Technical annexure

Introduction

This annexure presents the budget framework, expenditure outcomes for 2014/15, mid-year estimates of expenditure for 2015/16 and the division of revenue.

The budget framework consists of the fiscal framework, government spending priorities, the division of resources between national, provincial and local government, and a tabulation of the major conditional grants. The budget framework allows national departments, provinces and municipalities to prepare their detailed budgets for the following year. South Africa has a multi-year budgeting process, so the framework covers the present fiscal year and the three subsequent years.

Assumptions for the macroeconomic forecast

The assumptions shown in Table A.1 underpin the macroeconomic forecast contained in this *Medium Term Budget Policy Statement.* The National Treasury's forecasts for global growth are consistent with those of the International Monetary Fund. Assumptions about commodity prices are informed by futures curves and analysis of commodity-market fundamentals. The projections are consistent with market expectations of weak demand from emerging markets, in particular China, as well as the abundant supply of commodities.

Table A.1 Assumptions underpinning the macroeconomic forecast

Percentage change (unless otherwise indicated)	2013	2014	2015	2016	2017	2018
	Outcomes		Projections			
Global growth						
Global demand	1.2	1.7	1.9	2.2	1.9	1.7
Commodity prices						
Brent crude (US$ per barrel)	109	100	55	55	57	57
Gold (US$ per ounce)	1 411	1 266	1 165	1 127	1 132	1 132
Platinum (US$ per ounce)	1 488	1 385	1 082	1 002	1 003	1 003
Iron ore (US$ per ton)	135	97	56	48	47	47
Coal (US$ per ton)	80	72	58	54	54	54

Source: National Treasury

The fiscal framework

The fiscal framework sets out government's revenue projections, spending estimates, borrowing requirements and assumptions concerning debt-service costs. The consolidated fiscal framework comprises the main budget, as well as spending by provinces, social security funds and public entities financed from own revenue.

Difference between the main and consolidated budgets

Government's finances are presented in two ways that highlight different aspects of the budget: the main and consolidated budgets. The main budget shows all expenditure financed from the National Revenue Fund. With the exception of direct charges mandated by specific legislation, all expenditure incurred against the National Revenue Fund needs parliamentary approval. The consolidated budget is a wider category of the public finances. It includes the main budget, as well as spending financed from the revenues raised directly by provinces, social security funds and public entities. These revenues are not deposited into the National Revenue Fund. Different aspects of the budget can be presented at either the main or consolidated level. For instance, the main budget indicates how much money central government has to borrow to finance its operations, while the consolidated budget provides a fuller picture of government's impact on the economy.

Revenue outcomes and revised estimates

The revenue outcome for 2014/15, revised estimates for 2015/16 and the estimates for 2016/17 are presented in Table A.2. Projected revenues from corporate income tax and value-added tax (VAT) have underperformed for the first half of the current fiscal year, and have been revised downwards. Personal income tax (PIT) collection has been stronger, supported by above-inflation wage settlements and higher marginal tax rates.

The tax revenue outcome for 2014/15 was R986 billion, a 9.6 per cent increase on collections in 2013/14 and R7.3 billion higher than the 2015 Budget target. Revenue was higher than projected largely due to strong growth in PIT as a result of less-than-full fiscal drag relief and fairly high wage growth, particularly for high-income earners. Large once-off payments arising from the disposal of share options also had a material effect on PIT collection in the year.

Overall, gross tax revenue has been revised downwards by R7.6 billion in 2015/16, R14.6 billion in 2016/17 and R12.4 billion in 2017/18 compared with the projections tabled in the 2015 Budget.

Table A.2 Total tax and consolidated budget revenue, 2014/15 – 2016/17

R billion	2014/15 Outcome	Budget	2015/16 Revised	Deviations	2016/17 Estimates
Persons and individuals	353.0	393.9	396.0	2.1	442.4
Companies	184.9	202.0	189.0	-13.0	197.2
Value-added tax	261.3	283.8	280.5	-3.3	305.0
Dividend withholding tax	21.2	22.5	25.0	2.5	26.6
Specific excise duties	32.3	34.5	35.0	0.5	35.7
Fuel levy	48.5	55.7	56.3	0.6	58.0
Customs duties	40.7	41.7	42.8	1.1	46.7
Other	44.4	47.3	49.1	1.8	53.1
Gross tax revenue	**986.3**	**1 081.3**	**1 073.7**	**-7.6**	**1 164.6**
Non-tax revenue	29.0	19.0	48.0	28.9	22.6
of which:					
Mineral royalties	*5.4*	*6.2*	*3.2*	*-3.0*	*4.2*
Asset disposals	–	–	*25.4*	–	–
Receipts from financial transactions [1]	*12.6*	*2.0*	*8.2*	*6.2*	*6.5*
Estimate of SACU payments[2]	-51.7	-51.0	-51.0	–	-39.5
Provinces, social security funds and selected public entities	128.4	139.6	150.1	10.5	158.7
Consolidated budget revenue	**1 091.9**	**1 188.9**	**1 220.8**	**31.9**	**1 306.4**

1. Consists mainly of premiums and revaluation profits on debt transactions

2. Actual payments will be determined by outcomes of customs and excise revenue collections in line with the Southern African Customs Union agreement

Source: National Treasury

Non-tax revenue in 2015/16 is expected to be R28.9 billion higher than the 2015 Budget estimate. This is attributed to the R25.4 billion sale of Vodacom shares and higher receipts from other financial transactions. The higher-than-expected estimate is partially offset by a downward revision to mineral royalties, which are R3 billion lower than the estimate in the 2015 Budget.

Table A.3 presents outcomes and estimates of receipts and payments from financial transactions. The receipts arise from financial transactions in assets and liabilities, and are presented in the 2015 *Adjusted Estimates of National Expenditure* as part of departmental revenue.

In 2015/16, total receipts from financial transactions are expected to be R8.2 billion, R6.2 billion higher than the 2015 Budget estimate of R2 billion. The revised estimate includes revaluation profits of R2.6 billion on foreign-currency transactions and premiums of R5.6 billion on loan transactions, in particular on inflation-linked bonds and the bond-exchange programme. Over the medium term, provision is made for receipts from financial transactions of R11.2 billion relating to revaluation profits on foreign-currency transactions. Given current forecasts of bond yields, no premiums on loan transactions are projected over the medium-term expenditure framework (MTEF) period.

In 2015/16, payments from financial transactions will amount to R681 million, made up of losses on the Gold and Foreign Exchange Contingency Reserve Account (R153 million) and premiums on loan transactions (R528 million). Payments for financial transactions are not projected over the MTEF period.

