



national treasury

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National Treasury
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Provincial Budgets: 2014/15 Financial Year Third Quarter Year to Date Provincial Budgets and Expenditure Report

SUMMARY

1. Published by National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this statement of provincial receipts and payments covers the first nine months (April to December 2014) of the 2014/15 financial year. The statement is also 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 in the publication take account of the 2014 Adjusted Estimates of Provincial Revenue and Expenditure, which were presented to the provincial legislatures during November 2014. The adjustments include R669.4 million in conditional grants allocated in the *2014 Adjusted Estimates of National Expenditure and Division of Revenue Amendment Act, 2014*.
4. No additional funding has been allocated to the provincial equitable share. Provinces must ensure that all non-discretionary obligations are adequately provided for in their respective budgets.
5. The additional transfers to provinces include:
 - a. A rollover of R9.7 million for KwaZulu-Natal was agreed to under the HIV and Aids (Life Skills Education) Grant.
 - b. An amount of R397.7 million has been converted from the School Infrastructure Backlogs Grant (indirect grant) to the Education Infrastructure Grant (direct grant) for the Western Cape.
 - c. Rescheduling of R7 million for the National Health Insurance Grant to the Western Cape was gazetted on 31 December 2014 in terms of Section 21 the Division of Revenue Act, 2014, as amended.
 - d. Under the National Health Grant (Health Facility Revitalisation Component, an indirect grant) R262 million was converted to the Health Facility Revitalisation Grant (a direct grant) for four provinces (R18 million for the Free State, R200 million for

KwaZulu-Natal, R14 million for the North West and R30 million for the Northern Cape).

- e. R50.5 million was approved for unforeseen and unavoidable expenditure for the repair and replacement of infrastructure damaged by floods.
6. In addition to the national adjustments, provinces increased their main budgets by R5 billion. This amount consists mainly of unspent conditional grants not surrendered to the National Revenue Fund and other funds surrendered to the respective Provincial Revenue Funds in respect of the 2013/14 financial year.
7. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R5.7 billion with the bulk going to education (R2.1 billion), public works, roads and transport (R1.2 billion) and health (R959.7 million).

Overall Expenditure and Revenue Trends for the nine months to the end of December 2014

8. In aggregate, provinces spent R339.1 billion, or 73.7 per cent, of their combined adjusted budgets of R460.2 billion, an increase of 7.9 per cent or R24.9 billion on the R314.2 billion spent last year.
9. Education expenditure, which at 40.9 per cent is the largest item on provincial budgets, was R142 billion or 75.4 per cent of the R188.3 billion combined education adjusted budgets, an increase of 5.6 per cent or R7.5 billion on the previous financial year.
10. Health expenditure, which at 30.8 per cent is the second largest item on provincial budgets, totalled R105.1 billion, or 74.2 per cent of the R141.6 billion combined health adjusted budgets. The expenditure represents an increase of 7.4 per cent or R7.3 billion on the same period for the 2013/14 financial year.
11. Social development expenditure was R11.2 billion or 72.7 per cent of the R15.4 billion combined social development adjusted budgets.
12. Personnel expenditure (compensation of employees) was R205 billion or 74.4 per cent of the R275.4 billion adjusted budget. Given the tight budgetary environment, provinces through cost-effective reprioritisation within their current budgets, have to cover for the wage costs which were higher than original budgets because of increased inflation.
13. In aggregate, provinces spent R22.3 billion or 68.4 per cent of their R32.6 billion combined capital (payments for capital assets) adjusted budgets, an increase of 6.1 per cent on the expenditure for same period of the 2013/14 financial year.
14. Provincial education departments spent R6.7 billion or 71.7 per cent of the R9.4 billion adjusted budgets for capital expenditure, which is R73.6 million or 1.1 per cent more than the expenditure for the previous financial year.
15. Provincial health departments spent R4.8 billion or 62.5 per cent of the R7.7 billion adjusted budgets for capital expenditure, which is R362 million or 7 per cent less than the same period for 2013/14.
16. The biggest share (36.2 per cent) of provincial capital budgets is for the public works, roads and transport departments, which spent R8.7 billion or 74.2 per cent of the combined capital adjusted budget of R11.8 billion.
17. Provinces collected own revenue of R12.1 billion, or 83.1 per cent of the budgeted own revenue of R14.6 billion. By 31 December 2014, national government had transferred R271.9 billion of the equitable share and R65.7 billion of conditional grants to provinces.
18. A more detailed analysis on the outcome of provincial finances as at 31 December 2014 is set out in Annexure A.

