



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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## **MEDIA STATEMENT**

### **PROVINCIAL BUDGETS: 2017/18 FINANCIAL YEAR SECOND QUARTER YEAR TO DATE PROVINCIAL BUDGETS AND EXPENDITURE REPORT**

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#### **SUMMARY**

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 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).

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.

The budgeted figures for the second quarter publication are based on the *2017 Estimates of Provincial Revenue and Expenditure* which were presented to provincial legislatures during March 2017.

#### *Overall Expenditure Trends – as at the end of September 2017*

In aggregate, provincial spending for the second quarter year to date is R271.3 billion, or 49.2 per cent, of combined annual budgets of R551.9 billion. This represents an increase of 5.5 per cent or R14.1 billion on the expenditure of R257.2 billion for the same period last year.

Education expenditure for the second quarter is R110.8 billion or 49.5 per cent of the R223.9 billion combined education budgets, an increase of 6.1 per cent or R6.3 billion on the second quarter for the previous financial year. It remains the largest item on provincial budgets (40.6 per cent).

Health expenditure totalled R91.7 billion, or 51.5 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 8.4 per cent or R7.1 billion on the second quarter for the 2016/17 financial year.



Social development expenditure for the second quarter year to date is R8.8 billion or 46.4 per cent of the R19 billion combined social development budgets.

Personnel expenditure (compensation of employees) is in aggregate R166.1 billion or 49.4 per cent of the budgeted R336 billion as at 30 September 2017.

In aggregate, expenditure on combined capital (payments for capital assets) is R16.8 billion or 47.5 per cent of budgeted R35.3 billion. This is an increase of 16.9 per cent on expenditure for the same period of the 2016/17 financial year.

Capital expenditure by provincial education departments is R4.5 billion or 44.6 per cent of the budgeted R10.2 billion. This is R258.7 million or 6 per cent more than the expenditure for the second quarter year to date for the previous financial year.

Expenditure on capital by provincial health departments is R3.7 billion or 37.5 per cent of the budgeted R9.8 billion, which is R445.9 million or 13.7 per cent more than the second quarter year to date for 2016/17.

The biggest share of provincial capital budgets is for the public works, roads and transport departments (34.5 per cent), whose expenditure is R5.8 billion or 47.8 per cent of the combined capital budget of R12.2 billion.

Provincial own revenue collected for the second quarter year to date is R9.5 billion or 54.4 per cent of the budgeted own revenue of R17.5 billion. By the end of the second quarter (including the first quarter), national government had transferred R220.7 billion of the equitable share and R50.5 billion of conditional grants to provinces.

A more detailed analysis of the expenditure outcomes as at 30 September 2017 is set out in Annexure A.

**Issued on behalf of National Treasury**

**Date: 23 November 2017**



## ANNEXURE A

### DETAILED ANALYSIS AS AT THE END OF THE SECOND QUARTER YEAR TO DATE FOR 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 as at 30 September 2017, provinces have spent R271.3 billion or 49.2 per cent of the combined budgeted expenditure of R551.9 billion. Spending against budgets is slightly higher in percentage terms when compared to the 2016/17 financial year. Spending in nominal terms is 5.5 per cent or R14.1 billion higher than last year, when provinces had spent R257.2 billion.
3. Among provinces, spending against annual budgets is the lowest in the Western Cape at 46.1 per cent and 47.5 per cent in the North West and the highest in the Free State at 51.7 per cent and the Eastern Cape at 50.1 per cent.

