



MEDIA STATEMENT

Provincial Budgets: 2018/19 Financial Year Preliminary Provincial Revenue and Expenditure Outcomes Report

SUMMARY

Overall Expenditure Trends – 2018/19 preliminary outcomes

South African provinces have spent R591.2 billion, or 98.8 per cent, of their adjusted budget of R598.6 billion, according to the preliminary outcomes of the provincial revenue and expenditure outcomes report for 2018/19. This represents an increase of 6.3 per cent or R35.1 billion compared to the R556.1 billion spent in 2017/18.

Preliminary spending on **education** in 2018/19 amounts to R239.6 billion or 99 per cent of the R241.9 billion adjusted budget. This represents an increase of 6.3 per cent or R14.1 billion compared to 2017/18. Education remains the largest item on provincial budgets (40.4 per cent).

Health expenditure amounts to R195.6 billion, or 99.7 per cent, of the R196.1 billion adjusted budget in 2018/19. This represents an increase of 8.2 per cent or R14.8 billion compared to the 2017/18 financial year. Health is the second largest item on provincial budgets (32.8 per cent).

Social development expenditure in 2018/19 amounts to R19.8 billion or 96.6 per cent of the R20.5 billion adjusted budget. This represents an increase of 5.6 per cent or R1 billion compared to the R18.8 billion spent over the same period in the previous financial year.

Personnel expenditure (compensation of employees) amounts to R358.5 billion or 99.3 per cent of the R361.1 billion adjusted budget as at 31 March 2019. This represents an increase of 7.3 per cent or R24.4 billion compared to the 2017/18 financial year.

Preliminary spending on **goods and services** amounts to R120 billion or 96.2 per cent of the R124.8 billion adjusted budget as at 31 March 2019. This reflects an increase of 7.8 per cent or R8.7 billion compared to the 2017/18 financial year.

In aggregate, expenditure on **capital** (payments for capital assets) amounts to R33 billion or 93.3 per cent of the adjusted budget of R35.4 billion. This reflects a decrease of 5.4 per cent or R1.9 billion compared to the same period in the previous financial year.

Capital expenditure by provincial education departments amounts to R9.8 billion or 95.8 per cent of the R10.2 billion adjusted budget. This is R727.3 million or 6.9 per cent less than the R10.5 billion spent over the same period in the previous financial year.

Capital expenditure by provincial health departments amounts to R8.9 billion or 91.5 per cent of the adjusted budget of R9.7 billion. This represents an increase of R520.6 million or 6.2 per cent compared to the R8.3 billion spent over the same period in 2017/18.



The biggest share of provincial capital budgets is for public works, and roads and transport (32.6 per cent). Preliminary spending for 2018/19 amounts to R11.1 billion or 96.7 per cent of the R11.5 billion adjusted budget.

Preliminary provincial own revenue collected in 2018/19 amounts to R21.2 billion or 111.7 per cent of the R19 billion revised own revenue budget. By the end of 2018/19, national government had transferred R470.3 billion of the equitable share and R101.7 billion of conditional grants to provinces.

Notes to editors

- Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this statement of provincial receipts and payments covers the preliminary outcome of the 2018/19 financial year (1 April 2018 to 31 March 2019). The statement is also available on the Treasury website at www.treasury.gov.za. **These figures may be revised as provincial departments have until 31 May 2019 to finalise (and reconcile) their financial statements before they are submitted to the provincial Auditors-General.**
- The information contained in this statement comes from the Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who, in turn, submitted to the National Treasury. Therefore, at first instance, queries on spending or budget numbers should be referred to the head of the relevant provincial department. And at second instance, should be directed to the head of the relevant provincial treasury. On the other hand, queries on conditional grants may be referred to the head of the national department that administers the grant.
- The adjusted figures in this publication take into account the *2018 Adjusted Estimates of Provincial Revenue and Expenditure* documents tabled in the provincial legislatures in November 2018.
- The *2018 Adjusted Estimates of National Expenditure* tabled on 24 October 2018, and *2018 Division of Revenue Amendment Act* gazetted on 17 January 2019, included additional adjustments to conditional allocations (grants) made to provinces for 2018/19. No additional allocations have been made to provinces in terms of their equitable share.
- In addition to the *2018 Division of Revenue Amendment Act*, the following government gazettes are included as part of the provincial adjusted budgets:
 - *Government Gazette No. 42243* tabled on 21 February 2019 to provide for the stopping and re-allocation of funds (R82 million) in terms of Section 19 and Section 20 of the *2018 Division of Revenue Act, as amended*, for the *Public Transport Operations Grant* from Gauteng to the North West.
 - *Government Gazette No. 42258* tabled on 1 March 2019 to provide for the stopping and re-allocation of funds (R1.976 million) in terms of Section 19 and Section 20 of the *2018 Division of Revenue Act, as amended*, for the *Early Childhood Development Grant* from the Northern Cape to KwaZulu-Natal. The gazette also provides for a further immediate release of funds for disaster response (*Provincial Disaster Relief Grant*) to the Northern Cape (R42.3 million).
 - *Government Gazette No. 42277* tabled on 4 March 2019 to provide for the stopping and re-allocation of funds in terms of Section 19 and Section 20 of the *2018 Division of Revenue Act, as amended*, for the *Education Infrastructure Grant* from Mpumalanga (R104.8 million) and the North West (R125.4 million) to



Gauteng. The gazette also provides for the release of funds in terms of the *Provincial Emergency Housing Grant* to Mpumalanga (R121 million) and the Western Cape (R83.8 million).

- These allocations and others were tabled in a second and third adjusted budget by provinces during March 2019 in the respective provincial legislatures.
- In addition to these adjustments, provinces increased their main budgets by R7 billion. The provincial adjustments consist mainly of unspent conditional grants rolled over from the previous financial year (approved by National Treasury) and other funds surrendered to the Provincial Revenue Funds during 2017/18.

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