



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

PRESS RELEASE

23 AUGUST 2012

Provincial Budgets: 2012/13 Financial Year First Quarter Provincial Budgets and Expenditure Report

SUMMARY

1. Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this provincial budget statement of receipts and payments covers spending for the first quarter (April to June 2012) of the 2012/13 financial year.
2. The information contained herein is compiled from Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who, in turn, submitted it to the National Treasury. Queries on spending or budget numbers should therefore, in the first instance, be referred to the head of the relevant provincial department, and in the second instance to the head of the relevant provincial treasury. Those relating to conditional grants may be referred to the head of the administering national department.
3. The budgeted figures in the first quarter publication take account of the 2012 Estimates of Provincial Revenue and Expenditure, which were presented to the provincial legislatures during March 2012.

Overall Expenditure Trends – First Quarter

4. In aggregate, provinces spent R90.2 billion, or 23.2 per cent, of their combined budgets of R388.4 billion. This represents a spending increase of 7.6 per cent or R6.3 billion compared with the same period last year when provinces spent R83.8 billion.
5. Education expenditure for the first quarter was R40.4 billion, or 24.7 per cent, of the R163.7 billion combined education budgets, an increase of 6.5 per cent or R2.5 billion on the first quarter for the previous financial year. It remains the largest item (42.1 per cent) on provincial budgets.
6. Health expenditure totalled R28.7 billion, or 24.3 per cent, of the R117.8 billion combined health budgets, and is the second largest item (30.3 per cent) on provincial budgets. This represents an increase of 14 per cent or R3.5 billion on the first quarter for the 2011/12 financial year.
7. Social development expenditure for the first quarter was R2.5 billion, or 20.4 per cent, of the R12.2 billion combined social development budgets.
8. Personnel expenditure (compensation of employees) was in aggregate R54.7 billion, or 23.6 per cent, of the budgeted R231.9 billion as at 30 June 2012.

9. In aggregate, provinces spent R5.8 billion, or 21.4 per cent, of their R27.2 billion combined capital (payments for capital assets) budgets, an increase of 14.6 per cent when compared to the same period of the 2011/12 financial year.
10. Provincial education departments spent R1.7 billion, or 21.8 per cent, of the budgeted R7.8 billion for capital expenditure. This is R157.2 million, or 8.5 per cent, less than what was spent in the first quarter for the previous financial year.
11. Provincial health departments spent R1.9 billion, or 22.6 per cent, of the budgeted R8.2 billion for capital expenditure, which is 22.3 per cent more than the first quarter for 2011/12.
12. The biggest share (33.6 per cent) of provincial capital budgets was for the public works, roads and transport departments, which spent R1.9 billion, or 20.3 per cent of the combined capital budget of R9.1 billion as at 30 June 2012.
13. Provincial own revenue collected for the first quarter was at R2.9 billion, or 25.7 per cent, of the budgeted own revenue of R11.4 billion. National government transferred R77.3 billion of the equitable share and R18.8 billion of conditional grants to provinces during the first quarter of the 2012/13 financial year.
14. A more detailed analysis of the expenditure outcome as at 30 June 2012 is set out in Annexure A.

DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2012/13 FINANCIAL YEAR

1. The budgeted figures for provinces are based on the 2012 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2012.

Total Expenditure

2. Table 1 indicates that in the first quarter of the 2012/13 financial year, provinces spent R90.2 billion or 23.2 per cent of the combined budgeted expenditure of R388.4 billion. Spending against budgets was slightly higher in percentage terms when compared to the first quarter of the 2011/12 financial year. Spending in nominal terms was 7.6 per cent or R6.3 billion higher than last year, when provinces had spent R83.8 billion.
3. Among provinces, spending was the lowest in the North West at 20 per cent and the Western Cape at 21.1 per cent and the highest in Gauteng at 26 per cent and the Free State at 24.8 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2012

