



national treasury

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National Treasury
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Provincial Budgets: 2015/16 Financial Year Third Quarter Year to Date Provincial Budgets and Expenditure Report

SUMMARY

1. Published by National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this statement of provincial receipts and payments covers the first nine months (April to December 2015) of the 2015/16 financial year. The statement is also 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 in the publication take account of the *2015 Adjusted Estimates of Provincial Revenue and Expenditure* documents of provinces, which were presented to their provincial legislatures during November 2015. It includes the adjustments from national government to provinces of R3.6 billion allocated through the *Adjustments Appropriation Bill, 2015 and Division of Revenue Amendment Bill, 2015*.
4. The R3.6 billion consists of R3.8 billion adjustment to the provincial equitable share for Improvement in Conditions of Service (ICS) and a negative R217.3 million reductions/adjustments, in aggregate, to conditional grants. Details for the additions, conversions, reductions of allocations were published as part of the *Division of Revenue Amendment Bill, 2015*.
5. In addition to the national adjustments, provinces increased their main budgets by R6.5 billion. This amount consists mainly of unspent conditional grants rolled over from the previous financial year (approved by National Treasury) and other funds surrendered to the respective Provincial Revenue Funds in respect of the 2014/15 financial year.
6. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R10.1 billion with the bulk going to health (R4.1 billion), education (R2.6 billion), human settlements and cooperative governance (R1.3 billion), and public works, roads and transport by R1 billion.

Overall Expenditure and Revenue Trends for the nine months to the end of December 2015

7. In aggregate, provinces spent R361.9 billion, or 73.3 per cent, of their combined adjusted budgets of R493.7 billion, an increase of 6.7 per cent or R22.8 billion on the R339.1 billion spent last year.
8. Education expenditure, which at 40.5 per cent is the largest item on provincial budgets, was R148.1 billion or 74 per cent of the R200.1 billion combined education adjusted budgets, an increase of 4.3 per cent or R6.1 billion on the previous financial year.
9. Health expenditure, which at 31.4 per cent is the second largest item on provincial budgets, totalled R116.1 billion, or 74.9 per cent of the R155 billion combined health adjusted budgets. The expenditure represents an increase of 10.4 per cent or R11 billion on the same period for the 2014/15 financial year.
10. Social development expenditure was R12.3 billion or 73 per cent of the R16.8 billion combined social development adjusted budgets.
11. Personnel expenditure (compensation of employees) was R216.1 billion or 73.7 per cent of the R293.4 billion adjusted budget. Given the tight budgetary environment, provinces through cost-effective reprioritisation within their current budgets, have to cover for the wage costs which were higher than original budgets because of increased inflation.
12. In aggregate, provinces spent R24.2 billion or 66.7 per cent of their R36.3 billion combined capital (payments for capital assets) adjusted budgets, an increase of 8.6 per cent on the expenditure for same period of the 2014/15 financial year.
13. Provincial education departments spent R7 billion or 64.8 per cent of the R10.8 billion adjusted budgets for capital expenditure, which is R275.5 million or 4.1 per cent more than the expenditure for the previous financial year.
14. Provincial health departments spent R5.6 billion or 69.1 per cent of the R8.1 billion adjusted budgets for capital expenditure, which is R805.5 million or 16.8 per cent more than the same period for 2014/15.
15. The biggest share (37.4 per cent) of provincial capital budgets is for the public works, roads and transport departments, which spent R9.5 billion or 69.8 per cent of the combined capital adjusted budget of R13.6 billion.
16. Provinces collected own revenue of R12.4 billion, or 78.4 per cent of the budgeted own revenue of R15.8 billion. By 31 December 2015, national government had transferred R287 billion of the equitable share and R66.6 billion of conditional grants to provinces.
17. A more detailed analysis on the outcome of provincial finances as at 31 December 2015 is set out in Annexure A.

DETAILED ANALYSIS FOR THE NINE MONTHS TO THE END OF DECEMBER 2015:

1. The budgeted figures for provinces are based on the *2015 Adjusted Estimates of Provincial Revenue and Expenditure* documents (adjusted budgets) tabled in the provincial legislatures during November 2015.

