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Provincial Budgets: 2011/12 Financial Year Mid-Term 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 six months (April to September 2011) of the 2011/12 financial year. The statement is available on the treasury website at www.treasury.gov.za.
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 publication take account of the 2011 Estimates of Provincial Revenue and Expenditure, which were presented to the provincial legislatures during March 2011.
4. Expenditures not foreseen at the time of tabling the 2011 Estimates of Provincial Revenue and Expenditure are:
 - a. Higher than budgeted for personnel remuneration increases.
 - b. Additional funding through new and existing conditional grants for repair of infrastructure damaged by floods in January and February 2011.
5. To cover the shortfalls mentioned above, the *2011 Adjusted Estimates of National Expenditure* and the *2011 Medium Term Budget Policy Statement* tabled on 25 October 2011, proposed additional adjustments to the allocations made to provinces in the 2011 Budget. Detailed information on the additional adjustments is set out in the *2011 Division of Revenue Amendment Bill*. These documents are available on the treasury website at www.treasury.gov.za.

6. Provinces will conclude their 2011 adjusted estimates towards the end of November 2011.

Overall Expenditure Trends

7. In aggregate, provinces have spent R177.1 billion, or 48.4 per cent, of their combined budgets of R365.5 billion for the first half of the 2011/12 financial year. This represents a spending increase of 16.1 per cent or R24.6 billion compared with the same period last year when provinces had spent R152.5 billion.
8. Education expenditure for the half-year is R77.7 billion or 50.4 per cent of the R154.2 billion combined education budgets, an increase of 18.7 per cent or R12.2 billion on the same period for the previous financial year. It is the largest item on provincial budgets (42.2 per cent).
9. Health expenditure totalled R53.6 billion, or 48.7 per cent, of the R110 billion combined health budgets, and is the second largest item on provincial budgets (30.1 per cent). This represents an increase of 15.8 per cent or R7.3 billion on the same period for the 2010/11 financial year.
10. Social development expenditure for the half-year is R5.5 billion or 46.8 per cent of the R11.7 billion combined social development budgets.
11. Personnel expenditure (compensation of employees) is in aggregate R107.5 billion or 50.7 per cent of the budgeted (main) R212.2 billion as at 30 September 2011. National government made available R3.3 billion through the *2011 Adjusted Estimates of National Expenditure* in October to provide for higher than budgeted for wage agreements. This amount is shared between provinces primarily in proportion to their shares of total expenditure on education and health personnel and balanced with shares of expenditure on personnel in other sectors.
12. In aggregate, provinces have spent R11.1 billion or 40.2 per cent of their R27.6 billion combined capital (payments for capital assets) budgets. This is an increase of 31.7 per cent when compared to the same period of the 2010/11 financial year.
13. Provincial education departments have spent R3.4 billion or 43.2 per cent of the budgeted R7.8 billion for capital expenditure. This is R1.2 billion or 58.6 per cent more than what was spent in the first six months for the previous financial year.
14. Provincial health departments have spent R3.4 billion or 37.1 per cent of the budgeted R9.2 billion for capital expenditure, which is R442.7 million or 14.9 per cent more than the same period for 2010/11.
15. After health, the second biggest share of provincial capital budgets is for the public works, roads and transport departments (30.8 per cent), which have spent R3.6 billion or 42.9 per cent of the combined capital budget of R8.5 billion as at 30 September 2011.
16. Provincial own revenue collected for the half-year is at R5.6 billion or 54.4 per cent of the budgeted own revenue of R10.3 billion. National government has transferred R144.2 billion of the equitable share and R35 billion of conditional grants to provinces as at 30 September 2011.
17. A more detailed analysis of the expenditure outcome as at 30 September 2011 is set out in Annexure A.

DETAILED ANALYSIS FOR THE FIRST SIX MONTHS OF THE 2011/12 FINANCIAL YEAR:

1. The budgeted figures for provinces are based on the 2011 Estimates of Provincial Revenue and Expenditure documents (main budgets) tabled in the provincial legislatures during March 2011.

Total Expenditure

2. Table 1 indicates that in the first six months provinces have spent R177.1 billion or 48.4 per cent of the combined budgeted expenditure of R365.5 billion. Spending against budgets is at a higher level in percentage terms when compared to the same period of the 2010/11 financial year. Spending in nominal terms is 16.1 per cent or R24.6 billion higher than last year, when provinces had spent R152.5 billion.
3. Among provinces, spending is the lowest in the North West (45.6 per cent of the budget) and the Western Cape (45.9 per cent) and highest in Limpopo at 50.6 per cent followed by the Free State, the Northern Cape and the Eastern Cape all at 49.8 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 September 2011

