



**national treasury**

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## **PRESS RELEASE**

**AUGUST 2016**

### **Provincial Budgets: 2016/17 Financial Year First Quarter 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 quarter (April to June 2016) of the 2016/17 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 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 2016 Estimates of Provincial Revenue and Expenditure which were presented to provincial legislatures during March 2016.

#### *Overall Expenditure Trends – First Quarter*

4. In aggregate, provincial spending for the first quarter is R126.6 billion, or 24.5 per cent, of combined annual budgets of R517.2 billion. This represents an increase of 11.8 per cent or R13.4 billion on the expenditure of R113.2 billion for the same period last year.
5. Education expenditure for the first quarter is R52.9 billion or 25 per cent of the R211.7 billion combined education budgets, an increase of 10 per cent or R4.8 billion on the first quarter for the previous financial year. It remains the largest item on provincial budgets (40.9 per cent).
6. Health expenditure totalled R41.8 billion, or 25.5 per cent, of the R163.9 billion combined health budgets, and is the second largest item on provincial budgets (31.7 per cent). This represents an increase of 12.5 per cent or R4.6 billion on the first quarter for the 2015/16 financial year.
7. Social development expenditure for the first quarter is R4.1 billion or 23.2 per cent of the R17.8 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R77.4 billion or 24.7 per cent of the budgeted R313.4 billion as at 30 June 2016.
9. Goods and services expenditure for the first quarter is R22.9 billion or 23.4 per cent of the R97.9 billion combined goods and services budgets.
10. In aggregate, expenditure on combined capital (payments for capital assets) is R6.7 billion or 18.5 per cent of budgeted R36.1 billion. This is a marginal increase of 1.3 per cent on expenditure for the same period of the 2015/16 financial year.
11. Capital expenditure by provincial education departments is R2 billion or 17.3 per cent of the budgeted R11.7 billion. This is R158.4 million or 8.5 per cent more than the expenditure for the first quarter for the previous financial year.
12. Expenditure on capital by provincial health departments is R1.7 billion or 19.7 per cent of the budgeted R8.7 billion, which is R29.2 million or 1.7 per cent more than the first quarter for 2015/16.
13. The biggest share of provincial capital budgets is for the public works, roads and transport departments (34.4 per cent), whose expenditure is R2.5 billion or 19.9 per cent of the combined capital budget of R12.4 billion.
14. Provincial own revenue collected for the first quarter is R4.4 billion or 27.7 per cent of the budgeted own revenue of R16 billion. By the end of the first quarter, national government had transferred R102.7 billion of the equitable share and R23.1 billion of conditional grants to provinces.
15. A more detailed analysis of the expenditure outcome as at 30 June 2016 is set out in Annexure A.

## DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2016/17 FINANCIAL YEAR

1. The budgeted figures for provinces are based on the 2016 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2016.

*Total Expenditure*

2. Table 1 indicates that in the first quarter provinces have spent R126.6 billion or 24.5 per cent of the combined budgeted expenditure of R517.2 billion. Spending against budgets is slightly higher in percentage terms when compared to the first quarter of the 2015/16 financial year. Spending in nominal terms is 11.8 per cent or R13.4 billion higher than last year, when provinces had spent R113.2 billion.
3. Among provinces, spending is the lowest in the Western Cape at 23 per cent and 23.6 per cent in the North West and the highest in the Free State at 27.3 per cent and the Northern Cape at 25.3 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2016