DETAILED ANALYSIS FOR THE NINE MONTHS TO THE END OF DECEMBER 2014:

1. The budgeted figures for provinces are based on the 2014 Adjusted Estimates of Provincial Revenue and Expenditure documents (adjusted budgets) tabled in the provincial legislatures during November 2014.

Total Expenditure

2. Table 1 indicates that provinces spent R339.1 billion or 73.7 per cent of the combined adjusted budget of R460.2 billion. Spending against adjusted budgets is at a higher level in percentage terms when compared to the same period of the 2013/14 financial year. Spending in nominal terms is 7.9 per cent or R24.9 billion higher than last year, when provinces spent R314.2 billion.
3. Spending was lowest in Limpopo (71.3 per cent of the adjusted budget) and the Western Cape (72.3 per cent), highest in the Northern Cape and both KwaZulu-Natal and the Free State, at 77 per cent and 75.6 per cent respectively.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2014

R thousand	Adjusted budget 2014/15					Actual payments as at 31 December 2014					Actual payments as % of adjusted budget	2013/14: Outcome as at 31 December 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	51 312 057	7 645 401	3 631 363	20 000	62 608 821	37 888 203	6 110 978	2 245 318	21 099	46 265 598	73.9%	44 101 982	4.9%
Free State	22 580 724	3 880 674	2 052 834	905	28 515 137	17 170 125	3 097 006	1 281 748	637	21 549 516	75.6%	20 339 681	5.9%
Gauteng	66 174 786	16 292 150	4 739 113	277	87 206 326	48 557 932	12 022 221	2 648 888	11 616	63 240 657	72.5%	57 419 061	10.1%
Kw aZulu-Natal	78 002 853	11 372 618	7 863 155	3 273	97 241 899	57 979 672	9 259 558	6 268 237	3 465	73 510 933	75.6%	69 190 147	6.2%
Limpopo	44 329 064	6 186 580	2 268 253	536	52 784 433	31 977 488	4 057 059	1 577 215	–	37 611 762	71.3%	34 217 213	9.9%
Mpumalanga	28 965 605	4 778 682	3 318 933	5 015	37 068 235	21 211 263	3 806 772	2 127 674	262	27 145 971	73.2%	25 381 141	7.0%
Northern Cape	10 585 174	1 467 433	1 411 746	328	13 464 681	8 113 299	1 116 770	1 131 470	–	10 361 539	77.0%	9 570 781	8.3%
North West	24 508 642	5 240 004	2 665 126	–	32 413 772	18 548 728	3 748 588	1 734 535	11	24 031 862	74.1%	22 129 386	8.6%
Western Cape	36 254 104	8 035 371	4 632 740	5 870	48 928 085	25 887 594	6 213 856	3 258 490	7 622	35 367 562	72.3%	31 817 449	11.2%
Total	362 713 008	64 898 913	32 583 263	36 204	460 231 388	267 334 304	49 432 808	22 273 575	44 712	339 085 400	73.7%	314 166 841	7.9%

Social Services

4. The provincial adjusted budget for social services, including education, health and social development totals R345.4 billion.

Table 2: Provincial Social Services Expenditure as at 31 December 2014

R thousand	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
Education	188 340 376	142 037 065	75.4%	41.9%	55.0%	134 493 607	5.6%
Health	141 633 697	105 088 536	74.2%	31.0%	40.7%	97 827 250	7.4%
Social Development	15 410 574	11 210 164	72.7%	3.3%	4.3%	9 931 786	12.9%
Total	345 384 647	258 335 765	74.8%	76.2%	100.0%	242 252 643	6.6%

5. Expenditure at the end of the third quarter of 2014/15 was R258.3 billion, or 74.8 per cent of the total provincial social services adjusted budgets for 2014/15.

Education

6. At R188.3 billion, education adjusted budgets comprise 40.9 per cent of total provincial adjusted budgets. Table 3 shows that education expenditure by the end of the third quarter of 2014/15 totalled R142 billion or 75.4 per cent of the total education adjusted budget. This is an increase of 5.6 per cent, or R7.5 billion, on the R134.5 billion spent over the same period in 2013/14.
7. Spending by provinces on education ranges from 74 per cent in Mpumalanga and 74.2 per cent in the Western Cape, to 79.9 per cent in the Free State and 77.6 per cent in the Northern Cape.