R thousand	Main budget 2012/13					Actual payments as at 30 June 2012					Actual payments as % of main budget	2011/12: Outcome as at 30 June 2011	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	45 425 863	7 661 532	3 117 410	–	56 204 805	10 536 157	1 530 679	322 582	1	12 389 419	22.0%	12 727 456	-2.7%
Free State	18 913 375	3 521 595	2 435 157	–	24 870 127	4 624 017	982 740	572 090	994	6 179 841	24.8%	5 480 769	12.8%
Gauteng	53 350 438	13 380 710	2 579 533	–	69 310 681	13 524 460	3 791 065	682 453	786	17 998 764	26.0%	16 341 679	10.1%
KwaZulu-Natal	66 043 869	10 118 836	7 406 955	1 800	83 571 460	15 061 022	2 515 706	2 150 537	24	19 727 289	23.6%	17 430 753	13.2%
Limpopo	38 111 583	5 449 041	2 376 829	–	45 937 453	8 736 373	1 331 208	469 823	78	10 537 482	22.9%	9 868 111	6.8%
Mpumalanga	24 687 215	3 759 131	2 521 585	–	30 967 931	5 638 191	1 019 293	437 501	808	7 095 793	22.9%	6 694 156	6.0%
Northern Cape	9 075 464	1 201 415	1 078 521	–	11 355 400	1 906 174	300 864	355 670	–	2 562 708	22.6%	2 473 049	3.6%
North West	20 031 002	4 090 214	2 150 502	–	26 271 718	4 203 453	796 982	266 990	–	5 267 425	20.0%	5 124 617	2.8%
Western Cape	29 970 142	6 440 482	3 501 983	4 177	39 916 784	6 507 964	1 356 085	545 112	937	8 410 098	21.1%	7 684 537	9.4%
Total	305 608 951	55 622 956	27 168 475	5 977	388 406 359	70 737 811	13 624 622	5 802 758	3 628	90 168 819	23.2%	83 825 127	7.6%

Social Services

4. Provinces have budgeted R293.6 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 30 June 2012

R thousand	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
Education	163 656 568	40 405 150	24.7%	44.8%	56.5%	37 923 569	6.5%
Health	117 829 411	28 665 456	24.3%	31.8%	40.1%	25 136 158	14.0%
Social Development	12 159 513	2 480 863	20.4%	2.8%	3.5%	2 404 886	3.2%
Total	293 645 492	71 551 469	24.4%	79.4%	100.0%	65 464 613	9.3%

5. The first quarter outcome on social services was recorded at R71.6 billion, or 24.4 per cent of the total provincial social services budgets for 2012/13.

Education

6. Education budgets of R163.7 billion comprise 42.1 per cent of total provincial budgets. Table 3 indicates that education expenditure was at R40.4 billion or 24.7 per cent of the total education budget. This is an increase of 6.5 per cent, or R2.5 billion, on the R37.9 billion spent over the same period in 2011/12.
7. Spending by provinces on education in the first quarter ranged from 22.9 per cent in the North West and 23.1 per cent in both Limpopo and the Eastern Cape, to 27.5 per cent in Gauteng and 26.6 per cent in the Free State.

Table 3: Provincial Education Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	26 287 986	6 079 674	23.1%	49.1%	60.2%	6 339 936	-4.1%
Free State	10 044 709	2 671 125	26.6%	43.2%	55.5%	2 294 205	16.4%
Gauteng	27 150 751	7 455 201	27.5%	41.4%	49.3%	6 555 416	13.7%
KwaZulu-Natal	34 764 633	8 699 100	25.0%	44.1%	56.7%	8 013 066	8.6%
Limpopo	22 126 035	5 109 094	23.1%	48.5%	60.8%	5 067 275	0.8%
Mpumalanga	13 983 862	3 518 554	25.2%	49.6%	67.9%	3 270 853	7.6%
Northern Cape	4 197 323	1 044 763	24.9%	40.8%	55.1%	916 999	13.9%
North West	10 872 212	2 484 492	22.9%	47.2%	61.7%	2 244 185	10.7%
Western Cape	14 229 057	3 343 147	23.5%	39.8%	49.9%	3 221 634	3.8%
Total	163 656 568	40 405 150	24.7%	44.8%	56.5%	37 923 569	6.5%