R thousand	Main budget 2016/17					Actual payments as at 30 June 2016					Projected outcome as % of main budget	2015/16: Outcome as at 30 June 2015	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	56 768 149	8 170 165	4 632 620	20 000	69 590 934	13 566 969	2 509 278	734 103	101	16 810 451	24.2%	15 208 648	10.5%
Free State	24 396 597	4 062 160	2 370 254	–	30 829 011	6 279 231	1 647 721	474 479	13	8 401 444	27.3%	6 924 305	21.3%
Gauteng	76 936 992	19 095 902	7 332 285	–	103 365 179	19 406 664	4 784 388	1 434 785	4 915	25 630 752	24.8%	22 234 148	15.3%
Kw aZulu-Natal	90 254 597	10 820 225	7 771 970	159 249	109 006 041	21 865 158	3 103 385	1 384 662	119 421	26 472 626	24.3%	24 710 327	7.1%
Limpopo	48 578 530	6 089 851	2 300 655	400	56 969 436	11 904 121	1 950 543	361 613	162	14 216 439	25.0%	12 016 197	18.3%
Mpumalanga	32 437 049	5 462 793	3 401 495	–	41 301 337	8 024 229	1 385 542	633 283	–	10 043 054	24.3%	9 060 363	10.8%
Northern Cape	11 925 529	1 549 080	1 375 231	354	14 850 194	3 132 323	353 819	277 413	–	3 763 555	25.3%	3 423 710	9.9%
North West	28 438 414	5 607 453	2 182 905	–	36 228 772	6 505 300	1 552 301	504 885	–	8 562 486	23.6%	8 098 837	5.7%
Western Cape	41 635 640	8 639 820	4 766 743	5 583	55 047 786	9 637 767	2 158 507	876 886	2 109	12 675 269	23.0%	11 521 441	10.0%
<b>Total</b>	<b>411 371 497</b>	<b>69 497 449</b>	<b>36 134 158</b>	<b>185 586</b>	<b>517 188 690</b>	<b>100 321 762</b>	<b>19 445 484</b>	<b>6 682 109</b>	<b>126 721</b>	<b>126 576 076</b>	<b>24.5%</b>	<b>113 197 976</b>	<b>11.8%</b>

*Social Services*

4. Provinces have budgeted R393.4 billion for social services (education, health and social development).

Table 2: Provincial Social Services Expenditure as at 30 June 2016

R thousand	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
Education	211 701 980	52 864 970	25.0%	41.8%	53.5%	48 048 428	10.0%
Health	163 933 627	41 815 079	25.5%	33.0%	42.3%	37 165 209	12.5%
Social Development	17 781 066	4 126 374	23.2%	3.3%	4.2%	3 617 332	14.1%
<b>Total</b>	<b>393 416 673</b>	<b>98 806 423</b>	<b>25.1%</b>	<b>78.1%</b>	<b>100.0%</b>	<b>88 830 969</b>	<b>11.2%</b>

5. The first quarter outcome on social services is recorded at R98.8 billion, or 25.1 per cent of the total provincial social services budgets for 2016/17.

## Education

6. Education budgets of R211.7 billion comprise 40.9 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R52.9 billion or 25 per cent of the total education budget. This is an increase of 10 per cent, or R4.8 billion, on the R48 billion spent over the same period in 2015/16.
7. Spending by provinces on education in the first quarter ranges from 23.2 per cent in the Eastern Cape and 24.1 per cent in Limpopo, to 30.4 per cent in the Free State and 25.8 per cent in Mpumalanga.

**Table 3: Provincial Education Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	31 002 644	7 192 566	23.2%	42.8%	56.2%	7 035 338	2.2%
Free State	12 059 747	3 664 210	30.4%	43.6%	61.9%	2 805 690	30.6%
Gauteng	39 069 226	10 016 648	25.6%	39.1%	48.1%	9 141 372	9.6%
Kw aZulu-Natal	45 464 373	10 987 043	24.2%	41.5%	51.3%	10 179 114	7.9%
Limpopo	27 171 746	6 546 243	24.1%	46.0%	57.1%	5 858 211	11.7%
Mpumalanga	17 916 783	4 618 269	25.8%	46.0%	61.8%	4 116 983	12.2%
Northern Cape	5 438 973	1 396 816	25.7%	37.1%	51.8%	1 216 589	14.8%
North West	14 331 224	3 525 679	24.6%	41.2%	56.9%	3 329 151	5.9%
Western Cape	19 247 264	4 917 496	25.5%	38.8%	49.0%	4 365 980	12.6%
<b>Total</b>	<b>211 701 980</b>	<b>52 864 970</b>	<b>25.0%</b>	<b>41.8%</b>	<b>53.5%</b>	<b>48 048 428</b>	<b>10.0%</b>

8. The first quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R3 billion, or 17 per cent of the budgeted amount of R17.7 billion.