Table 3: Provincial Education Expenditure as at 31 December 2014

	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
R thousand							
Eastern Cape	28 283 403	21 030 781	74.4%	45.5%	58.8%	20 861 818	0.8%
Free State	11 266 064	8 998 681	79.9%	41.8%	56.9%	8 312 795	8.3%
Gauteng	33 212 863	24 873 267	74.9%	39.3%	49.3%	23 319 326	6.7%
Kw aZulu-Natal	39 594 931	30 422 745	76.8%	41.4%	54.4%	29 074 575	4.6%
Limpopo	25 338 434	18 956 050	74.8%	50.4%	61.8%	17 502 506	8.3%
Mpumalanga	16 263 365	12 036 948	74.0%	44.3%	62.3%	11 492 134	4.7%
Northern Cape	4 792 301	3 719 718	77.6%	35.9%	52.3%	3 517 007	5.8%
North West	12 562 685	9 367 792	74.6%	39.0%	55.8%	8 929 236	4.9%
Western Cape	17 026 330	12 631 083	74.2%	35.7%	47.5%	11 484 210	10.0%
Total	188 340 376	142 037 065	75.4%	41.9%	55.0%	134 493 607	5.6%

8. Expenditure on goods and services (including learner and teacher support materials) was at R10.9 billion, or 70.2 per cent of the adjusted budget amount of R15.5 billion.
9. The bulk of education expenditure (R111.6 billion, or 78.6 per cent of total education expenditure) was on personnel. The first nine months expenditure accounted for 74.9 per cent of the R149.1 billion adjusted budget for personnel. Spending by provinces on personnel expenditure in education ranged from 73.9 per cent in the Free State to 77.1 per cent in the North West.

Table 4: Provincial Personnel Expenditure: Education as at 31 December 2014

	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
R thousand							
Eastern Cape	22 928 295	17 171 801	74.9%	56.9%	81.7%	16 694 019	2.9%
Free State	9 298 357	6 875 052	73.9%	53.0%	76.4%	6 590 264	4.3%
Gauteng	25 012 115	18 613 801	74.4%	51.5%	74.8%	17 216 771	8.1%
Kw aZulu-Natal	32 713 730	24 572 284	75.1%	55.8%	80.8%	22 930 513	7.2%
Limpopo	20 553 006	15 360 209	74.7%	56.9%	81.0%	14 558 457	5.5%
Mpumalanga	12 687 862	9 419 260	74.2%	58.7%	78.3%	8 821 471	6.8%
Northern Cape	3 734 825	2 828 164	75.7%	51.7%	76.0%	2 654 013	6.6%
North West	9 666 116	7 450 260	77.1%	52.9%	79.5%	6 957 194	7.1%
Western Cape	12 538 677	9 337 007	74.5%	48.9%	73.9%	8 691 039	7.4%
Total	149 132 983	111 627 838	74.9%	54.4%	78.6%	105 113 741	6.2%

10. Capital expenditure by provincial education departments was R6.7 billion, or 71.7 per cent, of the R9.4 billion adjusted budget, which is 1.1 per cent higher than the spending over the same period of the previous financial year. Education capital expenditure was lowest in Gauteng (45.5 per cent) and highest in KwaZulu-Natal (96.5 per cent).

Table 5: Provincial Capital Expenditure: Education as at 31 December 2014

	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Education Capital to total capital expenditure	% share of Education Capital to total Education expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
R thousand							
Eastern Cape	1 135 388	816 411	71.9%	36.4%	3.9%	879 138	-7.1%
Free State	432 540	350 184	81.0%	27.3%	3.9%	225 630	55.2%
Gauteng	1 442 831	656 726	45.5%	24.8%	2.6%	1 034 380	-36.5%
Kw aZulu-Natal	1 754 440	1 693 814	96.5%	27.0%	5.6%	1 976 093	-14.3%
Limpopo	1 311 237	1 009 914	77.0%	64.0%	5.3%	748 659	34.9%
Mpumalanga	1 043 536	569 115	54.5%	26.7%	4.7%	598 682	-4.9%
Northern Cape	334 752	297 140	88.8%	26.3%	8.0%	245 075	21.2%
North West	719 152	424 029	59.0%	24.4%	4.5%	414 113	2.4%
Western Cape	1 201 048	902 020	75.1%	27.7%	7.1%	523 958	72.2%
Total	9 374 924	6 719 353	71.7%	30.2%	4.7%	6 645 728	1.1%

