



**national treasury**

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National Treasury  
REPUBLIC OF SOUTH AFRICA

## **PRESS RELEASE**

**NOVEMBER 2012**

### **Provincial Budgets: 2012/13 Financial Year Mid-Term Provincial Budgets and Expenditure Report**

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#### **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 six months (April to September 2012) of the 2012/13 financial year. The statement is available on the treasury website at [www.treasury.gov.za](http://www.treasury.gov.za).
2. The information in the statement comes from the Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who, in turn, submitted the information to 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. Queries on conditional grants may be referred to the head of the national department that administers the grant.
3. The budgeted figures in the publication take account of the 2012 Estimates of Provincial Revenue and Expenditure, which were presented to the provincial legislatures during March 2012.
4. Expenditures not foreseen at the time of tabling the 2012 Estimates of Provincial Revenue and Expenditure are:
  - a. Increases in personnel remuneration that are higher than what was budgeted for.
  - b. Additional funding to provinces through a new once-off conditional grant for the provision of health and medical services during the Africa Cup of Nations 2013 (AFCON) tournament scheduled for 19 January to 10 February 2013, and all related official events.
  - c. Adjustments for the Health Infrastructure and Hospital Revitalisation conditional grants to provide for unforeseen and unavoidable expenditure.
5. To cover the shortfalls mentioned above, the *2012 Adjusted Estimates of National Expenditure* and the *2012 Medium Term Budget Policy Statement* tabled on 25 October 2012, proposed additional adjustments to the allocations made to provinces in the 2012 Budget. Detailed information on the additional adjustments is set out in the *2012 Division*

*of Revenue Amendment Bill*. These documents are available on the treasury website at [www.treasury.gov.za](http://www.treasury.gov.za).

6. Provinces will have concluded their 2012 adjusted estimates by the end of November 2012.

#### *Overall Expenditure Trends*

7. In aggregate, provinces spent R189.2 billion, or 48.7 per cent, of their combined budgets of R388.4 billion for the first half of the 2012/13 financial year, an increase of 6.9 per cent or R12.2 billion on the R177 billion spent last year.
8. Education expenditure, which at 42 per cent is the largest item on provincial budgets, was R82.4 billion or 50.4 per cent of the R163.7 billion combined education budgets, an increase of 6 per cent or R4.7 billion on the previous financial year.
9. Health expenditure, which at 30 per cent is the second largest item on provincial budgets, totalled R60 billion, or 50.9 per cent of the R117.8 billion combined health budgets. The expenditure represents an increase of 11.9 per cent or R6.4 billion on the same period for the 2011/12 financial year.
10. Social development expenditure for the half-year was R5.6 billion or 46.4 per cent of the R12.2 billion combined social development budgets.
11. Personnel expenditure (compensation of employees) was R115.8 billion or 49.9 per cent of the budgeted (main) R231.9 billion. National government made available R4 billion through the *2012 Adjusted Estimates of National Expenditure* in October to provide for higher than budgeted for wage agreements.
12. In aggregate, provinces spent R12.5 billion or 46 per cent of their R27.2 billion combined capital (payments for capital assets) budgets, an increase of 12.5 per cent on the expenditure for the same period of the 2011/12 financial year.
13. Provincial education departments spent R3.9 billion or 49.7 per cent of the budgeted R7.8 billion for capital expenditure, which is R518 million or 15.4 per cent more than the expenditure for the previous financial year.
14. Provincial health departments spent R3.7 billion or 44.5 per cent of the budgeted R8.2 billion for capital expenditure, which is R242 million or 7.1 per cent more than the same period for 2011/12.
15. The biggest share (33.6 per cent) of provincial capital budgets is for the public works, roads and transport departments, which spent R4.1 billion or 45.2 per cent of the combined capital budget of R9.1 billion.
16. Provinces collected of R6.3 billion, or 54.9 per cent of the budgeted own revenue of R11.4 billion. By 30 September 2012, national government had transferred to provinces R154.5 billion of the equitable share and R39.4 billion of conditional grants.
17. A more detailed analysis on the outcome of provincial finances as at 30 September 2012 is set out in Annexure A.

## DETAILED ANALYSIS FOR THE FIRST SIX MONTHS OF THE 2012/13 FINANCIAL YEAR:

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

### Total Expenditure

2. Table 1 indicates that provinces spent R189.2 billion or 48.7 per cent of the combined budgeted expenditure of R388.4 billion. Spending against budgets is at a higher level in percentage terms when compared to the same period of the 2011/12 financial year. Spending in nominal terms is 6.9 per cent or R12.2 billion higher than last year, when provinces spent R177 billion.
3. Spending was lowest in the North West (44.1 per cent of the budget) and the Western Cape (46.4 per cent), highest in Gauteng and the Free State, at 51.8 per cent and 51.5 per cent respectively.

