousand							
Eastern Cape	1 566 136	1 564 965	99.9%	3.3%	4.2%	1 434 148	9.1%
Free State	714 837	712 437	99.7%	3.4%	4.7%	665 732	7.0%
Gauteng	2 181 638	1 902 590	87.2%	3.1%	4.3%	1 876 756	1.4%
Kw aZulu-Natal	1 668 182	1 436 833	86.1%	2.1%	2.8%	1 361 280	5.6%
Limpopo	1 145 216	1 003 915	87.7%	2.4%	3.2%	773 272	29.8%
Mpumalanga	881 447	847 985	96.2%	3.2%	4.5%	748 321	13.3%
Northern Cape	479 340	478 137	99.7%	5.2%	7.4%	420 016	13.8%
North West	740 260	743 055	100.4%	3.4%	4.8%	607 622	22.3%
Western Cape	1 233 817	1 219 405	98.8%	3.6%	4.8%	1 165 389	4.6%
Total	10 610 873	9 909 322	93.4%	3.0%	4.0%	9 052 536	9.5%

Human Settlements and Local Government

21. The 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 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome 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 March 2010	Year-on-year growth
R thousand							
Eastern Cape	2 685 448	2 497 437	93.0%	5.2%	60.2%	2 272 765	9.9%
Free State	1 548 436	1 533 573	99.0%	7.2%	68.1%	1 294 421	18.5%
Gauteng	4 635 778	4 541 700	98.0%	7.4%	84.9%	4 059 277	11.9%
Kw aZulu-Natal	4 174 459	4 141 499	99.2%	6.1%	65.5%	3 516 067	17.8%
Limpopo	2 007 176	1 892 448	94.3%	4.6%	66.8%	1 392 852	35.9%
Mpumalanga	1 673 047	1 610 438	96.3%	6.1%	63.6%	1 336 090	20.5%
Northern Cape	671 671	671 549	100.0%	7.3%	66.6%	529 000	26.9%
North West	1 681 607	1 483 187	88.2%	6.8%	70.1%	1 491 313	-0.5%
Western Cape	2 305 404	2 291 678	99.4%	6.8%	85.2%	1 782 454	28.6%
Total	21 383 026	20 663 509	96.6%	6.2%	71.8%	17 674 239	16.9%

22. Spending by human settlements and local government was R20.7 billion, or 96.6 per cent, of the R21.4 billion adjusted budget. This represents an increase of R3 billion, or 16.9 per cent, on the R17.7 billion spent in 2009/10.
23. Spending levels by provinces varied, with the lowest being the North West at 88.2 per cent and the Eastern Cape at 93 per cent, while the highest spenders were the Northern Cape at 100 per cent and the Western Cape at 99.4 per cent.

Human Settlements Development Conditional Grant

24. Most of the human settlements and local government expenditure comes from the Human Settlements Development conditional grant. Table 11 indicates that provinces have spent R14.8 billion, or 97.3 per cent, of the R15.2 billion Human Settlements Development grant adjusted budget. These spending figures are R2.6 billion or 21.2 per cent higher than the outcome for last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome as % of adjusted budget	%share of grant to total provincial expenditure	%share of grant to total grant expenditure	2009/10: Outcome as at 31 March 2010	Year-on-year growth
R thousand							
Eastern Cape	1 637 646	1 503 817	91.8%	3.1%	10.1%	1 313 379	14.5%
Free State	1 037 691	1 043 715	100.6%	4.9%	7.0%	954 997	9.3%
Gauteng	3 886 831	3 855 064	99.2%	6.3%	26.0%	3 199 057	20.5%
Kw aZulu-Natal	2 711 133	2 711 234	100.0%	4.0%	18.3%	2 103 424	28.9%
Limpopo	1 376 150	1 264 568	91.9%	3.1%	8.5%	996 667	26.9%
Mpumalanga	1 011 033	1 024 857	101.4%	3.9%	6.9%	760 277	34.8%
Northern Cape	447 260	447 260	100.0%	4.8%	3.0%	325 011	37.6%
North West	1 188 973	1 040 163	87.5%	4.7%	7.0%	1 099 917	-5.4%
Western Cape	1 952 721	1 952 721	100.0%	5.8%	13.2%	1 497 437	30.4%
Total	15 249 438	14 843 399	97.3%	4.5%	100.0%	12 250 166	21.2%

Personnel expenditure

25. Personnel expenditure (compensation of employees) for the 2010/11 financial year is at R193.7 billion, or 101.1 per cent, of the R191.7 billion adjusted budget.