Health

11. Health adjusted budgets, totalling R141.6 billion, comprise 30.8 per cent of total provincial adjusted budgets.

Table 6: Provincial Health Expenditure as at 31 December 2014

	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
R thousand							
Eastern Cape	17 679 043	13 113 920	74.2%	28.3%	36.7%	12 062 450	8.7%
Free State	8 329 177	6 115 320	73.4%	28.4%	38.7%	5 885 346	3.9%
Gauteng	31 491 179	23 141 662	73.5%	36.6%	45.9%	20 888 259	10.8%
Kw aZulu-Natal	31 119 465	23 647 653	76.0%	32.2%	42.3%	22 400 708	5.6%
Limpopo	14 616 088	10 656 867	72.9%	28.3%	34.8%	9 698 681	9.9%
Mpumalanga	9 032 547	6 371 807	70.5%	23.5%	33.0%	6 204 987	2.7%
Northern Cape	3 757 988	2 926 895	77.9%	28.2%	41.2%	2 599 278	12.6%
North West	8 184 743	6 496 028	79.4%	27.0%	38.7%	6 419 118	1.2%
Western Cape	17 423 467	12 618 384	72.4%	35.7%	47.5%	11 668 423	8.1%
Total	141 633 697	105 088 536	74.2%	31.0%	40.7%	97 827 250	7.4%

12. Table 6 indicates that, at R105.1 billion or 74.2 per cent of the total health adjusted budget, health expenditure increased by 7.4 per cent, or R7.3 billion, compared to the same period in 2013/14.

13. Mpumalanga and the Western Cape provinces spent the lowest share of their health adjusted budgets at 70.5 per cent and 72.4 per cent respectively. The highest shares are recorded by the North West at 79.4 per cent and the Northern Cape at 77.9 per cent.

14. Table 7 (overleaf) shows that health personnel expenditure was R66.5 billion, or 74.6 per cent, of the health personnel adjusted budget, an increase of R5.3 billion, or 8.6 per cent, on the R61.2 billion spent over the same period in 2013/14.

Table 7: Provincial Personnel Expenditure: Health as at 31 December 2014

R thousand	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
Eastern Cape	11 647 569	8 597 814	73.8%	28.5%	65.6%	7 855 265	9.5%
Free State	5 332 724	3 992 510	74.9%	30.8%	65.3%	3 896 002	2.5%
Gauteng	18 743 254	14 043 760	74.9%	38.9%	60.7%	12 834 918	9.4%
Kw aZulu-Natal	20 211 032	15 027 868	74.4%	34.1%	63.5%	14 000 947	7.3%
Limpopo	10 397 493	7 672 524	73.8%	28.4%	72.0%	7 016 357	9.4%
Mpumalanga	5 569 728	4 119 876	74.0%	25.7%	64.7%	3 742 502	10.1%
Northern Cape	1 956 167	1 448 951	74.1%	26.5%	49.5%	1 327 843	9.1%
North West	5 103 715	4 065 627	79.7%	28.8%	62.6%	3 619 445	12.3%
Western Cape	10 223 740	7 546 543	73.8%	39.5%	59.8%	6 926 713	8.9%
Total	89 185 422	66 515 473	74.6%	32.4%	63.3%	61 219 992	8.6%

15. Spending on non-capital items, including medicines, drugs and other current expenditure (but excluding expenditure on personnel), was R33.8 billion, or 75.4 per cent, of the R44.8 billion adjusted budget.

16. Capital expenditure in the health sector was R4.8 billion, or 62.5 per cent, a decrease of R362 million or 7 per cent on the R5.2 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 31 December 2014

R thousand	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
Eastern Cape	1 202 573	679 614	56.5%	30.3%	5.2%	494 271	37.5%
Free State	697 212	384 785	55.2%	30.0%	6.3%	280 248	37.3%
Gauteng	1 295 978	730 565	56.4%	27.6%	3.2%	651 562	12.1%
Kw aZulu-Natal	1 644 294	1 110 337	67.5%	17.7%	4.7%	1 337 839	-17.0%
Limpopo	331 907	376 190	113.3%	23.9%	3.5%	203 779	84.6%
Mpumalanga	543 559	232 525	42.8%	10.9%	3.6%	416 664	-44.2%
Northern Cape	576 648	385 812	66.9%	34.1%	13.2%	384 113	0.4%
North West	624 068	459 030	73.6%	26.5%	7.1%	905 095	-49.3%
Western Cape	766 368	443 943	57.9%	13.6%	3.5%	491 221	-9.6%
Total	7 682 607	4 802 801	62.5%	21.6%	4.6%	5 164 792	-7.0%

17. Spending levels by provinces varied, with Mpumalanga (42.8 per cent) and the Free State (55.2 per cent) being the lowest and Limpopo (113.3 per cent) and the North West (73.6 per cent) being the highest.