| R thousand | Main budget 2011/12 | | | | | Actual spending as at 30 September 2011 | | | | | Actual spending as % of main budget | 2010/11: Outcome as at 30 September 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 | 41 895 602 | 6 994 646 | 3 753 288 | – | 52 643 536 | 21 611 275 | 3 397 458 | 1 201 646 | 764 | 26 211 143 | 49.8% | 23 522 439 | 11.4% |
| Free State | 17 763 296 | 3 143 542 | 2 281 235 | – | 23 188 073 | 8 645 881 | 1 956 124 | 944 600 | 6 646 | 11 553 251 | 49.8% | 9 189 480 | 25.7% |
| Gauteng | 53 208 048 | 12 080 590 | 2 356 707 | – | 67 645 345 | 25 860 354 | 5 877 599 | 761 895 | 5 109 | 32 504 957 | 48.1% | 29 492 703 | 10.2% |
| Kw aZulu-Natal | 60 813 457 | 9 262 713 | 7 210 771 | 13 070 | 77 300 011 | 30 017 497 | 4 465 906 | 2 852 101 | 416 | 37 335 920 | 48.3% | 31 474 471 | 18.6% |
| Limpopo | 35 692 481 | 4 947 712 | 3 292 005 | – | 43 932 198 | 17 742 082 | 2 785 567 | 1 688 691 | 930 | 22 217 270 | 50.6% | 17 864 576 | 24.4% |
| Mpumalanga | 22 704 232 | 3 741 590 | 2 752 133 | – | 29 197 955 | 11 037 727 | 1 783 575 | 1 252 710 | 5 | 14 074 017 | 48.2% | 11 924 643 | 18.0% |
| Northern Cape | 8 030 506 | 1 158 961 | 1 095 770 | – | 10 285 237 | 3 884 751 | 578 853 | 659 261 | 6 | 5 122 871 | 49.8% | 4 189 335 | 22.3% |
| North West | 18 720 628 | 3 925 001 | 1 818 790 | 280 | 24 464 699 | 8 757 240 | 1 714 446 | 680 916 | – | 11 152 602 | 45.6% | 9 579 327 | 16.4% |
| Western Cape | 27 768 175 | 6 038 026 | 3 028 839 | 3 912 | 36 838 952 | 12 879 830 | 2 964 891 | 1 049 771 | 1 394 | 16 895 886 | 45.9% | 15 244 781 | 10.8% |
| Total | 286 596 425 | 51 292 781 | 27 589 538 | 17 262 | 365 496 006 | 140 436 637 | 25 524 419 | 11 091 591 | 15 270 | 177 067 917 | 48.4% | 152 481 755 | 16.1% |

Social Services

4. Provinces have budgeted R275.9 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 30 September 2011

| R thousand | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of total provincial expenditure | % share of total Social Services expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|--------------------|--------------------|---|-------------------------------------|---|--|--|---------------------|
| Education | 154 181 048 | 77 732 478 | 50.4% | 43.9% | 56.8% | 65 486 717 | 18.7% |
| Health | 109 996 770 | 53 615 255 | 48.7% | 30.3% | 39.2% | 46 314 559 | 15.8% |
| Social Development | 11 740 060 | 5 490 351 | 46.8% | 3.1% | 4.0% | 4 331 775 | 26.7% |
| Total | 275 917 878 | 136 838 084 | 49.6% | 77.3% | 100.0% | 116 133 051 | 17.8% |

5. The half-year outcome on social services is recorded at R136.8 billion, or 49.6 per cent of the total provincial social services budgets for 2011/12.

Education

6. Education budgets of R154.2 billion comprise 42.2 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R77.7 billion or 50.4 per cent of the total education budget. This is an increase of 18.7 per cent, or R12.2 billion, on the R65.5 billion spent over the same period in 2010/11.
7. Spending by provinces on education ranges from 46.6 per cent in the North West and 47.5 per cent in the Western Cape, to 52 per cent in KwaZulu-Natal and 51.6 per cent in Limpopo.

Table 3: Provincial Education Expenditure as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Education to total provincial expenditure | % share of Education to total Social Services expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|--------------------|---|-------------------------------------|--|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 24 634 708 | 12 579 211 | 51.1% | 48.0% | 60.3% | 11 002 530 | 14.3% |
| Free State | 9 496 341 | 4 701 313 | 49.5% | 40.7% | 56.6% | 3 936 176 | 19.4% |
| Gauteng | 25 965 171 | 12 985 631 | 50.0% | 39.9% | 51.1% | 10 782 643 | 20.4% |
| Kw aZulu-Natal | 32 618 276 | 16 969 734 | 52.0% | 45.5% | 57.5% | 14 460 194 | 17.4% |
| Limpopo | 20 859 319 | 10 768 823 | 51.6% | 48.5% | 62.2% | 8 775 328 | 22.7% |
| Mpumalanga | 12 951 753 | 6 669 343 | 51.5% | 47.4% | 64.0% | 5 469 591 | 21.9% |
| Northern Cape | 4 062 149 | 1 941 020 | 47.8% | 37.9% | 53.8% | 1 619 520 | 19.9% |
| North West | 10 261 488 | 4 780 369 | 46.6% | 42.9% | 58.2% | 3 960 294 | 20.7% |
| Western Cape | 13 331 843 | 6 337 034 | 47.5% | 37.5% | 48.1% | 5 480 441 | 15.6% |
| Total | 154 181 048 | 77 732 478 | 50.4% | 43.9% | 56.8% | 65 486 717 | 18.7% |

8. The half-year outcome on goods and services (including learner and teacher support materials) in education is recorded at R6 billion, or 40.1 per cent of the budgeted amount of R15 billion.
9. The bulk of education expenditure is on personnel (78.2 per cent). Current spending on education personnel amounts to R60.8 billion, or 51.3 per cent, of the R118.6 billion budgeted for personnel. Spending by provinces on personnel expenditure in education ranges from 48.6 per cent in the Western Cape, to 54.8 per cent in KwaZulu-Natal.

