



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## **MEDIA RELEASE**

**AUGUST 2017**

### **Provincial Budgets: 2017/18 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 2017) of the 2017/18 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 2017 Estimates of Provincial Revenue and Expenditure which were presented to provincial legislatures during March 2017.

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

4. In aggregate, provincial spending for the first quarter is R134.5 billion, or 24.4 per cent, of combined annual budgets of R551.9 billion. This represents an increase of 6.2 per cent or R7.9 billion on the expenditure of R126.6 billion for the same period last year.
5. Education expenditure for the first quarter is R56.2 billion or 25.1 per cent of the R223.9 billion combined education budgets, an increase of 6.4 per cent or R3.4 billion on the first quarter for the previous financial year. It remains the largest item on provincial budgets (40.6 per cent).
6. Health expenditure totalled R46.2 billion, or 26 per cent, of the R177.9 billion combined health budgets, and is the second largest item on provincial budgets (32.2 per cent). This represents an increase of 10.5 per cent or R4.4 billion on the first quarter for the 2016/17 financial year.
7. Social development expenditure for the first quarter is R4 billion or 21.1 per cent of the R19 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R82.5 billion or 24.5 per cent of the budgeted R336 billion as at 30 June 2017.
9. Goods and services expenditure for the first quarter is R26.2 billion or 24.8 per cent of the R105.7 billion combined goods and services budgets.
10. In aggregate, expenditure on combined capital (payments for capital assets) is R7.5 billion or 21.2 per cent of budgeted R35.3 billion. This is an increase of 11.9 per cent on expenditure for the same period of the 2016/17 financial year.
11. Capital expenditure by provincial education departments is R2 billion or 19.2 per cent of the budgeted R10.2 billion. This is R76 million or 3.7 per cent less than the expenditure for the first quarter for the previous financial year.
12. Expenditure on capital by provincial health departments is R1.6 billion or 16.6 per cent of the budgeted R9.8 billion, which is R76.5 million or 4.5 per cent less than the first quarter for 2016/17.
13. The biggest share of provincial capital budgets is for the public works, roads and transport departments (34.5 per cent), whose expenditure is R3 billion or 24.7 per cent of the combined capital budget of R12.2 billion.
14. Provincial own revenue collected for the first quarter is R4.4 billion or 24.9 per cent of the budgeted own revenue of R17.5 billion. By the end of the first quarter, national government had transferred R110.3 billion of the equitable share and R24 billion of conditional grants to provinces.
15. A more detailed analysis of the expenditure outcome as at 30 June 2017 is set out in Annexure A.

## DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2017/18 FINANCIAL YEAR

1. The budgeted figures for provinces are based on the 2017 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2017.

*Total Expenditure*

2. Table 1 indicates that in the first quarter provinces have spent R134.5 billion or 24.4 per cent of the combined budgeted expenditure of R551.9 billion. Spending against budgets is slightly lower in percentage terms when compared to the first quarter of the 2016/17 financial year. Spending in nominal terms is 6.2 per cent or R7.9 billion higher than last year, when provinces had spent R126.6 billion.
3. Among provinces, spending is the lowest in the Western Cape at 22.3 per cent and 23.3 per cent in the North West and the highest in Gauteng at 25.4 per cent and the Free State at 24.9 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2017

