



national treasury

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Provincial Budgets: 2014/15 Financial Year Second Quarter 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 second quarter and year to date (April to September 2014) of the 2014/15 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 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 national department that administers the grant.
3. The budgeted figures for the second quarter are based on the 2014 Estimates of Provincial Revenue and Expenditure which were presented to provincial legislatures during March 2014.

Overall Expenditure Trends – as at the end of the Second Quarter

4. In aggregate, provincial spending for the second quarter is R220.3 billion, or 48.5 per cent, of combined annual budgets of R454.5 billion. This represents an increase of 8.6 per cent or R17.4 billion on the expenditure of R202.8 billion for the same period last year.
5. Education expenditure for the second quarter is R92.7 billion or 49.8 per cent of the R186.1 billion combined education budgets, an increase of 5.8 per cent or R5.1 billion on the second quarter for the previous financial year. It remains the largest item on provincial budgets (41 per cent).
6. Health expenditure totalled R69.2 billion, or 49.2 per cent, of the R140.7 billion combined health budgets, and is the second largest item on provincial budgets (31 per cent). This represents an increase of 7.4 per cent or R4.8 billion on the second quarter for the 2013/14 financial year.
7. Social development expenditure for the second quarter is R7.2 billion or 46.2 per cent of the R15.5 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R136.1 billion or 46.4 per cent of the budgeted R275.3 billion as at 30 September 2014.
9. In aggregate, expenditure on combined capital (payments for capital assets) is R13.5 billion or 43.2 per cent of budgeted R31.4 billion. This is an increase of 5.8 per cent on expenditure for the same period of the 2013/14 financial year.
10. Capital expenditure by provincial education departments is R4.2 billion or 43.9 per cent of the budgeted R9.5 billion. This is R56.1 million or 1.4 per cent more than the expenditure for the second quarter for the previous financial year.
11. Expenditure on capital by provincial health departments is R2.8 billion or 38.2 per cent of the budgeted R7.4 billion, which is R510.5 million or 15.2 per cent less than the second quarter for 2013/14.
12. The biggest share of provincial capital budgets is for the public works, roads and transport departments (36.4 per cent), whose expenditure is R5.4 billion or 47.7 per cent of the combined capital budget of R11.4 billion.
13. Provincial own revenue collected for the second quarter is R7.9 billion or 56.7 per cent of the budgeted own revenue of R13.9 billion. By the end of the second quarter, national government had transferred R181.2 billion of the equitable share and R43.4 billion of conditional grants to provinces.
14. A more detailed analysis of the expenditure outcome as at 30 September 2014 is set out in Annexure A.

DETAILED ANALYSIS AS AT THE END OF THE SECOND QUARTER FOR THE 2014/15 FINANCIAL YEAR

- The budgeted figures for provinces are based on the 2014 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2014.

Total Expenditure

- Table 1 indicates that in the second quarter provinces have spent R220.3 billion or 48.5 per cent of the combined budgeted expenditure of R454.5 billion. Spending against budgets is slightly higher in percentage terms when compared to the second quarter of the 2013/14 financial year. Spending in nominal terms is 8.6 per cent or R17.4 billion higher than last year, when provinces had spent R202.8 billion.
- Among provinces, spending is the lowest in Limpopo at 46.7 per cent and 47.2 per cent in the Gauteng and the highest in Northern Cape at 51.3 per cent and KwaZulu-Natal at 50.3 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 September 2014