8. The first quarter outcome on goods and services (including learner and teacher support materials) in education was recorded at R2.9 billion, or 20.6 per cent of the budgeted amount of R13.9 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	21 337 246	4 888 204	22.9%	58.2%	80.4%	4 856 221	0.7%
Free State	8 054 391	1 904 698	23.6%	52.8%	71.3%	1 789 245	6.5%
Gauteng	20 099 334	4 903 080	24.4%	52.5%	65.8%	4 458 508	10.0%
KwaZulu-Natal	26 325 100	6 536 017	24.8%	56.5%	75.1%	6 108 840	7.0%
Limpopo	18 409 066	4 319 110	23.5%	57.4%	84.5%	4 006 298	7.8%
Mpumalanga	10 980 130	2 606 074	23.7%	60.7%	74.1%	2 422 582	7.6%
Northern Cape	3 197 761	740 299	23.2%	52.6%	70.9%	696 273	6.3%
North West	8 348 820	1 961 247	23.5%	55.5%	78.9%	1 813 799	8.1%
Western Cape	10 733 920	2 519 496	23.5%	50.2%	75.4%	2 350 956	7.2%
Total	127 485 768	30 378 225	23.8%	55.5%	75.2%	28 502 722	6.6%

9. The bulk of education expenditure was on personnel (75.2 per cent). Current spending on education personnel amounts to R30.4 billion, or 23.8 per cent, of the R127.5 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranged from 22.9 per cent in the Eastern Cape, to 24.8 per cent in KwaZulu-Natal.

10. Education capital expenditure was at R1.7 billion, or 21.8 per cent, of the R7.8 billion budget. This is 8.5 per cent less than the spending over the same period of the previous financial year. Education capital expenditure was lowest in the Eastern Cape at 7.7 per cent and highest in Gauteng at 57.5 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Education Capital to total Capital expenditure	% share of Education Capital to total Education expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	960 171	74 380	7.7%	23.1%	1.2%	106 037	-29.9%
Free State	425 389	140 891	33.1%	24.6%	5.3%	64 446	118.6%
Gauteng	556 960	319 995	57.5%	46.9%	4.3%	172 566	85.4%
KwaZulu-Natal	2 583 465	651 850	25.2%	30.3%	7.5%	513 147	27.0%
Limpopo	978 905	158 143	16.2%	33.7%	3.1%	442 291	-64.2%
Mpumalanga	701 693	105 704	15.1%	24.2%	3.0%	282 058	-62.5%
Northern Cape	280 312	73 730	26.3%	20.7%	7.1%	29 958	146.1%
North West	546 343	79 729	14.6%	29.9%	3.2%	93 655	-14.9%
Western Cape	753 135	92 058	12.2%	16.9%	2.8%	149 540	-38.4%
Total	7 786 373	1 696 480	21.8%	29.2%	4.2%	1 853 698	-8.5%

Health

11. Health budgets, totalling R117.8 billion, comprise 30.3 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	15 166 038	3 651 859	24.1%	29.5%	36.2%	3 518 584	3.8%
Free State	7 383 255	1 939 866	26.3%	31.4%	40.3%	1 513 278	28.2%
Gauteng	24 519 336	7 156 151	29.2%	39.8%	47.4%	5 667 047	26.3%
KwaZulu-Natal	26 555 350	6 253 314	23.5%	31.7%	40.8%	5 439 445	15.0%
Limpopo	11 947 985	2 960 989	24.8%	28.1%	35.3%	2 571 608	15.1%
Mpumalanga	7 544 189	1 509 211	20.0%	21.3%	29.1%	1 552 821	-2.8%
Northern Cape	3 121 589	740 066	23.7%	28.9%	39.0%	671 052	10.3%
North West	6 959 308	1 378 351	19.8%	26.2%	34.2%	1 405 793	-2.0%
Western Cape	14 632 361	3 075 649	21.0%	36.6%	45.9%	2 796 530	10.0%
Total	117 829 411	28 665 456	24.3%	31.8%	40.1%	25 136 158	14.0%

12. Table 6 indicates that, at R28.7 billion or 24.3 per cent of the total health budget, health expenditure increased by 14 per cent, or R3.5 billion, on the same period in 2011/12.