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

R thousand	Main budget 2012/13					Actual payments as at 30 September 2012					Actual payments as % of main budget	2011/12: Outcome as at 30 September 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	22 208 473	3 303 744	912 641	182	26 425 040	47.0%	26 211 159	0.8%
Free State	18 913 375	3 521 595	2 435 157	–	24 870 127	9 880 583	1 675 001	1 253 783	2 731	12 812 098	51.5%	11 553 249	10.9%
Gauteng	53 350 438	13 380 710	2 579 533	–	69 310 681	27 592 113	6 691 447	1 606 205	3 354	35 893 119	51.8%	32 506 239	10.4%
Kw aZulu-Natal	66 043 869	10 118 836	7 406 955	1 800	83 571 460	32 440 996	4 872 715	4 441 291	94	41 755 096	50.0%	37 335 298	11.8%
Limpopo	38 111 583	5 449 041	2 376 829	–	45 937 453	18 463 275	2 663 135	811 005	84	21 937 499	47.8%	22 178 129	-1.1%
Mpumalanga	24 687 215	3 759 131	2 521 585	–	30 967 931	11 987 277	1 937 017	978 168	26	14 902 488	48.1%	14 075 628	5.9%
Northern Cape	9 075 464	1 201 415	1 078 521	–	11 355 400	4 081 936	631 036	696 493	38	5 409 503	47.6%	5 120 044	5.7%
North West	20 031 002	4 090 214	2 150 502	–	26 271 718	9 271 599	1 686 900	626 207	–	11 584 706	44.1%	11 152 602	3.9%
Western Cape	29 970 142	6 440 482	3 501 983	4 177	39 916 784	14 232 864	3 102 700	1 173 013	3 022	18 511 599	46.4%	16 895 883	9.6%
<b>Total</b>	<b>305 608 951</b>	<b>55 622 956</b>	<b>27 168 475</b>	<b>5 977</b>	<b>388 406 359</b>	<b>150 159 116</b>	<b>26 563 695</b>	<b>12 498 806</b>	<b>9 531</b>	<b>189 231 148</b>	<b>48.7%</b>	<b>177 028 231</b>	<b>6.9%</b>

### Social Services

4. The provincial budget for social services, including education, health and social development totals R293.6 billion.

**Table 2: Provincial Social Services Expenditure as at 30 September 2012**

R thousand	Main budget	Actual payments as at 30 September 2012	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2011/12: Outcome as at 30 September 2011	Year-on-year growth
Education	163 656 568	82 411 872	50.4%	43.6%	55.7%	77 731 475	6.0%
Health	117 829 411	60 008 962	50.9%	31.7%	40.5%	53 614 650	11.9%
Social Development	12 159 513	5 643 473	46.4%	3.0%	3.8%	5 490 355	2.8%
<b>Total</b>	<b>293 645 492</b>	<b>148 064 307</b>	<b>50.4%</b>	<b>78.2%</b>	<b>100.0%</b>	<b>136 836 480</b>	<b>8.2%</b>

5. Expenditure at the end of the half-year was R148.1 billion, or 50.4 per cent of the total provincial social services budgets for 2012/13.

### Education

6. At R163.7 billion, education budgets comprise 42.1 per cent of total provincial budgets. Table 3 shows that education expenditure by the end of the half-year totalled R82.4 billion or 50.4 per cent of the total education budget. This is an increase of 6 per cent, or R4.7 billion, on the R77.7 billion spent over the same period in 2011/12.
7. Spending by provinces on education ranges from 46.8 per cent in the North West and 47.7 per cent in Limpopo, to 53.6 per cent in the Free State and 53.3 per cent in Gauteng.