Total Expenditure

2. Table 1 indicates that provinces spent R361.9 billion or 73.3 per cent of the combined adjusted budget of R493.7 billion. Spending against adjusted budgets is at a lower level in percentage terms when compared to the same period of the 2014/15 financial year (73.6 per cent). Spending in nominal terms is 6.7 per cent or R22.8 billion higher than last year, when provinces spent R339.1 billion.
3. Spending was lowest in the Western Cape (71.6 per cent of the adjusted budget) and the Eastern Cape (72.6 per cent), highest in the Free State and the Northern Cape, at 75.4 per cent and 74.8 per cent respectively.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2015

R thousand	Adjusted budget 2015/16					Actual payments as at 31 December 2015					Actual payments as % of adjusted budget	2014/15: Outcome as at 31 December 2014	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	53 865 234	8 128 573	4 427 264	20 000	66 441 071	39 328 428	6 423 242	2 440 796	20 006	48 212 472	72.6%	46 267 067	4.2%
Free State	23 033 451	4 203 710	2 612 554	–	29 849 715	17 472 593	3 143 535	1 894 528	144	22 510 800	75.4%	21 549 398	4.5%
Gauteng	73 154 745	18 692 331	5 634 014	258	97 481 348	53 484 381	13 632 841	3 937 289	14 961	71 069 472	72.9%	63 240 670	12.4%
KwaZulu-Natal	84 512 797	11 986 342	8 034 729	158 041	104 691 909	61 682 715	9 666 931	5 414 908	160 713	76 925 267	73.5%	73 515 551	4.6%
Limpopo	45 346 323	6 482 309	1 978 385	2 395	53 809 411	33 749 577	4 277 640	1 359 872	2 358	39 389 447	73.2%	37 612 363	4.7%
Mpumalanga	30 845 864	5 122 527	3 722 587	349	39 691 327	22 730 699	4 211 211	2 544 335	381	29 486 626	74.3%	27 145 972	8.6%
Northern Cape	11 563 332	1 558 829	1 453 906	445	14 576 512	8 647 257	1 226 718	1 024 791	116	10 898 882	74.8%	10 359 413	5.2%
North West	26 033 505	5 313 409	3 535 731	–	34 882 645	19 014 259	4 592 784	2 338 657	174	25 945 874	74.4%	24 029 416	8.0%
Western Cape	39 183 325	8 232 540	4 878 046	6 163	52 300 074	27 992 235	6 190 905	3 237 679	6 842	37 427 661	71.6%	35 367 580	5.8%
Total	387 538 575	69 720 571	36 277 215	187 651	493 724 012	284 102 144	53 365 807	24 192 855	205 695	361 866 501	73.3%	339 087 430	6.7%

Social Services

4. The provincial adjusted budget for social services, including education, health and social development totals R372 billion.

Table 2: Provincial Social Services Expenditure as at 31 December 2015

R thousand	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
Education	200 149 602	148 115 782	74.0%	40.9%	53.6%	142 037 060	4.3%
Health	154 978 662	116 051 374	74.9%	32.1%	42.0%	105 088 536	10.4%
Social Development	16 848 174	12 302 837	73.0%	3.4%	4.4%	11 210 055	9.7%
Total	371 976 437	276 469 993	74.3%	76.4%	100.0%	258 335 651	7.0%

5. Expenditure at the end of the third quarter year to date of 2015/16 was R276.5 billion, or 74.3 per cent of the total provincial social services adjusted budgets.

Education

6. At R200.1 billion, education adjusted budgets comprise 40.5 per cent of total provincial adjusted budgets. Table 3 shows that education expenditure by the end of the third quarter year to date of 2015/16 totalled R148.1 billion or 74 per cent of the total education adjusted budget. This is an increase of 4.3 per cent, or R6.1 billion, on the R142 billion spent over the same period in 2014/15.
7. Spending by provinces on education ranges from 70.4 per cent in the Eastern Cape and 73.5 per cent in the North West, to 76.3 per cent in the Free State and 75.8 per cent in Gauteng.