R thousand	Main budget 2017/18					Actual payments as at 30 June 2017					Actual payments as % of main budget	2016/17: Outcome as at 30 June 2016	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	61 427 259	8 432 257	4 602 546	–	74 462 062	14 832 837	2 414 376	969 946	–	18 217 159	24.5%	16 808 206	8.4%
Free State	26 062 549	4 621 562	2 214 207	–	32 898 318	6 335 304	1 377 600	480 628	–	8 193 532	24.9%	8 401 446	-2.5%
Gauteng	82 733 442	20 268 322	5 760 338	–	108 762 102	22 171 505	4 128 975	1 342 038	–	27 642 518	25.4%	25 630 207	7.9%
Kw aZulu-Natal	95 981 012	11 580 777	7 557 177	139 501	115 258 467	23 614 816	2 826 144	1 914 477	139 611	28 495 048	24.7%	26 472 654	7.6%
Limpopo	51 909 174	7 452 058	2 097 498	–	61 458 730	12 707 679	2 100 625	404 437	20 000	15 232 741	24.8%	14 216 823	7.1%
Mpumalanga	35 059 254	5 516 273	3 961 348	–	44 536 875	8 410 843	1 447 027	636 423	–	10 494 293	23.6%	10 043 059	4.5%
Northern Cape	12 864 182	1 664 785	1 535 654	–	16 064 621	3 241 789	369 149	193 649	–	3 804 587	23.7%	3 763 467	1.1%
North West	30 787 346	5 691 306	2 602 650	–	39 081 302	6 950 326	1 583 611	588 945	-11	9 122 871	23.3%	8 561 978	6.6%
Western Cape	44 923 043	9 486 253	4 982 179	6 051	59 397 526	10 397 069	1 908 447	946 951	551	13 253 018	22.3%	12 675 200	4.6%
<b>Total</b>	<b>441 747 261</b>	<b>74 713 593</b>	<b>35 313 597</b>	<b>145 552</b>	<b>551 920 003</b>	<b>108 662 168</b>	<b>18 155 954</b>	<b>7 477 494</b>	<b>160 151</b>	<b>134 455 767</b>	<b>24.4%</b>	<b>126 573 040</b>	<b>6.2%</b>

*Social Services*

4. Provinces have budgeted R420.8 billion for social services (education, health and social development).

Table 2: Provincial Social Services Expenditure as at 30 June 2017

R thousand	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
Education	223 924 249	56 231 646	25.1%	41.8%	52.8%	52 865 013	6.4%
Health	177 875 453	46 202 653	26.0%	34.4%	43.4%	41 812 777	10.5%
Social Development	19 023 992	4 020 695	21.1%	3.0%	3.8%	4 127 484	-2.6%
<b>Total</b>	<b>420 823 694</b>	<b>106 454 994</b>	<b>25.3%</b>	<b>79.2%</b>	<b>100.0%</b>	<b>98 805 274</b>	<b>7.7%</b>

5. The first quarter outcome on social services is recorded at R106.5 billion, or 25.3 per cent of the total provincial social services budgets for 2017/18.

## Education

6. Education budgets of R223.9 billion comprise 40.6 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R56.2 billion or 25.1 per cent of the total education budget. This is an increase of 6.4 per cent, or R3.4 billion, on the R52.9 billion spent over the same period in 2016/17.
7. Spending by provinces on education in the first quarter ranges from 23.8 per cent in the North West and 23.9 per cent in Mpumalanga, to 27.8 per cent in the Free State and 27 per cent in the Northern Cape.

**Table 3: Provincial Education Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Education to total provincial expenditure	%share of Education to total Social Services expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	32 989 054	8 140 217	24.7%	44.7%	57.5%	7 192 566	13.2%
Free State	12 739 378	3 545 373	27.8%	43.3%	58.0%	3 664 210	-3.2%
Gauteng	40 843 869	10 726 461	26.3%	38.8%	46.5%	10 016 648	7.1%
Kw aZulu-Natal	47 476 599	11 925 916	25.1%	41.9%	52.1%	10 987 043	8.5%
Limpopo	28 783 149	7 019 762	24.4%	46.1%	56.8%	6 546 243	7.2%
Mpumalanga	19 322 742	4 617 469	23.9%	44.0%	58.6%	4 618 269	0.0%
Northern Cape	5 857 847	1 582 465	27.0%	41.6%	56.5%	1 396 859	13.3%
North West	15 281 697	3 636 530	23.8%	39.9%	54.7%	3 525 679	3.1%
Western Cape	20 629 914	5 037 453	24.4%	38.0%	47.8%	4 917 496	2.4%
<b>Total</b>	<b>223 924 249</b>	<b>56 231 646</b>	<b>25.1%</b>	<b>41.8%</b>	<b>52.8%</b>	<b>52 865 013</b>	<b>6.4%</b>

8. The first quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R3.8 billion, or 18.8 per cent of the budgeted amount of R20 billion.