Table A.3 Financial transactions receipts and payments, 2014/15 – 2018/19

	2014/15	2015/16		2016/17	2017/18	2018/19
R million	Outcome	Budget	Revised	Medium-term estimates		
Receipts	**12 647**	**2 000**	**8 167**	**6 500**	**2 800**	**1 900**
Premiums on loan transactions[1]	8 197	–	5 565	–	–	–
Revaluation profits on foreign currency transactions[2]	4 407	2 000	2 600	6 500	2 800	1 900
Liquidation of SASRIA investment[3]	40	–	–	–	–	–
Other[4]	3	–	2	–	–	–
Payments	**-1 526**	**-121**	**-681**	**–**	**–**	**–**
Premiums on loan transactions[1]	-1 458	–	-528	–	–	–
Defrayal of GFECRA losses[5]	-68	-121	-153	–	–	–
Total	**11 121**	**1 879**	**7 486**	**6 500**	**2 800**	**1 900**

1. Premiums received or incurred on new loan issues, bond switch and buy-back transactions
2. Revaluation profits or losses on government's foreign exchange deposits at the Reserve Bank when used to meet foreign currency commitments
3. Liquidation of government's investments in the South African Special Risk Insurance Association
4. Mainly penalties on early withdrawal of retail bonds
5. Realised profits/losses on the Gold and Foreign Exchange Contingency Reserve Account
Source: National Treasury

Assumptions for revenue projections

Table A.4 presents the assumptions underlying the revised revenue projections for 2015/16 to 2018/19. Revenue projections assume that personal income tax brackets are adjusted for inflation and that tax rates are held constant.

Tax buoyancy is the ratio of the growth of a revenue stream to the growth of its underlying tax base. At the most aggregate level, tax revenue growth is based on increases in nominal GDP. A tax buoyancy of 1.04 in 2016/17 means for each per cent increase in nominal GDP, tax revenues will grow by 1.04 per cent. It is assumed that overall tax buoyancy will increase to 1.10 by 2018/19.

Above-inflation wage settlements have supported high buoyancy in PIT collection in recent years. Measured against the growth of remuneration in the formal non-agricultural sector, PIT buoyancy has exceeded 1.20 for the last three years. In the current year, PIT buoyancy is supported by higher tax rates announced in the 2015 Budget. The budget framework assumes that PIT buoyancy declines over the medium term.

The under-collection of corporate income tax in the current year is mainly due to contractions in the mining and manufacturing sectors on the back of poor global demand, lower commodity prices and domestic electricity constraints. Mining and manufacturing production showed only moderate gains for the first half of 2015 and indicators suggest that underlying activity will remain weak for the remainder of the year. As a result, the buoyancy of corporate income tax against gross operating surplus (a proxy for corporate income) is assumed at only 0.34 in 2015/16, gradually increasing to a historic average of 1 in the outer years of the forecast period.

VAT includes revenues collected on imports, but performance is mainly influenced by collections of domestic VAT. Final household consumption, which is the proxy tax base for VAT, indicates that households remain under pressure, weighed down by lower real disposable income, weak credit growth and higher food inflation. VAT buoyancy against final household consumption remains flat, at 1.10 per cent between 2015/16 and 2018/19. This is somewhat lower than the performance of recent years.

Table A.4 Tax revenue projections and assumptions, 2012/13 – 2018/19

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
R billion		**Outcome**		**Estimate**		**Projections**	
Personal Income tax	**276**	**310**	**353**	**396**	**442**	**494**	**550**
Wage bill [1]	1 503	1 639	1 762	1 927	2 093	2 288	2 514
Buoyancy	*1.21*	*1.37*	*1.85*	*1.30*	*1.36*	*1.25*	*1.14*
Corporate income tax	**159**	**177**	**185**	**189**	**197**	**215**	**234**
Gross operating surplus	1 442	1 540	1 611	1 716	1 840	2 002	2 180
Buoyancy	*0.74*	*1.67*	*0.94*	*0.34*	*0.60*	*1.00*	*1.00*
Value-added tax	**215**	**238**	**261**	**281**	**305**	**334**	**366**
Final household expenditure	2 022	2 184	2 328	2 484	2 681	2 913	3 167
Buoyancy	*1.25*	*1.31*	*1.51*	*1.10*	*1.10*	*1.10*	*1.10*
Gross tax revenue	**814**	**900**	**986**	**1 074**	**1 165**	**1 277**	**1 401**
Nominal GDP	3 328	3 610	3 844	4 103	4 437	4 827	5 252
Buoyancy	1.20	1.25	1.48	1.32	1.04	1.10	1.10

1. Remuneration in the formal non-agriculture sector, private and public
Source: National Treasury

Technical modification of the expenditure ceiling

The National Treasury introduced the expenditure ceiling in the 2012 Budget as a refinement of the MTEF introduced in 1998. The allocations made through the MTEF provide an agreed-upon baseline from which departments prepare budgets. The expenditure ceiling is a measure that monitors and manages departmental spending levels in the context of a constrained fiscal framework.

The expenditure ceiling has helped government manage expenditure. But, to minimise any unintended negative effects on service delivery, the measure needs to be refined. The ceiling was originally linked directly to main budget non-interest expenditure. However, this is a rudimentary measure of spending limits as it includes some payments that are directly financed by dedicated revenue flows and others that are not subject to policy oversight, such as payments from realised valuation adjustments on foreign debt and financial assets.

In future budgets, the expenditure ceiling will differ slightly from total non-interest expenditure. The following items will be excluded, as indicated in Table A.5:

- ***Payments for financial assets financed by the sale of financial assets:*** Funds allocated to equity investments financed from the sale of assets, for example, the Eskom equity purchase, are deficit neutral. The increases in spending levels caused by them are generally not financed through adjustments to departmental allocations.

- ***Payment transactions that are linked to the management of debt*****:** This includes premiums paid on new loan issues, bond switches and buy-back transactions, revaluation profits or losses on government's foreign exchange deposits at the Reserve Bank when used to meet government's foreign-currency commitments, and realised profits and losses on the Gold and Foreign Exchange Contingency Reserve Account. These spending items relate to debt and currency transactions that are not financed through adjustments in departmental appropriations.
- ***Direct charges that relate to specific payments made in terms of legislation that provides for the collection and transfer of such receipts outside of the main budget:*** This applies to the skills development levy contributions, which are paid to the National Skills Fund and the sector education and training authorities. In general the payment schedule to the National Skills Fund is revised to align it directly with anticipated receipts from the levy.

Changing appropriations to accommodate increases or decreases in such spending is not sensible, as these items are financed from dedicated resources and are largely the result of fluctuations outside the direct control of policy makers.