13. The North West and Mpumalanga provinces spent the lowest share of their health budgets at 19.8 per cent and 20 per cent respectively. The highest shares were recorded by Gauteng at 29.2 per cent and the Free State at 26.3 per cent.

14. Table 7 indicates that health personnel expenditure was R17.3 billion, or 23.7 per cent of the health personnel budget, an increase of R1.5 billion, or 9.7 per cent more than the R15.8 billion spent over the same period in 2011/12.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	9 790 294	2 336 916	23.9%	27.8%	64.0%	2 226 900	4.9%
Free State	4 596 327	1 157 183	25.2%	32.1%	59.7%	975 648	18.6%
Gauteng	15 055 213	3 578 337	23.8%	38.3%	50.0%	3 263 857	9.6%
KwaZulu-Natal	16 516 085	3 872 161	23.4%	33.5%	61.9%	3 501 772	10.6%
Limpopo	8 243 177	2 097 787	25.4%	27.9%	70.8%	1 814 224	15.6%
Mpumalanga	4 665 857	1 021 163	21.9%	23.8%	67.7%	986 688	3.5%
Northern Cape	1 706 942	370 237	21.7%	26.3%	50.0%	340 280	8.8%
North West	3 988 667	943 493	23.7%	26.7%	68.5%	901 050	4.7%
Western Cape	8 478 408	1 930 756	22.8%	38.5%	62.8%	1 760 457	9.7%
Total	73 040 970	17 308 033	23.7%	31.6%	60.4%	15 770 876	9.7%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, was at R9.5 billion, or 26 per cent, of the R36.6 billion budget.

16. Capital expenditure in the health sector was at R1.9 billion, or 22.6 per cent, an increase of R339.1 million or 22.3 per cent on the R1.5 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Health Capital to total Capital expenditure	% share of Health Capital to total Health expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	925 084	104 124	11.3%	32.3%	2.9%	204 710	-49.1%
Free State	759 157	258 848	34.1%	45.2%	13.3%	153 950	68.1%
Gauteng	1 260 731	224 967	17.8%	33.0%	3.1%	212 934	5.7%
KwaZulu-Natal	1 870 714	575 326	30.8%	26.8%	9.2%	285 686	101.4%
Limpopo	771 601	218 095	28.3%	46.4%	7.4%	187 049	16.6%
Mpumalanga	590 910	77 234	13.1%	17.7%	5.1%	92 672	-16.7%
Northern Cape	507 122	144 907	28.6%	40.7%	19.6%	108 495	33.6%
North West	645 223	133 839	20.7%	50.1%	9.7%	150 001	-10.8%
Western Cape	880 174	121 219	13.8%	22.2%	3.9%	123 965	-2.2%
Total	8 210 716	1 858 559	22.6%	32.0%	6.5%	1 519 462	22.3%

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Eastern Cape at 11.3 per cent and Mpumalanga at 13.1 per cent, and the highest being the Free State and KwaZulu-Natal at 34.1 per cent and 30.8 per cent respectively.

Social Development

18. At R12.2 billion, the social development budget comprises 3.1 per cent of total provincial budgets.

19. Provinces registered spending of R2.5 billion, or 20.4 per cent, of the total R12.2 billion budget. This represents an increase of R76 million, or 3.2 per cent, on the R2.4 billion spent over the same period last year.

20. There were varying degrees of spending among provinces, the lowest being in Mpumalanga at 16.9 per cent and the North West at 17.5 per cent while the highest were Limpopo at 28 per cent and the Free State at 23 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	1 782 421	364 800	20.5%	2.9%	3.6%	349 751	4.3%
Free State	865 450	199 187	23.0%	3.2%	4.1%	173 322	14.9%
Gauteng	2 490 492	496 666	19.9%	2.8%	3.3%	533 865	-7.0%
KwaZulu-Natal	2 047 812	377 279	18.4%	1.9%	2.5%	344 321	9.6%
Limpopo	1 165 929	326 880	28.0%	3.1%	3.9%	301 823	8.3%
Mpumalanga	920 299	155 807	16.9%	2.2%	3.0%	211 935	-26.5%
Northern Cape	525 897	111 095	21.1%	4.3%	5.9%	122 260	-9.1%
North West	949 701	166 351	17.5%	3.2%	4.1%	170 882	-2.7%
Western Cape	1 411 512	282 798	20.0%	3.4%	4.2%	196 727	43.8%
Total	12 159 513	2 480 863	20.4%	2.8%	3.5%	2 404 886	3.2%