**Table 4: Provincial Personnel Expenditure: Education as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Education Personnel to total personnel expenditure	%share of Education Personnel to total Education expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	26 137 084	6 509 821	24.9%	54.9%	80.0%	5 919 906	10.0%
Free State	10 061 109	2 573 953	25.6%	51.7%	72.6%	2 642 622	-2.6%
Gauteng	30 247 915	7 660 138	25.3%	49.7%	71.4%	7 019 235	9.1%
Kw aZulu-Natal	39 869 285	9 909 011	24.9%	55.7%	83.1%	9 313 189	6.4%
Limpopo	23 334 306	5 714 481	24.5%	54.4%	81.4%	5 459 911	4.7%
Mpumalanga	15 589 577	3 732 567	23.9%	57.6%	80.8%	3 558 317	4.9%
Northern Cape	4 458 257	1 146 483	25.7%	50.2%	72.4%	1 061 178	8.0%
North West	11 709 199	2 823 410	24.1%	52.3%	77.6%	2 600 575	8.6%
Western Cape	15 398 337	3 742 630	24.3%	48.2%	74.3%	3 508 574	6.7%
<b>Total</b>	<b>176 805 069</b>	<b>43 812 494</b>	<b>24.8%</b>	<b>53.1%</b>	<b>77.9%</b>	<b>41 083 507</b>	<b>6.6%</b>

9. The bulk of education expenditure (77.9 per cent) is on personnel. Current spending on education personnel amounts to R43.8 billion, or 24.8 per cent, of the R176.8 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 23.9 per cent in Mpumalanga, to 25.7 per cent in the Northern Cape.
10. Education capital expenditure is at R2 billion, or 19.2 per cent, of the R10.2 billion budget. This is 3.7 per cent less than the spending over the same period of the previous financial year. Education capital expenditure is lowest in the Eastern Cape at 13 per cent and highest in the Free State at 27.8 per cent.

**Table 5: Provincial Capital Expenditure: Education as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Education Capital to total capital expenditure	%share of Education Capital to total Education expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 640 886	213 955	13.0%	22.1%	2.6%	187 058	14.4%
Free State	562 194	156 153	27.8%	32.5%	4.4%	68 154	129.1%
Gauteng	1 595 653	286 285	17.9%	21.3%	2.7%	602 867	-52.5%
Kw aZulu-Natal	1 857 531	457 983	24.7%	23.9%	3.8%	264 867	72.9%
Limpopo	777 628	189 825	24.4%	46.9%	2.7%	106 042	79.0%
Mpumalanga	1 070 873	144 484	13.5%	22.7%	3.1%	135 982	6.3%
Northern Cape	561 298	105 826	18.9%	54.6%	6.7%	103 896	1.9%
North West	1 036 874	245 065	23.6%	41.6%	6.7%	346 175	-29.2%
Western Cape	1 072 871	153 296	14.3%	16.2%	3.0%	213 870	-28.3%
<b>Total</b>	<b>10 175 808</b>	<b>1 952 872</b>	<b>19.2%</b>	<b>26.1%</b>	<b>3.5%</b>	<b>2 028 911</b>	<b>-3.7%</b>

### Health

11. Health budgets, totalling R177.9 billion, comprise 32.2 per cent of total provincial budgets.

**Table 6: Provincial Health Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	21 707 165	5 523 907	25.4%	30.3%	39.1%	5 004 281	10.4%
Free State	9 774 916	2 298 581	23.5%	28.1%	37.6%	2 014 506	14.1%
Gauteng	40 207 046	11 436 853	28.4%	41.4%	49.6%	9 781 214	16.9%
Kw aZulu-Natal	39 548 473	10 346 242	26.2%	36.3%	45.2%	9 868 457	4.8%
Limpopo	18 042 777	4 953 191	27.5%	32.5%	40.1%	4 521 314	9.6%
Mpumalanga	12 020 037	2 943 765	24.5%	28.1%	37.3%	2 552 244	15.3%
Northern Cape	4 433 893	1 041 137	23.5%	27.4%	37.2%	1 132 859	-8.1%
North West	10 461 340	2 689 093	25.7%	29.5%	40.4%	2 376 752	13.1%
Western Cape	21 679 806	4 969 884	22.9%	37.5%	47.2%	4 561 150	9.0%
<b>Total</b>	<b>177 875 453</b>	<b>46 202 653</b>	<b>26.0%</b>	<b>34.4%</b>	<b>43.4%</b>	<b>41 812 777</b>	<b>10.5%</b>

12. Table 6 indicates that at R46.2 billion or 26 per cent of the total health budget, health expenditure increased by 10.5 per cent, or R4.4 billion, on the same period in 2016/17.