Table 3: Provincial Education Expenditure as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	29 691 506	20 908 248	70.4%	43.4%	56.4%	21 030 781	-0.6%
Free State	11 812 219	9 011 148	76.3%	40.0%	55.9%	8 998 680	0.1%
Gauteng	36 438 652	27 616 575	75.8%	38.9%	48.7%	24 873 266	11.0%
KwaZulu-Natal	43 162 870	32 010 383	74.2%	41.6%	53.5%	30 422 745	5.2%
Limpopo	25 284 705	18 645 186	73.7%	47.3%	58.9%	18 956 047	-1.6%
Mpumalanga	17 163 557	12 884 955	75.1%	43.7%	60.8%	12 036 948	7.0%
Northern Cape	5 126 865	3 805 902	74.2%	34.9%	50.3%	3 719 718	2.3%
North West	13 619 859	10 006 333	73.5%	38.6%	56.2%	9 367 792	6.8%
Western Cape	17 849 369	13 227 052	74.1%	35.3%	46.6%	12 631 083	4.7%
Total	200 149 602	148 115 782	74.0%	40.9%	53.6%	142 037 060	4.3%

8. Expenditure on goods and services (including learner and teacher support materials) was at R12.6 billion, or 71.2 per cent of the adjusted budget amount of R17.7 billion.
9. The bulk of education expenditure (R115 billion, or 77.6 per cent of total education expenditure) was on personnel. The first nine months expenditure accounted for 73.7 per cent of the R155.9 billion adjusted budget for personnel. Spending by provinces on personnel expenditure in education ranged from 71.9 per cent in Gauteng to 79.6 per cent in the Free State.

Table 4: Provincial Personnel Expenditure: Education as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	23 284 750	17 053 973	73.2%	54.6%	81.6%	17 171 801	-0.7%
Free State	8 843 034	7 035 341	79.6%	52.0%	78.1%	6 875 052	2.3%
Gauteng	26 814 567	19 289 581	71.9%	50.0%	69.8%	18 613 805	3.6%
KwaZulu-Natal	35 079 207	25 936 452	73.9%	55.3%	81.0%	24 572 284	5.6%
Limpopo	21 054 513	15 523 436	73.7%	54.9%	83.3%	15 360 206	1.1%
Mpumalanga	13 230 011	9 915 883	74.9%	58.2%	77.0%	9 419 260	5.3%
Northern Cape	3 932 160	2 939 495	74.8%	50.2%	77.2%	2 828 164	3.9%
North West	10 342 967	7 480 359	72.3%	52.2%	74.8%	7 450 260	0.4%
Western Cape	13 345 499	9 803 975	73.5%	48.1%	74.1%	9 337 007	5.0%
Total	155 926 708	114 978 495	73.7%	53.2%	77.6%	111 627 839	3.0%

10. Capital expenditure by provincial education departments was R7 billion, or 64.8 per cent, of the R10.8 billion adjusted budget, which is 4.1 per cent higher than the spending over the same period of the previous financial year. Education capital expenditure was lowest in the Eastern Cape (37.3 per cent) and highest in the Western Cape (86.3 per cent).

Table 5: Provincial Capital Expenditure: Education as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Education Capital to total capital expenditure	% share of Education Capital to total Education expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	1 501 919	560 149	37.3%	22.9%	2.7%	816 411	-31.4%
Free State	810 920	510 414	62.9%	26.9%	5.7%	350 183	45.8%
Gauteng	1 754 857	1 266 559	72.2%	32.2%	4.6%	656 726	92.9%
KwaZulu-Natal	2 442 229	1 460 083	59.8%	27.0%	4.6%	1 693 814	-13.8%
Limpopo	915 428	768 810	84.0%	56.5%	4.1%	1 009 914	-23.9%
Mpumalanga	1 017 385	589 626	58.0%	23.2%	4.6%	569 115	3.6%
Northern Cape	383 010	270 058	70.5%	26.4%	7.1%	297 140	-9.1%
North West	957 311	692 778	72.4%	29.6%	6.9%	424 029	63.4%
Western Cape	1 015 380	876 391	86.3%	27.1%	6.6%	902 020	-2.8%
Total	10 798 438	6 994 868	64.8%	28.9%	4.7%	6 719 352	4.1%

