



national treasury

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Provincial Budgets: 2014/15 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 2014) of the 2014/15 financial year. The statement is available on the treasury website at www.treasury.gov.za.
2. The information in the statement comes from the Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who, in turn, submitted the information to National Treasury. Queries on spending or budget numbers should therefore, in the first instance, be referred to the head of the relevant provincial department, and in the second instance to the head of the relevant provincial treasury. Queries on conditional grants may be referred to the head of the national department that administers the grant.
3. The budgeted figures for the first quarter are based on the 2014 Estimates of Provincial Revenue and Expenditure which were presented to provincial legislatures during March 2014.

Overall Expenditure Trends – First Quarter

4. In aggregate, provincial spending for the first quarter is R107.3 billion, or 23.6 per cent, of combined annual budgets of R454.5 billion. This represents an increase of 9.4 per cent or R9.2 billion on the expenditure of R98.1 billion for the same period last year.
5. Education expenditure for the first quarter is R47.2 billion or 25.4 per cent of the R186.1 billion combined education budgets, an increase of 5.8 per cent or R2.6 billion on the first quarter for the previous financial year. It remains the largest item on provincial budgets (41 per cent).
6. Health expenditure totalled R34.4 billion, or 24.4 per cent, of the R140.7 billion combined health budgets, and is the second largest item on provincial budgets (31 per cent). This represents an increase of 10.3 per cent or R3.2 billion on the first quarter for the 2013/14 financial year.
7. Social development expenditure for the first quarter is R3.2 billion or 20.7 per cent of the R15.5 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R67.6 billion or 24.6 per cent of the budgeted R275.3 billion as at 30 June 2014.
9. In aggregate, expenditure on combined capital (payments for capital assets) is R6.2 billion or 19.7 per cent of budgeted R31.4 billion. This is an increase of 19.1 per cent on expenditure for the same period of the 2013/14 financial year.
10. Capital expenditure by provincial education departments is R1.9 billion or 19.6 per cent of the budgeted R9.5 billion. This is R152 million or 8.9 per cent more than the expenditure for the first quarter for the previous financial year.
11. Expenditure on capital by provincial health departments is R1.4 billion or 18.8 per cent of the budgeted R7.4 billion, which is R80.4 million or 6.1 per cent more than the first quarter for 2013/14.
12. The biggest share of provincial capital budgets is for the public works, roads and transport departments (36.4 per cent), whose expenditure is R2.4 billion or 21.4 per cent of the combined capital budget of R11.4 billion.
13. Provincial own revenue collected for the first quarter is R3.6 billion or 26.2 per cent of the budgeted own revenue of R13.9 billion. By the end of the first quarter, national government had transferred R90.6 billion of the equitable share and R20.7 billion of conditional grants to provinces.
14. A more detailed analysis of the expenditure outcome as at 30 June 2014 is set out in Annexure A.

DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2014/15 FINANCIAL YEAR

- The budgeted figures for provinces are based on the 2014 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2014.

Total Expenditure

- Table 1 indicates that in the first quarter provinces have spent R107.3 billion or 23.6 per cent of the combined budgeted expenditure of R454.5 billion. Spending against budgets is slightly higher in percentage terms when compared to the first quarter of the 2013/14 financial year. Spending in nominal terms is 9.4 per cent or R9.2 billion higher than last year, when provinces had spent R98.1 billion.
- Among provinces, spending is the lowest in Limpopo at 22.2 per cent and 22.4 per cent in the Eastern Cape and the highest in KwaZulu-Natal at 25 per cent and both the Northern Cape and the Free State at 24.9 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2014