Table 4: Provincial Personnel Expenditure: Education as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Education Personnel to total personnel expenditure | % share of Education personnel to total Education expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|--------------------|---|-------------------------------------|---|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 19 410 179 | 10 204 359 | 52.6% | 59.3% | 81.1% | 9 120 530 | 11.9% |
| Free State | 7 444 127 | 3 743 494 | 50.3% | 54.6% | 79.6% | 3 214 634 | 16.5% |
| Gauteng | 19 118 041 | 9 437 983 | 49.4% | 52.5% | 72.7% | 8 225 432 | 14.7% |
| Kw aZulu-Natal | 24 585 670 | 13 481 087 | 54.8% | 58.5% | 79.4% | 11 079 120 | 21.7% |
| Limpopo | 17 055 572 | 8 583 283 | 50.3% | 58.8% | 79.7% | 7 461 610 | 15.0% |
| Mpumalanga | 10 022 528 | 5 061 348 | 50.5% | 60.2% | 75.9% | 4 409 798 | 14.8% |
| Northern Cape | 2 992 810 | 1 469 665 | 49.1% | 53.3% | 75.7% | 1 281 023 | 14.7% |
| North West | 7 792 533 | 3 852 104 | 49.4% | 55.6% | 80.6% | 3 322 682 | 15.9% |
| Western Cape | 10 135 942 | 4 929 896 | 48.6% | 50.3% | 77.8% | 4 327 074 | 13.9% |
| Total | 118 557 402 | 60 763 219 | 51.3% | 56.5% | 78.2% | 52 441 903 | 15.9% |

10. Education capital expenditure is at R3.4 billion, or 43.2 per cent, of the R7.8 billion budget. This is 58.6 per cent higher than the spending over the same period of the previous financial year. Education capital expenditure is lowest in the Eastern Cape at 21 per cent and highest in Mpumalanga at 74.1 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Education Capital to total Capital expenditure | % share of Capital to total Education expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|----------------|------------------|---|-------------------------------------|---|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 1 254 315 | 263 325 | 21.0% | 21.9% | 2.1% | 205 829 | 27.9% |
| Free State | 378 732 | 119 387 | 31.5% | 12.6% | 2.5% | 38 402 | 210.9% |
| Gauteng | 458 446 | 278 472 | 60.7% | 36.5% | 2.1% | 268 233 | 3.8% |
| Kw aZulu-Natal | 2 461 194 | 784 839 | 31.9% | 27.5% | 4.6% | 983 140 | -20.2% |
| Limpopo | 1 295 615 | 827 485 | 63.9% | 49.0% | 7.7% | 215 951 | 283.2% |
| Mpumalanga | 646 419 | 479 112 | 74.1% | 38.2% | 7.2% | 158 714 | 201.9% |
| Northern Cape | 176 162 | 86 666 | 49.2% | 13.1% | 4.5% | 33 037 | 162.3% |
| North West | 494 179 | 227 853 | 46.1% | 33.5% | 4.8% | 73 871 | 208.4% |
| Western Cape | 597 444 | 286 292 | 47.9% | 27.3% | 4.5% | 137 804 | 107.8% |
| Total | 7 762 506 | 3 353 431 | 43.2% | 30.2% | 4.3% | 2 114 981 | 58.6% |

Health

11. Health budgets, totalling R110 billion, comprise 30.1 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Health to total provincial expenditure | % share of Health to total Social Services expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|----------------|--------------------|---|-------------------------------------|---|--|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 14 237 249 | 7 484 979 | 52.6% | 28.6% | 35.9% | 6 824 833 | 9.7% |
| Free State | 6 820 708 | 3 219 779 | 47.2% | 27.9% | 38.8% | 2 638 778 | 22.0% |
| Gauteng | 22 837 577 | 11 310 740 | 49.5% | 34.8% | 44.5% | 9 974 238 | 13.4% |
| Kw aZulu-Natal | 24 484 855 | 11 728 040 | 47.9% | 31.4% | 39.7% | 9 696 470 | 21.0% |
| Limpopo | 11 587 901 | 5 894 931 | 50.9% | 26.5% | 34.0% | 4 587 047 | 28.5% |
| Mpumalanga | 7 365 135 | 3 291 162 | 44.7% | 23.4% | 31.6% | 3 044 485 | 8.1% |
| Northern Cape | 2 946 839 | 1 411 654 | 47.9% | 27.6% | 39.1% | 1 234 108 | 14.4% |
| North West | 6 321 446 | 3 005 416 | 47.5% | 26.9% | 36.6% | 2 598 407 | 15.7% |
| Western Cape | 13 395 060 | 6 268 554 | 46.8% | 37.1% | 47.6% | 5 716 193 | 9.7% |
| Total | 109 996 770 | 53 615 255 | 48.7% | 30.3% | 39.2% | 46 314 559 | 15.8% |

12. Table 6 indicates that, at R53.6 billion or 48.7 per cent of the total health budget, health expenditure increased by 15.8 per cent, or R7.3 billion, on the same period in 2010/11.