13. The Western Cape and both the Northern Cape and the Free State provinces spent the lowest share of their health budgets at 22.9 per cent and 23.5 per cent respectively. The highest shares are recorded by Gauteng at 28.4 per cent and Limpopo at 27.5 per cent.

14. Table 7 indicates that health personnel expenditure is R27.8 billion, or 24.8 per cent of the health personnel budget, an increase of R1.8 billion, or 6.8 per cent more than the R26 billion spent over the same period in 2016/17.

**Table 7: Provincial Personnel Expenditure: Health as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Health Personnel to total personnel expenditure	%share of Health Personnel to total Health expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	14 415 656	3 607 315	25.0%	30.4%	65.3%	3 376 611	6.8%
Free State	6 381 379	1 527 079	23.9%	30.7%	66.4%	1 459 087	4.7%
Gauteng	23 815 004	6 184 195	26.0%	40.2%	54.1%	5 625 373	9.9%
Kw aZulu-Natal	25 246 832	6 136 540	24.3%	34.5%	59.3%	5 827 909	5.3%
Limpopo	12 999 393	3 213 487	24.7%	30.6%	64.9%	3 084 749	4.2%
Mpumalanga	7 329 114	1 753 488	23.9%	27.1%	59.6%	1 625 292	7.9%
Northern Cape	2 430 992	635 995	26.2%	27.8%	61.1%	579 925	9.7%
North West	6 628 383	1 578 290	23.8%	29.2%	58.7%	1 461 999	8.0%
Western Cape	12 807 510	3 125 258	24.4%	40.2%	62.9%	2 946 630	6.1%
<b>Total</b>	<b>112 054 263</b>	<b>27 761 647</b>	<b>24.8%</b>	<b>33.7%</b>	<b>60.1%</b>	<b>25 987 575</b>	<b>6.8%</b>

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R16.8 billion, or 30 per cent, of the R56 billion budget.

16. Capital expenditure in the health sector is at R1.6 billion, or 16.6 per cent, a decrease of R76.5 million or 4.5 per cent on the R1.7 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Health Capital to total capital expenditure	%share of Health Capital to total Health expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 343 880	142 195	10.6%	14.7%	2.6%	181 636	-21.7%
Free State	711 956	138 603	19.5%	28.8%	6.0%	124 240	11.6%
Gauteng	2 466 447	468 780	19.0%	34.9%	4.1%	544 158	-13.9%
Kw aZulu-Natal	1 441 285	285 106	19.8%	14.9%	2.8%	417 969	-31.8%
Limpopo	651 937	117 218	18.0%	29.0%	2.4%	95 127	23.2%
Mpumalanga	1 365 567	188 031	13.8%	29.5%	6.4%	80 315	134.1%
Northern Cape	473 019	13 107	2.8%	6.8%	1.3%	74 270	-82.4%
North West	675 747	172 732	25.6%	29.3%	6.4%	104 921	64.6%
Western Cape	713 744	109 739	15.4%	11.6%	2.2%	89 376	22.8%
<b>Total</b>	<b>9 843 582</b>	<b>1 635 511</b>	<b>16.6%</b>	<b>21.9%</b>	<b>3.5%</b>	<b>1 712 012</b>	<b>-4.5%</b>

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Northern Cape at 2.8 per cent and the Eastern Cape at 10.6 per cent, and the highest being the North West and KwaZulu-Natal at 25.6 per cent and 19.8 per cent respectively.

### *Social Development*

18. At R19 billion, the social development budget comprises 3.4 per cent of total provincial budgets.

19. Provinces registered spending of R4 billion, or 21.1 per cent, of the total R19 billion budgets. This represents a decrease of R106.8 million, or 2.6 per cent, on the R4.1 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in the Eastern Cape at 18.3 per cent and Gauteng at 20.5 per cent while the highest are the Western Cape at 24.7 per cent and the Free State at 22.7 per cent.