R thousand	Main budget 2014/15					Actual payments as at 30 June 2014					Actual payments as % of main budget	2013/14: Outcome as at 30 June 2013	Year-on-year growth
	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total			
Eastern Cape	50 904 876	7 441 802	3 774 527	20 000	62 141 205	11 526 758	1 964 490	425 725	14	13 916 987	22.4%	13 785 453	1.0%
Free State	22 496 609	3 619 605	1 808 996	–	27 925 210	5 636 763	1 014 919	301 935	39	6 953 656	24.9%	6 710 469	3.6%
Gauteng	66 088 375	16 037 603	4 842 642	–	86 968 620	16 120 441	3 622 210	564 216	1 874	20 308 741	23.4%	18 560 025	9.4%
Kw aZulu-Natal	77 661 426	10 912 200	8 142 008	2 500	96 718 134	18 820 579	2 970 687	2 375 825	346	24 167 437	25.0%	21 623 978	11.8%
Limpopo	43 749 571	5 480 784	2 230 085	–	51 460 440	10 253 410	970 729	205 918	–	11 430 057	22.2%	10 865 982	5.2%
Mpumalanga	29 004 476	4 408 600	3 051 738	5 000	36 469 814	7 298 459	1 086 066	658 359	4	9 042 888	24.8%	7 820 350	15.6%
Northern Cape	10 744 104	1 345 215	1 033 052	328	13 122 699	2 611 774	319 894	339 314	–	3 270 982	24.9%	2 792 069	17.2%
North West	24 074 751	4 866 470	2 828 570	–	31 769 791	5 947 718	1 016 476	445 446	–	7 409 640	23.3%	6 210 162	19.3%
Western Cape	35 934 147	8 342 912	3 652 849	4 964	47 934 872	8 283 189	1 686 411	854 206	913	10 824 719	22.6%	9 741 867	11.1%
Total	360 658 334	62 455 191	31 364 467	32 792	454 510 784	86 499 091	14 651 882	6 170 944	3 190	107 325 107	23.6%	98 110 355	9.4%

Social Services

- Provinces have budgeted R342.3 billion for social services (education, health and social development).

Table 2: Provincial Social Services Expenditure as at 30 June 2014

R thousand	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
Education	186 146 968	47 203 966	25.4%	44.0%	55.7%	44 595 916	5.8%
Health	140 683 965	34 368 315	24.4%	32.0%	40.5%	31 161 502	10.3%
Social Development	15 505 137	3 217 152	20.7%	3.0%	3.8%	2 836 319	13.4%
Total	342 336 070	84 789 433	24.8%	79.0%	100.0%	78 593 737	7.9%

5. The first quarter outcome on social services is recorded at R84.8 billion, or 24.8 per cent of the total provincial social services budgets for 2014/15.

Education

6. Education budgets of R186.1 billion comprise 41 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R47.2 billion or 25.4 per cent of the total education budget. This is an increase of 5.8 per cent, or R2.6 billion, on the R44.6 billion spent over the same period in 2013/14.
7. Spending by provinces on education in the first quarter ranges from 23.4 per cent in the North West and 24 per cent in Limpopo, to 28.5 per cent in the Free State and 26.8 per cent in the Northern Cape.

Table 3: Provincial Education Expenditure as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	27 934 964	6 813 418	24.4%	49.0%	61.2%	7 012 385	-2.8%
Free State	11 258 854	3 210 286	28.5%	46.2%	58.7%	2 936 650	9.3%
Gauteng	32 845 229	8 344 514	25.4%	41.1%	49.4%	8 072 224	3.4%
Kw aZulu-Natal	39 446 920	10 356 732	26.3%	42.9%	55.1%	9 515 498	8.8%
Limpopo	24 965 895	5 999 724	24.0%	52.5%	62.6%	5 592 893	7.3%
Mpumalanga	16 102 831	4 155 429	25.8%	46.0%	61.4%	3 670 235	13.2%
Northern Cape	4 744 332	1 273 462	26.8%	38.9%	54.0%	1 109 399	14.8%
North West	12 422 999	2 912 168	23.4%	39.3%	55.8%	2 749 959	5.9%
Western Cape	16 424 944	4 138 233	25.2%	38.2%	48.3%	3 936 673	5.1%
Total	186 146 968	47 203 966	25.4%	44.0%	55.7%	44 595 916	5.8%