R thousand	Main budget 2014/15					Actual payments as at 30 September 2014					Actual payments as % of main budget	2013/14: Outcome as at 30 September 2013	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	50 904 875	7 441 802	3 774 527	20 000	62 141 204	24 468 353	4 238 098	1 153 177	19 962	29 879 590	48.1%	28 294 953	5.6%
Free State	22 496 609	3 619 605	1 808 996	–	27 925 210	11 273 766	1 791 727	792 431	299	13 858 223	49.6%	13 266 544	4.5%
Gauteng	66 088 374	16 037 603	4 842 642	–	86 968 619	32 331 665	7 405 816	1 300 420	5 423	41 043 324	47.2%	37 490 187	9.5%
KwaZulu-Natal	77 661 426	10 912 200	8 142 008	2 500	96 718 134	37 864 074	6 419 404	4 360 482	3 234	48 647 194	50.3%	44 941 580	8.2%
Limpopo	43 749 571	5 480 784	2 230 085	–	51 460 440	20 974 032	2 192 281	842 668	–	24 008 981	46.7%	22 077 384	8.7%
Mpumalanga	29 004 476	4 408 600	3 051 738	5 000	36 469 814	14 066 095	2 292 898	1 324 486	18	17 683 497	48.5%	16 254 079	8.8%
Northern Cape	10 744 104	1 345 215	1 033 052	328	13 122 699	5 381 397	674 198	680 921	–	6 736 516	51.3%	6 126 869	10.0%
North West	24 074 751	4 866 470	2 828 570	–	31 769 791	12 200 152	2 124 953	1 137 122	–	15 462 227	48.7%	14 047 577	10.1%
Western Cape	35 934 147	8 342 912	3 652 849	4 964	47 934 872	17 095 696	3 888 598	1 957 731	3 337	22 945 362	47.9%	20 347 673	12.8%
Total	360 658 333	62 455 191	31 364 467	32 792	454 510 783	175 655 230	31 027 973	13 549 438	32 273	220 264 914	48.5%	202 846 846	8.6%

Social Services

- Provinces have budgeted R342.3 billion for social services (education, health and social development).

Table 2: Provincial Social Services Expenditure as at 30 September 2014

R thousand	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
Education	186 146 968	92 724 014	49.8%	42.1%	54.8%	87 639 796	5.8%
Health	140 683 965	69 207 090	49.2%	31.4%	40.9%	64 446 325	7.4%
Social Development	15 505 137	7 161 076	46.2%	3.3%	4.2%	6 351 839	12.7%
Total	342 336 070	169 092 180	49.4%	76.8%	100.0%	158 437 960	6.7%

- The second quarter outcome on social services is recorded at R169.1 billion, or 49.4 per cent of the total provincial social services budgets for 2014/15.

Education

- Education budgets of R186.1 billion comprise 41 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R92.7 billion or 49.8 per cent of the total education budget. This is an increase of 5.8 per cent, or R5.1 billion, on the R87.6 billion spent over the same period in 2013/14.
- Spending by provinces on education in the second quarter ranges from 48.6 per cent in the North West and 48.7 per cent in Eastern Cape, to 52.8 per cent in the Free State and 52.2 per cent in the Northern Cape.

Table 3: Provincial Education Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	27 934 964	13 606 025	48.7%	45.5%	58.9%	13 743 833	-1.0%
Free State	11 258 854	5 946 010	52.8%	42.9%	57.1%	5 664 960	5.0%
Gauteng	32 845 229	16 211 021	49.4%	39.5%	49.0%	15 034 629	7.8%
KwaZulu-Natal	39 446 920	20 086 841	50.9%	41.3%	54.2%	19 136 954	5.0%
Limpopo	24 965 895	12 219 174	48.9%	50.9%	61.8%	11 231 761	8.8%
Mpumalanga	16 102 831	8 005 734	49.7%	45.3%	62.3%	7 512 447	6.6%
Northern Cape	4 744 332	2 478 591	52.2%	36.8%	52.7%	2 305 074	7.5%
North West	12 422 999	6 036 514	48.6%	39.0%	55.6%	5 655 782	6.7%
Western Cape	16 424 944	8 134 104	49.5%	35.4%	47.0%	7 354 356	10.6%
Total	186 146 968	92 724 014	49.8%	42.1%	54.8%	87 639 796	5.8%