Table A.5 Technical adjustments to calculate expenditure ceiling, 2012/13 – 2018/19

R million	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Non-interest expenditure	**877 374**	**946 574**	**1 017 153**	**1 119 028**	**1 170 473**	**1 269 774**	**1 376 479**
Technical adjustments:							
Eskom equity contribution				*-23 000*			
New Development Bank				*-2 019*			
Skills development levy			*-13 839*	*-15 800*	*-17 640*	*-19 687*	*-22 057*
Debt management and GFECRA [1] transactions			*-1 526*	*-682*			
Expenditure ceiling			**1 001 789**	**1 077 527**	**1 152 833**	**1 250 086**	**1 354 422**
Comparable data for expenditure ceiling[2]:							
2013 Budget Review	864 658	942 000	1 015 718	1 092 747			
2014 Budget Review		935 071	1 014 222	1 091 253	1 168 284		
2014 MTBPS			1 008 344	1 081 242	1 152 800	1 250 078	
2015 Budget Review			1 006 905	1 081 214	1 152 833	1 250 086	
2015 MTBPS			1 001 789	1 077 527	1 152 833	1 250 086	1 354 422

1. Gold and Foreign Exchange Contingency Reserve Account (GFECRA)
2. Adjusted non-interest expenditure for purposes of comparison
Source: National Treasury

The adjustments include R23 billion appropriated for Eskom Holdings through the Eskom Special Appropriation Act (2015) and R2 billion for the payment of South Africa’s first capital contribution of US$150 million to the New Development Bank. These allocations are conditional on the total amount being covered by receipts from the sale of assets, including government’s shareholding in Vodacom. The Vodacom share sale is set to increase the 2015/16 estimate of revenue by R25.4 billion. An amount of R12.6 billion from the sale has already been paid into the National Revenue Fund and the balance will be paid during the second half of the year.

Consolidated framework

Table A.6 summarises the consolidated fiscal framework outlined in Chapter 3.

Following revised nominal GDP estimates, lower tax revenue projections and projected underspending by national departments in 2015/16, the consolidated budget deficit is forecast at 3.8 per cent of GDP, a 0.1 percentage point improvement against the 2015 Budget target.

The proposal made in the 2015 Budget for a break in contributions to the Unemployment Insurance Fund (UIF) was not implemented as it did not find support in the National Economic Development and Labour Council. This alteration is reflected in a further R13.5 billion surplus build-up in the books of the UIF in

2015/16. This is offset by substantial reductions in revenue projections at the Compensation Fund, reflecting lower debt-collection estimates.

Compared to the 2015 Budget, the consolidated budget deficit decreases at a slower pace over the MTEF period, reaching 3 per cent of GDP in 2018/19. The fiscal framework allows for moderate growth in consolidated non-interest spending over the next two years, averaging 6.3 per cent nominal growth, with growth increasing to 8 per cent in 2018/19. The fastest-growing expenditure item in the consolidated framework continues to be interest payments. Nominal growth in interest and rent on land is expected to average 10.3 per cent over the MTEF period, slower than the 12.8 per cent recorded over the past three fiscal years.

Compensation accounts for the largest share of current spending. In 2015/16, compensation is expected to make up 40.9 per cent of total current spending, unchanged from 2014/15. The consolidated wage bill increases at a nominal annual average of 8.2 per cent over the MTEF period, while goods and services budgets are expected to grow at a nominal rate of 6.7 per cent over the three-year spending period.

Current transfers and subsidies, which account for 32.2 per cent of consolidated current spending, are expected to grow by 7 per cent over the three-year period. The nominal growth rate is slower than the 9.9 per cent recorded over the past three years.

Table A.6 Consolidated fiscal framework, 2012/13 – 2018/19

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
R billion		Outcome		Estimate	Medium-term estimates		
Operating account							
Revenue	**893.4**	**993.0**	**1 076.7**	**1 186.1**	**1 297.4**	**1 410.9**	**1 535.6**
Current payments	**921.1**	**1 009.7**	**1 077.7**	**1 189.2**	**1 279.7**	**1 379.7**	**1 490.2**
Compensation	376.6	409.6	441.1	486.2	524.0	569.4	615.6
Goods and services	162.7	174.7	173.9	186.1	198.1	212.6	226.1
Interest and rent on land	93.3	109.3	120.8	133.9	148.4	162.0	179.9
Transfers and subsidies	288.5	316.1	341.9	382.9	409.3	435.7	468.6
Current balance	**-27.7**	**-16.8**	**-1.0**	**-3.1**	**17.7**	**31.2**	**45.4**
Percentage of GDP	*-0.8%*	*-0.5%*	*0.0%*	*-0.1%*	*0.4%*	*0.6%*	*0.9%*
Capital account							
Capital receipts	0.3	0.3	0.4	1.6	0.6	0.2	0.4
Capital payments and transfers	118.6	130.3	145.7	159.9	169.0	179.5	193.4
Capital financing requirement[1]	**-118.2**	**-130.1**	**-145.3**	**-158.3**	**-168.4**	**-179.3**	**-193.0**
Percentage of GDP	*-3.6%*	*-3.6%*	*-3.8%*	*-3.9%*	*-3.8%*	*-3.7%*	*-3.7%*
Financial transactions[2]	10.1	10.6	9.4	3.4	7.9	4.3	4.4
Contingency reserve	–	–	–	–	2.5	9.0	15.0
Budget balance	**-135.8**	**-136.2**	**-136.9**	**-157.9**	**-145.3**	**-152.8**	**-158.2**
Percentage of GDP	*-4.1%*	*-3.8%*	*-3.6%*	*-3.8%*	*-3.3%*	*-3.2%*	*-3.0%*
Revenue	**908.7**	**1 007.9**	**1 091.9**	**1 220.8**	**1 306.4**	**1 416.0**	**1 540.9**
Expenditure	**1 044.6**	**1 144.2**	**1 228.8**	**1 378.7**	**1 451.7**	**1 568.8**	**1 699.1**
Non-interest expenditure[3]	*951.3*	*1 034.9*	*1 108.0*	*1 244.7*	*1 303.3*	*1 406.7*	*1 519.3*
Interest payments[4]	*93.3*	*109.3*	*120.8*	*133.9*	*148.4*	*162.0*	*179.9*
Primary balance[5]	***-42.5***	***-27.0***	***-16.1***	***-24.0***	***3.1***	***9.3***	***21.7***
Percentage of GDP	*-1.3%*	*-0.7%*	*-0.4%*	*-0.6%*	*0.1%*	*0.2%*	*0.4%*

1. Includes payments for capital assets, receipts from the sale of capital assets and capital transfers
2. Transactions in financial assets and liabilities including net receipts from financial transactions
3. All spending except for consolidated interest payments
4. Includes main budget debt-service costs and interest payments of other levels of government
5. Revenue less non-interest expenditure
Source: National Treasury

The current balance shows the gap between revenue and operational spending. In 2015/16, a consolidated current deficit of R3.1 billion is expected, before it gradually improves to a surplus in 2018/19 of

R45.4 billion, or 0.9 per cent of GDP. Capital payments and transfers are expected to grow by a nominal annual average of 6.6 per cent over the MTEF period. As the deficit narrows in line with fiscal objectives, the capital financing requirement will decline to 3.7 per cent of GDP in 2018/19 compared to 3.9 per cent in the current year.