8. The first quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R2.9 billion, or 19.4 per cent of the budgeted amount of R14.9 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	22 534 934	5 594 197	24.8%	56.9%	82.1%	5 474 946	2.2%
Free State	9 442 457	2 286 127	24.2%	52.9%	71.2%	2 175 738	5.1%
Gauteng	24 703 031	6 104 251	24.7%	51.7%	73.2%	5 718 592	6.7%
Kw aZulu-Natal	31 973 947	8 023 320	25.1%	55.3%	77.5%	7 413 061	8.2%
Limpopo	20 405 986	5 132 189	25.2%	56.9%	85.5%	4 859 756	5.6%
Mpumalanga	12 733 191	3 132 854	24.6%	58.1%	75.4%	2 942 762	6.5%
Northern Cape	3 722 954	937 145	25.2%	51.5%	73.6%	866 636	8.1%
North West	9 629 053	2 415 057	25.1%	52.4%	82.9%	2 255 583	7.1%
Western Cape	12 437 572	3 085 436	24.8%	48.8%	74.6%	2 874 780	7.3%
Total	147 583 125	36 710 576	24.9%	54.3%	77.8%	34 581 854	6.2%

9. The bulk of education expenditure (77.8 per cent) is on personnel. Current spending on education personnel amounts to R36.7 billion, or 24.9 per cent, of the R147.6 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 24.2 per cent in the Free State, to 25.2 per cent in both the Northern Cape and Limpopo.

10. Education capital expenditure is at R1.9 billion, or 19.6 per cent, of the R9.5 billion budget. This is 8.9 per cent more than the spending over the same period of the previous financial year. Education capital expenditure is lowest in the North West at 4 per cent and highest in KwaZulu-Natal at 35.2 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	%share of Education Capital to total capital expenditure	%share of Education Capital to total Education expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	1 141 143	147 947	13.0%	34.8%	2.2%	208 223	-28.9%
Free State	524 363	42 547	8.1%	14.1%	1.3%	78 445	-45.8%
Gauteng	1 500 968	146 556	9.8%	26.0%	1.8%	189 159	-22.5%
Kw aZulu-Natal	2 605 887	916 093	35.2%	38.6%	8.8%	664 869	37.8%
Limpopo	1 113 897	102 989	9.2%	50.0%	1.7%	102 458	0.5%
Mpumalanga	924 437	235 813	25.5%	35.8%	5.7%	167 471	40.8%
Northern Cape	321 865	92 205	28.6%	27.2%	7.2%	58 267	58.2%
North West	666 430	26 466	4.0%	5.9%	0.9%	114 848	-77.0%
Western Cape	743 767	156 447	21.0%	18.3%	3.8%	131 282	19.2%
Total	9 542 757	1 867 063	19.6%	30.3%	4.0%	1 715 022	8.9%

Health

11. Health budgets, totalling R140.7 billion, comprise 31 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	17 509 012	3 858 849	22.0%	27.7%	34.7%	3 784 092	2.0%
Free State	8 155 342	2 044 130	25.1%	29.4%	37.4%	1 936 275	5.6%
Gauteng	31 524 334	7 794 230	24.7%	38.4%	46.1%	6 699 414	16.3%
Kw aZulu-Natal	30 914 196	7 899 896	25.6%	32.7%	42.1%	7 393 180	6.9%
Limpopo	14 371 045	3 364 373	23.4%	29.4%	35.1%	3 144 566	7.0%
Mpumalanga	8 991 610	2 347 164	26.1%	26.0%	34.7%	1 993 245	17.8%
Northern Cape	3 696 293	956 951	25.9%	29.3%	40.6%	828 841	15.5%
North West	8 184 022	2 047 230	25.0%	27.6%	39.2%	1 688 126	21.3%
Western Cape	17 338 111	4 055 492	23.4%	37.5%	47.3%	3 693 763	9.8%
Total	140 683 965	34 368 315	24.4%	32.0%	40.5%	31 161 502	10.3%

12. Table 6 indicates that at R34.4 billion or 24.4 per cent of the total health budget, health expenditure increased by 10.3 per cent, or R3.2 billion, on the same period in 2013/14.