**Table 3: Provincial Education Expenditure as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	26 287 986	12 806 691	48.7%	48.5%	60.5%	12 579 211	1.8%
Free State	10 044 709	5 380 517	53.6%	42.0%	54.5%	4 701 313	14.4%
Gauteng	27 150 751	14 476 130	53.3%	40.3%	49.2%	12 985 631	11.5%
Kw aZulu-Natal	34 764 633	18 178 092	52.3%	43.5%	56.1%	16 969 734	7.1%
Limpopo	22 126 035	10 559 627	47.7%	48.1%	60.3%	10 768 822	-1.9%
Mpumalanga	13 983 862	6 969 853	49.8%	46.8%	64.4%	6 669 343	4.5%
Northern Cape	4 197 323	2 154 525	51.3%	39.8%	54.3%	1 940 019	11.1%
North West	10 872 212	5 083 186	46.8%	43.9%	58.7%	4 780 369	6.3%
Western Cape	14 229 057	6 803 251	47.8%	36.8%	47.6%	6 337 033	7.4%
<b>Total</b>	<b>163 656 568</b>	<b>82 411 872</b>	<b>50.4%</b>	<b>43.6%</b>	<b>55.7%</b>	<b>77 731 475</b>	<b>6.0%</b>

8. Expenditure on goods and services (including learner and teacher support materials) came in at R6 billion, or 43.2 per cent of the budgeted amount of R13.9 billion.
9. The bulk of education expenditure (R64.4 billion, or 78.1 per cent of total education expenditure) was on personnel. The half-year expenditure accounted for 50.5 per cent of the R127.5 billion budgeted for personnel. Spending by provinces on personnel expenditure in education ranged from 48.8 per cent in the Eastern Cape to 52.8 per cent in KwaZulu-Natal.

**Table 4: Provincial Personnel Expenditure: Education as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	21 337 246	10 414 579	48.8%	58.6%	81.3%	10 204 359	2.1%
Free State	8 054 391	4 024 308	50.0%	52.7%	74.8%	3 743 494	7.5%
Gauteng	20 099 334	10 433 790	51.9%	52.7%	72.1%	9 437 983	10.6%
Kw aZulu-Natal	26 325 100	13 897 299	52.8%	56.5%	76.5%	13 481 087	3.1%
Limpopo	18 409 066	9 061 640	49.2%	57.7%	85.8%	8 583 283	5.6%
Mpumalanga	10 980 130	5 470 214	49.8%	60.4%	78.5%	5 061 348	8.1%
Northern Cape	3 197 761	1 572 635	49.2%	52.6%	73.0%	1 469 665	7.0%
North West	8 348 820	4 153 832	49.8%	55.5%	81.7%	3 852 104	7.8%
Western Cape	10 733 920	5 328 367	49.6%	49.7%	78.3%	4 929 896	8.1%
<b>Total</b>	<b>127 485 768</b>	<b>64 356 664</b>	<b>50.5%</b>	<b>55.6%</b>	<b>78.1%</b>	<b>60 763 219</b>	<b>5.9%</b>

10. Capital expenditure by provincial education departments was R3.9 billion, or 49.7 per cent, of the R7.8 billion budget, which is 15.4 per cent higher than the spending over the same period of the previous financial year. Education capital expenditure was lowest in Limpopo (25.3 per cent) and highest in Gauteng (128.1 per cent).

**Table 5: Provincial Capital Expenditure: Education as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	960 171	282 577	29.4%	31.0%	2.2%	263 325	7.3%
Free State	425 389	276 229	64.9%	22.0%	5.1%	119 387	131.4%
Gauteng	556 960	713 634	128.1%	44.4%	4.9%	278 472	156.3%
Kw aZulu-Natal	2 583 465	1 608 920	62.3%	36.2%	8.9%	784 839	105.0%
Limpopo	978 905	247 989	25.3%	30.6%	2.3%	827 485	-70.0%
Mpumalanga	701 693	211 977	30.2%	21.7%	3.0%	479 112	-55.8%
Northern Cape	280 312	148 121	52.8%	21.3%	6.9%	86 666	70.9%
North West	546 343	188 997	34.6%	30.2%	3.7%	227 853	-17.1%
Western Cape	753 135	192 998	25.6%	16.5%	2.8%	286 292	-32.6%
<b>Total</b>	<b>7 786 373</b>	<b>3 871 442</b>	<b>49.7%</b>	<b>31.0%</b>	<b>4.7%</b>	<b>3 353 431</b>	<b>15.4%</b>