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

R thousand	Main budget 2017/18					Actual payments as at 30 September 2017					Actual payments as % of main budget	2016/17: Outcome as at 30 September 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	30 372 280	4 737 852	2 176 000	–	37 286 131	50.1%	34 403 205	8.4%
Free State	26 062 549	4 621 562	2 214 207	–	32 898 318	13 129 928	2 853 362	1 030 575	72	17 013 937	51.7%	15 822 994	7.5%
Gauteng	82 733 442	20 268 322	5 760 338	–	108 762 102	43 084 197	7 631 599	3 425 211	17 753	54 158 760	49.8%	51 871 922	4.4%
KwaZulu-Natal	95 981 012	11 580 777	7 557 177	139 501	115 258 467	47 659 548	5 603 871	3 751 984	140 416	57 155 819	49.6%	55 522 055	2.9%
Limpopo	51 909 174	7 452 058	2 097 498	–	61 458 730	25 461 787	3 572 134	1 066 478	20 030	30 120 429	49.0%	27 927 270	7.9%
Mpumalanga	35 059 254	5 516 273	3 961 348	–	44 536 875	17 248 196	3 063 937	1 513 561	24	21 825 718	49.0%	20 352 231	7.2%
Northern Cape	12 864 182	1 664 785	1 535 654	–	16 064 621	6 474 674	760 212	558 949	101	7 793 936	48.5%	7 493 794	4.0%
North West	30 787 346	5 691 306	2 602 650	–	39 081 302	14 342 996	2 860 813	1 369 798	–	18 573 607	47.5%	17 369 077	6.9%
Western Cape	44 923 043	9 486 253	4 982 179	6 051	59 397 526	21 285 200	4 222 292	1 880 211	12 465	27 400 168	46.1%	26 452 462	3.6%
<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>219 058 806</b>	<b>35 306 072</b>	<b>16 772 767</b>	<b>190 861</b>	<b>271 328 505</b>	<b>49.2%</b>	<b>257 215 010</b>	<b>5.5%</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 September 2017**

R thousand	Main budget	Actual payments as at 30 September 2017	Actual payments as % of main budget	% (Over)/under of main budget	% share of total provincial expenditure	2016/17: Outcome as at 30 September 2016	Year-on-year growth
Education	223 924 249	110 805 002	49.5%	-1.9%	40.8%	104 481 653	6.1%
Health	177 875 453	91 689 311	51.5%	-3.3%	33.8%	84 547 912	8.4%
Social Development	19 023 992	8 823 237	46.4%	0.7%	3.3%	8 575 567	2.9%
<b>Total</b>	<b>420 823 694</b>	<b>211 317 550</b>	<b>50.2%</b>	<b>-2.4%</b>	<b>77.9%</b>	<b>197 605 132</b>	<b>6.9%</b>



5. The second quarter year to date outcome on social services is recorded at R211.3 billion, or 50.2 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 R110.8 billion or 49.5 per cent of the total education budget. This is an increase of 6.1 per cent, or R6.3 billion, on the R104.5 billion spent over the same period in 2016/17.
7. Spending by provinces on education ranges from 47.2 per cent in the North West and 47.5 per cent in the Western Cape, to 54.7 per cent in the Free State and 53.1 per cent in the Northern Cape.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	32 989 054	16 077 432	48.7%	43.1%	55.7%	14 772 330	8.8%
Free State	12 739 378	6 962 096	54.7%	40.9%	56.1%	6 353 624	9.6%
Gauteng	40 843 869	20 392 341	49.9%	37.7%	46.2%	19 445 062	4.9%
KwaZulu-Natal	47 476 599	23 872 352	50.3%	41.8%	52.5%	23 486 858	1.6%
Limpopo	28 783 149	13 967 213	48.5%	46.4%	57.4%	12 555 905	11.2%
Mpumalanga	19 322 742	9 411 265	48.7%	43.1%	58.5%	8 903 027	5.7%
Northern Cape	5 857 847	3 110 657	53.1%	39.9%	55.3%	2 767 277	12.4%
North West	15 281 697	7 211 892	47.2%	38.8%	54.2%	6 732 732	7.1%
Western Cape	20 629 914	9 799 754	47.5%	35.8%	46.6%	9 464 838	3.5%
<b>Total</b>	<b>223 924 249</b>	<b>110 805 002</b>	<b>49.5%</b>	<b>40.8%</b>	<b>52.4%</b>	<b>104 481 653</b>	<b>6.1%</b>