**Table 9: Provincial Social Development Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Soc Dev to total provincial expenditure	%share of Soc Dev to total Social Services expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 632 799	480 956	18.3%	2.6%	3.4%	591 039	-18.6%
Free State	1 172 295	266 281	22.7%	3.2%	4.4%	245 152	8.6%
Gauteng	4 442 331	911 991	20.5%	3.3%	4.0%	1 006 942	-9.4%
Kw aZulu-Natal	3 041 364	628 848	20.7%	2.2%	2.7%	573 962	9.6%
Limpopo	1 821 038	383 572	21.1%	2.5%	3.1%	400 490	-4.2%
Mpumalanga	1 456 009	324 805	22.3%	3.1%	4.1%	297 730	9.1%
Northern Cape	818 612	176 027	21.5%	4.6%	6.3%	167 996	4.8%
North West	1 532 570	327 189	21.3%	3.6%	4.9%	292 800	11.7%
Western Cape	2 106 974	521 026	24.7%	3.9%	4.9%	551 373	-5.5%
<b>Total</b>	<b>19 023 992</b>	<b>4 020 695</b>	<b>21.1%</b>	<b>3.0%</b>	<b>3.8%</b>	<b>4 127 484</b>	<b>-2.6%</b>

### *Human Settlements and Cooperative Governance*

21. The human settlements and cooperative governance budgets, at R28.7 billion, comprise 5.2 per cent of total provincial budgets.

**Table 10: Provincial Human Settlements and Cooperative Governance Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	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	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	3 836 447	1 011 097	26.4%	5.6%	67.6%	1 129 579	-10.5%
Free State	1 850 081	436 709	23.6%	5.3%	60.0%	704 697	-38.0%
Gauteng	6 656 577	726 860	10.9%	2.6%	68.0%	972 925	-25.3%
Kw aZulu-Natal	5 429 096	1 222 279	22.5%	4.3%	63.1%	1 294 152	-5.6%
Limpopo	2 581 771	478 160	18.5%	3.1%	38.0%	544 972	-12.3%
Mpumalanga	2 156 126	449 160	20.8%	4.3%	58.4%	435 373	3.2%
Northern Cape	725 432	149 544	20.6%	3.9%	42.3%	139 192	7.4%
North West	2 709 162	457 053	16.9%	5.0%	73.2%	598 371	-23.6%
Western Cape	2 785 293	330 615	11.9%	2.5%	66.9%	447 243	-26.1%
<b>Total</b>	<b>28 729 985</b>	<b>5 261 477</b>	<b>18.3%</b>	<b>3.9%</b>	<b>62.2%</b>	<b>6 266 504</b>	<b>-16.0%</b>

22. Spending by human settlements and cooperative governance is R5.3 billion, or 18.3 per cent, of the R28.7 billion budget. This represents a decrease of R1 billion, or 16 per cent, on the R6.3 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Gauteng at 10.9 per cent and the Western Cape at 11.9 per cent, while the highest spenders are the Eastern Cape at 26.4 per cent and the Free State at 23.6 per cent.

### *Human Settlements Development grant*

24. Most of the human settlements and cooperative governance expenditure comes from the Human Settlements Development grant.

25. Table 11 indicates that provinces have spent R3.3 billion, or 16.4 per cent, of the R20 billion Human Settlements Development grant budget. These spending figures are R1.1 billion or 24.7 per cent less than the same period last year.

**Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of grant to total provincial expenditure	%share of grant to total grant expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 239 316	683 234	30.5%	3.8%	20.9%	776 623	-12.0%
Free State	1 193 038	262 091	22.0%	3.2%	8.0%	507 916	-48.4%
Gauteng	5 528 050	494 100	8.9%	1.8%	15.1%	740 620	-33.3%
Kw aZulu-Natal	3 477 567	771 667	22.2%	2.7%	23.6%	906 628	-14.9%
Limpopo	1 319 493	181 730	13.8%	1.2%	5.6%	264 962	-31.4%
Mpumalanga	1 395 774	262 129	18.8%	2.5%	8.0%	257 196	1.9%
Northern Cape	402 668	63 192	15.7%	1.7%	1.9%	46 134	37.0%
North West	2 186 679	334 641	15.3%	3.7%	10.2%	499 434	-33.0%
Western Cape	2 226 758	221 072	9.9%	1.7%	6.8%	347 474	-36.4%
<b>Total</b>	<b>19 969 343</b>	<b>3 273 856</b>	<b>16.4%</b>	<b>2.4%</b>	<b>100.0%</b>	<b>4 346 987</b>	<b>-24.7%</b>

*Personnel expenditure*

26. Personnel expenditure (compensation of employees) for the first quarter of the 2017/18 financial year is at R82.5 billion, or 24.5 per cent, of the combined R336 billion budget.