- The second quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R6.1 billion, or 41.2 per cent of the budgeted amount of R14.9 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	22 534 934	11 312 247	50.2%	57.0%	83.1%	11 005 637	2.8%
Free State	9 442 457	4 581 866	48.5%	53.0%	77.1%	4 366 619	4.9%
Gauteng	24 703 031	12 397 531	50.2%	51.4%	76.5%	11 481 000	8.0%
KwaZulu-Natal	31 973 947	16 138 370	50.5%	55.5%	80.3%	15 031 143	7.4%
Limpopo	20 405 986	10 240 969	50.2%	56.8%	83.8%	9 740 803	5.1%
Mpumalanga	12 733 191	6 243 867	49.0%	58.3%	78.0%	5 883 040	6.1%
Northern Cape	3 722 954	1 876 340	50.4%	51.6%	75.7%	1 755 453	6.9%
North West	9 629 053	4 856 090	50.4%	52.3%	80.4%	4 572 830	6.2%
Western Cape	12 437 572	6 220 646	50.0%	48.9%	76.5%	5 777 464	7.7%
Total	147 583 125	73 867 926	50.1%	54.3%	79.7%	69 613 989	6.1%

- The bulk of education expenditure (77.8 per cent) is on personnel. Current spending on education personnel amounts to R73.9 billion, or 50.1 per cent, of the R147.6 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 48.5 per cent in the Free State, to 50.5 per cent in KwaZulu-Natal.

10. Education capital expenditure is at R4.2 billion, or 43.9 per cent, of the R9.5 billion budget. This is 1.4 per cent more than the spending over the same period of the previous financial year. Education capital expenditure is lowest in the Gauteng at 22.6 per cent and highest in Western Cape at 60.4 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Education Capital to total capital expenditure	% share of Education Capital to total Education expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	1 141 143	341 262	29.9%	29.6%	2.5%	520 250	-34.4%
Free State	524 363	178 749	34.1%	22.6%	3.0%	149 218	19.8%
Gauteng	1 500 968	338 958	22.6%	26.1%	2.1%	509 230	-33.4%
KwaZulu-Natal	2 605 887	1 394 810	53.5%	32.0%	6.9%	1 427 470	-2.3%
Limpopo	1 113 897	638 382	57.3%	75.8%	5.2%	358 094	78.3%
Mpumalanga	924 437	392 815	42.5%	29.7%	4.9%	415 782	-5.5%
Northern Cape	321 865	169 531	52.7%	24.9%	6.8%	145 917	16.2%
North West	666 430	283 500	42.5%	24.9%	4.7%	303 478	-6.6%
Western Cape	743 767	449 266	60.4%	22.9%	5.5%	301 779	48.9%
Total	9 542 757	4 187 273	43.9%	30.9%	4.5%	4 131 218	1.4%

Health

11. Health budgets, totalling R140.7 billion, comprise 31 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	17 509 012	8 435 134	48.2%	28.2%	36.5%	7 687 633	9.7%
Free State	8 155 342	4 006 784	49.1%	28.9%	38.5%	3 874 191	3.4%
Gauteng	31 524 334	15 280 793	48.5%	37.2%	46.2%	14 020 716	9.0%
KwaZulu-Natal	30 914 196	15 779 020	51.0%	32.4%	42.6%	14 800 361	6.6%
Limpopo	14 371 045	6 866 688	47.8%	28.6%	34.8%	6 451 160	6.4%
Mpumalanga	8 991 610	4 271 204	47.5%	24.2%	33.3%	4 031 474	5.9%
Northern Cape	3 696 293	1 934 328	52.3%	28.7%	41.1%	1 676 585	15.4%
North West	8 184 022	4 274 498	52.2%	27.6%	39.4%	4 232 884	1.0%
Western Cape	17 338 111	8 358 641	48.2%	36.4%	48.3%	7 671 321	9.0%
Total	140 683 965	69 207 090	49.2%	31.4%	40.9%	64 446 325	7.4%

12. Table 6 indicates that at R69.2 billion or 49.2 per cent of the total health budget, health expenditure increased by 7.4 per cent, or R4.8 billion, on the same period in 2013/14.