13. The Eastern Cape and both the Western Cape and Limpopo provinces spent the lowest share of their health budgets at 22 per cent and 23.4 per cent respectively. The highest shares are recorded by Mpumalanga at 26.1 per cent and the Northern Cape at 25.9 per cent.

14. Table 7 indicates that health personnel expenditure is R22.1 billion, or 24.6 per cent of the health personnel budget, an increase of R2 billion, or 10.1 per cent more than the R20.1 billion spent over the same period in 2013/14.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	%share of Health Personnel to total personnel expenditure	%share of Health Personnel to total Health expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	11 608 363	2 791 199	24.0%	28.4%	72.3%	2 559 068	9.1%
Free State	5 762 466	1 344 908	23.3%	31.1%	65.8%	1 292 817	4.0%
Gauteng	18 778 461	4 564 276	24.3%	38.7%	58.6%	4 217 710	8.2%
Kw aZulu-Natal	20 188 402	5 015 695	24.8%	34.6%	63.5%	4 593 225	9.2%
Limpopo	10 234 790	2 583 524	25.2%	28.7%	76.8%	2 314 721	11.6%
Mpumalanga	5 663 449	1 432 691	25.3%	26.6%	61.0%	1 220 151	17.4%
Northern Cape	1 952 595	490 127	25.1%	26.9%	51.2%	429 956	14.0%
North West	5 103 515	1 338 916	26.2%	29.0%	65.4%	1 175 378	13.9%
Western Cape	10 334 801	2 518 268	24.4%	39.8%	62.1%	2 259 272	11.5%
Total	89 626 842	22 079 604	24.6%	32.6%	64.2%	20 062 298	10.1%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R10.9 billion, or 25 per cent, of the R43.6 billion budget.

16. Capital expenditure in the health sector is at R1.4 billion, or 18.8 per cent, an increase of R80.4 million or 6.1 per cent on the R1.3 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	%share of Health Capital to total capital expenditure	%share of Health Capital to total Health expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	1 192 164	115 785	9.7%	27.2%	3.0%	111 517	3.8%
Free State	568 840	113 020	19.9%	37.4%	5.5%	87 103	29.8%
Gauteng	1 191 340	256 338	21.5%	45.4%	3.3%	177 094	44.7%
Kw aZulu-Natal	1 597 175	371 560	23.3%	15.6%	4.7%	449 340	-17.3%
Limpopo	525 726	74 593	14.2%	36.2%	2.2%	42 537	75.4%
Mpumalanga	561 774	97 326	17.3%	14.8%	4.1%	135 142	-28.0%
Northern Cape	491 953	113 566	23.1%	33.5%	11.9%	131 653	-13.7%
North West	636 922	144 348	22.7%	32.4%	7.1%	59 994	140.6%
Western Cape	673 068	112 896	16.8%	13.2%	2.8%	124 680	-9.5%
Total	7 438 962	1 399 432	18.8%	22.7%	4.1%	1 319 060	6.1%

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Eastern Cape at 9.7 per cent and Limpopo at 14.2 per cent, and the highest being KwaZulu-Natal and the Northern Cape at 23.3 per cent and 23.1 per cent respectively.