8. The outcome on goods and services (including learner and teacher support materials) in education is recorded at R8.3 billion, or 41.4 per cent of the budgeted amount of R20 billion.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	26 137 084	12 963 649	49.6%	54.7%	80.6%	11 813 428	9.7%
Free State	10 061 109	5 167 579	51.4%	51.1%	74.2%	4 864 967	6.2%
Gauteng	30 247 915	15 557 432	51.4%	49.9%	76.3%	14 211 084	9.5%
KwaZulu-Natal	39 869 285	19 971 479	50.1%	55.9%	83.7%	18 649 227	7.1%
Limpopo	23 334 306	11 492 448	49.3%	54.4%	82.3%	10 812 472	6.3%
Mpumalanga	15 589 577	7 542 777	48.4%	57.6%	80.1%	7 106 886	6.1%
Northern Cape	4 458 257	2 297 661	51.5%	50.2%	73.9%	2 145 651	7.1%
North West	11 709 199	5 710 614	48.8%	52.4%	79.2%	5 235 809	9.1%
Western Cape	15 398 337	7 517 312	48.8%	48.0%	76.7%	7 052 500	6.6%
<b>Total</b>	<b>176 805 069</b>	<b>88 220 951</b>	<b>49.9%</b>	<b>53.1%</b>	<b>79.6%</b>	<b>81 892 024</b>	<b>7.7%</b>

9. The bulk of education expenditure (79.6 per cent) is on personnel. Current spending on education personnel amounts to R88.2 billion, or 49.9 per cent, of the R176.8 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in



education ranges from 48.4 per cent in Mpumalanga to 51.5 per cent in the Northern Cape.

10. Education capital expenditure is at R4.5 billion, or 44.6 per cent, of the R10.2 billion budget. This is 6 per cent more than the spending over the same period of the previous financial year. Education capital expenditure is lowest in Mpumalanga at 29.7 per cent and highest in Limpopo at 80.2 per cent.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 640 886	714 443	43.5%	32.8%	4.4%	490 682	45.6%
Free State	562 194	299 565	53.3%	29.1%	4.3%	242 590	23.5%
Gauteng	1 595 653	564 552	35.4%	16.5%	2.8%	986 640	-42.8%
KwaZulu-Natal	1 857 531	894 151	48.1%	23.8%	3.7%	928 323	-3.7%
Limpopo	777 628	623 433	80.2%	58.5%	4.5%	248 524	150.9%
Mpumalanga	1 070 873	318 305	29.7%	21.0%	3.4%	232 941	36.6%
Northern Cape	561 298	246 002	43.8%	44.0%	7.9%	195 185	26.0%
North West	1 036 874	507 761	49.0%	37.1%	7.0%	480 211	5.7%
Western Cape	1 072 871	369 721	34.5%	19.7%	3.8%	474 174	-22.0%
<b>Total</b>	<b>10 175 808</b>	<b>4 537 933</b>	<b>44.6%</b>	<b>27.1%</b>	<b>4.1%</b>	<b>4 279 270</b>	<b>6.0%</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 September 2017**

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	21 707 165	11 609 276	53.5%	31.1%	40.2%	10 294 761	12.8%
Free State	9 774 916	4 884 392	50.0%	28.7%	39.4%	4 387 945	11.3%
Gauteng	40 207 046	21 679 561	53.9%	40.0%	49.1%	19 579 119	10.7%
KwaZulu-Natal	39 548 473	20 302 535	51.3%	35.5%	44.6%	19 374 338	4.8%
Limpopo	18 042 777	9 488 321	52.6%	31.5%	39.0%	8 858 910	7.1%
Mpumalanga	12 020 037	5 985 285	49.8%	27.4%	37.2%	5 419 890	10.4%
Northern Cape	4 433 893	2 140 253	48.3%	27.5%	38.1%	2 140 299	0.0%
North West	10 461 340	5 393 264	51.6%	29.0%	40.5%	4 954 276	8.9%
Western Cape	21 679 806	10 206 424	47.1%	37.2%	48.6%	9 538 374	7.0%
<b>Total</b>	<b>177 875 453</b>	<b>91 689 311</b>	<b>51.5%</b>	<b>33.8%</b>	<b>43.4%</b>	<b>84 547 912</b>	<b>8.4%</b>

12. Table 6 indicates that at R91.7 billion or 51.5 per cent of the total health budget, health expenditure increased by 8.4 per cent, or R7.1 billion, on the same period in 2016/17.