Health

11. Health adjusted budgets, totalling R155 billion, comprise 31.4 per cent of total provincial adjusted budgets.

Table 6: Provincial Health Expenditure as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	19 023 701	14 449 145	76.0%	30.0%	38.9%	13 113 920	10.2%
Free State	8 728 675	6 373 402	73.0%	28.3%	39.5%	6 115 320	4.2%
Gauteng	35 337 088	26 198 734	74.1%	36.9%	46.2%	23 141 662	13.2%
KwaZulu-Natal	33 969 992	26 031 338	76.6%	33.8%	43.5%	23 647 653	10.1%
Limpopo	15 401 794	11 873 777	77.1%	30.1%	37.5%	10 656 867	11.4%
Mpumalanga	10 163 902	7 366 199	72.5%	25.0%	34.7%	6 371 807	15.6%
Northern Cape	4 228 733	3 242 520	76.7%	29.8%	42.8%	2 926 895	10.8%
North West	9 083 705	6 837 981	75.3%	26.4%	38.4%	6 496 028	5.3%
Western Cape	19 041 072	13 678 278	71.8%	36.5%	48.2%	12 618 384	8.4%
Total	154 978 662	116 051 374	74.9%	32.1%	42.0%	105 088 536	10.4%

12. Table 6 indicates that, at R116.1 billion or 74.9 per cent of the total health adjusted budget, health expenditure increased by 10.4 per cent, or R11 billion, compared to the same period in 2014/15.
13. Western Cape and Mpumalanga provinces spent the lowest share of their health adjusted budgets at 71.8 per cent and 72.5 per cent respectively. The highest shares are recorded by Limpopo at 77.1 per cent and the Northern Cape at 76.7 per cent.
14. Table 7 (overleaf) shows that health personnel expenditure was R72.1 billion, or 74 per cent, of the health personnel adjusted budget, an increase of R5.6 billion, or 8.4 per cent, on the R66.5 billion spent over the same period in 2014/15.

Table 7: Provincial Personnel Expenditure: Health as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	12 560 271	9 404 727	74.9%	30.1%	65.1%	8 597 814	9.4%
Free State	5 643 868	4 183 845	74.1%	30.9%	65.6%	3 992 510	4.8%
Gauteng	20 834 707	15 330 006	73.6%	39.8%	58.5%	14 043 760	9.2%
KwaZulu-Natal	21 625 944	16 204 489	74.9%	34.5%	62.2%	15 027 868	7.8%
Limpopo	11 354 220	8 500 732	74.9%	30.1%	71.6%	7 672 524	10.8%
Mpumalanga	6 185 160	4 481 068	72.4%	26.3%	60.8%	4 119 876	8.8%
Northern Cape	2 151 775	1 605 259	74.6%	27.4%	49.5%	1 448 951	10.8%
North West	5 933 920	4 194 339	70.7%	29.3%	61.3%	4 065 627	3.2%
Western Cape	11 095 792	8 177 639	73.7%	40.1%	59.8%	7 546 543	8.4%
Total	97 385 657	72 082 104	74.0%	33.4%	62.1%	66 515 473	8.4%

15. Spending on non-capital items, including medicines, drugs and other current expenditure (but excluding expenditure on personnel), was R38.4 billion, or 77.5 per cent, of the R49.5 billion adjusted budget.

16. Capital expenditure in the health sector was R5.6 billion, or 69.1 per cent, an increase of R805.5 million or 16.8 per cent on the R4.8 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	1 328 492	882 992	66.5%	36.2%	6.1%	679 614	29.9%
Free State	595 655	433 027	72.7%	22.9%	6.8%	384 785	12.5%
Gauteng	1 532 785	1 056 529	68.9%	26.8%	4.0%	730 565	44.6%
KwaZulu-Natal	1 387 977	1 021 526	73.6%	18.9%	3.9%	1 110 337	-8.0%
Limpopo	428 891	291 675	68.0%	21.4%	2.5%	376 190	-22.5%
Mpumalanga	607 699	421 669	69.4%	16.6%	5.7%	232 525	81.3%
Northern Cape	709 286	480 449	67.7%	46.9%	14.8%	385 812	24.5%
North West	765 515	544 964	71.2%	23.3%	8.0%	459 030	18.7%
Western Cape	759 794	475 476	62.6%	14.7%	3.5%	443 943	7.1%
Total	8 116 094	5 608 307	69.1%	23.2%	4.8%	4 802 801	16.8%

17. Spending levels by provinces varied, with the Western Cape (62.6 per cent) and the Eastern Cape (66.5 per cent) being the lowest and KwaZulu-Natal (73.6 per cent) and the Free State (72.7 per cent) being the highest.