Social Development

18. At R15.5 billion, the social development budget comprises 3.4 per cent of total provincial budgets.

19. Provinces registered spending of R3.2 billion, or 20.7 per cent, of the total R15.5 billion budget. This represents an increase of R380.8 million, or 13.4 per cent, on the R2.8 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in Limpopo at 15.3 per cent and the Northern Cape at 19.6 per cent while the highest are Gauteng at 21.8 per cent and the Western Cape at 21.7 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	2 158 958	459 792	21.3%	3.3%	4.1%	337 977	36.0%
Free State	973 054	210 087	21.6%	3.0%	3.8%	229 353	-8.4%
Gauteng	3 524 662	769 869	21.8%	3.8%	4.6%	615 449	25.1%
Kw aZulu-Natal	2 497 952	523 132	20.9%	2.2%	2.8%	463 775	12.8%
Limpopo	1 468 887	224 372	15.3%	2.0%	2.3%	293 682	-23.6%
Mpumalanga	1 232 065	263 461	21.4%	2.9%	3.9%	249 068	5.8%
Northern Cape	651 206	127 882	19.6%	3.9%	5.4%	123 552	3.5%
North West	1 242 420	257 061	20.7%	3.5%	4.9%	200 980	27.9%
Western Cape	1 755 933	381 496	21.7%	3.5%	4.4%	322 483	18.3%
Total	15 505 137	3 217 152	20.7%	3.0%	3.8%	2 836 319	13.4%

Human Settlements and Local Government

21. The human settlements and local government budgets, at R24.4 billion, comprise 5.4 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	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	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	3 363 798	741 798	22.1%	5.3%	60.6%	585 036	26.8%
Free State	1 551 942	259 463	16.7%	3.7%	54.4%	197 425	31.4%
Gauteng	5 308 699	856 983	16.1%	4.2%	80.7%	793 243	8.0%
Kw aZulu-Natal	4 948 358	1 249 387	25.2%	5.2%	72.7%	881 691	41.7%
Limpopo	2 158 033	294 306	13.6%	2.6%	16.2%	319 792	-8.0%
Mpumalanga	1 799 299	394 207	21.9%	4.4%	61.1%	202 601	94.6%
Northern Cape	648 810	141 024	21.7%	4.3%	50.0%	123 873	13.8%
North West	2 358 557	382 532	16.2%	5.2%	60.5%	394 989	-3.2%
Western Cape	2 303 995	256 609	11.1%	2.4%	64.4%	344 496	-25.5%
Total	24 441 491	4 576 309	18.7%	4.3%	64.4%	3 843 146	19.1%

22. Spending by human settlements and local government is R4.6 billion, or 18.7 per cent, of the R24.4 billion budget. This represents an increase of R733.2 million, or 19.1 per cent, on the R3.8 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being the Western Cape at 11.1 per cent and Limpopo at 13.6 per cent, while the highest spenders are KwaZulu-Natal at 25.2 per cent and the Eastern Cape at 22.1 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 have spent R2.9 billion, or 17.2 per cent, of the R17.1 billion Human Settlements Development grant budget. These spending figures are R563.9 million or 23.7 per cent more than the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	2 159 218	449 490	20.8%	3.2%	15.3%	322 069	39.6%
Free State	1 061 756	141 085	13.3%	2.0%	4.8%	90 548	55.8%
Gauteng	4 417 641	691 387	15.7%	3.4%	23.5%	614 238	12.6%
Kw aZulu-Natal	3 273 045	908 852	27.8%	3.8%	30.8%	595 123	52.7%
Limpopo	1 219 115	47 604	3.9%	0.4%	1.6%	96 909	-50.9%
Mpumalanga	1 146 690	240 854	21.0%	2.7%	8.2%	77 893	209.2%
Northern Cape	374 832	70 449	18.8%	2.2%	2.4%	61 840	13.9%
North West	1 517 136	231 537	15.3%	3.1%	7.9%	275 601	-16.0%
Western Cape	1 914 936	165 289	8.6%	1.5%	5.6%	248 466	-33.5%
Total	17 084 369	2 946 547	17.2%	2.7%	100.0%	2 382 687	23.7%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the first quarter of the 2014/15 financial year is at R67.6 billion, or 24.6 per cent, of the combined R275.3 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 June 2014