Social Development

18. At R15.4 billion, the social development adjusted budget comprises 3.3 per cent of total provincial adjusted budgets.

19. Provinces registered expenditure of R11.2 billion, or 72.7 per cent, of the total adjusted budget of R15.4 billion, which represents an increase of R1.3 billion, or 12.9 per cent, on the R9.9 billion spent over the same period last year.

20. Expenditure levels varied, with the Northern Cape (69.5 per cent) and Limpopo (70.2 per cent) being the lowest, and the Western Cape (75.1 per cent) and Mpumalanga (75 per cent) being the highest.

Table 9: Provincial Social Development Expenditure as at 31 December 2014

R thousand	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
Eastern Cape	2 156 718	1 605 972	74.5%	3.5%	4.5%	1 389 978	15.5%
Free State	973 554	701 419	72.0%	3.3%	4.4%	722 940	-3.0%
Gauteng	3 421 362	2 457 191	71.8%	3.9%	4.9%	2 138 751	14.9%
Kw aZulu-Natal	2 489 760	1 804 279	72.5%	2.5%	3.2%	1 556 398	15.9%
Limpopo	1 476 438	1 036 822	70.2%	2.8%	3.4%	946 235	9.6%
Mpumalanga	1 220 309	914 889	75.0%	3.4%	4.7%	837 457	9.2%
Northern Cape	660 623	459 005	69.5%	4.4%	6.5%	420 780	9.1%
North West	1 254 142	911 073	72.6%	3.8%	5.4%	761 488	19.6%
Western Cape	1 757 668	1 319 514	75.1%	3.7%	5.0%	1 157 759	14.0%
Total	15 410 574	11 210 164	72.7%	3.3%	4.3%	9 931 786	12.9%

Human Settlements Development Conditional Grant

21. Most of the human settlements and local government expenditure comes from the Human Settlements Development conditional grant.

Table 10: Provincial Human Settlements Development Grant Expenditure as at 31 December 2014

R thousand	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
Eastern Cape	2 159 218	1 780 202	82.4%	3.8%	14.3%	1 645 621	8.2%
Free State	1 061 756	784 781	73.9%	3.6%	6.3%	729 529	7.6%
Gauteng	4 430 595	2 786 556	62.9%	4.4%	22.4%	2 202 652	26.5%
Kw aZulu-Natal	3 273 045	2 950 350	90.1%	4.0%	23.7%	2 267 520	30.1%
Limpopo	1 384 543	238 355	17.2%	0.6%	1.9%	–	–
Mpumalanga	1 257 960	1 017 082	80.9%	3.7%	8.2%	557 284	82.5%
Northern Cape	374 832	298 236	79.6%	2.9%	2.4%	240 295	24.1%
North West	1 517 136	1 153 893	76.1%	4.8%	9.3%	1 053 821	9.5%
Western Cape	1 914 936	1 420 223	74.2%	4.0%	11.4%	1 528 774	-7.1%
Total	17 374 021	12 429 678	71.5%	3.7%	100.0%	10 225 496	21.6%

22. Table 10 shows that provinces spent R12.4 billion, or 71.5 per cent of the R17.4 billion Human Settlements Development grant adjusted budget, which is an increase of R2.2 billion or 21.6 per cent on the expenditure for the same period last year.

Personnel Expenditure

23. Personnel expenditure (compensation of employees) for the first nine months of the 2014/15 financial year was R205 billion, or 74.4 per cent, of the combined R275.4 billion adjusted budget, which is R14 billion or 7.3 per cent higher than the R191 billion spent during the same period last year.