13. The Mpumalanga and Western Cape provinces spent the lowest share of their health budgets at 44.7 per cent and 46.8 per cent respectively. The highest shares are recorded by the Eastern Cape at 52.6 per cent and Limpopo at 50.9 per cent.

14. Table 7 (overleaf) indicates that health personnel expenditure is R33.4 billion, or 51.4 per cent, of the health personnel budget, an increase of R5.9 billion, or 21.6 per cent, on the R27.4 billion spent over the same period in 2010/11.

Table 7: Provincial Personnel Expenditure: Health as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Health Personnel to total personnel expenditure | % share of Health personnel to total Health expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|-------------------|---|-------------------------------------|--|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 8 752 597 | 4 745 898 | 54.2% | 27.6% | 63.4% | 4 040 962 | 17.4% |
| Free State | 4 277 430 | 2 075 520 | 48.5% | 30.2% | 64.5% | 1 754 509 | 18.3% |
| Gauteng | 13 182 665 | 6 839 015 | 51.9% | 38.1% | 60.5% | 5 672 048 | 20.6% |
| Kw aZulu-Natal | 14 837 633 | 7 445 058 | 50.2% | 32.3% | 63.5% | 6 015 650 | 23.8% |
| Limpopo | 7 147 605 | 3 848 192 | 53.8% | 26.4% | 65.3% | 3 002 134 | 28.2% |
| Mpumalanga | 3 950 125 | 2 031 295 | 51.4% | 24.2% | 61.7% | 1 676 896 | 21.1% |
| Northern Cape | 1 461 713 | 707 479 | 48.4% | 25.7% | 50.1% | 570 015 | 24.1% |
| North West | 3 618 247 | 1 867 078 | 51.6% | 27.0% | 62.1% | 1 526 206 | 22.3% |
| Western Cape | 7 637 201 | 3 806 824 | 49.8% | 38.8% | 60.7% | 3 178 541 | 19.8% |
| Total | 64 865 216 | 33 366 359 | 51.4% | 31.0% | 62.2% | 27 436 961 | 21.6% |

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R16.8 billion, or 46.9 per cent, of the R35.9 billion budget.

16. Capital expenditure in the health sector is at R3.4 billion, or 37.1 per cent, an increase of R442.7 million or 14.9 per cent on the R3 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Health Capital to total Capital expenditure | % share of Capital to total Health expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|------------------|---|-------------------------------------|--|--|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 998 787 | 402 841 | 40.3% | 33.5% | 5.4% | 448 623 | -10.2% |
| Free State | 713 066 | 269 937 | 37.9% | 28.6% | 8.4% | 92 427 | 192.1% |
| Gauteng | 1 490 421 | 426 283 | 28.6% | 56.0% | 3.8% | 522 565 | -18.4% |
| Kw aZulu-Natal | 2 117 827 | 774 257 | 36.6% | 27.1% | 6.6% | 492 058 | 57.4% |
| Limpopo | 1 160 539 | 555 191 | 47.8% | 32.9% | 9.4% | 317 525 | 74.8% |
| Mpumalanga | 798 453 | 189 567 | 23.7% | 15.1% | 5.8% | 326 754 | -42.0% |
| Northern Cape | 513 180 | 204 201 | 39.8% | 31.0% | 14.5% | 162 437 | 25.7% |
| North West | 577 388 | 285 042 | 49.4% | 41.9% | 9.5% | 230 397 | 23.7% |
| Western Cape | 841 313 | 306 136 | 36.4% | 29.2% | 4.9% | 377 968 | -19.0% |
| Total | 9 210 974 | 3 413 455 | 37.1% | 30.8% | 6.4% | 2 970 754 | 14.9% |

17. Spending by provinces varied, with the lowest rates of health capital expenditure being in Mpumalanga at 23.7 per cent and Gauteng at 28.6 per cent, and the highest being the North West and Limpopo at 49.4 per cent and 47.8 per cent respectively.

Social Development

18. At R11.7 billion, the social development budget comprises 3.2 per cent of total provincial budgets.

19. Provinces registered spending of R5.5 billion, or 46.8 per cent, of the total R11.7 billion budget. This represents an increase of R1.2 billion, or 26.7 per cent, on the R4.3 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being KwaZulu-Natal at 42 per cent and the Western Cape at 42.8 per cent while the highest are Limpopo at 56.7 per cent and the Northern Cape at 49.4 per cent.