Human Settlements and Local Government

21. The human settlements and local government budgets, at R22.1 billion, comprise 5.7 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	3 362 988	481 203	14.3%	3.9%	50.4%	527 276	-8.7%
Free State	1 381 263	262 354	19.0%	4.2%	68.7%	492 161	-46.7%
Gauteng	4 737 125	649 116	13.7%	3.6%	79.2%	834 476	-22.2%
KwaZulu-Natal	4 508 938	753 707	16.7%	3.8%	69.9%	714 588	5.5%
Limpopo	2 374 417	435 939	18.4%	4.1%	53.9%	351 671	24.0%
Mpumalanga	1 502 373	298 310	19.9%	4.2%	62.9%	280 697	6.3%
Northern Cape	582 761	100 255	17.2%	3.9%	44.4%	122 436	-18.1%
North West	1 531 500	359 780	23.5%	6.8%	71.1%	285 120	26.2%
Western Cape	2 076 122	296 791	14.3%	3.5%	51.1%	314 617	-5.7%
Total	22 057 487	3 637 455	16.5%	4.0%	64.3%	3 923 042	-7.3%

22. Spending by human settlements and local government was R3.6 billion, or 16.5 per cent, of the R22.1 billion budget. This represents a decrease of R285.6 million, or 7.3 per cent, on the R3.9 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Gauteng at 13.7 per cent and both the Western Cape and the Eastern Cape at 14.3 per cent, while the highest spenders are the North West at 23.5 per cent and Mpumalanga at 19.9 per cent.

Human Settlements Development Conditional Grant

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

25. Table 11 indicates that provinces spent R2.3 billion, or 14.9 per cent, of the R15.7 billion Human Settlements Development grant budget. These figures are R345.1 million or 12.9 per cent less than the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	2 292 859	242 312	10.6%	2.0%	10.4%	299 295	-19.0%
Free State	961 619	180 271	18.7%	2.9%	7.7%	387 349	-53.5%
Gauteng	4 003 776	513 963	12.8%	2.9%	22.0%	671 650	-23.5%
KwaZulu-Natal	2 915 297	526 978	18.1%	2.7%	22.5%	490 543	7.4%
Limpopo	1 471 617	235 044	16.0%	2.2%	10.1%	186 695	25.9%
Mpumalanga	965 127	187 554	19.4%	2.6%	8.0%	159 807	17.4%
Northern Cape	339 551	44 562	13.1%	1.7%	1.9%	56 616	-21.3%
North West	1 050 933	255 950	24.4%	4.9%	10.9%	182 461	40.3%
Western Cape	1 725 180	151 541	8.8%	1.8%	6.5%	248 832	-39.1%
Total	15 725 959	2 338 175	14.9%	2.6%	100.0%	2 683 248	-12.9%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the first quarter of the 2012/13 financial year was at R54.7 billion, or 23.6 per cent, of the combined R231.9 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	36 355 017	8 394 846	23.1%	67.8%	15.3%	8 141 111	3.1%
Free State	15 096 385	3 610 474	23.9%	58.4%	6.6%	3 255 980	10.9%
Gauteng	39 107 564	9 342 126	23.9%	51.9%	17.1%	8 516 587	9.7%
KwaZulu-Natal	48 105 984	11 565 814	24.0%	58.6%	21.1%	10 609 053	9.0%
Limpopo	31 376 954	7 519 765	24.0%	71.4%	13.7%	6 836 141	10.0%
Mpumalanga	18 632 147	4 294 613	23.0%	60.5%	7.9%	4 031 488	6.5%
Northern Cape	6 252 639	1 408 413	22.5%	55.0%	2.6%	1 309 691	7.5%
North West	15 175 670	3 533 731	23.3%	67.1%	6.5%	3 287 854	7.5%
Western Cape	21 789 662	5 020 114	23.0%	59.7%	9.2%	4 617 787	8.7%
Total	231 892 022	54 689 896	23.6%	60.7%	100.0%	50 605 692	8.1%

27. Spending to date was R4.1 billion or 8.1 per cent higher than the R50.6 billion spent over the same period last year.