	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	40 171 350	9 832 664	24.5%	70.7%	14.5%	9 371 295	4.9%
Free State	18 141 118	4 321 098	23.8%	62.1%	6.4%	4 104 863	5.3%
Gauteng	48 869 091	11 806 185	24.2%	58.1%	17.5%	10 958 321	7.7%
Kw aZulu-Natal	58 429 576	14 507 000	24.8%	60.0%	21.5%	13 352 869	8.6%
Limpopo	36 116 632	9 015 240	25.0%	78.9%	13.3%	8 437 179	6.9%
Mpumalanga	21 896 769	5 394 274	24.6%	59.7%	8.0%	4 920 068	9.6%
Northern Cape	7 332 773	1 819 139	24.8%	55.6%	2.7%	1 646 999	10.5%
North West	18 290 925	4 610 323	25.2%	62.2%	6.8%	4 156 522	10.9%
Western Cape	26 016 320	6 325 516	24.3%	58.4%	9.4%	5 790 497	9.2%
Total	275 264 554	67 631 439	24.6%	63.0%	100.0%	62 738 613	7.8%

27. Spending to date is R4.9 billion or 7.8 per cent higher than the R62.7 billion spent over the same period last year.

28. Spending ranges from 23.8 per cent in the Free State, to 25.2 per cent in the North West.

Overall Capital Budgets and Expenditure

29. By the end of June 2014, provinces had spent R6.2 billion or 19.7 per cent of the R31.4 billion capital budget (payments for capital assets). This is an increase of 19.1 per cent on the same period in 2013/14.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2014

R thousand	Main budget	Actual payments as at 30 June 2014	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2013/14: Outcome as at 30 June 2013	Year-on-year growth
Eastern Cape	3 774 527	425 725	11.3%	3.1%	6.9%	472 981	-10.0%
Free State	1 808 996	301 935	16.7%	4.3%	4.9%	400 393	-24.6%
Gauteng	4 842 642	564 216	11.7%	2.8%	9.1%	555 188	1.6%
Kw aZulu-Natal	8 142 008	2 375 825	29.2%	9.8%	38.5%	1 830 278	29.8%
Limpopo	2 230 085	205 918	9.2%	1.8%	3.3%	201 132	2.4%
Mpumalanga	3 051 738	658 359	21.6%	7.3%	10.7%	551 913	19.3%
Northern Cape	1 033 052	339 314	32.8%	10.4%	5.5%	263 598	28.7%
North West	2 828 570	445 446	15.7%	6.0%	7.2%	310 123	43.6%
Western Cape	3 652 849	854 206	23.4%	7.9%	13.8%	594 674	43.6%
Total	31 364 467	6 170 944	19.7%	5.7%	100.0%	5 180 280	19.1%

30. Table 13 provides capital spending information by province and shows low rates of spending in Limpopo at 9.2 per cent and the Eastern Cape at 11.3 per cent, and high rates in the Northern Cape at 32.8 per cent and KwaZulu-Natal at 29.2 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R2.4 billion followed by the Western Cape at R854.2 million and Mpumalanga at R658.4 million.

31. Provincial education departments have spent R1.9 billion, or 19.6 per cent, of their R9.5 billion education capital budgets. This is an increase of R152 million, or 8.9 per cent more, compared to spending over the same period in the previous financial year.

32. Provincial health departments have spent R1.4 billion, or 18.8 per cent, of their R7.4 billion health capital budgets, which is R80.4 million or 6.1 per cent more than the same period for 2013/14.

33. At 36.4 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector has spent R2.4 billion or 21.4 per cent against its combined capital budgets of R11.4 billion as at 30 June 2014.

Conditional Grants

34. The total provincial conditional grant allocation is R82 billion, with health making up the bulk at R30.1 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 June 2014. It excludes expected conditional grant roll-overs from the 2013/14 financial year, and excludes spending for grants set out in Part A of Schedule 4 and Part A of Schedule 7.