Financing the borrowing requirement and national debt outlook

Government's medium-term borrowing strategy will continue to take into account debt levels, the main budget balance, funding instruments, cash-flow requirements, investor needs, developments in the domestic and global markets, and the risks and costs of alternative strategies.

Table A.7 shows the financing of the national government borrowing requirement for 2014/15, revised estimates for 2015/16 and projections over the medium term. The main budget borrowing requirement is projected to decline from R176.3 billion in the current fiscal year to R165.4 billion in 2016/17, before increasing to R186.1 billion in 2018/19.

Short-term loans will increase from R13 billion in 2015/16 to an average of R30 billion over the medium term. New bond issuance in 2015/16 will be marginally higher than the 2015 Budget estimate level at R175 billion, increasing to R191 billion in 2018/19.

Over the medium term, US$4.5 billion will be borrowed in international markets.

Table A.8 shows total national government debt over the period 2014/15 to 2018/19. National government's net debt as a percentage of GDP is estimated to increase from 43.5 per cent in 2015/16 to 45.4 per cent in 2018/19, while gross debt is projected to stabilise below 50 per cent of GDP over the MTEF period.

As a result of higher-than-expected revenue and underspending, excess cash balances amounting to R12 billion were realised in 2014/15. Of these balances, R10 billion is carried forward into 2016/17 and offsets debt issuance. In addition, the main budget deficit, which is equivalent to the borrowing requirement, declines in nominal terms by R12.5 billion. These factors contribute to a fall in gross loan debt as a share of GDP in 2016/17.

Table A.7 Financing of national government borrowing requirement, 2014/15 – 2018/19

	2014/15	2015/16		2016/17	2017/18	2018/19
R million	**Outcome**	**Budget**	**Revised**	**Medium-term estimates**		
Main budget balance[1]	**-168 391**	**-173 054**	**-176 266**	**-165 352**	**-177 846**	**-186 137**
Financing						
Domestic short-term loans (net)	**9 569**	**13 000**	**13 000**	**26 000**	**35 000**	**29 000**
Treasury bills	10 011	13 000	12 325	26 000	35 000	29 000
Corporation for Public Deposits	-442	–	675	–	–	–
Domestic long-term loans (net)	**157 014**	**144 809**	**144 944**	**122 725**	**126 636**	**138 447**
Market loans (gross)	192 414	172 500	174 979	180 500	185 000	191 000
Loans issued for switches[2]	-1 160	–	-2 479	–	–	–
Redemptions	-34 240	-27 691	-27 556	-57 775	-58 364	-52 553
Foreign loans (net)	**8 357**	**7 797**	**9 464**	**6 382**	**15 037**	**17 023**
Market loans (gross)	22 952	11 530	13 110	18 900	18 990	19 035
Redemptions (including revaluation of loans)	-14 595	-3 733	-3 646	-12 518	-3 953	-2 012
Change in cash and other balances[3]	**-6 549**	**7 448**	**8 858**	**10 245**	**1 173**	**1 667**
Total	**168 391**	**173 054**	**176 266**	**165 352**	**177 846**	**186 137**

1. A negative number reflects a deficit
2. Net of loans issued and redeemed in switch transactions
3. A negative change indicates an increase in cash balances
Source: National Treasury

Table A.8 Total national government debt, 2014/15 – 2018/19

As at 31 March	2014/15	2015/16		2016/17	2017/18	2018/19
R billion	Outcome	Budget	Revised	Medium-term estimates		
Domestic debt						
Gross loan debt[1]	1 632.1	1 814.5	1 820.9	1 968.5	2 163.6	2 370.4
Cash balances	-120.3	-112.1	-121.1	-112.1	-112.1	-112.1
Net loan debt[2]	1 511.8	1 702.4	1 699.8	1 856.4	2 051.5	2 258.3
Foreign debt						
Gross loan debt[1]	166.8	168.6	188.1	187.2	203.7	221.6
Cash balances[3]	-94.4	-89.7	-102.2	-96.2	-97.2	-97.9
Net loan debt[2]	72.4	78.9	85.9	91.0	106.5	123.7
Total gross loan debt	**1 798.9**	**1 983.1**	**2 009.0**	**2 155.7**	**2 367.3**	**2 592.0**
Total net loan debt	**1 584.2**	**1 781.3**	**1 785.7**	**1 947.4**	**2 158.0**	**2 382.0**
As percentage of GDP:						
Total gross loan debt	*46.8%*	*47.3%*	*49.0%*	*48.6%*	*49.0%*	*49.4%*
Total net loan debt	*41.2%*	*42.5%*	*43.5%*	*43.9%*	*44.7%*	*45.4%*
Foreign debt as percentage of gross loan debt	*9.3%*	*8.5%*	*9.4%*	*8.7%*	*8.6%*	*8.5%*

1. Forward estimates are based on projections of exchange and inflation rates
2. Net loan debt is calculated with due account of the cash balances of the National Revenue Fund (bank balances of government's account with the Reserve Bank and commercial banks)
3. Foreign currency deposits revalued at forward estimates of exchange rates
Source: National Treasury

2014/15 outcomes and 2015/16 mid-year estimates

Table A.9 presents a summary of the national and provincial appropriated expenditure outcomes for 2014/15 and estimates for the first half of 2015/16. Details are presented in Tables A.13 and A.14.

Main budget expenditure was R1.13 trillion in 2014/15, R4.4 billion lower than the adjusted budget estimate and R3.1 billion lower than the 2015 Budget estimate. Excluding special appropriations for Eskom and the New Development Bank, main budget spending for 2015/16 was revised down from the 2015 Budget estimate by R434 million to R1.22 trillion. This represents an increase in expenditure of 7.9 per cent over the previous year. An amount of R628.7 billion, or 99.2 per cent of the February 2015 revised estimate of R633.5 billion in appropriations to national departments, was spent in 2014/15. Spending in the first six months of 2015/16 was R339.8 billion, or 48.1 per cent of the October 2015 revised estimate of R706.4 billion for the year. Transfers and subsidies form the largest economic category of main budget expenditure. This category includes transfers to provincial and local government through the equitable share and conditional grants, as well as payments for social grants, housing subsidies, and transfers to universities, science councils and public entities.