**Table 4: Provincial Personnel Expenditure: Education as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	24 800 314	5 919 906	23.9%	53.9%	82.3%	5 608 335	5.6%
Free State	9 393 355	2 642 622	28.1%	53.7%	72.1%	2 242 346	17.9%
Gauteng	28 214 940	7 019 235	24.9%	49.8%	70.1%	6 235 825	12.6%
Kw aZulu-Natal	37 768 394	9 313 189	24.7%	55.3%	84.8%	8 362 146	11.4%
Limpopo	22 351 417	5 459 911	24.4%	54.2%	83.4%	5 044 476	8.2%
Mpumalanga	14 003 938	3 558 317	25.4%	58.4%	77.0%	3 209 056	10.9%
Northern Cape	4 182 577	1 061 178	25.4%	50.3%	76.0%	940 986	12.8%
North West	11 005 713	2 600 575	23.6%	52.1%	73.8%	2 433 568	6.9%
Western Cape	14 351 980	3 508 574	24.4%	48.0%	71.3%	3 199 702	9.7%
<b>Total</b>	<b>166 072 628</b>	<b>41 083 507</b>	<b>24.7%</b>	<b>53.1%</b>	<b>77.7%</b>	<b>37 276 440</b>	<b>10.2%</b>

9. The bulk of education expenditure (77.7 per cent) is on personnel. Current spending on education personnel amounts to R41.1 billion, or 24.7 per cent, of the R166.1 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 23.6 per cent in the North West, to 28.1 per cent in the Free State.
10. Education capital expenditure is at R2 billion, or 17.3 per cent, of the R11.7 billion budget. This is 8.5 per cent more than the spending over the same period of the previous

financial year. Education capital expenditure is lowest in the Free State at 9.9 per cent and highest in the North West at 37.8 per cent.

**Table 5: Provincial Capital Expenditure: Education as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	%share of Education Capital to total capital expenditure	%share of Education Capital to total Education expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 620 959	187 058	11.5%	25.5%	2.6%	105 617	77.1%
Free State	690 422	68 154	9.9%	14.4%	1.9%	177 719	-61.7%
Gauteng	2 751 975	602 867	21.9%	42.0%	6.0%	357 786	68.5%
Kw aZulu-Natal	2 333 135	264 867	11.4%	19.1%	2.4%	471 640	-43.8%
Limpopo	924 139	106 042	11.5%	29.3%	1.6%	165 948	-36.1%
Mpumalanga	973 335	135 982	14.0%	21.5%	2.9%	93 519	45.4%
Northern Cape	436 071	103 897	23.8%	37.5%	7.4%	68 051	52.7%
North West	916 452	346 175	37.8%	68.6%	9.8%	194 796	77.7%
Western Cape	1 051 406	213 870	20.3%	24.4%	4.3%	235 430	-9.2%
<b>Total</b>	<b>11 697 894</b>	<b>2 028 912</b>	<b>17.3%</b>	<b>30.4%</b>	<b>3.8%</b>	<b>1 870 506</b>	<b>8.5%</b>

## Health

11. Health budgets, totalling R163.9 billion, comprise 31.7 per cent of total provincial budgets.

**Table 6: Provincial Health Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	20 244 339	5 006 528	24.7%	29.8%	39.1%	4 709 082	6.3%
Free State	9 048 599	2 014 506	22.3%	24.0%	34.0%	1 892 967	6.4%
Gauteng	37 408 057	9 781 214	26.1%	38.2%	47.0%	8 300 442	17.8%
Kw aZulu-Natal	36 578 637	9 868 457	27.0%	37.3%	46.1%	8 612 170	14.6%
Limpopo	16 371 023	4 521 316	27.6%	31.8%	39.4%	3 804 203	18.9%
Mpumalanga	10 642 144	2 552 244	24.0%	25.4%	34.2%	2 162 677	18.0%
Northern Cape	4 197 505	1 132 912	27.0%	30.1%	42.0%	1 134 267	-0.1%
North West	9 460 530	2 376 752	25.1%	27.8%	38.4%	2 273 825	4.5%
Western Cape	19 982 793	4 561 150	22.8%	36.0%	45.5%	4 275 576	6.7%
<b>Total</b>	<b>163 933 627</b>	<b>41 815 079</b>	<b>25.5%</b>	<b>33.0%</b>	<b>42.3%</b>	<b>37 165 209</b>	<b>12.5%</b>

12. Table 6 indicates that at R41.8 billion or 25.5 per cent of the total health budget, health expenditure increased by 12.5 per cent, or R4.6 billion, on the same period in 2015/16.