Social Development

18. At R16.8 billion, the social development adjusted budget comprises 3.4 per cent of total provincial adjusted budgets.

19. Provinces registered expenditure of R12.3 billion, or 73 per cent, of the total adjusted budget of R16.8 billion, which represents an increase of R1.1 billion, or 9.7 per cent, on the R11.2 billion spent over the same period last year.

20. Expenditure levels varied, with KwaZulu-Natal (67.7 per cent) and Limpopo (71.3 per cent) being the lowest, and the Western Cape (77.9 per cent) and the Eastern Cape (76.9 per cent) being the highest.

Table 9: Provincial Social Development Expenditure as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	2 261 694	1 739 894	76.9%	3.6%	4.7%	1 605 972	8.3%
Free State	1 017 274	734 950	72.2%	3.3%	4.6%	701 418	4.8%
Gauteng	3 997 139	2 912 759	72.9%	4.1%	5.1%	2 457 191	18.5%
KwaZulu-Natal	2 713 250	1 836 268	67.7%	2.4%	3.1%	1 804 279	1.8%
Limpopo	1 608 884	1 146 803	71.3%	2.9%	3.6%	1 036 715	10.6%
Mpumalanga	1 294 698	958 125	74.0%	3.2%	4.5%	914 889	4.7%
Northern Cape	719 956	523 965	72.8%	4.8%	6.9%	459 005	14.2%
North West	1 336 349	970 991	72.7%	3.7%	5.5%	911 071	6.6%
Western Cape	1 898 929	1 479 082	77.9%	4.0%	5.2%	1 319 515	12.1%
Total	16 848 174	12 302 837	73.0%	3.4%	4.4%	11 210 055	9.7%

Human Settlements Development Conditional Grant

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

Table 10: Provincial Human Settlements Development Grant Expenditure as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	2 062 372	1 764 438	85.6%	3.7%	12.5%	1 780 201	-0.9%
Free State	1 072 170	866 007	80.8%	3.8%	6.2%	784 781	10.4%
Gauteng	4 979 844	3 035 315	61.0%	4.3%	21.6%	2 786 556	8.9%
KwaZulu-Natal	3 235 475	2 970 338	91.8%	3.9%	21.1%	2 950 349	0.7%
Limpopo	1 591 889	789 640	49.6%	2.0%	5.6%	238 355	231.3%
Mpumalanga	1 335 542	1 134 550	85.0%	3.8%	8.1%	1 017 082	11.5%
Northern Cape	380 408	291 761	76.7%	2.7%	2.1%	297 678	-2.0%
North West	2 063 131	1 838 346	89.1%	7.1%	13.1%	1 153 894	59.3%
Western Cape	1 975 122	1 379 329	69.8%	3.7%	9.8%	1 420 223	-2.9%
Total	18 695 953	14 069 724	75.3%	3.9%	100.0%	12 429 119	13.2%

22. Table 10 shows that provinces spent R14.1 billion, or 75.3 per cent of the R18.7 billion Human Settlements Development grant adjusted budget, which is an increase of R1.6 billion or 13.2 per cent on the expenditure for the same period last year.

Personnel Expenditure

23. Personnel expenditure (compensation of employees) for the first nine months of the 2015/16 financial year was R216.1 billion, or 73.7 per cent, of the combined R293.4 billion adjusted budget, which is R11.1 billion or 5.4 per cent higher than the R205 billion spent during the same period last year.

Table 11: Provincial Personnel Expenditure as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	42 266 624	31 221 989	73.9%	64.8%	14.4%	30 178 026	3.5%
Free State	17 643 880	13 523 611	76.6%	60.1%	6.3%	12 974 753	4.2%
Gauteng	53 182 560	38 563 576	72.5%	54.3%	17.8%	36 126 261	6.7%
KwaZulu-Natal	63 476 315	46 940 943	74.0%	61.0%	21.7%	44 045 665	6.6%
Limpopo	38 180 543	28 252 810	74.0%	71.7%	13.1%	26 986 429	4.7%
Mpumalanga	22 979 142	17 033 860	74.1%	57.8%	7.9%	16 043 551	6.2%
Northern Cape	7 880 045	5 852 612	74.3%	53.7%	2.7%	5 468 618	7.0%
North West	19 963 628	14 317 656	71.7%	55.2%	6.6%	14 093 516	1.6%
Western Cape	27 798 853	20 392 503	73.4%	54.5%	9.4%	19 109 221	6.7%
Total	293 371 590	216 099 560	73.7%	59.7%	100.0%	205 026 040	5.4%

24. Spending ranged from 71.7 per cent (North West), 72.5 per cent (Gauteng), to 76.6 per cent (Free State) and 74.3 per cent (Northern Cape).