Provincial expenditure in 2014/15 was R454.3 billion, or 98.7 per cent of the 2015 Budget estimate. Expenditure by provinces was R235.3 billion in the first six months of 2015/16, representing 48.7 per cent of the original budget for the year. Provinces are primarily responsible for the delivery of social services, including basic education and health. Compensation of employees is the largest economic category of expenditure in provincial budgets, accounting for 60.8 per cent of expenditure in the first half of 2015/16.

Table A.9 National and provincial expenditure: 2014/15 outcomes and 2015/16 mid-year estimates

	2014/15				2015/16		
R billion	Original budget	Adjusted estimate	Preliminary outcome	Over(-)/ under(+)	Original budget	Adjusted estimate[1]	Actual spending April to September
National Revenue Fund Expenditure	**1 142.6**	**1 136.3**	**1 132.0**	4.4	**1 217.3**	**1 251.1**	**606.8**
Debt-service costs	114.9	114.5	114.8	-0.3	126.4	127.9	62.6
Provincial equitable share	359.9	359.9	359.9	–	382.7	386.5	191.3
Other direct charges	26.8	26.9	28.5	-1.6	28.7	30.4	13.0
National votes	**640.9**	**635.0**	**628.7**	**6.3**	**679.5**	**706.4**	**339.8**
of which:							
Compensation of employees	*129.9*	*130.6*	*127.5*	*3.1*	*137.6*	*138.0*	*66.5*
Transfers and subsidies	*812.5*	*813.5*	*810.1*	*3.4*	*873.0*	*876.9*	*434.4*
Payments for capital assets	*17.5*	*16.5*	*16.0*	*0.5*	*16.7*	*17.1*	*4.8*
Contingency reserve	*3.0*	–	–	–	*5.0*	–	–
National government projected underspending	–	*-3.7*	–	*-3.7*	–	*-3.0*	–
Local government repayment to the National Revenue Fund	–	*-0.5*	–	*-0.5*	–	*-1.2*	–
Provincial expenditure	**454.5**	**460.4**	**454.3**	**6.1**	**483.6**	**n/a**	***235.3***
of which:							
Compensation of employees	*275.2*	*275.2*	*271.1*	*4.0*	*291.7*	*n/a*	*143.0*
Transfers and subsidies	*62.4*	*65.2*	*67.1*	*-1.8*	*66.0*	*n/a*	*34.2*
Payments for capital assets	*31.0*	*33.0*	*31.3*	*1.6*	*35.4*	*n/a*	*15.0*

1. Provinces will table adjusted estimates during November 2015
Source: National Treasury

Adjusted Estimates of National Expenditure

Details of the revised national spending allocations are set out in the 2015 *Adjusted Estimates of National Expenditure*, including rollovers of unspent funds from 2014/15, approved allocations for unforeseeable and unavoidable expenditure, the appropriation of expenditure earmarked in the 2015 Budget Speech for future allocation, other shifts and adjustments, and declared unspent funds. Revised provincial appropriations will be tabled in provincial legislatures before the end of the financial year.

Key highlights of the adjusted estimates for 2015/16

- R1.2 billion for the national government public-sector salary adjustment.
- R118 million in funds rolled over arising from commitments related to unspent balances in 2014/15.
- R301 million for the Gauteng Freeway Improvement Project, half of which will be funded by Gauteng province.
- R720 million to cover the impact of the depreciation of the rand on foreign-currency denominated expenditure.
- R33.1 million for contractual penalties incurred by Denel Aerostructures related to the A400M military aircraft contracts.
- R1.2 billion refunded to departments for monies paid directly into the National Revenue Fund from department-specific activities.
- R2.7 billion that will not be spent in 2015/16 and has been declared as unspent funds by departments.
- R1.1 billion for the projected increase in the skills development levies, and expenditure by the sector education and training authorities.

Key revisions to provincial allocations

- R3.8 billion for the provincial government public-sector salary adjustment.
- R518 million reduction in conditional grants due to historical spending performance by some provinces.
- R7.7 million is shifted from the national health insurance component of the indirect *national health grant* to the *national health insurance grant*.
- R193 million is shifted from the health facility revitalisation component of the indirect *national health grant* in the national sphere to the *health facility revitalisation grant*.
- R100 million is shifted from the *restructuring capital grant* for the Social Housing Regulatory Authority in the national sphere to the *human settlements development grant*.

Revisions to local government allocations

- R1.5 billion is rolled over from unspent balances in 2014/15.

Special appropriations

- R23 billion through the Eskom Special Appropriation Act (2015).
- R2 billion through the New Development Bank Special Appropriation Bill.

Division of revenue

The largest share of the consolidated fiscal framework is the main budget, made up of all spending from the National Revenue Fund. The main budget is shared between national, provincial and local government. This section outlines the proposed substantial adjustments to provincial and local government allocations not already discussed in Chapter 4.

Table A.10 Main budget framework,[1] 2012/13 – 2018/19

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
R billion		Outcome		Revised		Medium-term estimates	
Division of available funds							
National departments	**420.0**	**453.2**	**489.6**	**550.2**	**557.6**	**596.7**	**642.0**
Provinces	**380.9**	**410.6**	**439.8**	**471.8**	**503.4**	**548.8**	**591.1**
Equitable share[2]	310.7	336.5	359.9	386.5	412.2	447.6	482.5
Conditional grants	70.2	74.1	79.8	85.3	91.2	101.2	108.6
Local government	**76.4**	**82.8**	**87.8**	**101.3**	**106.9**	**115.3**	**128.4**
Equitable share	37.1	39.0	41.6	51.7	52.9	57.5	62.7
General fuel levy sharing with metropolitan municipalities	9.0	9.6	10.2	10.7	11.2	11.8	12.5
Conditional grants	30.3	34.3	36.0	38.9	42.9	46.0	53.2
Total	**877.4**	**946.6**	**1 017.2**	**1 123.2**	**1 168.0**	**1 260.8**	**1 361.5**
Percentage shares							
National departments	47.9%	47.9%	48.1%	49.0%	47.7%	47.3%	47.2%
Provinces	43.4%	43.4%	43.2%	42.0%	43.1%	43.5%	43.4%
Local government	8.7%	8.8%	8.6%	9.0%	9.2%	9.1%	9.4%

1. Includes function shifts between spheres
2. Includes unallocated amounts
Source: National Treasury

Over the MTEF period, national departments are allocated 47.4 per cent of available non-interest expenditure, provinces 43.4 per cent and local government 9.2 per cent. Medium-term allocations to national departments increase by an average annual rate of 5.6 per cent (excluding all indirect grants), provincial resources grow by 7.8 per cent and local government allocations grow by 8.2 per cent. The faster growth in allocations to provincial and local government reflects the priority placed on front-line services such as health, education and basic services, as well as the rising cost of these services due to higher wages, and bulk electricity and water costs. The proposed changes to the division of revenue are outlined in Table A.11.