13. The Western Cape and the Northern Cape provinces spent the lowest share of their health budgets at 47.1 per cent and 48.3 per cent respectively. The highest shares are recorded in Gauteng at 53.9 per cent and the Eastern Cape at 53.5 per cent.



14. Table 7 indicates that health personnel expenditure is R55.8 billion, or 49.8 per cent of the health personnel budget, an increase of R3.7 billion, or 7.1 per cent more than the R52.2 billion spent over the same period in 2016/17.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	14 415 656	7 249 793	50.3%	30.6%	62.4%	6 785 556	6.8%
Free State	6 381 379	3 160 620	49.5%	31.2%	64.7%	2 908 466	8.7%
Gauteng	23 815 004	12 470 955	52.4%	40.0%	57.5%	11 367 430	9.7%
KwaZulu-Natal	25 246 832	12 260 738	48.6%	34.3%	60.4%	11 727 469	4.5%
Limpopo	12 999 393	6 452 389	49.6%	30.5%	68.0%	6 068 850	6.3%
Mpumalanga	7 329 114	3 515 550	48.0%	26.8%	58.7%	3 280 466	7.2%
Northern Cape	2 430 992	1 273 134	52.4%	27.8%	59.5%	1 162 711	9.5%
North West	6 628 383	3 152 354	47.6%	29.0%	58.4%	2 944 379	7.1%
Western Cape	12 807 510	6 304 663	49.2%	40.3%	61.8%	5 909 165	6.7%
<b>Total</b>	<b>112 054 263</b>	<b>55 840 196</b>	<b>49.8%</b>	<b>33.6%</b>	<b>60.9%</b>	<b>52 154 492</b>	<b>7.1%</b>

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R32.2 billion, or 57.4 per cent, of the R56 billion budget.

16. Capital expenditure in the health sector is at R3.7 billion, or 37.5 per cent, an increase of R445.9 million or 13.7 per cent on the R3.2 billion spent over the same period last year.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 343 880	428 760	31.9%	19.7%	3.7%	400 333	7.1%
Free State	711 956	290 586	40.8%	28.2%	5.9%	283 741	2.4%
Gauteng	2 466 447	797 049	32.3%	23.3%	3.7%	932 840	-14.6%
KwaZulu-Natal	1 441 285	709 061	49.2%	18.9%	3.5%	628 267	12.9%
Limpopo	651 937	226 328	34.7%	21.2%	2.4%	164 279	37.8%
Mpumalanga	1 365 567	466 836	34.2%	30.8%	7.8%	210 746	121.5%
Northern Cape	473 019	106 545	22.5%	19.1%	5.0%	116 760	-8.7%
North West	675 747	433 042	64.1%	31.6%	8.0%	248 335	74.4%
Western Cape	713 744	236 787	33.2%	12.6%	2.3%	263 837	-10.3%
<b>Total</b>	<b>9 843 582</b>	<b>3 694 994</b>	<b>37.5%</b>	<b>22.0%</b>	<b>4.0%</b>	<b>3 249 138</b>	<b>13.7%</b>

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Northern Cape at 22.5 per cent and the Eastern Cape at 31.9 per cent, and the highest being the North West and KwaZulu-Natal at 64.1 per cent and 49.2 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 R8.8 billion, or 46.4 per cent, of the total R19 billion budget. This represents an increase of R247.7 million, or 2.9 per cent, on the R8.6 billion spent over the same period last year.
20. There are varying degrees of spending among provinces, the lowest being in KwaZulu-Natal at 44 per cent and the Eastern Cape at 44.9 per cent while the highest are Limpopo at 48.8 per cent and the Free State at 48.1 per cent.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 632 799	1 182 543	44.9%	3.2%	4.1%	1 220 765	-3.1%
Free State	1 172 295	564 289	48.1%	3.3%	4.5%	535 155	5.4%
Gauteng	4 442 331	2 063 702	46.5%	3.8%	4.7%	2 091 732	-1.3%
KwaZulu-Natal	3 041 364	1 337 855	44.0%	2.3%	2.9%	1 259 470	6.2%
Limpopo	1 821 038	889 269	48.8%	3.0%	3.7%	813 749	9.3%
Mpumalanga	1 456 009	695 559	47.8%	3.2%	4.3%	643 702	8.1%
Northern Cape	818 612	373 686	45.6%	4.8%	6.6%	353 220	5.8%
North West	1 532 570	704 175	45.9%	3.8%	5.3%	615 472	14.4%
Western Cape	2 106 974	1 012 159	48.0%	3.7%	4.8%	1 042 302	-2.9%
<b>Total</b>	<b>19 023 992</b>	<b>8 823 237</b>	<b>46.4%</b>	<b>3.3%</b>	<b>4.2%</b>	<b>8 575 567</b>	<b>2.9%</b>