### 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 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	15 166 038	7 528 760	49.6%	28.5%	35.6%	7 484 979	0.6%
Free State	7 383 255	4 066 554	55.1%	31.7%	41.2%	3 219 779	26.3%
Gauteng	24 519 336	13 708 483	55.9%	38.2%	46.6%	11 310 740	21.2%
Kw aZulu-Natal	26 555 350	13 363 135	50.3%	32.0%	41.2%	11 727 421	13.9%
Limpopo	11 947 985	6 285 348	52.6%	28.7%	35.9%	5 894 932	6.6%
Mpumalanga	7 544 189	3 409 919	45.2%	22.9%	31.5%	3 291 175	3.6%
Northern Cape	3 121 589	1 571 747	50.4%	29.1%	39.6%	1 411 654	11.3%
North West	6 959 308	3 194 705	45.9%	27.6%	36.9%	3 005 416	6.3%
Western Cape	14 632 361	6 880 311	47.0%	37.2%	48.1%	6 268 554	9.8%
<b>Total</b>	<b>117 829 411</b>	<b>60 008 962</b>	<b>50.9%</b>	<b>31.7%</b>	<b>40.5%</b>	<b>53 614 650</b>	<b>11.9%</b>

12. Table 6 indicates that, at R60 billion or 50.9 per cent of the total health budget, health expenditure increased by 11.9 per cent, or R6.4 billion, on the same period in 2011/12.

13. The Mpumalanga and North West provinces spent the lowest share of their health budgets at 45.2 per cent and 45.9 per cent respectively. The highest shares are recorded by Gauteng at 55.9 per cent and the Free State at 55.1 per cent.

14. Table 7 (overleaf) indicates that health personnel expenditure was R36.7 billion, or 50.2 per cent, of the health personnel budget, an increase of R3.3 billion, or 9.9 per cent, on the R33.4 billion spent over the same period in 2011/12.

**Table 7: Provincial Personnel Expenditure: Health as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	9 790 294	4 905 006	50.1%	27.6%	65.2%	4 745 898	3.4%
Free State	4 596 327	2 453 261	53.4%	32.1%	60.3%	2 075 520	18.2%
Gauteng	15 055 213	7 557 298	50.2%	38.2%	55.1%	6 839 015	10.5%
Kw aZulu-Natal	16 516 085	8 268 098	50.1%	33.6%	61.9%	7 444 760	11.1%
Limpopo	8 243 177	4 347 664	52.7%	27.7%	69.2%	3 848 192	13.0%
Mpumalanga	4 665 857	2 168 474	46.5%	24.0%	63.6%	2 031 297	6.8%
Northern Cape	1 706 942	787 617	46.1%	26.4%	50.1%	707 479	11.3%
North West	3 988 667	2 003 955	50.2%	26.8%	62.7%	1 867 078	7.3%
Western Cape	8 478 408	4 182 862	49.3%	39.1%	60.8%	3 806 824	9.9%
<b>Total</b>	<b>73 040 970</b>	<b>36 674 235</b>	<b>50.2%</b>	<b>31.7%</b>	<b>61.1%</b>	<b>33 366 063</b>	<b>9.9%</b>

15. Spending on non-capital items, including medicines, drugs and other current expenditure (but excluding expenditure on personnel), was R19.7 billion, or 53.8 per cent, of the R36.6 billion budget.

16. Capital expenditure in the health sector was R3.7 billion, or 44.5 per cent, an increase of R242 million or 7.1 per cent on the R3.4 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	925 084	251 127	27.1%	27.5%	3.3%	402 841	-37.7%
Free State	759 157	438 721	57.8%	35.0%	10.8%	269 937	62.5%
Gauteng	1 260 731	376 225	29.8%	23.4%	2.7%	426 283	-11.7%
Kw aZulu-Natal	1 870 714	1 104 010	59.0%	24.9%	8.3%	774 257	42.6%
Limpopo	771 601	394 821	51.2%	48.7%	6.3%	555 191	-28.9%
Mpumalanga	590 910	247 874	41.9%	25.3%	7.3%	188 974	31.2%
Northern Cape	507 122	295 249	58.2%	42.4%	18.8%	204 201	44.6%
North West	645 223	268 957	41.7%	43.0%	8.4%	285 042	-5.6%
Western Cape	880 174	277 867	31.6%	23.7%	4.0%	306 136	-9.2%
<b>Total</b>	<b>8 210 716</b>	<b>3 654 851</b>	<b>44.5%</b>	<b>29.2%</b>	<b>6.1%</b>	<b>3 412 862</b>	<b>7.1%</b>

17. Spending levels by provinces varied, with the Eastern Cape (27.1 per cent) and Gauteng (29.8 per cent) being the lowest and KwaZulu-Natal (59 per cent) and the Northern Cape (58.2 per cent) being the highest.

### *Social Development*

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

19. Provinces registered expenditure of R5.6 billion, or 46.4 per cent, of the total budget of R12.2 billion, which represents an increase of R153.1 million, or 2.8 per cent, on the R5.5 billion spent over the same period last year.