Table 12: Provincial Personnel Expenditure as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome as % of adjusted budget	%share of Personnel to total provincial expenditure	%share of Personnel to total Personnel expenditure	2009/10: Outcome as at 31 March 2010	Year-on-year growth
R thousand							
Eastern Cape	30 812 551	31 448 035	102.1%	65.3%	16.2%	28 300 931	11.1%
Free State	12 579 148	12 502 736	99.4%	59.0%	6.5%	10 888 626	14.8%
Gauteng	31 151 075	32 742 069	105.1%	53.3%	16.9%	28 025 474	16.8%
Kw aZulu-Natal	40 134 421	39 513 250	98.5%	58.4%	20.4%	36 555 430	8.1%
Limpopo	25 912 136	26 488 255	102.2%	64.3%	13.7%	23 194 476	14.2%
Mpumalanga	15 382 934	15 358 844	99.8%	58.6%	7.9%	13 663 435	12.4%
Northern Cape	4 998 060	5 038 449	100.8%	54.6%	2.6%	4 447 612	13.3%
North West	12 338 823	12 605 439	102.2%	57.6%	6.5%	11 331 593	11.2%
Western Cape	18 344 490	17 976 607	98.0%	53.0%	9.3%	15 769 519	14.0%
Total	191 653 638	193 673 684	101.1%	58.5%	100.0%	172 177 096	12.5%

26. The preliminary outcome is R21.5 billion, or 12.5 per cent, higher than the R172.2 billion spent in the 2009/10 financial year.

27. Spending ranged from 98 per cent and 98.5 per cent in the Western Cape and KwaZulu-Natal respectively, to 105.1 per cent and 102.2 per cent in Gauteng and Limpopo respectively.

Overall Capital Budgets and Expenditure

28. Provinces have spent R21.3 billion or 84 per cent of the R25.4 billion capital adjusted budget (payments for capital assets). This is a decline of 3.3 per cent compared to the 2009/10 financial year.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 March 2011

	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome as % of adjusted budget	%share of Capital to total provincial expenditure	%share of Capital to total Capital expenditure	2009/10: Outcome as at 31 March 2010	Year-on-year growth
R thousand							
Eastern Cape	3 491 104	2 278 246	65.3%	4.7%	10.7%	3 234 841	-29.6%
Free State	2 017 939	1 664 163	82.5%	7.9%	7.8%	1 630 580	2.1%
Gauteng	2 479 861	1 784 909	72.0%	2.9%	8.4%	2 247 040	-20.6%
Kw aZulu-Natal	6 525 591	5 678 635	87.0%	8.4%	26.6%	5 441 435	4.4%
Limpopo	2 812 468	2 675 940	95.1%	6.5%	12.6%	2 240 310	19.4%
Mpumalanga	2 311 348	1 901 173	82.3%	7.3%	8.9%	2 008 489	-5.3%
Northern Cape	1 126 829	936 012	83.1%	10.1%	4.4%	983 103	-4.8%
North West	1 667 322	1 530 939	91.8%	7.0%	7.2%	1 750 917	-12.6%
Western Cape	2 928 149	2 865 501	97.9%	8.4%	13.4%	2 507 953	14.3%
Total	25 360 611	21 315 518	84.0%	6.4%	100.0%	22 044 668	-3.3%

29. Table 13 provides capital spending information by province and shows low rates of spending in the Eastern Cape at 65.3 per cent and Gauteng at 72 per cent, and high rates in the Western Cape at 97.9 per cent and Limpopo at 95.1 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R5.7 billion followed by the Western Cape at R2.9 billion and Limpopo at R2.7 billion.

30. Provincial education departments have spent R5.4 billion, or 86.6 per cent, of their R6.2 billion education capital adjusted budgets. This is R136.7 million, or 2.5 per cent, less than spending in the previous financial year.

31. Provincial health departments have spent R6.7 billion, or 74.1 per cent, of their R9.1 billion health capital adjusted budgets, which is R42 million or 0.6 per cent less than the 2009/10 financial year.

32. At 31 per cent, public works, roads and transport departments has the second highest share of provincial capital adjusted budgets (after health). The sector has spent R7.5 billion or 95.8 per cent against its combined capital adjusted budgets of R7.9 billion.

Conditional Grants

33. The total conditional grant adjusted allocation is R64.6 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.

34. Table 14 reflects spending by all provinces on conditional grant adjusted allocations as at 31 March 2011 (preliminary outcome). 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.