Table 11: Provincial Personnel Expenditure as at 31 December 2014

	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
R thousand							
Eastern Cape	40 542 170	30 178 044	74.4%	65.2%	14.7%	28 606 847	5.5%
Free State	17 516 051	12 976 269	74.1%	60.2%	6.3%	12 418 125	4.5%
Gauteng	48 833 220	36 126 259	74.0%	57.1%	17.6%	33 226 039	8.7%
Kw aZulu-Natal	58 923 460	44 035 362	74.7%	59.9%	21.5%	41 066 319	7.2%
Limpopo	36 411 807	26 985 233	74.1%	71.7%	13.2%	25 274 119	6.8%
Mpumalanga	21 668 612	16 043 550	74.0%	59.1%	7.8%	14 890 553	7.7%
Northern Cape	7 334 786	5 468 921	74.6%	52.8%	2.7%	5 051 011	8.3%
North West	18 268 119	14 095 946	77.2%	58.7%	6.9%	12 820 740	9.9%
Western Cape	25 898 051	19 109 222	73.8%	54.0%	9.3%	17 644 528	8.3%
Total	275 396 276	205 018 806	74.4%	60.5%	100.0%	190 998 281	7.3%

24. Spending ranged from 73.8 per cent (Western Cape), 74 per cent (Gauteng and Mpumalanga), to 77.2 per cent (North West) and 74.7 per cent (KwaZulu-Natal).

Overall Capital Budgets and Expenditure

25. By the end of December 2014, provinces had spent R22.3 billion or 68.4 per cent of the R32.6 billion capital adjusted budget (payments for capital assets), an increase of 6.1 per cent on the expenditure for the same period in 2013/14.

Table 12: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2014

	Adjusted budget	Actual payments as at 31 December 2014	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2013/14: Outcome as at 31 December 2013	Year-on-year growth
R thousand							
Eastern Cape	3 631 363	2 245 318	61.8%	4.9%	10.1%	2 055 554	9.2%
Free State	2 052 834	1 281 748	62.4%	5.9%	5.8%	1 604 880	-20.1%
Gauteng	4 739 113	2 648 888	55.9%	4.2%	11.9%	2 450 785	8.1%
Kw aZulu-Natal	7 863 155	6 268 237	79.7%	8.5%	28.1%	6 413 494	-2.3%
Limpopo	2 268 253	1 577 215	69.5%	4.2%	7.1%	1 128 840	39.7%
Mpumalanga	3 318 933	2 127 674	64.1%	7.8%	9.6%	2 071 497	2.7%
Northern Cape	1 411 746	1 131 470	80.1%	10.9%	5.1%	1 093 997	3.4%
North West	2 665 126	1 734 535	65.1%	7.2%	7.8%	1 977 706	-12.3%
Western Cape	4 632 740	3 258 490	70.3%	9.2%	14.6%	2 188 701	48.9%
Total	32 583 263	22 273 575	68.4%	6.6%	100.0%	20 985 454	6.1%

26. Table 12 provides capital spending information by province and shows low rates of spending in Gauteng (55.9 per cent) and the Eastern Cape (61.8 per cent), high rates in the Northern Cape (80.1 per cent) and KwaZulu-Natal (79.7 per cent). However, KwaZulu-Natal (R6.3 billion) spent the most in absolute terms, followed by the Western Cape (R3.3 billion) and Gauteng (R2.6 billion).

27. Provincial education departments spent R6.7 billion, or 71.7 per cent, of their R9.4 billion capital adjusted budgets, which is an increase of R73.6 million, or 1.1 per cent on the expenditure for the same period last year.

28. Provincial health departments spent R4.8 billion, or 62.5 per cent, of their R7.7 billion health capital adjusted budgets, which is R362 million or 7 per cent less than the same period for 2013/14.

29. The public works, roads and transport departments, which have the biggest share (36.2 per cent) of provincial capital adjusted budgets, spent R8.7 billion or 74.2 per cent of their combined capital adjusted budgets of R11.8 billion.