13. The Free State and Western Cape provinces spent the lowest share of their health budgets at 22.3 per cent and 22.8 per cent respectively. The highest shares are recorded by Limpopo at 27.6 per cent and both the Northern Cape and KwaZulu-Natal at 27 per cent.

14. Table 7 indicates that health personnel expenditure is R26 billion, or 25 per cent of the health personnel budget, an increase of R2.7 billion, or 11.4 per cent more than the R23.3 billion spent over the same period in 2015/16.

**Table 7: Provincial Personnel Expenditure: Health as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	13 511 327	3 378 861	25.0%	30.8%	67.5%	3 045 978	10.9%
Free State	5 879 373	1 459 087	24.8%	29.7%	72.4%	1 417 973	2.9%
Gauteng	22 208 890	5 625 373	25.3%	39.9%	57.5%	4 861 162	15.7%
Kw aZulu-Natal	23 096 722	5 827 909	25.2%	34.6%	59.1%	5 259 265	10.8%
Limpopo	12 171 722	3 084 750	25.3%	30.6%	68.2%	2 739 032	12.6%
Mpumalanga	6 722 932	1 625 293	24.2%	26.7%	63.7%	1 413 001	15.0%
Northern Cape	2 273 017	579 978	25.5%	27.5%	51.2%	524 211	10.6%
North West	6 198 704	1 461 999	23.6%	29.3%	61.5%	1 379 782	6.0%
Western Cape	11 847 470	2 946 630	24.9%	40.3%	64.6%	2 679 417	10.0%
<b>Total</b>	<b>103 910 157</b>	<b>25 989 880</b>	<b>25.0%</b>	<b>33.6%</b>	<b>62.2%</b>	<b>23 319 821</b>	<b>11.4%</b>

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R14.1 billion, or 27.5 per cent, of the R51.3 billion budget.

16. Capital expenditure in the health sector is at R1.7 billion, or 19.7 per cent, an increase of R29.2 million or 1.7 per cent on the R1.68 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 393 232	181 636	13.0%	24.7%	3.6%	181 733	-0.1%
Free State	546 961	124 240	22.7%	26.2%	6.2%	97 712	27.1%
Gauteng	2 409 508	544 158	22.6%	37.9%	5.6%	430 381	26.4%
Kw aZulu-Natal	1 361 970	417 969	30.7%	30.2%	4.2%	393 591	6.2%
Limpopo	642 629	95 128	14.8%	26.3%	2.1%	89 143	6.7%
Mpumalanga	578 665	80 315	13.9%	12.7%	3.1%	95 933	-16.3%
Northern Cape	513 376	74 270	14.5%	26.8%	6.6%	131 569	-43.6%
North West	611 334	104 921	17.2%	20.8%	4.4%	154 053	-31.9%
Western Cape	644 235	89 376	13.9%	10.2%	2.0%	108 736	-17.8%
<b>Total</b>	<b>8 701 910</b>	<b>1 712 013</b>	<b>19.7%</b>	<b>25.6%</b>	<b>4.1%</b>	<b>1 682 851</b>	<b>1.7%</b>

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Eastern Cape at 13 per cent and both the Western Cape and Mpumalanga at 13.9 per cent, and the highest being KwaZulu-Natal and the Free State at 30.7 per cent and 22.7 per cent respectively.

### *Social Development*

18. At R17.8 billion, the social development budget comprises 3.4 per cent of total provincial budgets.

19. Provinces registered spending of R4.1 billion, or 23.2 per cent, of the total R17.8 billion budgets. This represents an increase of R509 million, or 14.1 per cent, on the R3.6 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in Mpumalanga at 20.5 per cent and both KwaZulu-Natal and the North West at 20.7 per cent while the highest are the Western Cape at 28.1 per cent and the Eastern Cape at 24.8 per cent.