Table A.11 Changes to the division of revenue, 2015/16 – 2017/18

R billion	2015/16 Revised	2016/17 Medium-term	2017/18
Changes to baseline			
National allocations[1]	**27.2**	**3.9**	**10.6**
of which:			
Indirect grants to provinces [2]	*-0.3*	*0.2*	*-2.4*
Indirect grants to local government [2]	*-0.3*	*-2.7*	*-3.6*
Provincial allocations	**3.6**	**7.1**	**22.4**
Equitable share	3.8	6.9	18.7
Conditional grants	-0.2	0.2	3.7
Local government allocations	**1.5**	**3.0**	**5.3**
Total	**32.3**	**14.0**	**38.3**

1. The 2015/16 amount includes the allocation for Eskom and the New Development Bank
2. Amounts may be shifted between direct and indirect grants to provinces and local government before the 2016 Budget is tabled
Source: National Treasury

In line with Section 214 of the Constitution and Section 9 of the Intergovernmental Fiscal Relations Act (1997), the Financial and Fiscal Commission tabled its submission on the national budget in Parliament in May 2015. Government will formally respond to matters raised by the Commission when it tables the 2016 Budget.

Changes to provincial allocations

The most pressing funding challenge provinces face over the MTEF period is dealing with the impact of the public-sector wage settlement agreed earlier this year. An amount of R29.9 billion will be added to the provincial equitable share in the current year and over the next two years to fund the shortfall. The balance will be covered through savings and the reallocation of surpluses. The additional funds will be allocated between provinces through the provincial equitable share formula. The formula allocates funds based on six components, the largest of which measures demand for services in the education and health sectors. The National Treasury and the provinces will review this formula over the MTEF period to ensure it takes the spending pressures across all provinces into account fairly.

Table A.12 shows the preliminary equitable share allocations to each province in 2015/16 and over the MTEF period.

Table A.12 Provincial equitable share, 2015/16 – 2018/19

R million	2015/16	2016/17	2017/18	2018/19
Eastern Cape	54 867	58 272	62 785	66 911
Free State	21 996	23 079	24 915	26 558
Gauteng	74 100	79 892	87 548	93 693
KwaZulu-Natal	83 132	88 217	95 283	101 061
Limpopo	45 866	48 885	52 770	56 070
Mpumalanga	31 337	33 573	36 684	39 130
Northern Cape	10 226	10 902	11 887	12 623
North West	26 397	28 166	30 761	32 835
Western Cape	38 580	41 213	44 999	47 769
Total	**386 500**	**412 199**	**447 631**	**476 651**

Source: National Treasury

Changes to provincial conditional grants over the period ahead include merging the *school infrastructure backlog grant* with the *education infrastructure grant* from 2017/18. Funds will be added to the *provincial roads maintenance grant* to allow for the collection of data to measure performance in maintaining roads and to create an incentive component to reward good performance in managing provincial roads infrastructure. Funds will also be added to the *public transport operations grant* over the MTEF period to compensate for the rising costs of subsidised bus services. Provinces are also expected to contribute from their own budgets towards the costs of providing public transport.

The scope of the *comprehensive HIV and AIDS grant* will be expanded to also cover the treatment of tuberculosis (TB). The name of the grant will change to the *comprehensive HIV, AIDS and TB grant* to reflect this, and funds will be added to it in 2017/18 and 2018/19 to support expanded treatment of these diseases. The human papillomavirus component of the *indirect national health grant* was scheduled to end in 2015/16 but will now be extended over the MTEF period. It will remain an indirect grant for the first two years of the period before becoming a direct grant from 2018/19.

Funds are added to provincial allocations in the two outer years of the MTEF period for the expansion of early childhood development services, including for the maintenance of facilities. Funds will be added to the *substance abuse treatment grant* to complete the building of new treatment centres in four provinces. Funds will also be allocated in 2017/18 and in 2018/19 to fund the operations of these centres.

To assist the Department of Agriculture, Forestry and Fisheries with capacitation to improve the monitoring of grants and the performance of the sector, a small amount will be reprioritised out of the Comprehensive Agriculture Support Programme. Funds are also reprioritised out of the *human settlements development grant* in 2016/17, mainly to fund the extension of the bucket eradication programme.

Changes to local government allocations

Transfers to local government will increase over the MTEF period to support the continued delivery of basic services. However, the number of grants to municipalities will be reduced, helping to decrease the reporting burden on municipalities and make the grants system more efficient to administer.

Infrastructure funding

Changes to local government infrastructure grants emanate from a review process that the National Treasury is leading in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation, the South African Local Government Association, and the Financial and Fiscal Commission. The review focuses on making changes in three areas: changing the structure of grants to increase differentiation between types of municipality, while also reducing grant proliferation; improving asset management over the lifespan of municipal infrastructure; and improving national support and oversight of grants. Initial changes emerging from the review are being implemented in 2015/16, with further reforms being phased in over the MTEF period.

Ensuring reliable service delivery depends on maintaining and renewing existing infrastructure, and building new infrastructure to reach unserved households. The 2011 Census found, for example, that although 85 per cent of households had access to water services infrastructure, only 65 per cent had a reliable water supply. For this reason, the grants review has proposed a number of changes to incentivise asset management practices that improve functionality and reliability over the full lifecycle of municipal infrastructure. Changes include allowing grant funds to be used to refurbish infrastructure whereas previously funds had largely targeted the construction of new infrastructure. Grants will also fund the establishment of asset maintenance plans, and stronger conditions will be placed on municipalities to use these asset management systems to prioritise the maintenance and investment needed on their infrastructure.

Three overlapping water and sanitation grants will be merged in 2016/17. The *municipal water infrastructure grant*, the *water services operating subsidy grant* and the *rural households infrastructure grant* will be merged into a single grant that will be targeted at reticulation and on-site-solutions in low-capacity municipalities. Over the MTEF period, some regional bulk infrastructure grant allocations will also be converted to direct transfers to municipalities to allow them to implement their own bulk water and sanitation projects. More emphasis will also be placed on ensuring that, where possible, municipalities raise financing to co-fund bulk projects that serve paying customers.