20. Expenditure levels varied, with the North West (40 per cent) and KwaZulu-Natal (41.9 per cent) being the lowest, and Limpopo (56 per cent) and the Free State (49.2 per cent) being the highest.

**Table 9: Provincial Social Development Expenditure as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 782 421	819 492	46.0%	3.1%	3.9%	813 442	0.7%
Free State	865 450	426 178	49.2%	3.3%	4.3%	379 247	12.4%
Gauteng	2 490 492	1 211 139	48.6%	3.4%	4.1%	1 097 116	10.4%
Kw aZulu-Natal	2 047 812	857 881	41.9%	2.1%	2.6%	819 877	4.6%
Limpopo	1 165 929	652 768	56.0%	3.0%	3.7%	656 731	-0.6%
Mpumalanga	920 299	435 853	47.4%	2.9%	4.0%	466 832	-6.6%
Northern Cape	525 897	244 300	46.5%	4.5%	6.2%	256 983	-4.9%
North West	949 701	380 169	40.0%	3.3%	4.4%	430 261	-11.6%
Western Cape	1 411 512	615 693	43.6%	3.3%	4.3%	569 866	8.0%
<b>Total</b>	<b>12 159 513</b>	<b>5 643 473</b>	<b>46.4%</b>	<b>3.0%</b>	<b>3.8%</b>	<b>5 490 355</b>	<b>2.8%</b>

### 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 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	3 362 988	1 130 576	33.6%	4.3%	55.6%	1 202 402	-6.0%
Free State	1 381 263	447 809	32.4%	3.5%	60.9%	909 532	-50.8%
Gauteng	4 737 125	1 350 146	28.5%	3.8%	77.8%	1 873 341	-27.9%
Kw aZulu-Natal	4 508 938	1 867 313	41.4%	4.5%	69.5%	1 479 674	26.2%
Limpopo	2 374 417	922 877	38.9%	4.2%	53.9%	927 593	-0.5%
Mpumalanga	1 502 373	638 982	42.5%	4.3%	62.6%	630 355	1.4%
Northern Cape	582 761	222 499	38.2%	4.1%	48.7%	271 505	-18.0%
North West	1 531 500	745 596	48.7%	6.4%	70.1%	701 711	6.3%
Western Cape	2 076 122	808 833	39.0%	4.4%	77.8%	870 657	-7.1%
<b>Total</b>	<b>22 057 487</b>	<b>8 134 631</b>	<b>36.9%</b>	<b>4.3%</b>	<b>66.5%</b>	<b>8 866 770</b>	<b>-8.3%</b>

22. Expenditure by human settlements and local government was R8.1 billion, or 36.9 per cent of the R22.1 billion budget, which is a decrease of R732.1 million, or 8.3 per cent on the R8.9 billion spent last year.

23. Spending levels by provinces varied, with Gauteng (28.5 per cent) and the Free State (32.4 per cent) being the lowest, and the North West (48.7 per cent) and Mpumalanga (42.5 per cent) being the highest spenders.

### 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 R5.4 billion, or 34.4 per cent of the R15.7 billion Human Settlements Development grant budget, which is a decrease of R835.5 million or 13.4 per cent on the expenditure for the same period last year.

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

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 292 859	628 292	27.4%	2.4%	11.6%	726 946	-13.6%
Free State	961 619	272 646	28.4%	2.1%	5.0%	705 494	-61.4%
Gauteng	4 003 776	1 051 088	26.3%	2.9%	19.4%	1 561 800	-32.7%
Kw aZulu-Natal	2 915 297	1 297 041	44.5%	3.1%	24.0%	987 001	31.4%
Limpopo	1 471 617	497 625	33.8%	2.3%	9.2%	569 120	-12.6%
Mpumalanga	965 127	400 088	41.5%	2.7%	7.4%	352 327	13.6%
Northern Cape	339 551	108 362	31.9%	2.0%	2.0%	143 184	-24.3%
North West	1 050 933	522 828	49.7%	4.5%	9.7%	467 440	11.8%
Western Cape	1 725 180	629 166	36.5%	3.4%	11.6%	729 352	-13.7%
<b>Total</b>	<b>15 725 959</b>	<b>5 407 136</b>	<b>34.4%</b>	<b>2.9%</b>	<b>100.0%</b>	<b>6 242 664</b>	<b>-13.4%</b>

### Personnel Expenditure

26. Personnel expenditure (compensation of employees) for the first half of the 2012/13 financial year was R115.8 billion, or 49.9 per cent, of the combined R231.9 billion budget, which is R8.3 billion or 7.7 per cent higher than the R107.5 billion spent during the same period last year.