13. The Mpumalanga and Limpopo provinces spent the lowest share of their health budgets at 47.5 per cent and 47.8 per cent respectively. The highest shares are recorded by Northern Cape at 52.3 per cent and the North West at 52.2 per cent.

14. Table 7 indicates that health personnel expenditure is R44.4 billion, or 49.5 per cent of the health personnel budget, an increase of R3.7 billion, or 9 per cent more than the R40.7 billion spent over the same period in 2013/14.

Table 7: Provincial Personnel Expenditure: Health as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	11 608 363	5 632 475	48.5%	28.4%	66.8%	5 136 582	9.7%
Free State	5 762 466	2 665 775	46.3%	30.8%	66.5%	2 605 665	2.3%
Gauteng	18 778 461	9 427 957	50.2%	39.1%	61.7%	8 639 419	9.1%
KwaZulu-Natal	20 188 402	10 017 209	49.6%	34.4%	63.5%	9 306 521	7.6%
Limpopo	10 234 790	5 142 732	50.2%	28.5%	74.9%	4 689 992	9.7%
Mpumalanga	5 663 449	2 791 857	49.3%	26.1%	65.4%	2 473 597	12.9%
Northern Cape	1 952 595	969 177	49.6%	26.7%	50.1%	869 932	11.4%
North West	5 103 515	2 706 989	53.0%	29.1%	63.3%	2 389 764	13.3%
Western Cape	10 334 801	5 048 695	48.9%	39.7%	60.4%	4 611 664	9.5%
Total	89 626 842	44 402 866	49.5%	32.6%	64.2%	40 723 136	9.0%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R22 billion, or 50.4 per cent, of the R43.6 billion budget.

16. Capital expenditure in the health sector is at R2.8 billion, or 38.2 per cent, a decrease of R510.5 million or 15.2 per cent on the R3.4 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	1 192 164	392 883	33.0%	34.1%	4.7%	267 871	46.7%
Free State	568 840	242 052	42.6%	30.5%	6.0%	169 769	42.6%
Gauteng	1 191 340	450 791	37.8%	34.7%	3.0%	391 876	15.0%
KwaZulu-Natal	1 597 175	790 660	49.5%	18.1%	5.0%	975 920	-19.0%
Limpopo	525 726	99 945	19.0%	11.9%	1.5%	84 640	18.1%
Mpumalanga	561 774	131 460	23.4%	9.9%	3.1%	275 147	-52.2%
Northern Cape	491 953	225 965	45.9%	33.2%	11.7%	251 607	-10.2%
North West	636 922	235 622	37.0%	20.7%	5.5%	648 155	-63.6%
Western Cape	673 068	270 705	40.2%	13.8%	3.2%	285 617	-5.2%
Total	7 438 962	2 840 083	38.2%	21.0%	4.1%	3 350 602	-15.2%

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Limpopo at 19 per cent and Mpumalanga at 23.4 per cent, and the highest being KwaZulu-Natal and the Northern Cape at 49.5 per cent and 45.9 per cent respectively.

Social Development

18. At R15.5 billion, the social development budget comprises 3.4 per cent of total provincial budgets.

19. Provinces registered spending of R7.2 billion, or 46.2 per cent, of the total R15.5 billion budget. This represents an increase of R809.2 million, or 12.7 per cent, on the R6.4 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in North West at 44.3 per cent and the Gauteng at 44.5 per cent while the highest are Eastern Cape at 48.9 per cent and the Western Cape at 47.3 per cent.