Table 9: Provincial Social Development Expenditure as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Soc Dev to total provincial expenditure | % share of Soc Dev to total Social Services expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|-------------------|---|-------------------------------------|--|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 1 711 206 | 813 440 | 47.5% | 3.1% | 3.9% | 710 866 | 14.4% |
| Free State | 801 787 | 379 247 | 47.3% | 3.3% | 4.6% | 322 503 | 17.6% |
| Gauteng | 2 424 792 | 1 097 116 | 45.2% | 3.4% | 4.3% | 817 791 | 34.2% |
| Kw aZulu-Natal | 1 952 956 | 819 877 | 42.0% | 2.2% | 2.8% | 608 260 | 34.8% |
| Limpopo | 1 159 184 | 656 731 | 56.7% | 3.0% | 3.8% | 419 022 | 56.7% |
| Mpumalanga | 956 057 | 466 832 | 48.8% | 3.3% | 4.5% | 370 442 | 26.0% |
| Northern Cape | 520 271 | 256 983 | 49.4% | 5.0% | 7.1% | 220 945 | 16.3% |
| North West | 882 196 | 430 261 | 48.8% | 3.9% | 5.2% | 294 329 | 46.2% |
| Western Cape | 1 331 611 | 569 864 | 42.8% | 3.4% | 4.3% | 567 617 | 0.4% |
| Total | 11 740 060 | 5 490 351 | 46.8% | 3.1% | 4.0% | 4 331 775 | 26.7% |

Human Settlements and Local Government

21. The human settlements and local government budgets, at R21 billion, comprise 5.7 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of HS and LG to total provincial expenditure | % share of HSD Grant to total HS and LG expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|-------------------|---|-------------------------------------|--|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 3 171 027 | 1 202 402 | 37.9% | 4.6% | 60.5% | 1 129 828 | 6.4% |
| Free State | 1 363 431 | 909 532 | 66.7% | 7.9% | 77.6% | 449 440 | 102.4% |
| Gauteng | 4 568 343 | 1 873 341 | 41.0% | 5.8% | 82.2% | 1 738 441 | 7.8% |
| Kw aZulu-Natal | 4 191 604 | 1 479 674 | 35.3% | 4.0% | 66.7% | 1 459 288 | 1.4% |
| Limpopo | 2 209 093 | 927 593 | 42.0% | 4.2% | 61.4% | 881 391 | 5.2% |
| Mpumalanga | 1 520 467 | 630 355 | 41.5% | 4.5% | 55.9% | 650 952 | -3.2% |
| Northern Cape | 560 480 | 271 505 | 48.4% | 5.3% | 52.8% | 267 359 | 1.6% |
| North West | 1 456 056 | 701 711 | 48.2% | 6.3% | 66.6% | 652 674 | 7.5% |
| Western Cape | 1 971 980 | 870 659 | 44.2% | 5.2% | 83.8% | 773 529 | 12.6% |
| Total | 21 012 481 | 8 866 772 | 42.2% | 5.0% | 70.2% | 8 002 902 | 10.8% |

22. Spending by human settlements and local government is R8.9 billion, or 42.2 per cent, of the R21 billion budget. This represents an increase of R863.9 million, or 10.8 per cent, on the R8 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being KwaZulu-Natal at 35.3 per cent and the Eastern Cape at 37.9 per cent while the highest spenders are the Free State at 66.7 per cent and the Northern Cape at 48.4 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.
25. Table 11 indicates that provinces have spent R6.2 billion, or 41.6 per cent, of the R14.9 billion Human Settlements Development grant budget. These spending figures are R704.4 million or 12.8 per cent higher than the same period last year.
26. It should be noted that in the 2011/12 financial year, the portion of this grant that goes to cities for internal infrastructure has been removed and added instead to the Urban Settlements Development conditional grant in the local government sphere. This resulted in decreased spending trends in certain provinces when compared to the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of grant to total provincial expenditure | % share of grant to total grant expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|-------------------|---|-------------------------------------|--|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 2 177 676 | 726 946 | 33.4% | 2.8% | 11.7% | 696 692 | 4.3% |
| Free State | 913 907 | 705 494 | 77.2% | 6.1% | 11.3% | 243 789 | 189.4% |
| Gauteng | 3 804 611 | 1 539 139 | 40.5% | 4.7% | 24.7% | 1 397 331 | 10.1% |
| Kw aZulu-Natal | 2 769 871 | 987 001 | 35.6% | 2.6% | 15.9% | 846 013 | 16.7% |
| Limpopo | 1 398 914 | 569 120 | 40.7% | 2.6% | 9.1% | 627 946 | -9.4% |
| Mpumalanga | 916 677 | 352 327 | 38.4% | 2.5% | 5.7% | 412 724 | -14.6% |
| Northern Cape | 322 639 | 143 261 | 44.4% | 2.8% | 2.3% | 162 186 | -11.7% |
| North West | 998 376 | 467 440 | 46.8% | 4.2% | 7.5% | 498 597 | -6.2% |
| Western Cape | 1 638 845 | 729 911 | 44.5% | 4.3% | 11.7% | 630 978 | 15.7% |
| Total | 14 941 516 | 6 220 639 | 41.6% | 3.5% | 100.0% | 5 516 256 | 12.8% |