Conditional Grants

Table 13: Provincial Conditional Grants Expenditure as at 31 December 2014

	Division of Revenue Act, 2014 (Act No. 10 of 2014)	Other gazetted amounts	Provincial roll-overs/other provincial adjustments	Total available 2014/15	Transferred from National to provinces	Actual payments as at 31 Dec 2014 (excluding Schedules 4A, 7A grants)	Actual payments as % of total available (excluding Schedules 4A, 7A grants)
R thousand							
Agriculture, Forestry and Fisheries	2 389 070	-	33 590	2 422 660	2 007 875	381 318	68.6%
1. Comprehensive Agricultural Support Programme Grant	1 860 608	-	6 069	1 866 677	1 587 240		
Ilima/Letsema Projects Grant	460 625	-	27 521	488 146	368 501	334 766	68.6%
Land Care Programme Grant: Poverty Relief and Infrastructure	67 837	-	-	67 837	52 134	46 552	68.6%
Arts and Culture	1 016 210	-	34 455	1 050 665	803 316	537 295	51.1%
Community Library Services Grant	1 016 210	-	34 455	1 050 665	803 316	537 295	51.1%
Basic Education	13 169 549	407 403	340 892	13 917 844	11 706 571	4 674 132	76.4%
Dinaledi Schools Grant	111 182	-	5 252	116 434	70 264	53 537	46.0%
1. Education Infrastructure Grant	6 928 908	397 676	264 087	7 590 671	6 373 820		
HIV and Aids (Life Skills Education) Grant	221 062	9 727	21 328	252 117	164 414	169 836	67.4%
National School Nutrition Programme Grant	5 461 915	-	33 399	5 495 314	4 795 486	4 328 692	78.8%
1. Occupational Specific Dispensation for Education Sector Therapists Grant	213 000	-	-	213 000	157 751		
Technical Secondary Schools Recapitalisation Grant	233 482	-	16 826	250 308	144 836	122 067	48.8%
Cooperative Governance and Traditional Affairs	197 372	-	-	197 372	59 960		
2. Provincial Disaster Grant	197 372	-	-	197 372	59 960		
Health	30 111 326	268 956	405 546	30 785 828	22 627 030	11 765 388	64.4%
Comprehensive HIV and Aids Grant	12 311 322	-	38 603	12 349 925	9 255 607	8 372 589	67.8%
Health Facility Revitalisation Grant	5 239 981	262 000	331 086	5 833 067	3 929 992	3 363 372	57.7%
1. Health Professions Training and Development Grant	2 321 788	-	1 386	2 323 174	1 766 248		
National Health Insurance Grant	70 000	6 956	11 648	88 604	49 000	29 427	33.2%
1. National Tertiary Services Grant	10 168 235	-	22 823	10 191 058	7 626 183		
Higher Education and Training	2 631 346	-	5 533	2 636 879	2 192 818		
1. Further Education and Training Colleges Grant	2 631 346	-	5 533	2 636 879	2 192 818		
Human Settlements	17 084 369	-	289 652	17 374 021	13 436 339	12 429 678	71.5%
Human Settlements Development Grant	17 084 369	-	289 652	17 374 021	13 436 339	12 429 678	71.5%
Public Works	606 919	-	2 559	609 478	582 131	460 882	75.6%
Expanded Public Works Programme Integrated Grant for Provincial	348 947	-	2 559	351 506	328 123	253 058	72.0%
Social Sector Expanded Public Works Programme Incentive Gr	257 972	-	-	257 972	254 008	207 824	80.6%
Social Development	29 000	-	-	29 000	10 864	15 351	52.9%
Substance Abuse Treatment Grant	29 000	-	-	29 000	10 864	15 351	52.9%
Sport and Recreation South Africa	525 632	-	1 091	526 723	466 360	388 733	73.8%
Mass Participation and Sport Development Grant	525 632	-	1 091	526 723	466 360	388 733	73.8%
Transport	14 194 207	-	280 262	14 474 469	11 787 759		
1. Provincial Roads Adjustedtenance Grant	9 361 498	-	280 262	9 641 760	8 057 054		
1. Public Transport Operations Grant	4 832 709	-	-	4 832 709	3 730 705		
Total	81 955 000	676 359	1 393 580	84 024 939	65 681 023		
Total excluding Schedules 4A and 7A grants	43 439 536	278 683	813 420	44 531 639	34 129 244	30 652 777	68.8%

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.

30. The total adjusted conditional grant allocation is R84 billion (including Schedules 4A and 7A grants), of which health (R30.8 billion) makes up the bulk.
31. Table 13 above reflects spending by all provinces on conditional grant adjusted allocations as at 31 December 2014. It includes conditional grant roll-overs from the 2013/14 financial year and other provincial adjustments but excludes spending on Schedules 4A and 7A grants.
32. Schedule 4A grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 7A grant) specifies funds that are not allocated to specific provinces that may be released to provinces to fund disaster response.
33. The additional adjustments of R669.4 million to conditional grants were gazetted as part of the Division of Revenue Amendment Act, 2014.
34. Rescheduling of R7 million for the National Health Insurance Grant to the Western Cape was gazetted on 31 December 2014 in terms of Section 21 of the Division of Revenue Act, 2014, as amended.
35. Of the R44.5 billion allocated to provinces as conditional grants (excluding Schedules 4A and 7A grants), R30.7 billion, or 68.8 per cent, had been spent by the end of December 2014.