Table 9: Provincial Social Development Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	2 158 958	1 055 946	48.9%	3.5%	4.6%	884 057	19.4%
Free State	973 054	457 843	47.1%	3.3%	4.4%	484 067	-5.4%
Gauteng	3 524 662	1 568 661	44.5%	3.8%	4.7%	1 349 947	16.2%
KwaZulu-Natal	2 497 952	1 165 500	46.7%	2.4%	3.1%	995 463	17.1%
Limpopo	1 468 887	673 371	45.8%	2.8%	3.4%	620 374	8.5%
Mpumalanga	1 232 065	566 395	46.0%	3.2%	4.4%	534 498	6.0%
Northern Cape	651 206	293 486	45.1%	4.4%	6.2%	269 736	8.8%
North West	1 242 420	549 797	44.3%	3.6%	5.1%	478 908	14.8%
Western Cape	1 755 933	830 077	47.3%	3.6%	4.8%	734 789	13.0%
Total	15 505 137	7 161 076	46.2%	3.3%	4.2%	6 351 839	12.7%

Human Settlements and Local Government

21. The human settlements and local government budgets, at R24.4 billion, comprise 5.4 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	3 363 798	1 662 574	49.4%	5.6%	63.6%	1 482 018	12.2%
Free State	1 551 942	630 787	40.6%	4.6%	61.9%	437 312	44.2%
Gauteng	5 308 699	2 029 395	38.2%	4.9%	82.9%	1 675 882	21.1%
KwaZulu-Natal	4 948 358	2 800 405	56.6%	5.8%	71.3%	1 965 989	42.4%
Limpopo	2 158 033	580 805	26.9%	2.4%	17.8%	602 158	-3.5%
Mpumalanga	1 799 299	941 762	52.3%	5.3%	63.6%	518 741	81.5%
Northern Cape	648 810	286 126	44.1%	4.2%	63.6%	273 405	4.7%
North West	2 358 557	955 865	40.5%	6.2%	65.5%	857 802	11.4%
Western Cape	2 303 995	1 001 270	43.5%	4.4%	81.7%	1 138 531	-12.1%
Total	24 441 491	10 888 989	44.6%	4.9%	68.5%	8 951 838	21.6%

22. Spending by human settlements and local government is R10.9 billion, or 44.6 per cent, of the R24.4 billion budget. This represents an increase of R1.9 billion, or 21.6 per cent, on the R9 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being the Limpopo at 26.9 per cent and Gauteng at 38.2 per cent, while the highest spenders are KwaZulu-Natal at 56.6 per cent and the Mpumalanga at 52.3 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 R7.5 billion, or 43.6 per cent, of the R17.1 billion Human Settlements Development grant budget. These spending figures are R1.7 billion or 29.6 per cent more than the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	2 159 218	1 057 814	49.0%	3.5%	14.2%	929 969	13.7%
Free State	1 061 756	390 382	36.8%	2.8%	5.2%	239 781	62.8%
Gauteng	4 417 641	1 683 186	38.1%	4.1%	22.6%	1 332 386	26.3%
KwaZulu-Natal	3 273 045	1 995 468	61.0%	4.1%	26.8%	1 325 729	50.5%
Limpopo	1 219 115	103 506	8.5%	0.4%	1.4%	–	#DIV/0!
Mpumalanga	1 146 690	598 673	52.2%	3.4%	8.0%	245 939	143.4%
Northern Cape	374 832	181 993	48.6%	2.7%	2.4%	145 454	25.1%
North West	1 517 136	626 420	41.3%	4.1%	8.4%	591 754	5.9%
Western Cape	1 914 936	818 239	42.7%	3.6%	11.0%	940 309	-13.0%
Total	17 084 369	7 455 681	43.6%	3.4%	100.0%	5 751 321	29.6%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the second quarter of the 2014/15 financial year is at R136.1 billion, or 49.4 per cent, of the combined R275.3 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	40 171 350	19 846 245	49.4%	66.4%	14.6%	18 819 818	5.5%
Free State	18 141 118	8 651 583	47.7%	62.4%	6.4%	8 256 200	4.8%
Gauteng	48 869 091	24 108 338	49.3%	58.7%	17.7%	22 190 149	8.6%
KwaZulu-Natal	58 429 576	29 099 548	49.8%	59.8%	21.4%	27 059 053	7.5%
Limpopo	36 116 632	18 019 836	49.9%	75.1%	13.2%	16 917 196	6.5%
Mpumalanga	21 896 769	10 711 106	48.9%	60.6%	7.9%	9 907 007	8.1%
Northern Cape	7 332 773	3 635 191	49.6%	54.0%	2.7%	3 329 598	9.2%
North West	18 290 925	9 290 962	50.8%	60.1%	6.8%	8 430 816	10.2%
Western Cape	26 016 320	12 729 352	48.9%	55.5%	9.4%	11 722 823	8.6%
Total	275 264 554	136 092 161	49.4%	61.8%	100.0%	126 632 660	7.5%