Personnel Expenditure

27. Personnel expenditure (compensation of employees) for the first half of the 2011/12 financial year is at R107.5 billion, or 50.7 per cent, of the combined R212.2 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 September 2011

| | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Personnel to total provincial expenditure | % share of personnel to total Personnel expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|--------------------|---|-------------------------------------|--|---|--|---------------------|
| R thousand | | | | | | | |
| Eastern Cape | 32 993 989 | 17 201 960 | 52.1% | 65.6% | 16.0% | 15 158 571 | 13.5% |
| Free State | 13 955 635 | 6 861 348 | 49.2% | 59.4% | 6.4% | 5 860 020 | 17.1% |
| Gauteng | 36 009 247 | 17 963 075 | 49.9% | 55.3% | 16.7% | 15 386 708 | 16.7% |
| Kw aZulu-Natal | 44 115 039 | 23 032 421 | 52.2% | 61.7% | 21.4% | 18 915 458 | 21.8% |
| Limpopo | 28 512 410 | 14 598 864 | 51.2% | 65.7% | 13.6% | 12 318 135 | 18.5% |
| Mpumalanga | 16 721 656 | 8 403 787 | 50.3% | 59.7% | 7.8% | 7 265 738 | 15.7% |
| Northern Cape | 5 699 294 | 2 757 243 | 48.4% | 53.8% | 2.6% | 2 342 468 | 17.7% |
| North West | 14 030 736 | 6 926 318 | 49.4% | 62.1% | 6.4% | 5 900 614 | 17.4% |
| Western Cape | 20 181 593 | 9 803 447 | 48.6% | 58.0% | 9.1% | 8 452 743 | 16.0% |
| Total | 212 219 599 | 107 548 463 | 50.7% | 60.7% | 100.0% | 91 600 455 | 17.4% |

28. Spending to date is R15.9 billion or 17.4 per cent higher than the R91.6 billion spent over the same period last year.
29. Spending ranges from 48.4 per cent and 48.6 per cent in the Northern Cape and the Western Cape respectively, to 52.2 per cent and 52.1 per cent in KwaZulu-Natal and the Eastern Cape respectively.

Overall Capital Budgets and Expenditure

30. By the end of September 2011, provinces have spent R11.1 billion or 40.2 per cent of the R27.6 billion capital budget (payments for capital assets). This is a significant increase of 31.7 per cent compared to the same period in 2010/11.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 September 2011

| R thousand | Main budget | Actual spending as at 30 September 2011 | Actual spending as % of main budget | % share of Capital to total provincial expenditure | % share of Capital to total Capital expenditure | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|--------------------|--|--|---|--|---|----------------------------|
| Eastern Cape | 3 753 288 | 1 201 646 | 32.0% | 4.6% | 10.8% | 1 188 834 | 1.1% |
| Free State | 2 281 235 | 944 600 | 41.4% | 8.2% | 8.5% | 459 390 | 105.6% |
| Gauteng | 2 356 707 | 761 895 | 32.3% | 2.3% | 6.9% | 850 630 | -10.4% |
| Kw aZulu-Natal | 7 210 771 | 2 852 101 | 39.6% | 7.6% | 25.7% | 2 382 621 | 19.7% |
| Limpopo | 3 292 005 | 1 688 691 | 51.3% | 7.6% | 15.2% | 708 558 | 138.3% |
| Mpumalanga | 2 752 133 | 1 252 710 | 45.5% | 8.9% | 11.3% | 828 980 | 51.1% |
| Northern Cape | 1 095 770 | 659 261 | 60.2% | 12.9% | 5.9% | 389 774 | 69.1% |
| North West | 1 818 790 | 680 916 | 37.4% | 6.1% | 6.1% | 580 351 | 17.3% |
| Western Cape | 3 028 839 | 1 049 771 | 34.7% | 6.2% | 9.5% | 1 034 992 | 1.4% |
| Total | 27 589 538 | 11 091 591 | 40.2% | 6.3% | 100.0% | 8 424 130 | 31.7% |

31. Table 13 provides capital spending information by province and shows low rates of spending in the Eastern Cape at 32 per cent and Gauteng at 32.3 per cent, and high rates in the Northern Cape at 60.2 per cent and Limpopo at 51.3 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R2.9 billion followed by Limpopo at R1.7 billion and Mpumalanga at R1.3 billion.
32. Provincial education departments have spent R3.4 billion, or 43.2 per cent, of their R7.8 billion education capital budgets. This is a significant increase of R1.2 billion, or 58.6 per cent, compared to spending over the same period in the previous financial year.
33. Provincial health departments have spent R3.4 billion, or 37.1 per cent, of their R9.2 billion health capital budgets, which is R442.7 million or 14.9 per cent more than the same period for 2010/11.
34. At 30.8 per cent, the public works, roads and transport departments have the second highest share of provincial capital budgets (after health). The sector has spent R3.6 billion or 42.9 per cent against its combined capital budgets of R8.5 billion as at 30 September 2011.