New planning requirements will be introduced in 2016/17 for secondary cities. This is the first step towards introducing greater differentiation in the grant system to better respond to the urban development challenges in these cities. The cities that meet specified performance criteria will be eligible for a separate grant from 2017/18 onwards. The consolidation of infrastructure grants for metropolitan municipalities is intended to be phased in over the medium term and extended in the long-term to secondary cities.

The *public transport network grant* will have a new formula-based allocation method phased in from 2016/17. This should increase certainty about the extent of national funding that municipalities can expect when planning their public transport networks, and encourage cities to plan and develop systems that they can afford to operate in the long run. Qualification criteria and conditions in the grant will also emphasise the need for cities to ensure that the public transport networks developed will be affordable and sustainable over the long term while extending high quality public transport to more people.

Data on the extent and condition of roads has been collected over several years using the *rural roads asset management systems grant*. The data will begin to guide the selection of municipal roads projects. Conditions in the *municipal infrastructure grant* will require this and will also be changed to allow funds to be used for road maintenance and refurbishment if project selection is based on this data. Generalised ring-fencing in the *municipal infrastructure grant* will be changed to conditions that require that municipalities respond to identified gaps in sports infrastructure. Municipalities will also be encouraged to increase their investment in other community infrastructure, including cemeteries, community centres, taxi ranks and market places.

The indirect *bucket eradication programme grant* was due to end in 2015/16 but will be extended to 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. Sanitation upgrading and bucket system eradication in informal areas will continue to be funded through the *urban settlements development grant*, *human settlements development grant* and *municipal infrastructure grant* as part of the rollout of basic services and informal settlement upgrading.

Operational and capacity funding

To help subsidise the rising costs of providing free basic services, R6 billion over the MTEF period will be added to the local government equitable share.

The Municipal Demarcation Board has approved a number of significant boundary changes in an attempt to improve the viability of municipalities. These changes involve merging or splitting existing municipalities, and will result in substantial administrative costs during the transition. To support the implementation of the changes, the *municipal demarcation transition grant* will receive increased allocations in 2016/17 and 2017/18.

Government is committed to making changes to achieve the NDP goal of building a capable state at all three levels of government. To support more strategic capacity building interventions in municipalities, the *municipal systems improvement grant* will become an indirect grant. The initiatives funded from this grant will be aligned to the Back-to-Basics Strategy. The Department of Cooperative Governance and the National Treasury will agree to the details of how the programme will work.

The *municipal human settlements capacity grant* was introduced in 2014/15 to facilitate the development of capacity to manage human settlements programmes in anticipation of the assignment of the housing function to cities. However, there is no longer a need for this standalone grant as the assignment process was subsequently suspended indefinitely. The grant will be terminated in 2016/17. In place of a separate grant, cities will be allowed to use up to 3 per cent of the *urban settlements development grant* to improve their capacity with regard to built-environment functions.

To finance government priorities, including those described above, funds will be reprioritised out of the *municipal infrastructure grant* and the *municipal systems improvement grant.*

Table A.13 Expenditure by vote, 2014/15 and 2015/16

	2014/15[1]				2015/16		
R million	**Main budget**	**Adjusted budget**	**Preliminary outcome**	**Over(-)/ Under(+)**	**Main budget**	**Adjusted budget**	**Actual spending April to September**
1 The Presidency	1 010	484	453	32	510	476	209
2 Parliament[2]	1 508	1 508	1 668	-160	1 567	1 594	826
3 Communication	1 283	1 295	1 287	8	1 281	1 291	622
4 Cooperative Governance and Traditional Affairs	63 213	63 454	59 478	3 976	69 314	70 815	29 517
5 Home Affairs	6 545	7 145	7 144	0	6 451	7 349	3 416
6 International Relations and Cooperation	5 754	6 104	5 992	113	5 699	6 511	2 758
7 National Treasury	27 265	26 704	26 183	521	26 957	28 726	11 353
8 Planning, Monitoring and Evaluation	–	734	709	25	718	754	353
9 Public Enterprises	256	320	296	23	267	23 303	10 100
10 Public Service and Administration	875	875	814	61	931	941	427
11 Public Works	6 121	6 121	6 022	99	6 411	6 312	2 499
12 Statistics South Africa	2 243	2 243	2 156	86	2 245	2 323	1 033
13 Women	–	181	178	3	187	189	94
14 Basic Education	19 680	19 690	19 529	161	21 511	21 286	12 294
15 Higher Education and Training	38 988	38 988	38 987	1	41 844	41 880	29 491
16 Health	34 380	34 325	33 579	746	36 468	36 254	18 132
17 Social Development	128 799	128 598	127 860	737	138 169	137 894	67 654
18 Correctional Services	19 721	19 722	19 529	193	20 618	20 589	9 876
19 Defence and Military Veterans	42 831	42 857	42 842	14	44 579	45 088	20 748
20 Independent Police Investigative Directorate	235	235	232	2	235	235	113
21 Justice and Constitutional Development	14 594	14 489	14 228	261	14 984	15 011	6 915
22 Office of the Chief Justice and Judicial Administration	565	670	670	–	742	783	307
23 Police	72 507	72 507	72 507	0	76 377	76 721	36 004
24 Agriculture, Forestry and Fisheries	6 692	6 692	6 629	64	6 383	6 409	3 467
25 Economic Development	697	697	695	2	886	886	424
26 Energy	7 416	7 438	6 220	1 218	7 482	7 268	4 550
27 Environmental Affairs	5 668	5 680	5 675	5	5 948	5 943	2 862
28 Labour	2 527	2 546	2 420	126	2 687	2 704	1 218
29 Mineral Resources	1 471	1 476	1 475	0	1 619	1 639	925
30 Science and Technology	6 470	6 480	6 389	91	7 482	7 466	4 850
31 Small Business Development	1 148	1 101	1 101	–	1 103	1 128	548
32 Telecommunications and Postal Services	973	1 616	1 568	48	1 413	1 405	792
33 Tourism	1 662	1 583	1 558	26	1 800	1 794	932
34 Trade and Industry	8 687	8 818	8 685	133	9 594	9 498	3 623
35 Transport	48 727	48 771	49 147	-376	53 357	53 615	27 195
36 Water and Sanitation	–	13 647	11 617	2 031	16 447	15 747	4 808
37 Arts and Culture	3 528	3 528	3 454	74	3 920	3 826	1 728
38 Human Settlements	30 521	29 418	29 358	59	30 943	30 543	13 127
39 Rural Development and Land Reform	9 455	9 455	9 396	60	9 380	9 197	3 611
40 Sport and Recreation South Africa	970	970	967	3	989	981	423
Discontinued departments[3]	12 907	–	–	–	–	–	–
Total appropriation by vote	**637 896**	**639 165**	**628 698**	**10 467**	**679 498**	**706 374**	**339 824**
Plus:							
Direct charges against the National Revenue Fund							
President and Deputy President salary (The Presidency)	3	5	5	1	6	6	3
Members' remuneration (Parliament)[2]	481	481	480	1	503	503	208
Debt-service costs (National Treasury)	114 901	114 485	114 798	-313	126 440	127 902	62 645
Provincial equitable share (National Treasury)	359 922	359 922	359 922	–	382 673	386 500	191 337
General fuel levy sharing with metropolitan municipalities (National Treasury)	10 190	10 190	10 190	–	10 659	10 659	3 553
National Revenue Fund payments (National Treasury)[4]	–	311	1 526	-1 215	121	682	512
Skills levy and sector education and training authorities (Higher Education and Training)	13 440	13 200	13 839	-639	14 690	15 800	7 502
Magistrates' salaries (Justice and Constitutional Development)	1 901	1 858	1 622	236	1 881	1 831	818
Judges' salaries (Office of the Chief Justice and Judicial Administration)	829	872	872	–	874	874	419
Total direct charges against the National Revenue Fund	**501 667**	**501 325**	**503 254**	**-1 929**	**537 847**	**544 756**	**266 997**
Contingency reserve	3 000	–	–	–	5 000	–	–
National government projected underspending	–	-3 650	–	-3 650	–	-3 000	–
Local government repayment to the National Revenue Fund	–	-500	–	-500	–	-1 200	–
Total	**1 142 562**	**1 136 340**	**1 131 952**	**4 388**	**1 222 345**	**1 246 930**	**606 821**