27. Spending to date is R9.5 billion or 7.5 per cent higher than the R126.6 billion spent over the same period last year.

28. Spending ranges from 47.7 per cent in the Free State, to 50.8 per cent in the North West.

Overall Capital Budgets and Expenditure

29. By the end of September 2014, provinces had spent R13.5 billion or 43.2 per cent of the R31.4 billion capital budget (payments for capital assets). This is an increase of 5.8 per cent on the same period in 2013/14.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 September 2014

	Main budget	Actual payments as at 30 September 2014	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	3 774 527	1 153 177	30.6%	3.9%	8.5%	1 168 734	-1.3%
Free State	1 808 996	792 431	43.8%	5.7%	5.8%	882 499	-10.2%
Gauteng	4 842 642	1 300 420	26.9%	3.2%	9.6%	1 367 946	-4.9%
KwaZulu-Natal	8 142 008	4 360 482	53.6%	9.0%	32.2%	4 205 435	3.7%
Limpopo	2 230 085	842 668	37.8%	3.5%	6.2%	574 339	46.7%
Mpumalanga	3 051 738	1 324 486	43.4%	7.5%	9.8%	1 318 265	0.5%
Northern Cape	1 033 052	680 921	65.9%	10.1%	5.0%	637 014	6.9%
North West	2 828 570	1 137 122	40.2%	7.4%	8.4%	1 338 767	-15.1%
Western Cape	3 652 849	1 957 731	53.6%	8.5%	14.4%	1 313 377	49.1%
Total	31 364 467	13 549 438	43.2%	6.2%	100.0%	12 806 376	5.8%

30. Table 13 provides capital spending information by province and shows low rates of spending in Gauteng at 26.9 per cent and the Eastern Cape at 30.6 per cent, and high rates in the Northern Cape at 65.9 per cent and Western Cape at 53.6 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R4 billion followed by the Western Cape at R2 billion.

31. Provincial education departments have spent R4.2 billion, or 43.9 per cent, of their R9.5 billion education capital budgets. This is an increase of R56.1 million, or 1.4 per cent more, compared to spending over the same period in the previous financial year.

32. Provincial health departments have spent R2.8 billion, or 38.2 per cent, of their R7.4 billion health capital budgets, which is R510.5 million or 15.2 per cent less than the same period for 2013/14.

33. At 36.4 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector has spent R5.4 billion or 47.7 per cent against its combined capital budgets of R11.4 billion as at 30 September 2014.

Conditional Grants

34. The total provincial conditional grant allocation is R82 billion, with health making up the bulk at R30.1 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 September 2014. It excludes expected conditional grant roll-overs from the 2013/14 financial year, and excludes spending for grants set out in Part A of Schedule 4 and Part A of Schedule 7.