**Table 9: Provincial Social Development Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 383 626	591 038	24.8%	3.5%	4.6%	479 418	23.3%
Free State	1 145 164	245 152	21.4%	2.9%	4.1%	209 276	17.1%
Gauteng	4 235 361	1 006 942	23.8%	3.9%	4.8%	928 383	8.5%
Kw aZulu-Natal	2 778 162	573 962	20.7%	2.2%	2.7%	574 182	0.0%
Limpopo	1 633 719	399 379	24.4%	2.8%	3.5%	253 122	57.8%
Mpumalanga	1 454 716	297 730	20.5%	3.0%	4.0%	293 255	1.5%
Northern Cape	773 894	167 995	21.7%	4.5%	6.2%	151 449	10.9%
North West	1 414 986	292 800	20.7%	3.4%	4.7%	244 985	19.5%
Western Cape	1 961 438	551 376	28.1%	4.4%	5.5%	483 262	14.1%
<b>Total</b>	<b>17 781 066</b>	<b>4 126 374</b>	<b>23.2%</b>	<b>3.3%</b>	<b>4.2%</b>	<b>3 617 332</b>	<b>14.1%</b>

### *Human Settlements and Local Government*

21. The human settlements and local government budgets, at R26.8 billion, comprise 5.2 per cent of total provincial budgets.

**Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	3 359 192	1 129 577	33.6%	6.7%	68.8%	790 351	42.9%
Free State	1 743 100	704 697	40.4%	8.4%	72.1%	308 749	128.2%
Gauteng	6 289 929	973 467	15.5%	3.8%	76.1%	731 273	33.1%
Kw aZulu-Natal	5 031 035	1 294 151	25.7%	4.9%	70.1%	1 504 947	-14.0%
Limpopo	2 286 043	544 969	23.8%	3.8%	48.6%	452 530	20.4%
Mpumalanga	2 320 214	435 367	18.8%	4.3%	59.1%	494 644	-12.0%
Northern Cape	676 175	139 192	20.6%	3.7%	33.1%	150 572	-7.6%
North West	2 645 675	598 372	22.6%	7.0%	83.5%	506 636	18.1%
Western Cape	2 442 150	447 307	18.3%	3.5%	77.7%	482 658	-7.3%
<b>Total</b>	<b>26 793 513</b>	<b>6 267 099</b>	<b>23.4%</b>	<b>5.0%</b>	<b>69.4%</b>	<b>5 422 360</b>	<b>15.6%</b>

22. Spending by human settlements and local government is R6.3 billion, or 23.4 per cent, of the R26.8 billion budget. This represents an increase of R844.7 million, or 15.6 per cent, on the R5.4 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Gauteng at 15.5 per cent and the Western Cape at 18.3 per cent, while the highest spenders are the Free State at 40.4 per cent and the Eastern Cape at 33.6 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 R4.3 billion, or 23.8 per cent, of the R18.3 billion Human Settlements Development grant budget. These spending figures are R586.9 million or 15.6 per cent more than the same period last year.

**Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 991 457	776 623	39.0%	4.6%	17.9%	470 483	65.1%
Free State	1 098 411	507 915	46.2%	6.0%	11.7%	157 604	222.3%
Gauteng	5 022 669	740 620	14.7%	2.9%	17.0%	534 504	38.6%
Kw aZulu-Natal	3 124 702	906 628	29.0%	3.4%	20.9%	1 164 104	-22.1%
Limpopo	1 208 370	264 943	21.9%	1.9%	6.1%	201 392	31.6%
Mpumalanga	1 314 645	257 196	19.6%	2.6%	5.9%	335 275	-23.3%
Northern Cape	371 109	46 134	12.4%	1.2%	1.1%	77 507	-40.5%
North West	2 151 817	499 434	23.2%	5.8%	11.5%	424 298	17.7%
Western Cape	2 000 811	347 538	17.4%	2.7%	8.0%	395 001	-12.0%
<b>Total</b>	<b>18 283 991</b>	<b>4 347 031</b>	<b>23.8%</b>	<b>3.4%</b>	<b>100.0%</b>	<b>3 760 168</b>	<b>15.6%</b>

*Personnel expenditure*

26. Personnel expenditure (compensation of employees) for the first quarter of the 2016/17 financial year is at R77.4 billion, or 24.7 per cent, of the combined R313.4 billion budget.