Conditional Grants

35. The total conditional grant allocation is R69.4 billion (including Schedules 4, 8 and 9 grants), with health making up the bulk at R23.9 billion.
36. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 September 2011. It excludes expected conditional grant roll-overs from the 2010/11 financial year, and excludes spending on Schedules 4, 8 and 9 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 provinces (Schedule 8 grant) specifies incentives to provinces to meet targets with regard to priority government programmes. The Provincial Disaster grant (Schedule 9 grant) specifies funds that are currently not allocated to specific provinces that may be released to provinces to fund disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 September 2011

| | Division of Revenue Act, 2011 (Act No. 6 of 2011) | Transferred from National to province | Actual spending as at 30 September 2011 | Actual spending as % of main budget (excluding Schedules 4, 8 and 9 grants) |
|---|---|---------------------------------------|---|---|
| R thousand | | | | |
| Agriculture, Forestry and Fisheries | 1 487 093 | 534 797 | 117 271 | 25.6% |
| 1. Comprehensive Agricultural Support Programme Grant | 1 029 321 | 308 799 | | |
| Ilima/Letsema Projects Grant | 400 000 | 200 000 | 96 576 | 24.1% |
| Land Care Programme Grant: Poverty Relief and Infrastructure | 57 772 | 25 998 | 20 695 | 35.8% |
| Arts and Culture | 543 420 | 282 601 | 211 401 | 38.9% |
| Community Library Services Grant | 543 420 | 282 601 | 211 401 | 38.9% |
| Basic Education | 10 546 380 | 5 387 381 | 2 375 302 | 47.1% |
| Dinaledi Schools Grant | 70 000 | 28 000 | 2 772 | 4.0% |
| 1. Education Infrastructure Grant | 5 498 300 | 2 559 366 | | |
| HIV and Aids (Life Skills Education) Grant | 199 328 | 59 798 | 75 549 | 37.9% |
| National School Nutrition Programme Grant | 4 578 752 | 2 680 217 | 2 245 763 | 49.0% |
| Technical Secondary Schools Recapitalisation Grant | 200 000 | 60 000 | 51 218 | 25.6% |
| Cooperative Governance and Traditional Affairs | 305 000 | – | – | – |
| 3. Provincial Disaster Grant | 305 000 | – | – | – |
| Health | 23 947 676 | 12 350 279 | 5 055 381 | 41.4% |
| Comprehensive HIV and Aids Grant | 7 492 962 | 3 749 000 | 3 035 870 | 40.5% |
| Forensic Pathology Services Grant | 590 380 | 303 580 | 290 337 | 49.2% |
| 1. Health Infrastructure Grant | 1 701 856 | 961 786 | | |
| 1. Health Professions Training and Development Grant | 1 977 310 | 999 654 | | |
| Hospital Revitalisation Grant | 4 136 290 | 2 311 825 | 1 729 174 | 41.8% |
| 1. National Tertiary Services Grant | 8 048 878 | 4 024 434 | | |
| Higher Education and Training | 4 325 989 | 2 462 822 | – | – |
| 1. Further Education and Training Colleges Grant | 4 325 989 | 2 462 822 | – | – |
| Human Settlements | 14 941 516 | 7 932 801 | 6 220 639 | 41.6% |
| Human Settlements Development Grant | 14 941 516 | 7 932 801 | 6 220 639 | 41.6% |
| Public Works | 2 270 857 | 842 718 | 1 094 445 | 54.6% |
| Devolution of Property Rate Funds Grant | 1 803 230 | 685 984 | 1 033 765 | 57.3% |
| 2. Expanded Public Works Programme Incentive Grant for Provincial | 267 269 | 49 133 | | |
| Social Sector Expanded Public Works Programme Incentive Grant | 200 358 | 107 601 | 60 680 | 30.3% |
| Sport and Recreation South Africa | 451 968 | 258 506 | 180 236 | 39.9% |
| Mass Sport and Recreation Participation Programme Grant | 451 968 | 258 506 | 180 236 | 39.9% |
| Transport | 10 615 886 | 4 921 358 | 5 300 | 100.0% |
| Gautrain Rapid Rail Link | 5 300 | 5 300 | 5 300 | 100.0% |
| 1. Provincial Roads Maintenance Grant | 6 457 354 | 2 839 442 | | |
| 1. Public Transport Operations Grant | 4 153 232 | 2 076 616 | | |
| Total | 69 435 785 | 34 973 263 | 15 259 975 | 42.8% |
| Total excluding Schedules 4, 8 and 9 grants | 35 671 276 | 18 691 211 | 15 259 975 | 42.8% |

- Schedule 4 grants specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets.
- Schedule 8 grants specifying incentives to provinces to meet targets with regard to priority government programmes.
- Schedule 9 grants specifying funds that are currently not allocated to specific provinces, that may be released to provinces to fund disaster response.

37. Against the total allocation of R35.7 billion (which excludes Schedules 4, 8 and 9 grants), the rate of conditional grants spending amounts to R15.3 billion, or 42.8 per cent.

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

- a. Dinaledi Schools (4 per cent)
- b. Ilima/Letsema Projects (24.1 per cent)
- c. Technical Secondary Schools Recapitalisation (25.6 per cent)
- d. Social Sector Expanded Public Works Programme Incentive (30.3 per cent)
- e. Land Care Programme (35.8 per cent)
- f. HIV and Aids (Life Skills Education) (37.9 per cent)
- g. Community Library Services (38.9 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 September 2011.

