



national treasury

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Provincial Budgets: 2016/17 Financial Year Second Quarter Year to Date 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 second quarter and year to date (April to September 2016) of the 2016/17 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 second quarter publication are based on the *2016 Estimates of Provincial Revenue and Expenditure* which were presented to provincial legislatures during March 2016.

Overall Expenditure Trends – as at the end of September 2016

4. In aggregate, provincial spending for the second quarter year to date is R257.2 billion, or 49.7 per cent, of combined annual budgets of R517.2 billion. This represents an increase of 9.2 per cent or R21.8 billion on the expenditure of R235.5 billion for the same period last year.
5. Education expenditure for the second quarter is R104.5 billion or 49.4 per cent of the R211.7 billion combined education budgets, an increase of 7.8 per cent or R7.6 billion on the second quarter for the previous financial year. It remains the largest item on provincial budgets (40.9 per cent).
6. Health expenditure totalled R84.6 billion, or 51.6 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 10.3 per cent or R7.9 billion on the second quarter for the 2015/16 financial year.
7. Social development expenditure for the second quarter year to date is R8.6 billion or 48.2 per cent of the R17.8 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R154.8 billion or 49.4 per cent of the budgeted R313.4 billion as at 30 September 2016.
9. In aggregate, expenditure on combined capital (payments for capital assets) is R14.4 billion or 39.7 per cent of budgeted R36.1 billion. This is a decrease of 4.2 per cent on expenditure for the same period of the 2015/16 financial year.
10. Capital expenditure by provincial education departments is R4.3 billion or 36.6 per cent of the budgeted R11.7 billion. This is R168.5 million or 3.8 per cent less than the expenditure for the second quarter year to date for the previous financial year.
11. Expenditure on capital by provincial health departments is R3.2 billion or 37.3 per cent of the budgeted R8.7 billion, which is R446.4 million or 12.1 per cent less than the second quarter year to date for 2015/16.
12. The biggest share of provincial capital budgets is for the public works, roads and transport departments (34.4 per cent), whose expenditure is R5.6 billion or 45.3 per cent of the combined capital budget of R12.4 billion.
13. Provincial own revenue collected for the second quarter year to date is R9.1 billion or 57 per cent of the budgeted own revenue of R16 billion. By the end of the second quarter (including the first quarter), national government had transferred R205.3 billion of the equitable share and R47.1 billion of conditional grants to provinces.
14. A more detailed analysis of the expenditure outcomes as at 30 September 2016 is set out in Annexure A.

DETAILED ANALYSIS AS AT THE END OF THE SECOND QUARTER YEAR TO DATE FOR THE 2016/17 FINANCIAL YEAR

- 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

- Table 1 indicates that as at 30 September 2016, provinces have spent R257.2 billion or 49.7 per cent of the combined budgeted expenditure of R517.2 billion. Spending against budgets is slightly higher in percentage terms when compared to the 2015/16 financial year. Spending in nominal terms is 9.2 per cent or R21.8 billion higher than last year, when provinces had spent R235.5 billion.
- Among provinces, spending against annual budgets is the lowest in the North West at 47.9 per cent and 48.1 per cent in the Western Cape and the highest in the Free State at 51.3 per cent and KwaZulu-Natal at 50.9 per cent.

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

R thousand	Main budget 2016/17					Actual payments as at 30 September 2016					Projected outcome as % of main budget	2015/16: Outcome as at 30 September 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	27 568 838	5 098 647	1 717 863	20 101	34 405 449	49.4%	31 299 159	9.9%
Free State	24 396 597	4 062 160	2 370 254	–	30 829 011	12 072 606	2 639 172	1 116 637	280	15 828 695	51.3%	15 101 620	4.8%
Gauteng	76 936 992	19 095 902	7 332 285	–	103 365 179	39 242 167	9 960 184	2 658 622	11 535	51 872 508	50.2%	46 222 298	12.2%
KwaZulu-Natal	90 254 597	10 820 225	7 771 970	159 249	109 006 041	45 286 109	6 601 441	3 478 311	158 527	55 524 388	50.9%	50 687 173	9.5%
Limpopo	48 578 530	6 089 851	2 300 655	400	56 969 436	23 821 002	3 470 531	637 305	164	27 929 002	49.0%	25 268 313	10.5%
Mpumalanga	32 437 049	5 462 793	3 401 495	–	41 301 337	16 255 818	2 790 021	1 306 303	82	20 352 224	49.3%	18 916 899	7.6%
Northern Cape	11 925 529	1 549 080	1 375 231	354	14 850 194	6 283 780	711 051	499 165	11	7 494 007	50.5%	7 029 558	6.6%
North West	28 438 414	5 607 453	2 182 905	–	36 228 772	13 475 990	2 967 337	926 212	–	17 369 539	47.9%	16 717 362	3.9%
Western Cape	41 635 640	8 639 820	4 766 743	5 583	55 047 786	19 911 053	4 525 759	2 011 729	3 919	26 452 460	48.1%	24 222 759	9.2%
Total	411 371 497	69 497 449	36 134 158	185 586	517 188 690	203 917 363	38 764 143	14 352 147	194 619	257 228 272	49.7%	235 465 141	9.2%