Table 14: Provincial Conditional Grants Expenditure as at 31 March 2011

	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	Preliminary outcome as at 31 March 2011	Preliminary outcome 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	1 125 709	320 367	95.6%
Agricultural Disaster Management Grant	–	50 000	26 694	76 694	50 000	75 168	98.0%
1. Comprehensive Agricultural Support Programme Grant	862 365	–	40 985	903 350	828 707		
Ilima/Letsema Projects Grant	200 000	–	2 555	202 555	192 500	191 671	94.6%
Land Care Programme Grant: Poverty Relief and Infrastructure	54 502	–	1 261	55 763	54 502	53 528	96.0%
Arts and Culture	512 660	–	48 401	561 061	462 445	493 274	87.9%
Community Library Services Grant	512 660	–	48 401	561 061	462 445	493 274	87.9%
Basic Education	3 931 371	–	47 574	3 978 945	3 915 838	3 753 708	94.3%
HIV and Aids (Life Skills Education) Grant	188 045	–	8 265	196 310	188 045	171 506	87.4%
National School Nutrition Programme Grant	3 663 326	–	39 309	3 702 635	3 663 326	3 521 600	95.1%
Technical Secondary Schools Recapitalisation Grant	80 000	–	–	80 000	64 467	60 602	75.8%
Cooperative Governance and Traditional Affairs	–	214 398	–	214 398	214 398	214 398	100.0%
Provincial Infrastructure Disaster Relief Grant	–	214 398	–	214 398	214 398	214 398	100.0%
Health	19 852 773	40 000	548 404	20 441 177	19 440 209	9 666 252	87.5%
Comprehensive HIV and Aids Grant	6 011 757	40 000	76 659	6 128 416	6 051 757	5 920 009	96.6%
Forensic Pathology Services Grant	556 962	–	14 808	571 770	556 962	503 616	88.1%
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	1 865 387		
Hospital Revitalisation Grant	4 020 667	–	280 972	4 301 639	3 568 103	3 234 059	75.2%
1. National Tertiary Services Grant	7 398 000	–	77 835	7 475 835	7 398 000		
2010 World Cup Health Preparation Strategy Grant	–	–	9 687	9 687	–	8 568	88.4%
Higher Education and Training	3 772 661	31 297	–	3 803 958	3 803 958		
1. Further Education and Training Colleges Grant	3 772 661	31 297	–	3 803 958	3 803 958		
Human Settlements	15 160 563	15 000	207 675	15 383 238	15 175 563	14 977 199	97.4%
Housing Disaster Relief Grant	133 800	–	–	133 800	133 800	133 800	100.0%
Human Settlements Development Grant	15 026 763	15 000	207 675	15 249 438	15 041 763	14 843 399	97.3%
National Treasury	11 314 911	–	391 520	11 706 431	8 844 630		
1. Infrastructure Grant to Provinces	11 314 911	–	391 520	11 706 431	8 844 630		
Public Works	1 483 833	769 035	122 737	2 375 605	2 104 271	1 659 154	81.2%
Devolution of Property Rate Funds Grant	1 096 192	769 035	120 513	1 985 740	1 865 227	1 618 141	81.5%
2. EPWP Incentive Grant to Provinces for the Infrastructure Sector	331 004	–	2 224	333 228	182 407		
EPWP Grant for the Social Sector	56 637	–	–	56 637	56 637	41 013	72.4%
Sport and Recreation South Africa	426 385	–	20 792	447 177	426 385	416 477	93.1%
Mass Sport and Recreation Participation Programme Grant	426 385	–	20 792	447 177	426 385	416 477	93.1%
Transport	4 312 431	–	186 506	4 498 937	4 312 431	568 115	89.3%
Gautrain Rapid Rail Link Grant	438 360	–	–	438 360	438 360	438 360	100.0%
Overload Control Grant	11 038	–	–	11 038	11 038	10 555	95.6%
1. Public Transport Operations Grant	3 863 033	–	16	3 863 049	3 863 033		
Transport Disaster Management Grant	–	–	186 490	186 490	–	119 200	63.9%
Total	61 884 455	1 119 730	1 645 104	64 649 289	59 825 837		
Total excluding Schedules 4 and 8 grants	32 477 094	1 088 433	1 083 794	34 649 321	33 039 715	32 068 944	92.6%
Total excluding Schedules 4,8 grants & Gautrain	32 038 734	1 088 433	1 083 794	34 210 961	32 601 355	31 630 584	92.5%

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.

35. Against the total adjusted allocation of R34.6 billion (which excludes Schedules 4 and 8 grants), the preliminary outcome for conditional grants amounts to R32.1 billion, or 92.6 per cent. Excluding the Gautrain Rapid Rail Link grant, the conditional grant outcome amounts to R31.6 billion, or 92.5 per cent, of the total adjusted allocation of R34.2 billion.