1. The 2014/15 financial year numbers were adjusted to include function shifts
2. The audited outcome for Parliament is converted from accrual to cash
3. Funds originally appropriated to discontinued departments, now absorbed in relevant newly created departments with historical numbers adjusted accordingly
4. National Revenue Fund payments previously classified as extraordinary payments
Source: National Treasury

Table A.14 Expenditure by province, 2014/15 and 2015/16

	2014/15					2015/16	
R million	Main budget	Adjusted budget	Preliminary outcome	Over(-)/ Under(+)	Deviation from adjusted budget	Main budget	Actual spending April to September[1]
Eastern Cape	**62 141**	**62 842**	**61 558**	**1 284**	**2.0%**	**64 995**	**31 299**
Education	27 935	28 283	27 681	602	2.1%	29 438	13 534
Health	17 509	17 679	17 550	129	0.7%	18 496	9 719
Social Development	2 159	2 157	2 134	22	1.0%	2 231	1 189
Other functions	14 538	14 723	14 193	530	3.6%	14 830	6 857
Free State	**27 925**	**28 532**	**28 833**	**-301**	**-1.1%**	**29 375**	**15 084**
Education	11 259	11 266	11 709	-443	-3.9%	10 633	5 751
Health	8 155	8 324	8 290	33	0.4%	10 968	4 939
Social Development	973	968	956	11	1.2%	736	377
Other functions	7 538	7 974	7 877	97	1.2%	7 037	4 017
Gauteng	**86 969**	**87 284**	**85 753**	**1 531**	**1.8%**	**95 391**	**46 174**
Education	32 845	33 213	32 778	434	1.3%	35 495	17 653
Health	31 524	31 491	31 005	486	1.5%	43 528	21 643
Social Development	3 525	3 434	3 409	26	0.7%	2 333	1 148
Other functions	19 074	19 146	18 560	585	3.1%	14 034	5 730
KwaZulu-Natal	**96 718**	**97 558**	**97 385**	**173**	**0.2%**	**101 961**	**50 646**
Education	39 447	39 950	39 663	286	0.7%	43 726	21 199
Health	30 914	31 119	31 246	-126	-0.4%	41 976	21 619
Social Development	2 498	2 490	2 485	4	0.2%	2 235	1 076
Other functions	23 859	23 999	23 991	8	0.0%	14 024	6 752
Limpopo	**51 460**	**52 224**	**50 943**	**1 281**	**2.5%**	**52 728**	**25 268**
Education	24 966	25 338	24 980	358	1.4%	26 097	11 964
Health	14 371	14 616	14 557	59	0.4%	17 089	8 844
Social Development	1 469	1 476	1 472	5	0.3%	1 244	661
Other functions	10 654	10 793	9 934	859	8.0%	8 298	3 800
Mpumalanga	**36 470**	**37 098**	**36 372**	**727**	**2.0%**	**38 702**	**18 899**
Education	16 103	16 263	15 910	353	2.2%	17 213	8 111
Health	8 992	9 033	8 879	153	1.7%	12 674	5 591
Social Development	1 232	1 220	1 220	0	0.0%	1 004	507
Other functions	10 143	10 582	10 362	220	2.1%	7 811	4 689
Northern Cape	**13 123**	**13 530**	**13 400**	**130**	**1.0%**	**14 161**	**7 005**
Education	4 744	4 792	4 786	6	0.1%	5 083	2 482
Health	3 696	3 758	3 714	44	1.2%	4 074	2 153
Social Development	651	661	654	6	0.9%	710	333
Other functions	4 031	4 319	4 245	74	1.7%	4 294	2 038
North West	**31 770**	**32 414**	**31 840**	**574**	**1.8%**	**34 224**	**16 693**
Education	12 498	12 563	12 350	213	1.7%	13 432	6 466
Health	8 174	8 185	8 373	-188	-2.3%	8 904	4 564
Social Development	1 241	1 254	1 218	36	2.9%	1 334	576
Other functions	9 856	10 412	9 899	513	4.9%	10 554	5 087
Western Cape	**47 935**	**48 939**	**48 228**	**711**	**1.5%**	**52 059**	**24 223**
Education	16 425	17 026	17 001	25	0.1%	17 745	8 692
Health	17 338	17 430	17 306	125	0.7%	18 813	8 954
Social Development	1 756	1 758	1 734	24	1.4%	1 898	997
Other functions	12 416	12 725	12 187	538	4.2%	13 604	5 580
Total	**454 510**	**460 422**	**454 312**	**6 110**	**1.3%**	**483 597**	**235 290**
Education	186 222	188 695	186 860	1 836	1.0%	198 863	95 852
Health	140 674	141 635	140 920	715	0.5%	176 523	88 024
Social Development	15 504	15 418	15 283	134	0.9%	13 725	6 864
Other functions	112 110	114 674	111 249	3 425	3.0%	94 486	44 550

1. September expenditure numbers obtained from Vulindlela

Source: National Treasury