Social Services

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

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

R thousand	Main budget	Actual payments as at 30 September 2016	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2015/16: Outcome as at 30 September 2015	Year-on-year growth
Education	211 701 980	104 482 421	49.4%	40.6%	52.9%	96 916 127	7.8%
Health	163 933 627	84 550 158	51.6%	32.9%	42.8%	76 674 739	10.3%
Social Development	17 781 066	8 575 570	48.2%	3.3%	4.3%	8 053 196	6.5%
Total	393 416 673	197 608 149	50.2%	76.8%	100.0%	181 644 062	8.8%

- The second quarter year to date outcome on social services is recorded at R197.6 billion, or 50.2 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 R104.4 billion or 49.4 per cent of the total education budget. This is an increase of 7.8 per cent, or R7.6 billion, on the R96.9 billion spent over the same period in 2015/16.
7. Spending by provinces on education ranges from 46.2 per cent in Limpopo and 47 per cent in the North West, to 52.7 per cent in the Free State and 51.7 per cent in KwaZulu-Natal.

Table 3: Provincial Education Expenditure as at 30 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	31 002 644	14 772 330	47.6%	42.9%	56.2%	13 534 098	9.1%
Free State	12 059 747	6 353 626	52.7%	40.1%	56.3%	6 097 299	4.2%
Gauteng	39 069 226	19 445 062	49.8%	37.5%	47.3%	18 253 633	6.5%
KwaZulu-Natal	45 464 373	23 487 624	51.7%	42.3%	53.2%	21 140 182	11.1%
Limpopo	27 171 746	12 555 905	46.2%	45.0%	56.5%	11 969 862	4.9%
Mpumalanga	17 916 783	8 903 027	49.7%	43.7%	59.5%	8 283 144	7.5%
Northern Cape	5 438 973	2 767 277	50.9%	36.9%	52.6%	2 480 096	11.6%
North West	14 331 224	6 732 732	47.0%	38.8%	54.7%	6 466 146	4.1%
Western Cape	19 247 264	9 464 838	49.2%	35.8%	47.2%	8 691 667	8.9%
Total	211 701 980	104 482 421	49.4%	40.6%	52.9%	96 916 127	7.8%

8. The outcome on goods and services (including learner and teacher support materials) in education is recorded at R7.8 billion, or 44.2 per cent of the budgeted amount of R17.7 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	24 800 314	11 813 428	47.6%	53.8%	80.0%	11 223 332	5.3%
Free State	9 393 355	4 864 967	51.8%	51.6%	76.6%	4 728 525	2.9%
Gauteng	28 214 940	14 211 084	50.4%	49.9%	73.1%	12 819 759	10.9%
KwaZulu-Natal	37 768 394	18 649 227	49.4%	55.3%	79.4%	17 075 044	9.2%
Limpopo	22 351 417	10 812 472	48.4%	54.2%	86.1%	10 258 828	5.4%
Mpumalanga	14 003 938	7 106 886	50.7%	58.0%	79.8%	6 562 861	8.3%
Northern Cape	4 182 577	2 145 651	51.3%	50.2%	77.5%	1 930 825	11.1%
North West	11 005 713	5 235 809	47.6%	52.1%	77.8%	4 957 541	5.6%
Western Cape	14 351 980	7 052 500	49.1%	48.0%	74.5%	6 526 483	8.1%
Total	166 072 628	81 892 024	49.3%	52.9%	78.4%	76 083 198	7.6%