36. Part A of Schedule 4 specifies allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. Part A of Schedule 5 specifies specific-purpose allocations to provinces. The Provincial Disaster grant (Part A of Schedule 7) specifies funds that are not allocated to specific provinces, that may be released to provinces to fund immediate disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2014

	Division of Revenue Act, 2014 (Act No. 10 of 2014)	Transferred from National to provinces	Actual payments as at 30 June 2014 (excluding Schedules 4A, 7A grants)	Actual payments as % of main budget (excluding Schedules 4A, 7A grants)
R thousand				
Agriculture, Forestry and Fisheries	2 389 070	484 152	55 456	10.5%
1. Comprehensive Agricultural Support Programme Grant	1 860 608	386 330		
Ilima/Letsema Projects Grant	460 625	92 124	51 784	11.2%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	67 837	5 698	3 672	5.4%
Arts and Culture	1 016 210	173 686	85 795	8.4%
Community Library Services Grant	1 016 210	173 686	85 795	8.4%
Basic Education	13 169 549	4 634 755	1 317 143	21.9%
Dinaledi Schools Grant	111 182	27 793	12 781	11.5%
1. Education Infrastructure Grant	6 928 908	2 598 341		
HIV and Aids (Life Skills Education) Grant	221 062	22 104	23 385	10.6%
National School Nutrition Programme Grant	5 461 915	1 841 518	1 262 739	23.1%
1. Occupational Specific Dispensation for Education Sector Therapists Grant	213 000	51 607		
Technical Secondary Schools Recapitalisation Grant	233 482	93 392	18 238	7.8%
Cooperative Governance and Traditional Affairs	197 372	9 510		
2. Provincial Disaster Grant	197 372	9 510		
Health	30 111 326	7 451 210	3 393 298	19.3%
Comprehensive HIV and Aids Grant	12 311 322	3 008 904	2 491 938	20.2%
Health Facility Revitalisation Grant	5 239 981	1 310 001	892 554	17.0%
1. Health Professions Training and Development Grant	2 321 788	583 243		
National Health Insurance Grant	70 000	7 000	8 806	12.6%
1. National Tertiary Services Grant	10 168 235	2 542 062		
Higher Education and Training	2 631 346	877 126		
1. Further Education and Training Colleges Grant	2 631 346	877 126		
Human Settlements	17 084 369	3 321 159	2 946 547	17.2%
Human Settlements Development Grant	17 084 369	3 321 159	2 946 547	17.2%
Public Works	606 919	240 208	146 243	24.1%
Expanded Public Works Programme Integrated Grant for Provinces	348 947	137 019	99 472	28.5%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	257 972	103 189	46 771	18.1%
Social Development	29 000	-	-	0.0%
Substance Abuse Treatment Grant	29 000	-	-	0.0%
Sport and Recreation South Africa	525 632	176 159	62 495	11.9%
Mass Participation and Sport Development Grant	525 632	176 159	62 495	11.9%
Transport	14 194 207	3 294 886		
1. Provincial Roads Maintenance Grant	9 361 498	2 044 026		
1. Public Transport Operations Grant	4 832 709	1 250 860		
Total	81 955 000	20 662 851		
Total excluding Schedules 4A and 7A grants	43 439 536	10 319 746	8 006 977	18.4%

- Part A of Schedule 4 grants specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets.
- Part A of Schedule 7 grants specifying funds that are not allocated to specific provinces, that may be released to provinces to fund immediate disaster response.

37. Against the allocation of R43.4 billion (which excludes Part A of Schedule 4 and Part A of Schedule 7 grants), spending amounts to R8 billion, or 18.4 per cent.

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

- a. Land Care Programme (5.4 per cent)
- b. Technical Secondary Schools Recapitalisation (7.8 per cent)
- c. Community Library Services (8.4 per cent)
- d. HIV and AIDS (Life Skills Education) (10.6 per cent)
- e. Ilima/Letsema Projects (11.2 per cent)
- f. Dinaledi Schools (11.5 per cent)
- g. Mass Participation and Sport Development (11.9 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 June 2014.