#### Human Settlements and Local Government

21. The human settlements and local government 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 September 2017**

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	3 836 447	1 973 727	51.4%	5.3%	64.0%	1 923 240	2.6%
Free State	1 850 081	789 854	42.7%	4.6%	60.9%	1 133 622	-30.3%
Gauteng	6 656 577	2 271 517	34.1%	4.2%	77.2%	3 081 768	-26.3%
KwaZulu-Natal	5 429 096	2 563 720	47.2%	4.5%	64.9%	2 599 687	-1.4%
Limpopo	2 581 771	1 054 339	40.8%	3.5%	44.5%	1 227 641	-14.1%
Mpumalanga	2 156 126	1 047 561	48.6%	4.8%	60.2%	957 689	9.4%
Northern Cape	725 432	275 920	38.0%	3.5%	39.2%	302 635	-8.8%
North West	2 709 162	989 001	36.5%	5.3%	78.4%	1 233 649	-19.8%
Western Cape	2 785 293	971 604	34.9%	3.5%	73.3%	1 057 820	-8.2%
<b>Total</b>	<b>28 729 985</b>	<b>11 937 243</b>	<b>41.5%</b>	<b>4.4%</b>	<b>65.8%</b>	<b>13 517 751</b>	<b>-11.7%</b>

22. Spending by human settlements and local government is R11.9 billion, or 41.5 per cent, of the R28.7 billion budget. This represents a decrease of R1.6 billion, or 11.7 per cent, on the R12.2 billion spent over the same period last year.
23. Spending levels by provinces varied, with the lowest being Gauteng at 34.1 per cent and the Western Cape at 34.9 per cent, while the highest spenders are the Eastern Cape at 51.4 per cent and Mpumalanga at 48.6 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 R7.9 billion, or 39.4 per cent, of the R20 billion Human Settlements Development grant budget. These spending figures are R238.3 million or 3.1 per cent more than the same period last year.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 239 316	1 263 633	56.4%	3.4%	16.1%	1 086 067	16.3%
Free State	1 193 038	481 124	40.3%	2.8%	6.1%	690 526	-30.3%
Gauteng	5 528 050	1 753 570	31.7%	3.2%	22.3%	1 813 514	-3.3%
KwaZulu-Natal	3 477 567	1 664 572	47.9%	2.9%	21.2%	1 575 333	5.7%
Limpopo	1 319 493	468 987	35.5%	1.6%	6.0%	426 446	10.0%
Mpumalanga	1 395 774	630 726	45.2%	2.9%	8.0%	424 214	48.7%
Northern Cape	402 668	108 106	26.8%	1.4%	1.4%	106 107	1.9%
North West	2 186 679	775 634	35.5%	4.2%	9.9%	809 872	-4.2%
Western Cape	2 226 758	712 496	32.0%	2.6%	9.1%	688 516	3.5%
<b>Total</b>	<b>19 969 343</b>	<b>7 858 848</b>	<b>39.4%</b>	<b>2.9%</b>	<b>100.0%</b>	<b>7 620 595</b>	<b>3.1%</b>

*Personnel expenditure*

26. Personnel expenditure (compensation of employees) for the second quarter year to date of the 2017/18 financial year is at R166.1 billion, or 49.4 per cent, of the combined R336 billion budget.