9. The bulk of education expenditure (78.4 per cent) is on personnel. Current spending on education personnel amounts to R81.9 billion, or 49.3 per cent, of the R166.1 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 47.6 per cent in both the North West and the Eastern Cape, to 51.8 per cent in the Free State.
10. Education capital expenditure is at R4.3 billion, or 36.6 per cent, of the R11.7 billion budget. This is 3.8 per cent less than the spending over the same period of the previous

financial year. Education capital expenditure is lowest in Mpumalanga at 23.9 per cent and highest in the North West at 52.4 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	1 620 959	490 682	30.3%	28.6%	3.3%	290 079	69.2%
Free State	690 422	242 591	35.1%	21.7%	3.8%	355 248	-31.7%
Gauteng	2 751 975	986 640	35.9%	37.1%	5.1%	886 107	11.3%
KwaZulu-Natal	2 333 135	928 323	39.8%	26.7%	4.0%	1 065 266	-12.9%
Limpopo	924 139	248 524	26.9%	39.0%	2.0%	509 843	-51.3%
Mpumalanga	973 335	232 941	23.9%	17.8%	2.6%	202 237	15.2%
Northern Cape	436 071	195 185	44.8%	39.1%	7.1%	160 015	22.0%
North West	916 452	480 211	52.4%	51.8%	7.1%	414 381	15.9%
Western Cape	1 051 406	474 174	45.1%	23.6%	5.0%	564 599	-16.0%
Total	11 697 894	4 279 271	36.6%	29.8%	4.1%	4 447 775	-3.8%

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 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	20 244 339	10 297 008	50.9%	29.9%	39.2%	9 718 985	5.9%
Free State	9 048 599	4 387 945	48.5%	27.7%	38.9%	4 178 252	5.0%
Gauteng	37 408 057	19 579 119	52.3%	37.7%	47.6%	17 284 895	13.3%
KwaZulu-Natal	36 578 637	19 374 338	53.0%	34.9%	43.9%	17 295 641	12.0%
Limpopo	16 371 023	8 858 910	54.1%	31.7%	39.9%	7 781 403	13.8%
Mpumalanga	10 642 144	5 419 889	50.9%	26.6%	36.2%	4 717 778	14.9%
Northern Cape	4 197 505	2 140 299	51.0%	28.6%	40.7%	2 180 134	-1.8%
North West	9 460 530	4 954 276	52.4%	28.5%	40.3%	4 563 684	8.6%
Western Cape	19 982 793	9 538 374	47.7%	36.1%	47.6%	8 953 967	6.5%
Total	163 933 627	84 550 158	51.6%	32.9%	42.8%	76 674 739	10.3%

12. Table 6 indicates that at R84.6 billion or 51.6 per cent of the total health budget, health expenditure increased by 10.3 per cent, or R7.9 billion, on the same period in 2015/16.

13. The Western Cape and Free State provinces spent the lowest share of their health budgets at 47.7 per cent and 48.5 per cent respectively. The highest shares are recorded in Limpopo at 54.1 per cent and KwaZulu-Natal at 53 per cent.

14. Table 7 indicates that health personnel expenditure is R52.2 billion, or 50.2 per cent of the health personnel budget, an increase of R4.5 billion, or 9.4 per cent more than the R47.7 billion spent over the same period in 2015/16.

Table 7: Provincial Personnel Expenditure: Health as at 30 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	13 511 327	6 787 805	50.2%	30.9%	65.9%	6 252 675	8.6%
Free State	5 879 373	2 908 466	49.5%	30.8%	66.3%	2 820 114	3.1%
Gauteng	22 208 890	11 367 430	51.2%	39.9%	58.1%	9 990 930	13.8%
KwaZulu-Natal	23 096 722	11 727 469	50.8%	34.7%	60.5%	10 783 402	8.8%
Limpopo	12 171 722	6 068 850	49.9%	30.4%	68.5%	5 564 425	9.1%
Mpumalanga	6 722 932	3 280 468	48.8%	26.8%	60.5%	2 934 401	11.8%
Northern Cape	2 273 017	1 162 711	51.2%	27.2%	54.3%	1 065 670	9.1%
North West	6 198 704	2 944 379	47.5%	29.3%	59.4%	2 797 967	5.2%
Western Cape	11 847 470	5 909 165	49.9%	40.2%	62.0%	5 460 130	8.2%
Total	103 910 157	52 156 743	50.2%	33.7%	61.7%	47 669 714	9.4%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R29.1 billion, or 56.8 per cent, of the R51.3 billion budget.