**Table 12: Provincial Personnel Expenditure as at 30 September 2012**

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	36 355 017	17 777 697	48.9%	67.3%	15.4%	17 201 964	3.3%
Free State	15 096 385	7 642 455	50.6%	59.7%	6.6%	6 861 348	11.4%
Gauteng	39 107 564	19 792 706	50.6%	55.1%	17.1%	17 964 294	10.2%
Kw aZulu-Natal	48 105 984	24 601 830	51.1%	58.9%	21.3%	23 032 123	6.8%
Limpopo	31 376 954	15 710 601	50.1%	71.6%	13.6%	14 559 718	7.9%
Mpumalanga	18 632 147	9 052 856	48.6%	60.7%	7.8%	8 403 409	7.7%
Northern Cape	6 252 639	2 988 145	47.8%	55.2%	2.6%	2 757 200	8.4%
North West	15 175 670	7 483 317	49.3%	64.6%	6.5%	6 926 318	8.0%
Western Cape	21 789 662	10 711 551	49.2%	57.9%	9.3%	9 803 557	9.3%
<b>Total</b>	<b>231 892 022</b>	<b>115 761 158</b>	<b>49.9%</b>	<b>61.2%</b>	<b>100.0%</b>	<b>107 509 931</b>	<b>7.7%</b>

27. Spending ranged from 47.8 per cent (Northern Cape), 48.6 per cent (Mpumalanga), to 51.1 per cent (KwaZulu-Natal) and 50.6 per cent (the Free State and Gauteng).

### Overall Capital Budgets and Expenditure

28. By the end of September 2012, provinces had spent R12.5 billion or 46 per cent of the R27.2 billion capital budget (payments for capital assets), an increase of 12.5 per cent on the expenditure for the same period in 2011/12.



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

	Main budget	Actual payments as at 30 September 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 September 2011	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	3 117 410	912 641	29.3%	3.5%	7.3%	1 202 262	-24.1%
Free State	2 435 157	1 253 783	51.5%	9.8%	10.0%	960 198	30.6%
Gauteng	2 579 533	1 606 205	62.3%	4.5%	12.9%	761 895	110.8%
Kw aZulu-Natal	7 406 955	4 441 291	60.0%	10.6%	35.5%	2 852 101	55.7%
Limpopo	2 376 829	811 005	34.1%	3.7%	6.5%	1 688 692	-52.0%
Mpumalanga	2 521 585	978 168	38.8%	6.6%	7.8%	1 252 105	-21.9%
Northern Cape	1 078 521	696 493	64.6%	12.9%	5.6%	659 178	5.7%
North West	2 150 502	626 207	29.1%	5.4%	5.0%	680 916	-8.0%
Western Cape	3 501 983	1 173 013	33.5%	6.3%	9.4%	1 049 772	11.7%
<b>Total</b>	<b>27 168 475</b>	<b>12 498 806</b>	<b>46.0%</b>	<b>6.6%</b>	<b>100.0%</b>	<b>11 107 119</b>	<b>12.5%</b>

29. Table 13 provides capital spending information by province and shows low rates of spending in the North West (29.1 per cent) and the Eastern Cape (29.3 per cent), high rates in the Northern Cape (64.6 per cent) and Gauteng (62.3 per cent). However, KwaZulu-Natal (R4.4 billion) spent the most in absolute terms, followed by Gauteng (R1.6 billion) and the Free State (R1.3 billion).
30. Provincial education departments spent R3.9 billion, or 49.7 per cent, of their R7.8 billion capital budgets, which is an increase of R518 million, or 15.4 per cent on the expenditure for the same period last year.
31. Provincial health departments spent R3.7 billion, or 44.5 per cent, of their R8.2 billion health capital budgets, which is R242 million or 7.1 per cent more than the same period for 2011/12.
32. The public works, roads and transport departments, which have the biggest share (33.6 per cent) of provincial capital budgets, spent R4.1 billion or 45.2 per cent of their combined capital budgets of R9.1 billion.