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

	Main budget	Actual payments as at 30 September 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 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	48 111 756	23 709 425	49.3%	63.6%	14.3%	21 957 503	8.0%
Free State	20 064 250	10 120 999	50.4%	59.5%	6.1%	9 428 211	7.3%
Gauteng	60 749 153	31 186 531	51.3%	57.6%	18.8%	28 480 796	9.5%
KwaZulu-Natal	73 242 153	35 698 650	48.7%	62.5%	21.5%	33 752 282	5.8%
Limpopo	43 055 740	21 138 454	49.1%	70.2%	12.7%	19 939 636	6.0%
Mpumalanga	27 073 797	13 094 876	48.4%	60.0%	7.9%	12 258 684	6.8%
Northern Cape	9 036 585	4 575 344	50.6%	58.7%	2.8%	4 270 688	7.1%
North West	22 620 361	10 888 081	48.1%	58.6%	6.6%	10 058 400	8.2%
Western Cape	32 082 241	15 648 649	48.8%	57.1%	9.4%	14 695 402	6.5%
<b>Total</b>	<b>336 036 036</b>	<b>166 061 009</b>	<b>49.4%</b>	<b>61.2%</b>	<b>100.0%</b>	<b>154 841 602</b>	<b>7.2%</b>

27. Spending to date is R11.2 billion or 7.2 per cent higher than the R154.8 billion spent over the same period last year.
28. Spending ranges from 48.1 per cent in the North West, to 51.3 per cent in Gauteng.





### Overall Capital Budgets and Expenditure

29. By the end of September 2017, provinces had spent R16.8 billion or 47.5 per cent of the R35.3 billion capital budget (payments for capital assets). This is an increase of 16.9 per cent on the same period in 2016/17.

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

<b>R thousand</b>	<b>Main budget</b>	<b>Actual payments as at 30 September 2017</b>	<b>Actual payments as % of main budget</b>	<b>% share of Capital to total provincial expenditure</b>	<b>% share of Capital to total Capital expenditure</b>	<b>2016/17: Outcome as at 30 September 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	4 602 546	2 176 000	47.3%	5.8%	13.0%	1 717 863	26.7%
Free State	2 214 207	1 030 575	46.5%	6.1%	6.1%	1 116 316	-7.7%
Gauteng	5 760 338	3 425 211	59.5%	6.3%	20.4%	2 658 625	28.8%
KwaZulu-Natal	7 557 177	3 751 984	49.6%	6.6%	22.4%	3 478 311	7.9%
Limpopo	2 097 498	1 066 478	50.8%	3.5%	6.4%	637 307	67.3%
Mpumalanga	3 961 348	1 513 561	38.2%	6.9%	9.0%	1 306 301	15.9%
Northern Cape	1 535 654	558 949	36.4%	7.2%	3.3%	499 161	12.0%
North West	2 602 650	1 369 798	52.6%	7.4%	8.2%	925 726	48.0%
Western Cape	4 982 179	1 880 211	37.7%	6.9%	11.2%	2 011 726	-6.5%
<b>Total</b>	<b>35 313 597</b>	<b>16 772 767</b>	<b>47.5%</b>	<b>6.2%</b>	<b>100.0%</b>	<b>14 351 336</b>	<b>16.9%</b>

30. Table 13 provides capital spending information by province and shows low rates of spending in the Northern Cape at 36.4 per cent and the Western Cape at 37.7 per cent, and high rates in the Gauteng at 59.5 per cent and the North West at 52.6 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R3.8 billion followed by Gauteng at R3.4 billion.

31. Provincial education departments have spent R4.5 billion, or 44.6 per cent, of their R10.2 billion education capital budgets. This is an increase of R258.7 million, or 6 per cent more, compared to spending over the same period in the previous financial year.

32. Provincial health departments have spent R3.7 billion, or 37.5 per cent, of their R9.8 billion health capital budgets, which is R445.9 million or 13.7 per cent more 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 R5.8 billion or 47.8 per cent against its combined capital budgets of R12.2 billion as at 30 September 2017.