**Table 12: Provincial Personnel Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	45 261 515	10 973 498	24.2%	65.3%	14.2%	10 197 820	7.6%
Free State	18 633 155	4 918 175	26.4%	58.5%	6.4%	4 397 699	11.8%
Gauteng	56 752 802	14 094 101	24.8%	55.0%	18.2%	12 353 935	14.1%
Kw aZulu-Natal	67 877 302	16 827 843	24.8%	63.6%	21.7%	15 171 070	10.9%
Limpopo	40 794 080	10 069 261	24.7%	70.8%	13.0%	9 168 448	9.8%
Mpumalanga	24 558 157	6 094 473	24.8%	60.7%	7.9%	5 474 318	11.3%
Northern Cape	8 431 396	2 110 311	25.0%	56.1%	2.7%	1 880 773	12.2%
North West	21 306 748	4 988 348	23.4%	58.3%	6.4%	4 651 329	7.2%
Western Cape	29 811 337	7 306 810	24.5%	57.6%	9.4%	6 645 902	9.9%
<b>Total</b>	<b>313 426 491</b>	<b>77 382 820</b>	<b>24.7%</b>	<b>61.1%</b>	<b>100.0%</b>	<b>69 941 294</b>	<b>10.6%</b>

27. Spending to date is R7.4 billion or 10.6 per cent higher than the R69.9 billion spent over the same period last year.

28. Spending ranges from 23.4 per cent in the North West, to 26.4 per cent in the Free State.

*Overall Capital Budgets and Expenditure*

29. By the end of June 2016, provinces had spent R6.7 billion or 18.5 per cent of the R36.1 billion capital budget (payments for capital assets). This is an increase of a marginal 1.3 per cent on the same period in 2015/16.



**Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2016**

	Main budget	Actual payments as at 30 June 2016	Projected outcome as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	4 632 620	734 103	15.8%	4.4%	11.0%	479 251	53.2%
Free State	2 370 254	474 479	20.0%	5.6%	7.1%	533 192	-11.0%
Gauteng	7 332 285	1 434 785	19.6%	5.6%	21.5%	1 238 547	15.8%
Kw aZulu-Natal	7 771 970	1 384 662	17.8%	5.2%	20.7%	1 686 194	-17.9%
Limpopo	2 300 655	361 613	15.7%	2.5%	5.4%	324 876	11.3%
Mpumalanga	3 401 495	633 283	18.6%	6.3%	9.5%	635 521	-0.4%
Northern Cape	1 375 231	277 413	20.2%	7.4%	4.2%	267 819	3.6%
North West	2 182 905	504 885	23.1%	5.9%	7.6%	595 444	-15.2%
Western Cape	4 766 743	876 886	18.4%	6.9%	13.1%	832 351	5.4%
<b>Total</b>	<b>36 134 158</b>	<b>6 682 109</b>	<b>18.5%</b>	<b>5.3%</b>	<b>100.0%</b>	<b>6 593 195</b>	<b>1.3%</b>

30. Table 13 provides capital spending information by province and shows low rates of spending in Limpopo at 15.7 per cent and the Eastern Cape at 15.8 per cent, and high rates in the North West at 23.1 per cent and the Northern Cape at 20.2 per cent. However, in absolute terms, Gauteng has spent the most, with total spending of R1.43 billion followed by KwaZulu-Natal at R1.38 billion and the Western Cape at R876.9 million.

31. Provincial education departments have spent R2 billion, or 17.3 per cent, of their R11.7 billion education capital budgets. This is an increase of R158.4 million, or 8.5 per cent more, compared to spending over the same period in the previous financial year.

32. Provincial health departments have spent R1.7 billion, or 19.7 per cent, of their R8.7 billion health capital budgets, which is R29.2 million or a marginal 1.7 per cent more than the same period for 2015/16.

33. At 34.4 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector has spent R2.5 billion or 19.9 per cent against its combined capital budgets of R12.4 billion as at 30 June 2016.

#### *Conditional Grants*

34. The total provincial conditional grant allocation is R89 billion, with health making up the bulk at R34 billion. This excludes the Provincial Disaster grant which amounts to R111.5 million for the 2016/17 financial year and provides for the immediate release of funds for disaster response.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 June 2016. It excludes anticipated conditional grant roll-overs from the 2015/16 financial year, and excludes spending for grants set out in of Schedule 4, Part A and of Schedule 7, Part A.