36. Part A of Schedule 4 specifies allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. Part A of Schedule 5 specifies specific-purpose allocations to provinces. The Provincial Disaster grant (Part A of Schedule 7) specifies funds that are not allocated to specific provinces, that may be released to provinces to fund immediate disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 September 2014

	Division of Revenue Act, 2014 (Act No. 10 of 2014)	Transferred from National to provinces	Actual payments as at 30 September 2014 (excluding Schedules 4A, 7A grants)	Actual payments as % of main budget (excluding Schedules 4A, 7A grants)
R thousand				
Agriculture, Forestry and Fisheries	2 389 070	1 212 317	185 344	35.1%
1. Comprehensive Agricultural Support Programme Grant	1 860 608	998 627		
Ilima/Letsema Projects Grant	460 625	184 248	152 840	33.2%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	67 837	29 442	32 504	47.9%
Arts and Culture	1 016 210	521 757	334 997	33.0%
Community Library Services Grant	1 016 210	521 757	334 997	33.0%
Basic Education	13 169 549	8 112 970	2 903 118	47.8%
Dinaledi Schools Grant	111 182	52 751	27 496	24.3%
1. Education Infrastructure Grant	6 928 908	4 330 569		
HIV and Aids (Life Skills Education) Grant	221 062	88 423	93 683	38.9%
National School Nutrition Programme Grant	5 461 915	3 441 335	2 733 688	49.9%
1. Occupational Specific Dispensation for Education Sector Therapists Grant	213 000	106 500		
Technical Secondary Schools Recapitalisation Grant	233 482	93 392	48 251	20.0%
Cooperative Governance and Traditional Affairs	197 372	59 960		
2. Provincial Disaster Grant	197 372	59 960		
Health	30 111 326	14 987 987	7 228 625	40.8%
Comprehensive HIV and Aids Grant	12 311 322	6 075 954	5 286 173	42.9%
Health Facility Revitalisation Grant	5 239 981	2 620 001	1 925 342	36.2%
1. Health Professions Training and Development Grant	2 321 788	1 179 908		
National Health Insurance Grant	70 000	28 000	17 110	24.4%
1. National Tertiary Services Grant	10 168 235	5 084 124		
Higher Education and Training	2 631 346	1 534 972		
1. Further Education and Training Colleges Grant	2 631 346	1 534 972		
Human Settlements	17 084 369	8 839 168	7 455 681	43.6%
Human Settlements Development Grant	17 084 369	8 839 168	7 455 681	43.6%
Public Works	606 919	380 966	300 526	48.6%
Expanded Public Works Programme Integrated Grant for Provinces	348 947	213 977	175 155	49.6%
Social Sector Expanded Public Works Programme Incentive Grant	257 972	166 989	125 371	47.3%
Social Development	29 000	-	14 803	51.0%
Substance Abuse Treatment Grant	29 000	-	14 803	51.0%
Sport and Recreation South Africa	525 632	260 497	170 439	32.4%
Mass Participation and Sport Development Grant	525 632	260 497	170 439	32.4%
Transport	14 194 207	7 451 443		
1. Provincial Roads Maintenance Grant	9 361 498	4 956 283		
1. Public Transport Operations Grant	4 832 709	2 495 160		
Total	81 955 000	43 362 037		
Total excluding Schedules 4A and 7A grants	43 439 536	22 615 934	18 593 533	42.7%

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

2. Part A of Schedule 7 grants specifying funds that are not allocated to specific provinces, that may be released to provinces to fund immediate disaster response.

37. Against the allocation of R43.4 billion (which excludes Part A of Schedule 4 and Part A of Schedule 7 grants), spending amounts to R8 billion, or 18.4 per cent.

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

- a. Technical Secondary Schools Recapitalisation Grant (20 per cent)
- b. Dinaledi Schools Grant (24.3 per cent)
- c. National Health Insurance Grant (24.4 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 September 2014.