#### *Conditional Grants*

33. The total conditional grant allocation is R75.4 billion (including Schedules 4 and 8 grants), of which health (R25.7 billion) makes up the bulk.
34. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 September 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 September 2012**

	Division of Revenue Act, 2012 (Act No. 5 of 2012)	Transferred from National to provinces	Actual payments as at 30 September 2012 (excluding Schedule 4, 8 grants)	Actual payments as % of main budget (excluding Schedule 4, 8 grants)
<b>R thousand</b>				
<b>Agriculture, Forestry and Fisheries</b>	<b>2 066 450</b>	<b>1 043 286</b>	<b>122 034</b>	<b>23.0%</b>
1. Comprehensive Agricultural Support Programme Grant	1 534 991	824 919		
Ilima/Letsema Projects Grant	415 798	166 320	84 224	20.3%
Land Care Programme Grant: Poverty Relief and Infrastructure	115 661	52 047	37 810	32.7%
<b>Arts and Culture</b>	<b>564 574</b>	<b>311 237</b>	<b>229 364</b>	<b>40.6%</b>
Community Library Services Grant	564 574	311 237	229 364	40.6%
<b>Basic Education</b>	<b>11 246 587</b>	<b>5 959 075</b>	<b>2 525 262</b>	<b>46.6%</b>
Dinaledi Schools Grant	99 700	59 820	40 499	40.6%
1. Education Infrastructure Grant	5 822 389	2 911 193		
HIV and Aids (Life Skills Education) Grant	208 665	83 468	61 899	29.7%
National School Nutrition Programme Grant	4 906 464	2 873 188	2 343 486	47.8%
Technical Secondary Schools Recapitalisation Grant	209 369	31 406	79 378	37.9%
<b>Cooperative Governance and Traditional Affairs</b>	<b>180 000</b>	<b>850</b>		
2. Provincial Disaster Grant	180 000	850		
<b>Health</b>	<b>25 691 610</b>	<b>13 206 223</b>	<b>5 863 585</b>	<b>44.7%</b>
Comprehensive HIV and Aids Grant	8 762 848	4 383 918	4 015 789	45.8%
1. Health Infrastructure Grant	1 620 981	834 062		
1. Health Professions Training and Development Grant	2 076 176	1 092 703		
Hospital Revitalisation Grant	4 103 595	2 329 847	1 824 191	44.5%
National Health Insurance Grant	150 000	75 000	5 721	3.8%
1. National Tertiary Services Grant	8 878 010	4 439 030		
Nursing Colleges and Schools Grant	100 000	51 663	17 884	17.9%
<b>Higher Education and Training</b>	<b>4 757 271</b>	<b>2 538 532</b>		
1. Further Education and Training Colleges Grant	4 757 271	2 538 532		
<b>Human Settlements</b>	<b>15 725 959</b>	<b>7 664 603</b>	<b>5 407 136</b>	<b>34.4%</b>
Human Settlements Development Grant	15 725 959	7 664 603	5 407 136	34.4%
<b>Public Works</b>	<b>2 428 821</b>	<b>1 889 786</b>	<b>1 196 884</b>	<b>49.3%</b>
Devolution of Property Rate Funds Grant	1 918 659	1 588 765	1 073 939	56.0%
Expanded Public Works Programme Integrated Grant for Provinces	292 761	203 191	61 350	21.0%
Social Sector Expanded Public Works Programme Incentive Grant	217 401	97 830	61 595	28.3%
<b>Sport and Recreation South Africa</b>	<b>469 640</b>	<b>220 964</b>	<b>125 371</b>	<b>26.7%</b>
Mass Participation and Sport Development Grant	469 640	220 964	125 371	26.7%
<b>Transport</b>	<b>12 299 114</b>	<b>6 548 647</b>		
1. Provincial Roads Maintenance Grant	7 981 845	4 390 017		
1. Public Transport Operations Grant	4 317 269	2 158 630		
<b>Total</b>	<b>75 430 026</b>	<b>39 383 204</b>		
<b>Total excluding Schedules 4 and 8 grants</b>	<b>38 261 094</b>	<b>20 193 268</b>	<b>15 469 636</b>	<b>40.4%</b>

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.

35. Of the R38.3 billion allocated to provinces as conditional grants (excluding Schedules 4 and 8 grants), R15.5 billion, or 40.4 per cent, had been spent by the end of September.