16. Capital expenditure in the health sector is at R3.2 billion, or 37.3 per cent, a decrease of R446.4 million or 12.1 per cent on the R3.7 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	1 393 232	400 333	28.7%	23.3%	3.9%	554 995	-27.9%
Free State	546 961	283 741	51.9%	25.4%	6.5%	286 960	-1.1%
Gauteng	2 409 508	932 840	38.7%	35.1%	4.8%	747 606	24.8%
KwaZulu-Natal	1 361 970	628 267	46.1%	18.1%	3.2%	793 079	-20.8%
Limpopo	642 629	164 279	25.6%	25.8%	1.9%	210 166	-21.8%
Mpumalanga	578 665	210 748	36.4%	16.1%	3.9%	219 030	-3.8%
Northern Cape	513 376	116 760	22.7%	23.4%	5.5%	308 686	-62.2%
North West	611 334	248 335	40.6%	26.8%	5.0%	295 059	-15.8%
Western Cape	644 235	263 837	41.0%	13.1%	2.8%	279 916	-5.7%
Total	8 701 910	3 249 140	37.3%	22.6%	3.8%	3 695 497	-12.1%

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Northern Cape at 22.7 per cent and Limpopo at 25.6 per cent, and the highest being the Free State and KwaZulu-Natal at 51.9 per cent and 46.1 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 R8.6 billion, or 48.2 per cent, of the total R17.8 billion budget. This represents an increase of R522.4 million, or 6.5 per cent, on the R8.1 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in the North West at 43.5 per cent and Mpumalanga at 44.2 per cent while the highest are the Western Cape at 53.1 per cent and the Eastern Cape at 51.2 per cent.

Table 9: Provincial Social Development Expenditure as at 30 September 2016

	Main budget	Actual payments as at 30 September 2016	Actual payments 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	2 383 626	1 220 765	51.2%	3.5%	4.6%	1 188 923	2.7%
Free State	1 145 164	535 155	46.7%	3.4%	4.7%	473 242	13.1%
Gauteng	4 235 361	2 091 732	49.4%	4.0%	5.1%	1 929 544	8.4%
KwaZulu-Natal	2 778 162	1 259 470	45.3%	2.3%	2.9%	1 243 933	1.2%
Limpopo	1 633 719	813 749	49.8%	2.9%	3.7%	675 242	20.5%
Mpumalanga	1 454 716	643 702	44.2%	3.2%	4.3%	636 786	1.1%
Northern Cape	773 894	353 221	45.6%	4.7%	6.7%	332 541	6.2%
North West	1 414 986	615 474	43.5%	3.5%	5.0%	575 919	6.9%
Western Cape	1 961 438	1 042 302	53.1%	3.9%	5.2%	997 066	4.5%
Total	17 781 066	8 575 570	48.2%	3.3%	4.3%	8 053 196	6.5%

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 September 2016

	Main budget	Actual payments as at 30 September 2016	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	2015/16: Outcome as at 30 September 2015	Year-on-year growth
R thousand							
Eastern Cape	3 359 192	1 923 239	57.3%	5.6%	64.8%	1 733 400	11.0%
Free State	1 743 100	1 133 622	65.0%	7.2%	69.0%	921 510	23.0%
Gauteng	6 289 929	3 082 354	49.0%	5.9%	82.4%	2 046 147	50.6%
KwaZulu-Natal	5 031 035	2 599 686	51.7%	4.7%	69.4%	2 789 184	-6.8%
Limpopo	2 286 043	1 227 642	53.7%	4.4%	45.0%	955 439	28.5%
Mpumalanga	2 320 214	957 684	41.3%	4.7%	51.6%	1 085 146	-11.7%
Northern Cape	676 175	302 636	44.8%	4.0%	42.4%	326 389	-7.3%
North West	2 645 675	1 233 648	46.6%	7.1%	83.3%	1 264 002	-2.4%
Western Cape	2 442 150	1 057 820	43.3%	4.0%	81.0%	1 061 563	-0.4%
Total	26 793 513	13 518 331	50.5%	5.3%	69.8%	12 182 780	11.0%

22. Spending by human settlements and local government is R13.5 billion, or 50.5 per cent, of the R26.8 billion budget. This represents an increase of R1.3 billion, or 11 per cent, on the R12.2 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Mpumalanga at 41.3 per cent and the Western Cape at 43.3 per cent, while the highest spenders are the Free State at 65 per cent and the Eastern Cape at 57.3 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 R9.4 billion, or 51.6 per cent, of the R18.3 billion Human Settlements Development grant budget. These spending figures are R774.1 million or 8.9 per cent more than the same period last year.