Table 14: Selected Conditional Grants Spending Rates as at 31 December 2014

	Number of provinces spent less than 60%	Number of provinces spent between 60% and 75% (inclusive)	Number of provinces spent more than 75%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	1 KZN	5 FS, GT, LIM, NC, NW	3 EC, MPU, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	2 LIM, MPU	3 EC, KZN, NW	4 FS, GT, NC, WC
Arts and Culture			
Community Library Services Grant	7 EC, FS, KZN, LIM, MPU, NC, NW	2 GT, WC	
Basic Education			
Dinaledi Schools Grant	7 EC, FS, KZN, LIM, MPU, NC, NW	1 WC	1 GT
HIV and Aids (Life Skills Education) Grant	2 LIM, NW	2 KZN, WC	5 EC, FS, GT, MPU, NC
National School Nutrition Programme Grant		2 EC, LIM	7 FS, GT, KZN, MPU, NC, NW, WC
Technical Secondary Schools Recapitalisation Grant	6 EC, GT, LIM, MPU, NC, NW	2 FS, WC	1 KZN
Health			
Comprehensive HIV and Aids Grant		8 EC, FS, GT, KZN, LIM, MPU, NW, WC	1 NC
Health Facility Revitalisation Grant	5 FS, GT, KZN, MPU, WC	4 EC, LIM, NC, NW	
National Health Insurance Grant	9 All provinces		
Human Settlements			
Human Settlements Development Grant	1 LIM	3 FS, GT, WC	5 EC, KZN, MPU, NC, NW
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	3 GT, LIM, NC	2 FS, MPU	4 EC, KZN, NW, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		5 EC, FS, GT, KZN, MPU	4 LIM, NC, NW, WC
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	1 KZN	2 EC, WC	6 FS, GT, LIM, MPU, NC, NW

Note: Percentages represent actual expenditure against total available.

36. Table 14 above indicates selected conditional grant spending rates as at 31 December 2014.
37. Specific grants that show low rates of spending include:
- National Health Insurance (33.2 per cent)

- b. Dinaledi Schools (46 per cent)
- c. Technical Secondary Schools Recapitalisation (48.8 per cent)
- d. Community Library Services (51.1 per cent)
- e. Substance Abuse Treatment (52.9 per cent)

Provincial Revenue

38. The adjusted budgeted provincial revenue of R461.1 billion includes equitable share allocations of R362.5 billion, conditional grants of R84 billion and own revenue of R14.6 billion. Of the budgeted revenue, provinces had received and collected R349.7 billion, or 75.8 per cent by the end of December 2014.
39. By the end of December, national government had transferred to provinces R271.9 billion or 75 per cent of the equitable share, and R65.7 billion or 78.2 per cent in conditional grants.
40. Of budgeted own revenue of R14.6 billion, provinces had collected R12.1 billion or 83.1 per cent by the end of December, which is R1.8 billion, or 17.8 per cent more than what was collected during the same period last year.
41. The collection rate varied from a low of 65.5 per cent (Limpopo), 67.5 per cent (both the Free State and the North West), to a high of 108 per cent (Eastern Cape) and 92.8 per cent (Western Cape).

Table 15: Provincial Own Revenue Collection as at 31 December 2014

R thousand	Adjusted budget	Actual collection as at 31 December 2014	Actual collection as % of adjusted budget	% share of Own Revenue collected to total provincial	% share of Own Revenue collected to total Own Revenue	2013/14: Outcome as at 31 December 2013	Year-on-year growth
Eastern Cape	965 675	1 042 475	108.0%	2.2%	8.6%	784 588	32.9%
Free State	967 064	652 892	67.5%	3.1%	5.4%	603 647	8.2%
Gauteng	4 265 929	3 687 640	86.4%	5.4%	30.4%	3 255 571	13.3%
Kw aZulu-Natal	2 783 644	2 299 964	82.6%	3.1%	18.9%	1 933 422	19.0%
Limpopo	1 389 144	910 493	65.5%	2.3%	7.5%	549 278	65.8%
Mpumalanga	762 819	612 163	80.3%	2.2%	5.0%	531 039	15.3%
Northern Cape	285 309	216 244	75.8%	2.1%	1.8%	207 876	4.0%
North West	970 020	655 026	67.5%	2.8%	5.4%	657 352	-0.4%
Western Cape	2 229 908	2 068 825	92.8%	5.6%	17.0%	1 785 739	15.9%
Total	14 619 512	12 145 722	83.1%	3.5%	100.0%	10 308 512	17.8%