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

**Table 14: Provincial Conditional Grants Expenditure as at 30 June 2016**

	Division of Revenue Act, 2016 (Act No. 3 of 2016)	Transferred from National to provinces	Actual payments as at 30 June 2016 (excluding Schedules 4A, 7A grants)	Actual payments as % of main budget (excluding Schedules 4A, 7A grants)
<b>R thousand</b>				
<b>Agriculture, Forestry and Fisheries</b>	<b>2 202 452</b>	<b>394 950</b>	<b>245 695</b>	<b>11.2%</b>
Comprehensive Agricultural Support Programme Grant	1 641 824	304 396	204 074	12.4%
Ilima/Letsema Projects Grant	491 363	83 627	35 932	7.3%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	69 265	6 927	5 689	8.2%
<b>Arts and Culture</b>	<b>1 357 132</b>	<b>202 861</b>	<b>168 237</b>	<b>12.4%</b>
Community Library Services Grant	1 357 132	202 861	168 237	12.4%
<b>Basic Education</b>	<b>16 212 997</b>	<b>5 687 238</b>	<b>1 343 504</b>	<b>20.4%</b>
1. Education Infrastructure Grant	9 613 692	3 605 135		
HIV and Aids (Life Skills Education) Grant	230 849	23 084	37 088	16.1%
Maths, Science and Technology Grant	362 444	36 244	20 183	5.6%
National School Nutrition Programme Grant	6 006 012	2 022 775	1 286 233	21.4%
1.				
<b>Cooperative Governance and Traditional Affairs</b>	<b>-</b>	<b>-</b>		
2. Provincial Disaster Grant	-	-		
<b>Health</b>	<b>33 972 012</b>	<b>7 954 898</b>	<b>4 651 254</b>	<b>22.5%</b>
Comprehensive HIV and Aids Grant	15 290 603	3 636 328	3 566 192	23.3%
Health Facility Revitalisation Grant	5 272 680	1 052 561	1 074 271	20.4%
1. Health Professions Training and Development Grant	2 476 724	605 702		
National Health Insurance Grant	85 227	17 212	10 791	12.7%
1. National Tertiary Services Grant	10 846 778	2 643 095		
<b>Human Settlements</b>	<b>18 283 991</b>	<b>5 151 600</b>	<b>4 347 031</b>	<b>23.8%</b>
Human Settlements Development Grant	18 283 991	5 151 600	4 347 031	23.8%
<b>Public Works</b>	<b>761 671</b>	<b>144 002</b>	<b>168 513</b>	<b>22.1%</b>
Expanded Public Works Programme Integrated Grant for Provinces	402 009	99 561	106 681	26.5%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	359 662	44 441	61 832	17.2%
<b>Social Development</b>	<b>85 500</b>	<b>-</b>	<b>245</b>	<b>0.3%</b>
Substance Abuse Treatment Grant	85 500	-	245	0.3%
<b>Sport and Recreation South Africa</b>	<b>555 708</b>	<b>89 335</b>	<b>73 363</b>	<b>13.2%</b>
Mass Participation and Sport Development Grant	555 708	89 335	73 363	13.2%
<b>Transport</b>	<b>15 602 795</b>	<b>3 522 631</b>		
1. Provincial Roads Maintenance Grant	10 202 503	2 586 903		
1. Public Transport Operations Grant	5 400 292	935 728		
<b>Total</b>	<b>89 034 258</b>	<b>23 147 515</b>		
<b>Total excluding Schedules 4A and 7A grants</b>	<b>50 494 269</b>	<b>12 770 952</b>	<b>10 997 842</b>	<b>21.8%</b>

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.

37. Against the allocation of R50.5 billion (which excludes Schedule 4, Part A and Schedule 7, Part A grants), spending amounts to R11 billion, or 21.8 per cent.
38. Specific grants that show low rates of spending include (less than 10 per cent of conditional grant allocations):
- Substance Abuse Treatment (0.3 per cent)
  - Maths, Science and Technology (5.6 per cent)
  - Ilima/Letsema Projects (7.3 per cent)
  - Land Care Programme (8.2 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 June 2016.