Overall Capital Budgets and Expenditure

25. By the end of December 2015, provinces had spent R24.2 billion or 66.7 per cent of the R36.3 billion capital adjusted budget (payments for capital assets), an increase of 8.6 per cent on the expenditure for the same period in 2014/15.

Table 12: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2015

	Adjusted budget	Actual payments as at 31 December 2015	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	4 427 264	2 440 796	55.1%	5.1%	10.1%	2 245 319	8.7%
Free State	2 612 554	1 894 528	72.5%	8.4%	7.8%	1 281 699	47.8%
Gauteng	5 634 014	3 937 289	69.9%	5.5%	16.3%	2 648 889	48.6%
KwaZulu-Natal	8 034 729	5 414 908	67.4%	7.0%	22.4%	6 267 229	-13.6%
Limpopo	1 978 385	1 359 872	68.7%	3.5%	5.6%	1 579 279	-13.9%
Mpumalanga	3 722 587	2 544 335	68.3%	8.6%	10.5%	2 127 674	19.6%
Northern Cape	1 453 906	1 024 791	70.5%	9.4%	4.2%	1 132 577	-9.5%
North West	3 535 731	2 338 657	66.1%	9.0%	9.7%	1 734 536	34.8%
Western Cape	4 878 046	3 237 679	66.4%	8.7%	13.4%	3 258 492	-0.6%
Total	36 277 215	24 192 855	66.7%	6.7%	100.0%	22 275 694	8.6%

26. Table 12 provides capital spending information by province and shows low rates of spending in the Eastern Cape (55.1 per cent) and the North West (66.1 per cent), high rates in the Free State (72.5 per cent) and the Northern Cape (70.5 per cent). However, KwaZulu-Natal (R5.4billion) spent the most in absolute terms, followed by Gauteng (R3.9 billion) and the Western Cape (R3.2 billion).

27. Provincial education departments spent R7 billion, or 64.8 per cent, of their R10.8 billion capital adjusted budgets, which is an increase of R275.5 million, or 4.1 per cent on the expenditure for the same period last year.

28. Provincial health departments spent R5.6 billion, or 69.1 per cent, of their R8.1 billion health capital adjusted budgets, which is R805.5 billion or 16.8 per cent more than the same period for 2014/15.

29. The public works, roads and transport departments, which have the biggest share (37.4 per cent) of provincial capital adjusted budgets, spent R9.5 billion or 69.8 per cent of their combined capital adjusted budgets of R13.6 billion.