36. Specific grants that show low rates of spending for the 2010/11 financial year include:

- a. Transport Disaster Management (63.9 per cent)
- b. Expanded Public Works Programme for the Social Sector (72.4 per cent)
- c. Hospital Revitalisation (75.2 per cent)
- d. Technical Secondary Schools Recapitalisation (75.8 per cent)
- e. Devolution of Property Rate Funds (81.5 per cent)
- f. HIV and Aids (Life Skills Education) (87.4 per cent)
- g. Community Library Services (87.9 per cent)
- h. Forensic Pathology Services (88.1 per cent)

37. Table 15 indicates selected conditional grant spending rates as at 31 March 2011.

Table 15: Selected Conditional Grants Spending Rates as at 31 March 2011

	Number of provinces spent less than 90%	Number of provinces spent between 90% and 95% (inclusive)	Number of provinces spent more than 95%
Agriculture, Forestry and Fisheries			
Land Care Programme: Poverty Relief and Infrast	1 NC	2 EC, KZN	6 FS, GT, LIM, MPU, NW, WC
Arts and Culture			
Community Library Services Grant	3 LIM, NC, NW		6 EC, FS, GT, KZN, MPU, WC
Basic Education			
HIV and Aids (Life Skills Education) Grant	3 EC, GT, LIM	2 KZN, WC	4 FS, MPU, NC, NW
National School Nutrition Programme Grant	1 KZN	2 FS, GT	6 EC, LIM, MPU, NC, NW, WC
Health			
Comprehensive HIV and Aids Grant	2 FS, NC	2 EC, WC	5 GT, KZN, LIM, MPU, NW
Forensic Pathology Services Grant	4 EC, FS, GT, NC	1 MPU	4 KZN, LIM, NW, WC
Hospital Revitalisation Grant	6 EC, FS, GT, KZN, LIM, NC	1 MPU	2 NW, WC
Human Settlements			
Human Settlements Development Grant	1 NW	2 EC, LIM	6 FS, GT, KZN, MPU, NC, WC
Public Works			
Devolution of Property Rate Funds Grant	3 EC, GT, KZN	2 NC, WC	4 FS, LIM, MPU, NW
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Program	2 EC, NW	2 GT, LIM	5 FS, KZN, MPU, NC, WC
Transport			
Gautrain Rapid Rail Link Grant			1 GT

Percentages represent preliminary outcome against total available.

38. The table further indicates that four provinces have spent less than 90 per cent on the Forensic Pathology Services grant, and six provinces have spent less than 90 per cent on the Hospital Revitalisation grant.

Provincial Revenue

39. 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 for 2010/11 is R335.3 billion, or 99.3 per cent, of total adjusted revenue of R337.8 billion.
40. National government has transferred R265.1 billion or 100 per cent of the equitable share to provinces, and R59.8 billion or 95 per cent in conditional grants to provinces.
41. Provinces have collected R10.4 billion or 107.4 per cent of the budgeted own revenue of R9.6 billion, which is R679.5 million, or 7 per cent, more than what was collected for the previous financial year.
42. The collection rate varies from 93.5 per cent in Mpumalanga and 101 per cent in the Eastern Cape, to a high of 128.7 per cent in the Northern Cape and 114.8 per cent in the North West.

Table 16: Provincial Own Revenue Collection as at 31 March 2011

	Adjusted budget	Actual collection as at 31 March 2011	Actual collection as % of adjusted budget	% share of Own Revenue to total provincial revenue	% share of Own Revenue to total Own Revenue	2009/10: Outcome as at 31 March 2010	Year-on-year growth
R thousand							
Eastern Cape	714 255	721 211	101.0%	1.5%	7.0%	765 529	-5.8%
Free State	677 480	776 523	114.6%	3.7%	7.5%	638 795	21.6%
Gauteng	2 706 474	2 798 494	103.4%	4.5%	27.0%	2 620 267	6.8%
Kw aZulu-Natal	1 867 722	2 020 574	108.2%	2.8%	19.5%	1 857 203	8.8%
Limpopo	561 198	569 668	101.5%	1.4%	5.5%	560 092	1.7%
Mpumalanga	548 935	513 460	93.5%	2.0%	5.0%	502 159	2.3%
Northern Cape	165 442	212 869	128.7%	2.3%	2.1%	181 843	17.1%
North West	597 310	685 729	114.8%	3.1%	6.6%	617 268	11.1%
Western Cape	1 808 556	2 061 501	114.0%	6.0%	19.9%	1 937 415	6.4%
Total	9 647 372	10 360 028	107.4%	3.1%	100.0%	9 680 571	7.0%