**Table 12: Provincial Personnel Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	%share of Personnel to total provincial expenditure	%share of Personnel to total Personnel expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	48 111 756	11 850 740	24.6%	65.1%	14.4%	10 971 254	8.0%
Free State	20 064 250	4 978 656	24.8%	60.8%	6.0%	4 918 174	1.2%
Gauteng	60 749 153	15 399 821	25.3%	55.7%	18.7%	14 094 101	9.3%
Kw aZulu-Natal	73 242 153	17 787 482	24.3%	62.4%	21.6%	16 827 842	5.7%
Limpopo	43 055 740	10 512 330	24.4%	69.0%	12.7%	10 069 137	4.4%
Mpumalanga	27 073 797	6 482 353	23.9%	61.8%	7.9%	6 094 476	6.4%
Northern Cape	9 036 585	2 283 747	25.3%	60.0%	2.8%	2 110 305	8.2%
North West	22 620 361	5 398 639	23.9%	59.2%	6.5%	4 988 345	8.2%
Western Cape	32 082 241	7 768 532	24.2%	58.6%	9.4%	7 306 812	6.3%
<b>Total</b>	<b>336 036 036</b>	<b>82 462 300</b>	<b>24.5%</b>	<b>61.3%</b>	<b>100.0%</b>	<b>77 380 446</b>	<b>6.6%</b>

27. Spending to date is R5.1 billion or 6.6 per cent higher than the R77.4 billion spent over the same period last year.

28. Spending ranges from 23.9 per cent in both the North West and Mpumalanga, to 25.3 per cent in both Gauteng and the Northern Cape.

*Overall Capital Budgets and Expenditure*

29. By the end of June 2017, provinces had spent R7.5 billion or 21.2 per cent of the R35.3 billion capital budget (payments for capital assets). This is an increase of 11.9 per cent on the same period in 2016/17.

**Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2017**

	Main budget	Actual payments as at 30 June 2017	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	4 602 546	969 946	21.1%	5.3%	13.0%	734 102	32.1%
Free State	2 214 207	480 628	21.7%	5.9%	6.4%	474 480	1.3%
Gauteng	5 760 338	1 342 038	23.3%	4.9%	17.9%	1 434 785	-6.5%
Kw aZulu-Natal	7 557 177	1 914 477	25.3%	6.7%	25.6%	1 384 661	38.3%
Limpopo	2 097 498	404 437	19.3%	2.7%	5.4%	361 613	11.8%
Mpumalanga	3 961 348	636 423	16.1%	6.1%	8.5%	633 283	0.5%
Northern Cape	1 535 654	193 649	12.6%	5.1%	2.6%	277 413	-30.2%
North West	2 602 650	588 945	22.6%	6.5%	7.9%	504 401	16.8%
Western Cape	4 982 179	946 951	19.0%	7.1%	12.7%	876 887	8.0%
<b>Total</b>	<b>35 313 597</b>	<b>7 477 494</b>	<b>21.2%</b>	<b>5.6%</b>	<b>100.0%</b>	<b>6 681 625</b>	<b>11.9%</b>

30. Table 13 provides capital spending information by province and shows low rates of spending in the Northern Cape at 12.6 per cent and Mpumalanga at 16.1 per cent, and high rates in KwaZulu-Natal at 25.3 per cent and Gauteng at 23.3 per cent. In absolute terms, KwaZulu-Natal has spent the most, with total spending of R1.9 billion followed by Gauteng at R1.3 billion and the Eastern Cape at R969.9 million.
31. Provincial education departments have spent R2 billion, or 19.2 per cent, of their R10.2 billion education capital budgets. This is a decrease of R76 million, or 3.7 per cent less, compared to spending over the same period in the previous financial year.
32. Provincial health departments have spent R1.6 billion, or 16.6 per cent, of their R9.8 billion health capital budgets, which is R76.5 million or 4.5 per cent less than the same period for 2016/17.
33. At 34.5 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector has spent R3 billion or 24.7 per cent against its combined capital budgets of R12.2 billion as at 30 June 2017.

#### *Conditional Grants*

34. The total provincial conditional grant allocation is R96.7 billion, with health making up the bulk at R37.5 billion. This excludes the Provincial Disaster grant which amounts to R123.4 million for the 2017/18 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 2017. It excludes anticipated conditional grant roll-overs from the 2016/17 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 unallocated provisions for provinces for disaster response.