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

	Main budget	Actual payments as at 30 September 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	1 991 457	1 246 980	62.6%	3.6%	13.2%	1 095 771	13.8%
Free State	1 098 411	782 500	71.2%	4.9%	8.3%	630 416	24.1%
Gauteng	5 022 669	2 538 982	50.6%	4.9%	26.9%	1 547 858	64.0%
KwaZulu-Natal	3 124 702	1 805 116	57.8%	3.3%	19.1%	2 072 211	-12.9%
Limpopo	1 208 370	552 201	45.7%	2.0%	5.9%	454 821	21.4%
Mpumalanga	1 314 645	494 190	37.6%	2.4%	5.2%	722 794	-31.6%
Northern Cape	371 109	128 235	34.6%	1.7%	1.4%	177 299	-27.7%
North West	2 151 817	1 027 043	47.7%	5.9%	10.9%	1 084 226	-5.3%
Western Cape	2 000 811	857 008	42.8%	3.2%	9.1%	872 807	-1.8%
Total	18 283 991	9 432 255	51.6%	3.7%	100.0%	8 658 203	8.9%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the second quarter year to date of the 2016/17 financial year is at R154.8 billion, or 49.4 per cent, of the combined R313.4 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 September 2016

	Main budget	Actual payments as at 30 September 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 September 2015	Year-on-year growth
R thousand							
Eastern Cape	45 261 515	21 960 598	48.5%	63.8%	14.2%	20 622 116	6.5%
Free State	18 633 155	9 429 975	50.6%	59.6%	6.1%	9 077 222	3.9%
Gauteng	56 752 802	28 480 799	50.2%	54.9%	18.4%	25 403 933	12.1%
KwaZulu-Natal	67 877 302	33 752 281	49.7%	60.8%	21.8%	31 051 001	8.7%
Limpopo	40 794 080	19 939 443	48.9%	71.4%	12.9%	18 656 614	6.9%
Mpumalanga	24 558 157	12 258 682	49.9%	60.2%	7.9%	11 257 563	8.9%
Northern Cape	8 431 396	4 270 643	50.7%	57.0%	2.8%	3 859 757	10.6%
North West	21 306 748	10 058 400	47.2%	57.9%	6.5%	9 485 256	6.0%
Western Cape	29 811 337	14 695 391	49.3%	55.6%	9.5%	13 575 870	8.2%
Total	313 426 491	154 846 212	49.4%	60.2%	100.0%	142 989 332	8.3%

27. Spending to date is R11.9 billion or 8.3 per cent higher than the R143 billion spent over the same period last year.

28. Spending ranges from 47.2 per cent in the North West, to 50.8 per cent in the Northern Cape.

Overall Capital Budgets and Expenditure

29. By the end of September 2016, provinces had spent R14.4 billion or 39.7 per cent of the R36.1 billion capital budget (payments for capital assets). This is a decrease of 4.2 per cent on the same period in 2015/16.

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

R thousand	Main budget	Actual payments as at 30 September 2016	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2015/16: Outcome as at 30 September 2015	Year-on-year growth
Eastern Cape	4 632 620	1 717 863	37.1%	5.0%	12.0%	1 373 648	25.1%
Free State	2 370 254	1 116 637	47.1%	7.1%	7.8%	1 222 892	-8.7%
Gauteng	7 332 285	2 658 622	36.3%	5.1%	18.5%	2 713 292	-2.0%
KwaZulu-Natal	7 771 970	3 478 311	44.8%	6.3%	24.2%	3 541 904	-1.8%
Limpopo	2 300 655	637 305	27.7%	2.3%	4.4%	854 912	-25.5%
Mpumalanga	3 401 495	1 306 303	38.4%	6.4%	9.1%	1 382 134	-5.5%
Northern Cape	1 375 231	499 165	36.3%	6.7%	3.5%	611 175	-18.3%
North West	2 182 905	926 212	42.4%	5.3%	6.5%	1 415 781	-34.6%
Western Cape	4 766 743	2 011 729	42.2%	7.6%	14.0%	1 871 478	7.5%
Total	36 134 158	14 352 147	39.7%	5.6%	100.0%	14 987 216	-4.2%

30. Table 13 provides capital spending information by province and shows low rates of spending in Limpopo at 27.7 per cent and Gauteng at 36.3 per cent, and high rates in the Free State at 47.1 per cent and KwaZulu-Natal at 44.8 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R3.5 billion followed by Gauteng at R2.7 billion.