**Table 15: Selected Conditional Grants Spending Rates as at 30 June 2016**

	Number of provinces spent less than 10%	Number of provinces spent between 10% and 20% (inclusive)	Number of provinces spent more than 20%
<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 FS, GT, LIM, NC, NW	3 EC, MPU, WC	1 KZN
<b>Arts and Culture</b>			
Community Library Services Grant	3 GT, KZN, WC	4 EC, FS, NC, NW	2 LIM, MPU
<b>Basic Education</b>			
Education Infrastructure Grant		7 EC, FS, GT, KZN, LIM, MPU, WC	2 NC, NW
Maths, Science And Technology Grant	7 FS, GT, KZN, LIM, MPU, NC, WC	2 EC, NW	
HIV and Aids (Life Skills Education) Grant	4 EC, FS, GT, LIM	1 NW	4 KZN, MPU, NC, WC
National School Nutrition Programme Grant		2 EC, KZN	7 FS, GT, LIM, MPU, NC, NW, WC
<b>Health</b>			
Comprehensive HIV and Aids Grant		1 FS	8 EC, GT, KZN, LIM, MPU, NC, NW, WC
Health Facility Revitalisation Grant		6 EC, GT, LIM, MPU, NC, WC	3 FS, KZN, NW
National Health Insurance Grant	3 EC, FS, NW	5 GT, KZN, LIM, MPU, WC	1 NC
<b>Human Settlements</b>			
Human Settlements Development Grant		4 GT, MPU, NC, WC	5 EC, FS, KZN, LIM, NW
<b>Public Works</b>			
Expanded Public Works Programme Integrated Grant for Provinces	3 FS, MPU, NW	3 LIM, NC, WC	3 EC, GT, KZN
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	2 FS, MPU	3 EC, KZN, WC	4 GT, LIM, NC, NW
<b>Sport and Recreation South Africa</b>			
Mass Participation and Sport Development Grant	2 GT, KZN	7 EC, FS, LIM, MPU, NC, NW, WC	

*Note: Percentages represent actual expenditure against main budget as per the Division of Revenue Act, 2016.*

40. Table 15 further indicates that at least seven provinces have spent less than 10 per cent for the following grants: Ilima/Letsema Projects; and Maths, Science and Technology.

### Provincial Revenue

41. Provincial revenue includes equitable share allocations of R410.7 billion, conditional grants of R89 billion (excluding Provincial Disaster grant) and own revenue of R16 billion. The total provincial revenue received and collected as at 30 June 2016 is R130.3 billion, or 25.3 per cent, of total revenue of R515.8 billion.

42. During the first quarter of the current financial year, national government transferred R102.7 billion or 25 per cent of the equitable share and R23.1 billion or 26 per cent of conditional grants to provinces.
43. After three months, provinces have collected R4.4 billion or 27.7 per cent of the budgeted own revenue of R16 billion, which is R686.1 million, or 18.3 per cent, more than what was collected by the end of June for the previous financial year.
44. The collection rate varies from 24.3 per cent in the Free State and 24.6 per cent in Mpumalanga, to a high of 44.8 per cent in Limpopo and 29.6 per cent in the North West.

**Table 16: Provincial Own Revenue Collection as at 30 June 2016**

	Main budget	Actual collection as at 30 June 2016	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue	% share of Own Revenue collected to total Own Revenue	2015/16: Outcome as at 30 June 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 182 222	345 800	29.3%	1.9%	7.8%	290 094	19.2%
Free State	968 949	235 177	24.3%	2.8%	5.3%	230 966	1.8%
Gauteng	4 981 714	1 314 429	26.4%	5.2%	29.6%	1 247 615	5.4%
Kw aZulu-Natal	3 031 769	776 082	25.6%	2.8%	17.5%	711 042	9.1%
Limpopo	1 063 103	476 308	44.8%	3.3%	10.7%	238 478	99.7%
Mpumalanga	864 798	212 394	24.6%	2.1%	4.8%	150 023	41.6%
Northern Cape	314 532	81 947	26.1%	2.2%	1.8%	78 208	4.8%
North West	1 121 946	332 200	29.6%	3.5%	7.5%	179 158	85.4%
Western Cape	2 492 954	667 929	26.8%	5.0%	15.0%	630 574	5.9%
<b>Total</b>	<b>16 021 987</b>	<b>4 442 266</b>	<b>27.7%</b>	<b>3.4%</b>	<b>100.0%</b>	<b>3 756 158</b>	<b>18.3%</b>