28. Spending ranged from 22.5 per cent and 23 per cent in the Northern Cape and both the Western Cape and Mpumalanga respectively, to 24 per cent in both KwaZulu-Natal and Limpopo.

Overall Capital Budgets and Expenditure

29. By the end of June 2012, provinces had spent R5.8 billion or 21.4 per cent of the R27.2 billion capital budget (payments for capital assets). This was an increase of 14.6 per cent compared to the same period in 2011/12.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2012

	Main budget	Actual payments as at 30 June 2012	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	3 117 410	322 582	10.3%	2.6%	5.6%	594 014	-45.7%
Free State	2 435 157	572 090	23.5%	9.3%	9.9%	396 603	44.2%
Gauteng	2 579 533	682 453	26.5%	3.8%	11.8%	418 536	63.1%
KwaZulu-Natal	7 406 955	2 150 537	29.0%	10.9%	37.1%	1 317 032	63.3%
Limpopo	2 376 829	469 823	19.8%	4.5%	8.1%	748 788	-37.3%
Mpumalanga	2 521 585	437 501	17.4%	6.2%	7.5%	462 373	-5.4%
Northern Cape	1 078 521	355 670	33.0%	13.9%	6.1%	326 445	9.0%
North West	2 150 502	266 990	12.4%	5.1%	4.6%	320 644	-16.7%
Western Cape	3 501 983	545 112	15.6%	6.5%	9.4%	477 074	14.3%
Total	27 168 475	5 802 758	21.4%	6.4%	100.0%	5 061 509	14.6%

30. Table 13 provides capital spending information by province and shows low rates of spending in the Eastern Cape at 10.3 per cent and the North West at 12.4 per cent, and high rates in the Northern Cape at 33 per cent and KwaZulu-Natal at 29 per cent. However, in absolute terms, KwaZulu-Natal spent the most, with total spending of R2.2 billion followed by Gauteng at R682.5 million and the Free State at R572.1 million.

31. Provincial education departments spent R1.7 billion, or 21.8 per cent, of their R7.8 billion education capital budgets, a decrease of R157.2 million, or 8.5 per cent less compared to the same period in the previous financial year.

32. Provincial health departments spent R1.9 billion, or 22.6 per cent, of their R8.2 billion health capital budgets, which was R339.1 million or 22.3 per cent more than the same period for 2011/12.

33. At 33.6 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector spent R1.9 billion or 20.3 per cent against its combined capital budgets of R9.1 billion as at 30 June 2012.

Conditional Grants

34. The total conditional grant allocation was R75.4 billion (including Schedules 4 and 8 grants), with health making up the bulk at R25.7 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 June 2012. It excludes expected conditional grant roll-overs from the 2011/12 financial year, and excludes spending on Schedules 4 and 8 grants. Schedule 4 grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 8 grant) specifies funds that are currently not allocated to specific provinces that may be released to provinces to fund disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2012