31. Provincial education departments have spent R4.3 billion, or 36.6 per cent, of their R11.7 billion education capital budgets. This is a decrease of R168.5 million, or 3.8 per cent less, compared to spending over the same period in the previous financial year.

32. Provincial health departments have spent R3.2 billion, or 37.3 per cent, of their R8.7 billion health capital budgets, which is R446.4 million or 12.1 per cent less 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 R5.6 billion or 45.3 per cent against its combined capital budgets of R12.4 billion as at 30 September 2016.

Conditional Grants

34. The total provincial conditional grant allocation is R89 billion (excluding the Provincial Disaster grant), with health making up the bulk at R34 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 September 2016. It excludes expected conditional grant roll-overs from the 2015/16 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 September 2016

	Division of Revenue Act, 2016 (Act No. 3 of 2016)	Transferred from National to provinces	Actual payments as at 30 September 2016 (excluding Schedules 4A, 7A grants)	Actual payments as % of main budget (excluding Schedules 4A, 7A grants)
R thousand				
Agriculture, Forestry and Fisheries	2 202 452	1 012 863	707 101	32.1%
Comprehensive Agricultural Support Programme Grant	1 641 824	771 615	523 855	31.9%
Ilima/Letsema Projects Grant	491 363	210 079	157 425	32.0%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	69 265	31 169	25 821	37.3%
Arts and Culture	1 357 132	652 947	564 502	41.6%
Community Library Services Grant	1 357 132	652 947	564 502	41.6%
Basic Education	16 212 997	9 597 654	3 073 502	46.6%
1. Education Infrastructure Grant	9 613 692	5 811 520		
HIV and Aids (Life Skills Education) Grant	230 849	92 338	95 486	41.4%
Maths, Science and Technology Grant	362 444	181 221	154 255	42.6%
National School Nutrition Programme Grant	6 006 012	3 512 575	2 823 761	47.0%
Cooperative Governance and Traditional Affairs	-	-		
2. Provincial Disaster Grant	-	-		
Health	33 972 012	16 801 854	9 784 295	47.4%
Comprehensive HIV and Aids Grant	15 290 603	7 539 665	7 747 174	50.7%
Health Facility Revitalisation Grant	5 272 680	2 660 376	2 013 816	38.2%
1. Health Professions Training and Development Grant	2 476 724	1 225 438		
National Health Insurance Grant	85 227	39 039	23 305	27.3%
1. National Tertiary Services Grant	10 846 778	5 337 336		
Human Settlements	18 283 991	10 093 745	9 432 255	51.6%
Human Settlements Development Grant	18 283 991	10 093 745	9 432 255	51.6%
Public Works	761 671	489 030	367 061	48.2%
Expanded Public Works Programme Integrated Grant for Provinces	402 009	252 344	188 849	47.0%
Social Sector Expanded Public Works Programme Incentive Grant f	359 662	236 686	178 212	49.5%
Social Development	85 500	-	9 623	11.3%
Substance Abuse Treatment Grant	85 500	-	9 623	11.3%
Sport and Recreation South Africa	555 708	276 973	243 696	43.9%
Mass Participation and Sport Development Grant	555 708	276 973	243 696	43.9%
Transport	15 602 795	8 127 679		
1. Provincial Roads Maintenance Grant	10 202 503	5 785 539		
1. Public Transport Operations Grant	5 400 292	2 342 140		
Total	89 034 258	47 052 745		
Total excluding Schedules 4A and 7A grants	50 494 269	26 550 772	24 182 035	47.9%

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.

37. Against the allocation of R50.5 billion (which excludes Part A of Schedule 4 and Part A of Schedule 7 grants), spending amounts to R24.2 billion, or 47.9 per cent.