### Conditional Grants

34. The total provincial conditional grant allocation is R96.8 billion (including the Provincial Disaster grant), with health making up the bulk at R37.5 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 September 2017. It excludes expected conditional grant roll-overs from the 2016/17 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 2017**

	Division of Revenue Act, 2017	Transferred from National to provinces	Actual payments as at 30 September 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>944 513</b>	<b>708 965</b>	<b>31.6%</b>
Comprehensive Agricultural Support Programme Grant	1 645 946	741 798	498 715	30.3%
Ilima/Letsema Projects Grant	522 139	169 594	178 628	34.2%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	73 604	33 121	31 622	43.0%
<b>Arts and Culture</b>	<b>1 419 960</b>	<b>581 666</b>	<b>542 520</b>	<b>38.2%</b>
Community Library Services Grant	1 419 960	581 666	542 520	38.2%
<b>Basic Education</b>	<b>17 154 328</b>	<b>10 355 760</b>	<b>3 229 762</b>	<b>45.4%</b>
1. Education Infrastructure Grant	10 045 562	6 278 480		
HIV and Aids (Life Skills Education) Grant	245 308	98 124	97 957	39.9%
Learners with Profound Intectuall Disabilities Grant	72 000	57 420	3 548	4.9%
Maths, Science and Technology Grant	365 145	164 770	108 355	29.7%
National School Nutrition Programme Grant	6 426 313	3 756 966	3 019 902	47.0%
<b>Cooperative Governance and Traditional Affairs</b>	<b>–</b>	<b>40 000</b>		
2. Provincial Disaster Grant	–	40 000		
<b>Health</b>	<b>37 520 392</b>	<b>18 957 445</b>	<b>11 218 303</b>	<b>48.3%</b>
Comprehensive HIV and Aids Grant	17 557 903	8 787 719	9 076 054	51.7%
Health Facility Revitalisation Grant	5 654 495	3 076 626	2 142 249	37.9%
1. Health Professions Training and Development Grant	2 631 849	1 301 890		
Human Papillomavirus Vaccine Grant	–	–	–	–
1. National Tertiary Services Grant	11 676 145	5 791 210		
<b>Human Settlements</b>	<b>19 969 343</b>	<b>9 552 429</b>	<b>7 858 848</b>	<b>39.4%</b>
Human Settlements Development Grant	19 969 343	9 552 429	7 858 848	39.4%
<b>Public Works</b>	<b>781 162</b>	<b>483 747</b>	<b>373 687</b>	<b>47.8%</b>
Expanded Public Works Programme Integrated Grant for Provinces	395 579	275 159	200 676	50.7%
Social Sector Expanded Public Works Programme Incentive Grant	385 583	208 588	173 011	44.9%
<b>Social Development</b>	<b>556 392</b>	<b>224 937</b>	<b>122 999</b>	<b>22.1%</b>
Early Childhood Development Grant	317 612	173 193	91 267	28.7%
1. Social Workers Employment Grant	181 830	44 684		
Substance Abuse Treatment Grant	56 950	7 060	31 732	55.7%
<b>Sport and Recreation South Africa</b>	<b>585 828</b>	<b>275 152</b>	<b>285 173</b>	<b>48.7%</b>
Mass Participation and Sport Development Grant	585 828	275 152	285 173	48.7%
<b>Transport</b>	<b>16 476 535</b>	<b>9 048 510</b>		
1. Provincial Roads Maintenance Grant	10 753 664	6 564 318		
1. Public Transport Operations Grant	5 722 871	2 484 192		
<b>Total</b>	<b>96 705 629</b>	<b>50 464 159</b>		
<b>Total excluding Schedules 4A and 7A grants</b>	<b>55 693 708</b>	<b>27 959 385</b>	<b>24 340 257</b>	<b>43.7%</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 currently not allocated to specific provinces, that may be released to provinces to fund an immediate response to a disaster.