R thousand	Division of Revenue Act, 2012 (Act No. 5 of 2012)	Transferred from National to provinces	Actual payments as at 30 June 2012 (excluding Schedule 4, 8 grants)	Actual payments as % of main budget (excluding Schedule 4, 8 grants)
Agriculture, Forestry and Fisheries	2 066 450	403 362	24 329	4.6%
1. Comprehensive Agricultural Support Programme Grant	1 534 991	320 202	[REDACTED]	
Ilima/Letsema Projects Grant	415 798	83 160	20 921	5.0%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	115 661	-	3 408	2.9%
Arts and Culture	564 574	97 971	62 515	11.1%
Community Library Services Grant	564 574	97 971	62 515	11.1%
Basic Education	11 246 587	3 192 889	1 173 153	21.6%
Dinaledi Schools Grant	99 700	29 910	2 801	2.8%
1. Education Infrastructure Grant	5 822 389	1 455 596	[REDACTED]	
HIV and Aids (Life Skills Education) Grant	208 665	17 952	27 173	13.0%
National School Nutrition Programme Grant	4 906 464	1 658 025	1 116 599	22.8%
Technical Secondary Schools Recapitalisation Grant	209 369	31 406	26 580	12.7%
Cooperative Governance and Traditional Affairs	180 000	850	[REDACTED]	
2. Provincial Disaster Grant	180 000	850	[REDACTED]	
Health	25 691 610	6 277 499	2 664 062	20.3%
Comprehensive HIV and Aids Grant	8 762 848	1 893 849	1 620 678	18.5%
1. Health Infrastructure Grant	1 620 981	403 031	[REDACTED]	
1. Health Professions Training and Development Grant	2 076 176	532 306	[REDACTED]	
Hospital Revitalisation Grant	4 103 595	1 188 845	1 041 553	25.4%
National Health Insurance Grant	150 000	15 000	1 306	0.9%
1. National Tertiary Services Grant	8 878 010	2 219 490	[REDACTED]	
Nursing Colleges and Schools Grant	100 000	24 978	525	0.5%
Higher Education and Training	4 757 271	1 362 257	[REDACTED]	
1. Further Education and Training Colleges Grant	4 757 271	1 362 257	[REDACTED]	
Human Settlements	15 725 959	3 378 193	2 338 175	14.9%
Human Settlements Development Grant	15 725 959	3 378 193	2 338 175	14.9%
Public Works	2 428 821	908 284	156 209	6.4%
Devolution of Property Rate Funds Grant	1 918 659	792 353	120 723	6.3%
Expanded Public Works Programme Integrated Grant for Provinces	292 761	61 581	24 565	8.4%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	217 401	54 350	10 921	5.0%
Sport and Recreation South Africa	469 640	73 632	43 056	9.2%
Mass Participation and Sport Development Grant	469 640	73 632	43 056	9.2%
Transport	12 299 114	3 117 953	[REDACTED]	
1. Provincial Roads Maintenance Grant	7 981 845	1 995 463	[REDACTED]	
1. Public Transport Operations Grant	4 317 269	1 122 490	[REDACTED]	
Total	75 430 026	18 812 890	[REDACTED]	
Total excluding Schedules 4 and 8 grants	38 261 094	9 401 205	6 461 499	16.9%

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

2. Schedule 8 grants specifying funds that are currently not allocated to specific provinces, that may be released to provinces to fund disaster response.

36. Against the total allocation of R38.3 billion (which excludes Schedules 4 and 8 grants), the rate of conditional grants spending amounted to R6.5 billion, or 16.9 per cent.

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

- a. Nursing Colleges and Schools (0.5 per cent)
- b. National Health Insurance (0.9 per cent)
- c. Dinaledi Schools (2.8 per cent)
- d. Land Care Programme (2.9 per cent)
- e. Social Sector Expanded Public Works Programme (EPWP) Incentive (5 per cent)
- f. Ilima/Letsema Projects (5 per cent)
- g. Devolution of Property Rate Funds (6.3 per cent)
- h. EPWP Integrated (8.4 per cent)
- i. Mass Participation and Sport Development (9.2 per cent)