Conditional Grants

Table 13: Provincial Conditional Grants Expenditure as at 31 December 2015

	Division of Revenue Act, 2015 (Act No. 1 of 2015)	Division of Revenue Amendment Bill, 2015	Provincial roll- overs/other provincial adjustments	Total available 2015/16	Transferred from National to provinces	Actual payments as at 31 December 2015 (excluding Schedules 4A, 7A grants)	Actual payments as % of adjusted budget (excluding Schedules 4A, 7A grants)
R thousand							
Agriculture, Forestry and Fisheries	2 188 083	-16 633	17 828	2 189 278	1 762 184	346 850	65.2%
1. Comprehensive Agricultural Support Programme Grant	1 650 952	-11 226	17 828	1 657 554	1 332 479		
Ilima/Letsema Projects Grant	470 768	-4 055	–	466 713	376 615	305 142	65.4%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	66 363	-1 352	–	65 011	53 090	41 708	64.2%
Arts and Culture	1 311 026	-36 712	111 627	1 385 941	1 006 765	810 651	58.5%
Community Library Services Grant	1 311 026	-36 712	111 627	1 385 941	1 006 765	810 651	58.5%
Basic Education	15 856 485	-224 714	354 089	15 985 860	13 025 839	4 774 356	76.5%
1. Education Infrastructure Grant	9 517 555	-163 112	301 069	9 655 512	7 848 184		
HIV and Aids (Life Skills Education) Grant	221 030	-12 300	6 072	214 802	164 527	164 330	76.5%
Maths, Science and Technology Grant	347 185	-30 243	12 530	329 472	232 225	191 129	58.0%
National School Nutrition Programme Grant	5 703 715	-18 334	14 857	5 700 238	4 736 236	4 418 897	77.5%
1. Occupation Specific Dispensation for Education Sector Therapists Grant	67 000	-725	19 561	85 836	44 667		
Cooperative Governance and Traditional Affairs	103 194	–	–	103 194	–		
2. Provincial Disaster Grant	103 194	–	–	103 194	–		
Health	31 857 873	46 876	367 410	32 272 159	24 017 308	14 255 516	73.2%
Comprehensive HIV and Aids Grant	13 737 312	-66 582	38 897	13 709 627	10 364 133	10 160 120	74.1%
Health Facility Revitalisation Grant	5 275 762	141 284	282 803	5 699 849	4 018 316	4 056 617	71.2%
1. Health Professions Training and Development Grant	2 374 722	–	–	2 374 722	1 781 032		
National Health Insurance Grant	72 042	-10 965	9 329	70 406	55 300	38 779	55.1%
1. National Tertiary Services Grant	10 398 035	-16 861	36 381	10 417 555	7 798 527		
Human Settlements	18 202 675	100 000	393 278	18 695 953	14 423 361	14 069 724	75.3%
Human Settlements Development Grant	18 202 675	100 000	393 278	18 695 953	14 423 361	14 069 724	75.3%
Public Works	591 175	-38 865	6 796	559 106	536 009	420 079	75.1%
Expanded Public Works Programme Integrated Grant for Provinces	350 612	-24 405	6 579	332 786	311 247	258 301	77.6%
Social Sector Expanded Public Works Programme Incentive Grant	240 563	-14 460	217	226 320	224 762	161 778	71.5%
Social Development	47 500	–	3 018	50 518	2 773	17 728	35.1%
Substance Abuse Treatment Grant	47 500	–	3 018	50 518	2 773	17 728	35.1%
Sport and Recreation South Africa	537 294	-4 069	8 680	541 905	351 338	391 505	72.2%
Mass Participation and Sport Development Grant	537 294	-4 069	8 680	541 905	351 338	391 505	72.2%
Transport	14 790 103	-43 220	142 127	14 889 010	11 496 105		
1. Provincial Roads Adjustedtenance Grant	9 850 655	-43 220	118 900	9 926 335	8 064 945		
1. Public Transport Operations Grant	4 939 448	–	23 227	4 962 675	3 431 160		
Total	85 485 408	-217 337	1 404 853	86 672 924	66 621 682		
Total excluding Schedules 4A and 7A grants	46 583 847	17 807	887 887	47 489 541	36 320 688	35 086 409	73.9%

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

2. 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.

30. The total adjusted conditional grant allocation is R86.7 billion (including Schedules 4A and 7A grants), of which health (R32.3 billion) makes up the bulk.
31. Table 13 above reflects spending by all provinces on conditional grant adjusted allocations as at 31 December 2015. It includes conditional grant roll-overs from the 2014/15 financial year (approved by National Treasury) and other provincial adjustments but excludes spending on Schedules 4A and 7A grants.
32. Schedule 4A grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 7A grant) specifies funds that are not allocated to specific provinces that may be released to provinces to fund disaster response.
33. A negative R217.3 million reductions/adjustments, in aggregate, to conditional were allocated by national government through the *Adjustments Appropriation Bill, 2015 and Division of Revenue Amendment Bill, 2015*.
34. Of the R47.5 billion allocated to provinces as conditional grants (excluding Schedules 4A and 7A grants), R35.1 billion, or 73.9 per cent, had been spent by the end of December 2015.