38. Specific grants that show low rates of spending (less than 30 per cent) include:

- a. Substance Abuse Treatment (11.3 per cent)

- b. National Health Insurance (27.3 per cent)
- c. Comprehensive Agricultural Support Programme (31.9 per cent)
- d. Health Facility Revitalisation (38.2 per cent)

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

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

	Number of provinces spent less than 30%	Number of provinces spent between 30% and 40% (inclusive)	Number of provinces spent more than 40%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	7 EC, FS, KZN, LIM, MPU, NC, NW,		2 GT, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	6 FS, GT, LIM, MPU, NC, NW,	2 EC, KZN,	1 WC
Arts and Culture			
Community Library Services Grant	5 EC, FS, KZN, NC, NW,		4 GT, LIM, MPU, WC
Basic Education			
Education Infrastructure Grant	5 EC, FS, GT, LIM, MPU,	2 KZN, WC,	2 NC, NW,
Maths, Science And Technology Grant	5 FS, GT, KZN, LIM, WC	1 MPU,	3 EC, NC, NW,
HIV and Aids (Life Skills Education) Grant	3 FS, GT, LIM,	2 EC, NW,	4 KZN, MPU, NC, WC
National School Nutrition Programme Grant		4 GT, KZN, LIM, WC,	5 EC, FS, MPU, NC, NW,
Health			
Comprehensive HIV and Aids Grant		4 FS, GT, NC, WC,	5 EC, KZN, LIM, MPU, NW,
Health Facility Revitalisation Grant	3 GT, LIM, NC,	6 EC, FS, KZN, MPU, NW, WC,	
National Health Insurance Grant	8 EC, FS, GT, KZN, LIM, MPU, NW, WC		1 NC,
Human Settlements			
Human Settlements Development Grant	1 NC,	5 GT, LIM, MPU, NW, WC,	3 EC, FS, KZN,
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	4 MPU, NC, NW, WC	2 FS, KZN,	3 EC, GT, LIM,
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	3 FS, KZN, NC,	4 EC, MPU, NW, WC,	2 GT, LIM,
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	2 GT, MPU,	6 EC, KZN, LIM, NC, NW, WC,	1 FS,

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

40. Table 15 further indicates that at least five provinces have spent less than 35 per cent for the following grants: Ilima/Letsema Projects Grant; Land Care Programme Grant; Community Library Services Grant; Education Infrastructure Grant; Maths, Science and Technology Grant and National Health Insurance Grant.

Provincial Revenue

41. Provincial revenue includes equitable share allocations of R410.7 billion, conditional grants of R89 billion and own revenue of R16 billion. The total provincial revenue received and collected as at 30 September 2016 is R261.5 billion, or 50.7 per cent, of total revenue of R515.8 billion.

42. After six months of the current financial year, national government transferred R205.3 billion or 50 per cent of the equitable share and R47.1 billion or 52.8 per cent of conditional grants to provinces.

43. Provinces have collected R9.1 billion or 57 per cent of the budgeted own revenue of R16 billion, which is R915.8 billion, or 11.1 per cent, more than what was collected by the end of September for the previous financial year.

44. The collection rate varies from 50.1 per cent in the Free State and 50.8 per cent in Mpumalanga, to a high of 72.1 per cent in Limpopo and 65.2 per cent in the Eastern Cape.

Table 16: Provincial Own Revenue Collection as at 30 September 2016

	Main budget	Actual collection as at 30 September 2016	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue received	% share of Own Revenue collected to total Own Revenue collected	2015/16: Outcome as at 30 September 2015	Year-on-year growth
R thousand							
Eastern Cape	1 182 222	771 206	65.2%	2.2%	8.4%	625 878	23.2%
Free State	968 949	485 500	50.1%	3.0%	5.3%	470 541	3.2%
Gauteng	4 981 714	2 838 554	57.0%	5.5%	31.1%	2 643 188	7.4%
KwaZulu-Natal	3 031 769	1 615 590	53.3%	3.0%	17.7%	1 593 067	1.4%
Limpopo	1 063 103	766 261	72.1%	2.7%	8.4%	633 275	21.0%
Mpumalanga	864 798	439 602	50.8%	2.1%	4.8%	400 989	9.6%
Northern Cape	314 532	180 984	57.5%	2.4%	2.0%	149 498	21.1%
North West	1 121 946	586 024	52.2%	3.1%	6.4%	416 402	40.7%
Western Cape	2 492 954	1 445 762	58.0%	5.3%	15.8%	1 280 881	12.9%
Total	16 021 987	9 129 483	57.0%	3.5%	100.0%	8 213 719	11.1%