38. Table 15 indicates selected conditional grant spending rates as at 30 June 2012.

Table 15: Selected Conditional Grants Spending Rates as at 30 June 2012

	Number of provinces spent less than 15%	Number of provinces spent between 15% and 25% (inclusive)	Number of provinces spent more than 25%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	9 All provinces		
Land Care Programme Grant: Poverty Relief and Infrastructure Development	9 All provinces		
Arts and Culture			
Community Library Services Grant	7 EC, FS, GT, KZN, LIM, NC, WC	2 MPU, NW	
Basic Education			
Dinaledi Schools Grant	9 All provinces		
HIV and Aids (Life Skills Education) Grant	7 FS, GT, KZN, LIM, NC, NW, WC		2 EC, MPU
National School Nutrition Programme Grant		6 GT, KZN, LIM, MPU, NW, WC	3 EC, FS, NC
Technical Secondary Schools Recapitalisation Grant	5 EC, KZN, LIM, MPU, WC	3 FS, NC, NW	1 GT
Health			
Comprehensive HIV and Aids Grant	4 GT, LIM, NC, NW	4 EC, KZN, MPU, WC	1 FS
Hospital Revitalisation Grant	4 EC, GT, MPU, WC	1 LIM	4 FS, KZN, NC, NW
National Health Insurance Grant	9 All provinces		
Nursing Colleges and Schools Grant	9 All provinces		
Human Settlements			
Human Settlements Development Grant	4 EC, GT, NC, WC	5 FS, KZN, LIM, MPU, NW	
Public Works			
Devolution of Property Rate Funds Grant	7 EC, GT, KZN, LIM, MPU, NW, WC		2 FS, NC
Expanded Public Works Programme Integrated Grant for Provinces	8 EC, FS, GT, LIM, MPU, NC, NW, WC	1 KZN	
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	8 EC, FS, GT, KZN, LIM, MPU, NC, NW	1 WC	
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	7 EC, FS, GT, LIM, MPU, NC, NW	2 KZN, WC	

Percentages represent actual expenditure against main budgets. The main budgets are published in the Division of Revenue Act, 2012 (Act No. 5 of 2012)

39. The table further indicates that at least seven provinces spent less than 15 per cent for the following grants: Ilima/Letsema Projects; Land Care Programme; Community Library Services; Dinaledi Schools; HIV and Aids (Life Skills Education); National Health Insurance; Nursing Colleges and Schools; Devolution of Property Rate Funds; EPWP Integrated; Social Sector EPWP Incentive; and Mass Participation and Sport Development.

Provincial Revenue

40. Provincial revenue includes equitable share allocations of R309.1 billion, conditional grants of R75.3 billion and own revenue of R11.4 billion. The total provincial revenue received and collected as at 30 June 2012 was R99 billion, or 25 per cent, of total revenue of R395.7 billion.

41. Within the first quarter of the current financial year, national government transferred R77.3 billion or 25 per cent of the equitable share and R18.8 billion or 25 per cent in conditional grants to provinces.

42. After three months, provinces have collected R2.9 billion or 25.7 per cent of the budgeted own revenue of R11.4 billion, which is R296.3 million, or 11.2 per cent more than what was collected by the end of June for the previous financial year.

43. The collection rate varied from 21.2 per cent in the Free State and 22.7 per cent in Limpopo, to a high of 28.3 per cent in the Western Cape and 28 per cent in the North West.

Table 16: Provincial Own Revenue Collection as at 30 June 2012

	Main budget	Actual collection as at 30 June 2012	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue received	% share of Own Revenue collected to total Own Revenue collected	2011/12: Outcome as at 30 June 2011	Year-on-year growth
R thousand							
Eastern Cape	774 477	198 295	25.6%	1.4%	6.7%	217 858	-9.0%
Free State	819 360	173 738	21.2%	2.7%	5.9%	187 346	-7.3%
Gauteng	3 415 206	833 445	24.4%	4.5%	28.3%	737 401	13.0%
KwaZulu-Natal	2 338 953	635 071	27.2%	3.0%	21.6%	602 496	5.4%
Limpopo	509 995	115 851	22.7%	1.0%	3.9%	117 648	-1.5%
Mpumalanga	672 383	169 602	25.2%	2.2%	5.8%	98 453	72.3%
Northern Cape	219 873	60 202	27.4%	2.1%	2.0%	54 347	10.8%
North West	717 765	200 736	28.0%	3.0%	6.8%	186 677	7.5%
Western Cape	1 966 051	557 132	28.3%	5.6%	18.9%	445 547	25.0%
Total	11 434 063	2 944 072	25.7%	3.0%	100.0%	2 647 773	11.2%