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. Learners with Profound Intellectual Disabilities (4.9 per cent)
- b. Social Workers Employment (26.6 per cent)
- c. Early Childhood Development (28.7 per cent)
- d. Maths, Science and Technology (29.7 per cent)

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

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

	Number of provinces spent less than 20%	Number of provinces spent between 20% and 30% (inclusive)	Number of provinces spent more than 30%
<b>Agriculture, Forestry and Fisheries</b>			
Comprehensive Agricultural Support Programme Grant	6 FS, GT, KZN, LIM, NC, NW,	2 EC, MPU,	1 WC
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, WC	3 EC, KZN, NW,	
<b>Arts and Culture</b>			
Community Library Services Grant	5 FS, GT, KZN, NC, NW,	3 EC, LIM, MPU,	1 WC
<b>Basic Education</b>			
Learners with Profound Intellectual Disabilities Grant	9 All provinces		
HIV and AIDS (Life Skills Education) Grant	6 FS, GT, KZN, LIM, NW, WC	2 EC, NC,	1 MPU,
Maths, Science and Technology Grant	8 EC, FS, GT, KZN, LIM, MPU, NW, WC		1 NC,
National School Nutrition Programme Grant			
<b>Health</b>			
Comprehensive HIV and AIDS Grant		2 NC, WC,	7 EC, FS, GT, KZN, LIM, MPU, NW,
Health Facility Revitalisation Grant	3 EC, GT, MPU,	4 FS, LIM, NC, WC,	2 KZN, NW,
<b>Human Settlements</b>			
Human Settlements Development Grant	4 GT, LIM, NC, WC	4 FS, KZN, MPU, NW,	1 EC,
<b>Public Works</b>			
Expanded Public Works Programme Integrated Grant for Provinces	3 GT, NC, NW,	4 EC, FS, KZN, MPU,	2 LIM, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 MPU,	3 KZN, LIM, NC,	5 EC, FS, GT, NW, WC
<b>Social Development</b>			
Early Childhood Development Grant	7 EC, KZN, LIM, MPU, NC, NW, WC	1 FS,	1 GT,
<b>Sport and Recreation South Africa</b>			
Mass Participation and Sport Development Grant	3 FS, GT, MPU,	3 EC, KZN, WC,	3 LIM, NC, NW,

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

40. Table 15 further indicates that at least seven provinces have spent less than 20 per cent for the following grants: Ilima/Letsema Projects Grant; Learners with Profound Intellectual Disabilities Grant; Maths, Science and Technology Grant and Early Childhood Development Grant.

### *Provincial Revenue*

41. Provincial revenue includes equitable share allocations of R441.3 billion, conditional grants of R96.8 billion and own revenue of R17.5 billion. The total provincial revenue



received and collected as at 30 September 2017 is R280.7 billion, or 50.5 per cent, of total revenue of R555.7 billion.

42. After six months of the current financial year, national government transferred R220.7 billion or 50 per cent of the equitable share and R50.5 billion or 52.1 per cent of conditional grants to provinces.
43. Provinces have collected R9.5 billion or 54.4 per cent of the budgeted own revenue of R17.5 billion, which is R386.9 billion, or 4.2 per cent, more than what was collected by the end of September for the previous financial year.
44. The collection rate varies from 48.7 per cent in Mpumalanga and 50.6 per cent in the Northern Cape, to a high of 57.5 per cent in Limpopo and 55.9 per cent in Gauteng.

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

	Main budget	Actual collection as at 30 September 2017	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	2016/17: Outcome as at 30 September 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 501 695	814 208	54.2%	2.1%	8.5%	771 204	5.6%
Free State	1 047 477	534 211	51.0%	3.2%	5.6%	485 501	10.0%
Gauteng	5 382 370	3 008 359	55.9%	5.3%	31.6%	2 838 553	6.0%
KwaZulu-Natal	3 038 627	1 648 949	54.3%	2.8%	17.3%	1 616 590	2.0%
Limpopo	1 137 840	654 613	57.5%	2.1%	6.9%	778 341	-15.9%
Mpumalanga	1 180 946	574 605	48.7%	2.6%	6.0%	439 516	30.7%
Northern Cape	339 832	171 893	50.6%	2.0%	1.8%	181 228	-5.2%
North West	1 181 276	614 532	52.0%	3.1%	6.4%	585 989	4.9%
Western Cape	2 710 739	1 508 169	55.6%	5.1%	15.8%	1 445 764	4.3%
<b>Total</b>	<b>17 520 802</b>	<b>9 529 539</b>	<b>54.4%</b>	<b>3.4%</b>	<b>100.0%</b>	<b>9 142 687</b>	<b>4.2%</b>