Table 15: Selected Conditional Grants Spending Rates as at 30 September 2011

| | Number of provinces spent less than 35% | Number of provinces spent between 35% and 45% (inclusive) | Number of provinces spent more than 45% |
|--|---|---|---|
| Agriculture, Forestry and Fisheries | | | |
| Land Care Programme Grant: Poverty Relief and Infrastructure | 4 EC, KZN, MPU, NW | 2 LIM, NC | 3 FS, GT, WC |
| Arts and Culture | | | |
| Community Library Services Grant | 3 EC, LIM, MPU | 4 FS, NC, NW, WC | 2 GT, KZN |
| Basic Education | | | |
| HIV and Aids (Life Skills Education) Grant | 5 FS, GT, KZN, NW, WC | 1 NC | 3 EC, LIM, MPU |
| National School Nutrition Programme Grant | | 3 GT, LIM, WC | 6 EC, FS, KZN, MPU, NC, NW |
| Health | | | |
| Comprehensive HIV and Aids Grant | 3 FS, NC, NW | 4 EC, GT, MPU, WC | 2 KZN, LIM |
| Forensic Pathology Services Grant | 1 MPU | 3 FS, NC, NW | 5 EC, GT, KZN, LIM, WC |
| Hospital Revitalisation Grant | 1 MPU | 5 EC, GT, LIM, NC, WC | 3 FS, KZN, NW |
| Human Settlements | | | |
| Human Settlements Development Grant | 1 EC | 6 GT, KZN, LIM, MPU, NC, WC | 2 FS, NW |
| Public Works | | | |
| Devolution of Property Rate Funds Grant | 4 GT, MPU, NC, NW | | 5 EC, FS, KZN, LIM, WC |
| Sport and Recreation South Africa | | | |
| Mass Sport and Recreation Participation Programme Grant | 2 KZN, NW | 4 EC, GT, LIM, WC | 3 FS, MPU, NC |
| Transport | | | |
| Gautrain Rapid Rail Link | | | 1 GT |

Percentages represent actual expenditure against main budgets. The main budgets are published in the Division of Revenue Act, 2011 (Act No. 6 of 2011).

40. The table further indicates that five provinces have spent less than 35 per cent on the HIV and Aids (Life Skills Education) grant. Four provinces have spent less than 35 per cent on the Land Care Programme grant and Devolution of Property Rate Funds grant.

Provincial Revenue

41. Provincial revenue includes equitable share allocations of R288.5 billion, conditional grants of R69.4 billion and own revenue of R10.3 billion. The total provincial revenue received and collected as at 30 September 2011 is R184.8 billion, or 50.2 per cent, of total revenue of R367.9 billion.

42. National government has transferred R144.2 billion or 50 per cent of the equitable share, and R35 billion or 50.4 per cent in conditional grants to provinces.
43. After six months, provinces have collected R5.6 billion or 54.4 per cent of the budgeted own revenue of R10.3 billion, which is R808 million, or 16.9 per cent, more than what was collected by the end of September for the previous financial year.
44. The collection rate varies from 40.7 per cent in Mpumalanga and 42.7 per cent in Limpopo, to a high of 61.9 per cent in the Eastern Cape and 60 per cent in KwaZulu-Natal.

Table 16: Provincial Own Revenue Collection as at 30 September 2011

| | Main budget | Actual collection as at 30 September 2011 | Actual collection as % of main budget | %share of Own Revenue to total provincial revenue | %share of Own Revenue to total Own Revenue | 2010/11: Outcome as at 30 September 2010 | Year-on-year growth |
|-------------------|--------------------|--|--|--|---|---|----------------------------|
| R thousand | | | | | | | |
| Eastern Cape | 668 809 | 414 285 | 61.9% | 1.5% | 7.4% | 383 130 | 8.1% |
| Free State | 717 613 | 374 580 | 52.2% | 3.1% | 6.7% | 358 412 | 4.5% |
| Gauteng | 3 010 609 | 1 679 043 | 55.8% | 4.9% | 30.1% | 1 297 665 | 29.4% |
| Kw aZulu-Natal | 1 942 965 | 1 166 738 | 60.0% | 3.0% | 20.9% | 1 002 607 | 16.4% |
| Limpopo | 583 530 | 249 185 | 42.7% | 1.1% | 4.5% | 269 485 | -7.5% |
| Mpumalanga | 644 799 | 262 166 | 40.7% | 1.8% | 4.7% | 232 968 | 12.5% |
| Northern Cape | 194 710 | 109 305 | 56.1% | 2.1% | 2.0% | 102 729 | 6.4% |
| North West | 652 169 | 298 567 | 45.8% | 2.4% | 5.3% | 231 181 | 29.1% |
| Western Cape | 1 851 518 | 1 032 532 | 55.8% | 5.5% | 18.5% | 900 201 | 14.7% |
| Total | 10 266 722 | 5 586 401 | 54.4% | 3.0% | 100.0% | 4 778 378 | 16.9% |