Table 15: Selected Conditional Grants Spending Rates as at 30 June 2014

	Number of provinces spent less than 10%	Number of provinces spent between 10% and 15% (inclusive)	Number of provinces spent more than 15%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	6 EC, FS, GT, LIM, MPU, NC		3 KZN, NW, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	7 EC, FS, GT, KZN, LIM, MPU, NC	1 WC	1 NW
Arts and Culture			
Community Library Services Grant	5 FS, GT, KZN, LIM, WC	3 EC, NC, NW	1 MPU
Basic Education			
Dinaledi Schools Grant	5 EC, KZN, LIM, MPU, NC	2 FS, WC	2 GT, NW
HIV and Aids (Life Skills Education) Grant	5 EC, GT, LIM, NC, WC	3 FS, MPU, NW	1 KZN
National School Nutrition Programme Grant			9 EC, FS, GT, KZN, LIM, MPU, NC, NW, WC
Technical Secondary Schools Recapitalisation Grant	6 EC, GT, LIM, MPU, NC, NW	1 WC	2 FS, KZN
Health			
Comprehensive HIV and Aids Grant		2 FS, LIM	7 EC, GT, KZN, MPU, NC, NW, WC
Health Facility Revitalisation Grant	1 GT	3 EC, LIM, MPU	5 FS, KZN, NC, NW, WC
National Health Insurance Grant	5 FS, KZN, LIM, NC, NW		4 EC, GT, MPU, WC
Human Settlements			
Human Settlements Development Grant	2 LIM, WC	1 FS	6 EC, GT, KZN, MPU, NC, NW
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	4 GT, LIM, MPU, NW	1 FS	4 EC, KZN, NC, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	2 FS, MPU	2 GT, KZN	5 EC, LIM, NC, NW, WC
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	4 EC, FS, MPU, NW	3 KZN, LIM, WC	2 GT, NC

Note: Percentages represent actual expenditure against main budgets. The main budgets are published in the Division of Revenue Act, 2014 (Act No. 10 of 2014).

40. Table 15 further indicates that at least five provinces have spent less than 10 per cent for the following grants: Ilima/Letsema Projects; Land Care Programme; Community Library Services; Dinaledi Schools; HIV and Aids (Life Skills Education); Technical Secondary Schools Recapitalisation and National Health Insurance.

Provincial Revenue

41. Provincial revenue includes equitable share allocations of R362.5 billion, conditional grants of R81.8 billion and own revenue of R13.9 billion. The total provincial revenue received and collected as at 30 June 2014 is R114.9 billion, or 25.1 per cent, of total revenue of R458.1 billion.

42. During the first quarter of the current financial year, national government transferred R90.6 billion or 25 per cent of the equitable share and R20.7 billion or 25.3 per cent of conditional grants to provinces.
43. After three months, provinces have collected R3.6 billion or 26.2 per cent of the budgeted own revenue of R13.9 billion, which is R561.2 million, or 18.2 per cent, more than what was collected by the end of June for the previous financial year.
44. The collection rate varies from 19.1 per cent in Mpumalanga and 22.3 per cent in the Free State, to a high of 29.7 per cent in the Western Cape and 28.7 per cent in the Eastern Cape.

Table 16: Provincial Own Revenue Collection as at 30 June 2014

	Main budget	Actual collection as at 30 June 2014	Actual collection as % of main budget	% share of Own Revenue collected to total provincial	% share of Own Revenue collected to total Own Revenue	2013/14: Outcome as at 30 June 2013	Year-on-year growth
R thousand							
Eastern Cape	919 641	264 240	28.7%	1.6%	7.3%	222 595	18.7%
Free State	900 855	201 096	22.3%	2.9%	5.5%	177 960	13.0%
Gauteng	4 265 929	1 161 234	27.2%	5.2%	31.9%	998 910	16.3%
Kw aZulu-Natal	2 783 644	706 909	25.4%	2.9%	19.4%	672 121	5.2%
Limpopo	868 702	226 056	26.0%	1.7%	6.2%	119 515	89.1%
Mpumalanga	762 819	145 579	19.1%	1.6%	4.0%	126 665	14.9%
Northern Cape	279 438	69 083	24.7%	2.0%	1.9%	64 245	7.5%
North West	961 452	232 688	24.2%	3.0%	6.4%	225 148	3.3%
Western Cape	2 139 999	636 110	29.7%	5.4%	17.5%	474 655	34.0%
Total	13 882 479	3 642 995	26.2%	3.2%	100.0%	3 081 814	18.2%