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

- a. National Health Insurance (3.8 per cent)
- b. Nursing Colleges and Schools (17.9 per cent)
- c. Ilima/Letsema Projects (20.3 per cent)
- d. Expanded Public Works Programme Integrated (21 per cent)
- e. Mass Participation and Sport Development (26.7 per cent)
- f. Social Sector Expanded Public Works Programme Incentive (28.3 per cent)
- g. HIV and Aids (Life Skills Education) (29.7 per cent)

37. Table 15 indicates selected conditional grant spending rates as at 30 September 2012.

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

	Number of provinces spent less than 35%	Number of provinces spent between 35% and 45% (inclusive)	Number of provinces spent more than 45%
<b>Agriculture, Forestry and Fisheries</b>			
Ilima/Letsema Projects Grant	7 EC, FS, KZN, LIM, MPU, NC, NW		2 GT, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 EC, KZN, MPU, NC, WC	2 LIM, NW	2 FS, GT
<b>Arts and Culture</b>			
Community Library Services Grant	2 EC, LIM	2 FS, KZN	5 GT, MPU, NC, NW, WC
<b>Basic Education</b>			
Dinaledi Schools Grant	6 FS, LIM, MPU, NC, NW, WC		3 EC, GT, KZN
HIV and Aids (Life Skills Education) Grant	5 GT, KZN, LIM, NC, WC	1 NW	3 EC, FS, MPU
National School Nutrition Programme Grant		3 GT, LIM, NW	6 EC, FS, KZN, MPU, NC, WC
Technical Secondary Schools Recapitalisation Grant	5 KZN, LIM, MPU, NW, WC	1 EC	3 FS, GT, NC
<b>Health</b>			
Comprehensive HIV and Aids Grant	3 LIM, NC, NW	3 GT, MPU, WC	3 EC, FS, KZN
Hospital Revitalisation Grant	3 GT, MPU, WC	1 EC	5 FS, KZN, LIM, NC, NW
National Health Insurance Grant	9 All provinces		
Nursing Colleges and Schools Grant	8 EC, FS, GT, LIM, MPU, NC, NW, WC		1 KZN
<b>Human Settlements</b>			
Human Settlements Development Grant	5 EC, FS, GT, LIM, NC	3 KZN, MPU, WC	1 NW
<b>Public Works</b>			
Devolution of Property Rate Funds Grant	4 GT, LIM, NC, NW		5 EC, FS, KZN, MPU, WC
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	5 EC, FS, KZN, LIM, NW	1 MPU	3 GT, NC, WC
<b>Sport and Recreation South Africa</b>			
Mass Participation and Sport Development Grant	6 EC, GT, KZN, LIM, MPU, NW	3 FS, NC, 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)

### Provincial Revenue

38. The budgeted provincial revenue of R395.9 billion includes equitable share allocations of R309.1 billion, conditional grants of R75.4 billion and own revenue of R11.4 billion. Of the budgeted revenue, provinces had received and collected R200 billion, or 50.5 per cent by the end of September.

39. By the end of September, national government had transferred to provinces R154.5 billion or 50 per cent of the equitable share, and R39.4 billion or 52.2 per cent in conditional grants.
40. Of budgeted own revenue of R11.4 billion, provinces had collected R6.3 billion or 54.9 per cent by the end of September, which is R706.7 million, or 12.7 per cent more than what was collected during the same period last year.
41. The collection rate varied from a low of 48 per cent (Free State), 49 per cent (Mpumalanga), to a high of 60.7 per cent (Limpopo) and 57.7 per cent (Eastern Cape).

**Table 16: Provincial Own Revenue Collection as at 30 September 2012**

<b>R thousand</b>	<b>Main budget</b>	<b>Actual collection as at 30 September 2012</b>	<b>Actual collection as % of main budget</b>	<b>% share of Own Revenue collected to total provincial</b>	<b>% share of Own Revenue collected to total Own Revenue</b>	<b>2011/12: Outcome as at 30 September 2011</b>	<b>Year-on-year growth</b>
Eastern Cape	774 477	446 669	57.7%	1.5%	7.1%	417 990	6.9%
Free State	819 360	393 326	48.0%	3.1%	6.3%	374 956	4.9%
Gauteng	3 415 206	1 890 921	55.4%	5.1%	30.1%	1 679 001	12.6%
Kw aZulu-Natal	2 338 953	1 315 326	56.2%	3.1%	21.0%	1 166 869	12.7%
Limpopo	509 995	309 716	60.7%	1.3%	4.9%	241 557	28.2%
Mpumalanga	672 383	329 638	49.0%	2.1%	5.3%	247 577	33.1%
Northern Cape	219 873	120 199	54.7%	2.0%	1.9%	108 060	11.2%
North West	717 765	412 781	57.5%	3.0%	6.6%	298 566	38.3%
Western Cape	1 966 051	1 055 238	53.7%	5.3%	16.8%	1 032 538	2.2%
<b>Total</b>	<b>11 434 063</b>	<b>6 273 814</b>	<b>54.9%</b>	<b>3.1%</b>	<b>100.0%</b>	<b>5 567 114</b>	<b>12.7%</b>