Table 15: Selected Conditional Grants Spending Rates as at 30 September 2014

	Number of provinces spent less than 30%	Number of provinces spent between 30% and 40% (inclusive)	Number of provinces spent more than 40%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	4 FS, GT, LIM, MPU,	2 EC, KZN,	3 NC, NW, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	1 MPU,	2 EC, LIM,	6 FS, GT, KZN, NC, NW, WC
Arts and Culture			
Community Library Services Grant	3 FS, LIM, NW,	5 EC, GT, KZN, MPU, NC,	1 WC
Basic Education			
Dinaledi Schools Grant	7 FS, GT, KZN, LIM, MPU, NC, NW,		2 EC, WC
HIV and Aids (Life Skills Education) Grant	3 GT, LIM, WC	1 FS,	5 EC, KZN, MPU, NC, NW,
National School Nutrition Programme Grant			9 EC, FS, GT, KZN, LIM, MPU, NC, N
Technical Secondary Schools Recapitalisation Grant	5 EC, GT, LIM, MPU, NW,	3 FS, KZN, NC,	1 WC
Health			
Comprehensive HIV and Aids Grant	1 FS,	1 LIM,	7 EC, GT, KZN, MPU, NC, NW, WC
Health Facility Revitalisation Grant	3 GT, LIM, MPU,	2 EC, WC,	4 FS, KZN, NC, NW,
National Health Insurance Grant	6 EC, FS, KZN, MPU, NW, WC	2 LIM, NC,	1 GT,
Human Settlements			
Human Settlements Development Grant	1 LIM,	2 FS, GT,	6 EC, KZN, MPU, NC, NW, WC
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	3 GT, LIM, NW,	1 MPU,	5 EC, FS, KZN, NC, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 FS,		8 EC, GT, KZN, LIM, MPU, NC, NW, '
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	1 KZN,	7 EC, FS, GT, MPU, NC, NW, WC,	1 LIM,

Note: Percentages represent actual expenditure against main budgets. The main budgets are published in the Division of Revenue Act, 2014 (Act 10 of 2014).

40. Table 15 further indicates that at least five provinces have spent less than 30 per cent for the following grants: Dinaledi Schools Grant; Technical Secondary Schools Recapitalisation Grant and National Health Insurance Grant.

Provincial Revenue

41. Provincial revenue includes equitable share allocations of R362.5 billion, conditional grants of R81.8 billion and own revenue of R13.9 billion. The total provincial revenue received and collected as at 30 September 2014 is R232.5 billion, or 50.7 per cent, of total revenue of R458.1 billion.

42. During the second quarter of the current financial year, national government transferred R181.2 billion or 50 per cent of the equitable share and R43.4 billion or 53 per cent of conditional grants to provinces.

43. After six months, provinces have collected R7.9 billion or 56.7 per cent of the budgeted own revenue of R13.9 billion, which is R1.3 billion, or 19.4 per cent, more than what was collected by the end of September for the previous financial year.
44. The collection rate varies from 49.5 per cent in North West and 50.4 per cent in the Free State, to a high of 75.8 per cent in the Eastern Cape and 62.4 per cent in the Western Cape.

Table 16: Provincial Own Revenue Collection as at 30 September 2014

	Main budget	Actual collection as at 30 September 2014	Actual collection as % of Main budget	% share of Own Revenue collected to total provincial revenue	% share of Own Revenue collected to total Own Revenue collected	2013/14: Outcome as at 30 September 2013	Year-on-year growth
R thousand							
Eastern Cape	919 641	696 667	75.8%	2.2%	8.8%	484 299	43.9%
Free State	900 855	454 064	50.4%	3.2%	5.8%	400 308	13.4%
Gauteng	4 265 929	2 384 864	55.9%	5.2%	30.3%	2 031 305	17.4%
KwaZulu-Natal	2 783 644	1 459 607	52.4%	3.0%	18.5%	1 360 235	7.3%
Limpopo	868 702	504 381	58.1%	1.9%	6.4%	280 533	79.8%
Mpumalanga	762 819	417 940	54.8%	2.3%	5.3%	348 674	19.9%
Northern Cape	279 438	145 293	52.0%	2.1%	1.8%	130 176	11.6%
North West	961 452	475 902	49.5%	3.0%	6.0%	438 031	8.6%
Western Cape	2 139 999	1 335 103	62.4%	5.5%	17.0%	1 121 141	19.1%
Total	13 882 479	7 873 820	56.7%	3.4%	100.0%	6 594 702	19.4%