Table 14: Selected Conditional Grants Spending Rates as at 31 December 2015

	Number of provinces spent less than 60%	Number of provinces spent between 60% and 75% (inclusive)	Number of provinces spent more than 75%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	4 EC, GT, KZN, LIM,	3 FS, NC, NW,	2 MPU, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 KZN, MPU, NC, NW,	3 EC, GT, LIM,	2 FS, WC
Arts and Culture			
Community Library Services Grant	5 EC, FS, LIM, MPU, NC,	4 GT, KZN, NW, WC,	
Basic Education			
Education Infrastructure Grant	2 EC, GT,	5 FS, KZN, MPU, NC, WC,	2 LIM, NW,
Maths, Science And Technology Grant	6 EC, FS, KZN, LIM, NW, WC		3 GT, MPU, NC,
HIV and Aids (Life Skills Education) Grant	1 NC,	4 KZN, LIM, NW, WC,	4 EC, FS, GT, MPU,
National School Nutrition Programme Grant		4 EC, FS, LIM, NW,	5 GT, KZN, MPU, NC, WC
Health			
Comprehensive HIV and Aids Grant		7 EC, FS, KZN, LIM, NC, NW, WC,	2 GT, MPU,
Health Facility Revitalisation Grant	2 LIM, WC	3 FS, MPU, NW,	4 EC, GT, KZN, NC,
National Health Insurance Grant	7 FS, GT, KZN, LIM, NC, NW, WC		2 EC, MPU,
Human Settlements			
Human Settlements Development Grant	1 LIM,	2 GT, WC,	6 EC, FS, KZN, MPU, NC, NW,
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	1 KZN,	2 FS, NW,	6 EC, GT, LIM, MPU, NC, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	2 EC, KZN,	3 NC, NW, WC,	4 FS, GT, LIM, MPU,
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	1 GT,	4 FS, KZN, NC, NW,	4 EC, LIM, MPU, WC

Note: Percentages represent actual expenditure against adjusted budgets as per the Division of Revenue Amendment Bill, 2015.

35. Table 14 above indicates selected conditional grant spending rates as at 31 December 2015.
36. Specific grants that show low rates of spending include:
- Substance Abuse Treatment (35.1 per cent)

- b. National Health Insurance (55.1 per cent)
- c. Maths, Science and Technology (58 per cent)
- d. Community Library Services (58.5 per cent)
- e. Land Care Programme (64.2 per cent)

Provincial Revenue

37. The adjusted budgeted provincial revenue of R489 billion includes equitable share allocations of R386.5 billion, conditional grants of R86.7 billion and own revenue of R15.8 billion. Of the budgeted revenue, provinces had received and collected R366 billion, or 74.8 per cent by the end of December 2015.
38. By the end of December, national government had transferred to provinces R287 billion or 74.3 per cent of the equitable share, and R66.6 billion or 78.2 per cent in conditional grants.
39. Of budgeted own revenue of R15.8 billion, provinces had collected R12.4 billion or 78.4 per cent by the end of December, which is R397.3 million, or 3.3 per cent more than what was collected during the same period last year.
40. The collection rate varied from a low of 60.8 per cent (North West), 66.2 per cent (the Free State), to a high of 91.2 per cent (Eastern Cape) and 82.3 per cent (Gauteng).

Table 15: Provincial Own Revenue Collection as at 31 December 2015

	Adjusted budget	Actual collection as at 31 December 2015	Actual collection as % of Adjusted budget	% share of Own Revenue collected to total provincial revenue received	% share of Own Revenue collected to total Own Revenue collected	2014/15: Outcome as at 31 December 2014	Year-on-year growth
R thousand							
Eastern Cape	1 104 063	1 006 782	91.2%	2.0%	8.1%	1 040 688	-3.3%
Free State	1 008 183	667 718	66.2%	3.0%	5.4%	652 894	2.3%
Gauteng	4 897 068	4 031 600	82.3%	5.6%	32.5%	3 687 650	9.3%
KwaZulu-Natal	2 995 146	2 351 218	78.5%	3.0%	19.0%	2 304 133	2.0%
Limpopo	1 201 621	882 583	73.4%	2.2%	7.1%	772 712	14.2%
Mpumalanga	825 690	617 022	74.7%	2.1%	5.0%	612 163	0.8%
Northern Cape	303 147	239 235	78.9%	2.2%	1.9%	215 671	10.9%
North West	1 018 528	619 226	60.8%	2.4%	5.0%	653 199	-5.2%
Western Cape	2 474 803	1 989 843	80.4%	5.2%	16.0%	2 068 825	-3.8%
Total	15 828 249	12 405 227	78.4%	3.4%	100.0%	12 007 935	3.3%