**Table 14: Provincial Conditional Grants Expenditure as at 30 June 2017**

	Division of Revenue Act, 2017	Transferred from National to provinces	Actual payments as at 30 June 2017 (excluding Schedules 4A, 7A grants)	Actual payments as % of total available (excluding Schedules 4A, 7A grants)
<b>R thousand</b>				
<b>Agriculture, Forestry and Fisheries</b>	<b>2 241 689</b>	<b>362 946</b>	<b>267 245</b>	<b>11.9%</b>
Comprehensive Agricultural Support Programme Grant	1 645 946	294 754	214 994	13.1%
Ilima/Letsema Projects Grant	522 139	60 832	46 297	8.9%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	73 604	7 360	5 954	8.1%
<b>Arts and Culture</b>	<b>1 419 960</b>	<b>256 698</b>	<b>163 076</b>	<b>11.5%</b>
Community Library Services Grant	1 419 960	256 698	163 076	11.5%
<b>Basic Education</b>	<b>17 154 328</b>	<b>5 947 921</b>	<b>1 435 647</b>	<b>20.2%</b>
1. Education Infrastructure Grant	10 045 562	3 767 087		
HIV and Aids (Life Skills Education) Grant	245 308	24 531	31 896	13.0%
Learners with Profound Intellectual Disabilities Grant	72 000	–	1 510	2.1%
Maths, Science and Technology Grant	365 145	40 750	28 707	7.9%
National School Nutrition Programme Grant	6 426 313	2 115 553	1 373 534	21.4%
<b>Cooperative Governance and Traditional Affairs</b>	<b>–</b>	<b>–</b>		
2. Provincial Disaster Grant	–	–		
<b>Health</b>	<b>37 520 392</b>	<b>9 224 294</b>	<b>5 422 137</b>	<b>23.4%</b>
Comprehensive HIV and Aids Grant	17 557 903	4 384 302	4 543 670	25.9%
Health Facility Revitalisation Grant	5 654 495	1 327 493	878 467	15.5%
1. Health Professions Training and Development Grant	2 631 849	662 515		
Human Papillomavirus Vaccine Grant	–	–	–	–
1. National Tertiary Services Grant	11 676 145	2 849 984		
<b>Human Settlements</b>	<b>19 969 343</b>	<b>4 238 295</b>	<b>3 273 856</b>	<b>16.4%</b>
Human Settlements Development Grant	19 969 343	4 238 295	3 273 856	16.4%
<b>Public Works</b>	<b>781 162</b>	<b>188 448</b>	<b>151 825</b>	<b>19.4%</b>
Expanded Public Works Programme Integrated Grant for Provinces	395 579	98 077	80 178	20.3%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	385 583	90 371	71 647	18.6%
<b>Social Development</b>	<b>556 392</b>	<b>81 757</b>	<b>33 543</b>	<b>9.0%</b>
Early Childhood Development Grant	317 612	81 757	24 829	7.8%
1. Social Workers Employment Grant	181 830	–		
Substance Abuse Treatment Grant	56 950	–	8 714	15.3%
<b>Sport and Recreation South Africa</b>	<b>585 828</b>	<b>117 166</b>	<b>58 864</b>	<b>10.0%</b>
Mass Participation and Sport Development Grant	585 828	117 166	58 864	10.0%
<b>Transport</b>	<b>16 476 535</b>	<b>3 565 495</b>		
1. Provincial Roads Maintenance Grant	10 753 664	2 583 935		
1. Public Transport Operations Grant	5 722 871	981 560		
<b>Total</b>	<b>96 705 629</b>	<b>23 983 020</b>		
<b>Total excluding Schedules 4A and 7A grants</b>	<b>55 693 708</b>	<b>13 137 939</b>	<b>10 806 193</b>	<b>19.4%</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 an immediate response to a disaster.				

37. Against the allocation of R55.7 billion (which excludes Part A of Schedule 4; and Part A of Schedule 7 grants), spending amounts to R10.8 billion, or 19.4 per cent.

38. Specific grants that show low rates of spending include (less than 10 per cent of conditional grant allocations):

- a. Learners with Profound Intellectual Disabilities (2.1 per cent)
- b. Early Childhood Development (7.8 per cent)
- c. Maths, Science and Technology (7.9 per cent)
- d. Land Care Programme (8.1 per cent)
- e. Ilima/Letsema Projects (8.9 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 June 2017.

**Table 15: Selected Conditional Grants Spending Rates as at 30 June 2017**

	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	5 EC, FS, KZN, MPU, NC	3 GT, LIM, NW	1 WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 FS, GT, LIM, MPU, NC	4 EC, KZN, NW, WC	
<b>Arts and Culture</b>			
Community Library Services Grant	3 GT, NW, WC	5 EC, FS, KZN, MPU, NC	1 LIM
<b>Basic Education</b>			
Learners with Profound Intellectual Disabilities Grant	8 EC, FS, GT, KZN, LIM, MPU, NC, NW	1 WC	
HIV and AIDS (Life Skills Education) Grant	4 FS, LIM, NW, WC	4 EC, GT, KZN, NC	1 MPU
Maths, Science and Technology Grant	7 EC, FS, KZN, LIM, MPU, NW, WC	1 GT	1 NC
<b>Health</b>			
Comprehensive HIV and AIDS Grant		1 NC	8 EC, FS, GT, KZN, LIM, MPU, NW, WC
Health Facility Revitalisation Grant	2 EC, MPU	5 FS, GT, KZN, NC, WC	2 LIM, NW
<b>Human Settlements</b>			
Human Settlements Development Grant	2 GT, WC	4 LIM, MPU, NC, NW	3 EC, FS, KZN
<b>Public Works</b>			
Expanded Public Works Programme Integrated Grant for Provinces	3 GT, NC, NW	2 FS, KZN	4 EC, LIM, MPU, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 MPU	2 LIM, NC	6 EC, FS, GT, KZN, NW, WC
<b>Sport and Recreation South Africa</b>			
Mass Participation and Sport Development Grant	5 EC, FS, GT, KZN, MPU	3 LIM, NC, WC	1 NW

*Note: Percentages represent actual expenditure against allocations as per the Division of Revenue Act, 2017.*

40. Table 15 further indicates that at least five provinces have spent less than 10 per cent for the following grants: Ilima/Letsema Projects; Land Care Programme; Learners with Profound Intellectual Disabilities; Maths, Science and Technology; and Mass Participation and Sport Development.

### *Provincial Revenue*

41. Provincial revenue includes equitable share allocations of R441.3 billion, conditional grants of R96.7 billion (excluding Provincial Disaster grant) and own revenue of R17.5 billion. The total provincial revenue received and collected as at 30 June 2017 is R138.7 billion, or 25 per cent, of total revenue of R555.6 billion.

42. During the first quarter of the current financial year, national government transferred R110.3 billion or 25 per cent of the equitable share and R24 billion or 24.8 per cent of conditional grants to provinces.
43. After three months, provinces have collected R4.4 billion or 24.9 per cent of the budgeted own revenue of R17.5 billion, which is R16.2 million, or 0.4 per cent, more than what was collected by the end of June for the previous financial year.

**Table 16: Provincial Own Revenue Collection as at 30 June 2017**

	Main budget	Actual collection as at 30 June 2017	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue	% share of Own Revenue collected to total Own Revenue	2016/17: Outcome as at 30 June 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 501 695	376 930	25.1%	2.0%	8.6%	345 801	9.0%
Free State	1 047 477	235 304	22.5%	2.8%	5.4%	235 177	0.1%
Gauteng	5 382 370	1 354 839	25.2%	4.9%	31.1%	1 314 428	3.1%
Kw aZulu-Natal	3 038 627	803 783	26.5%	2.8%	18.4%	776 042	3.6%
Limpopo	1 137 840	300 618	26.4%	2.0%	6.9%	423 612	-29.0%
Mpumalanga	1 180 946	192 745	16.3%	1.8%	4.4%	212 437	-9.3%
Northern Cape	339 832	74 216	21.8%	1.8%	1.7%	81 947	-9.4%
North West	1 181 276	309 227	26.2%	3.1%	7.1%	288 045	7.4%
Western Cape	2 710 739	713 954	26.3%	4.9%	16.4%	667 929	6.9%
<b>Total</b>	<b>17 520 802</b>	<b>4 361 616</b>	<b>24.9%</b>	<b>3.1%</b>	<b>100.0%</b>	<b>4 345 418</b>	<b>0.4%</b>