



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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### **Provincial Budgets: 2017/18 Financial Year Third Quarter Year to Date 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 statement of provincial receipts and payments covers the first nine months (April to December 2017) of the 2017/18 financial year. The statement is also 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 the National Treasury. Queries on spending or budget numbers should therefore, in the first instance, be referred to the head of the relevant provincial department, and in the second instance to the head of the relevant provincial treasury. Queries on conditional grants may be referred to the head of the national department that administers the grant.
3. The budgeted figures in the publication take account of the *2017 Adjusted Estimates of Provincial Revenue and Expenditure* documents of provinces, which were presented to their provincial legislatures during November 2017. It includes the adjustments from national government to provinces of R49.8 million allocated through the *Adjustments Appropriation Act, 2017 and Division of Revenue Amendment Act, 2017*.
4. There were no adjustments made to the provincial equitable shares. Conditional grant additions include an additional R19.8 million allocated towards the *Comprehensive HIV, AIDS and TB grant*, as well as the conversion of indirect conditional grants to direct conditional grants amounting to R30 million for the *Health Facility Revitalisation grant*. Details for the additions, conversions of allocations were published as part of the *Division of Revenue Amendment Bill, 2017*.
5. In addition to the national adjustments, provinces increased their main budgets by R9.1 billion. This amount consists of unspent conditional grants rolled over from the previous financial year (approved by the National Treasury) and other funds surrendered to the respective Provincial Revenue Funds in respect of the 2016/17 financial year.
6. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R9.1 billion with the bulk going to health (R3.6 billion); education (R2.1 billion); and public works, roads and transport (R1.5 billion).

*Overall Expenditure and Revenue Trends for the nine months to the end of December 2017*

7. In aggregate, provinces spent R419.3 billion, or 74.7 per cent, of their combined adjusted budgets of R561 billion, an increase of 7.1 per cent or R28 billion on the R391.3 billion spent last year.
8. Education expenditure, which at 40.3 per cent is the largest item on provincial budgets, was R171.5 billion or 75.9 per cent of the R226 billion combined education adjusted budgets, an increase of 7.5 per cent or R12 billion on the previous financial year.
9. Health expenditure, which at 32.4 per cent is the second largest item on provincial budgets, totalled R138.3 billion, or 76.2 per cent of the R181.5 billion combined health adjusted budgets. The expenditure represents an increase of 9.3 per cent or R11.8 billion on the same period for the 2016/17 financial year.
10. Social development expenditure was R13.9 billion or 71.9 per cent of the R19.3 billion combined social development adjusted budgets.
11. Personnel expenditure (compensation of employees) was R251.5 billion or 75.1 per cent of the R335 billion adjusted budget. Given the tight budgetary environment, provinces through cost-effective reprioritisation within their current budgets, have to cover any shortfall in terms of the wage increases and other personnel related matters for 2017/18.
12. In aggregate, provinces spent R27.7 billion or 66 per cent of their R42 billion combined capital (payments for capital assets) adjusted budgets, a significant increase of 15.9 per cent on the expenditure for same period of the 2016/17 financial year.
13. Provincial education departments spent R7.3 billion or 69.1 per cent of the R10.6 billion adjusted budgets for capital expenditure, which is R259.4 million or 3.4 per cent less than the expenditure for the previous financial year.
14. Provincial health departments spent R5.8 billion or 58.3 per cent of the R10 billion adjusted budgets for capital expenditure, which is R518.1 million or 9.8 per cent more than the same period for 2016/17.
15. The biggest share (28.9 per cent) of provincial capital budgets is for the public works, roads and transport departments, which spent R9.3 billion or 76.8 per cent of the combined capital adjusted budget of R12.2 billion.
16. Provinces collected own revenue of R14.3 billion, or 81.1 per cent of the budgeted own revenue of R17.7 billion. By 31 December 2017, national government had transferred R331 billion of the equitable share and R74.9 billion of conditional grants to provinces.
17. A more detailed analysis on the outcome of provincial finances as at 31 December 2017 is set out in Annexure A.

## DETAILED ANALYSIS FOR THE NINE MONTHS TO THE END OF DECEMBER 2017:

1. The budgeted figures for provinces are based on the *2017 Adjusted Estimates of Provincial Revenue and Expenditure* documents (adjusted budgets) tabled in the provincial legislatures during November 2017.

*Total Expenditure*

2. Table 1 indicates that provinces spent R419.3 billion or 74.7 per cent of the combined adjusted budget of R561 billion. Spending against adjusted budgets is at a higher level in percentage terms when compared to the same period of the 2016/17 financial year (74.5 per cent). Spending in nominal terms is 7.1 per cent or R28 billion higher than last year, when provinces spent R391.3 billion.
3. Spending was lowest in the Western Cape (71.5 per cent of the adjusted budget) and the North West (73.6 per cent), highest in the Free State and the Eastern Cape, at 77.2 per cent and 75.8 per cent respectively.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2017

R thousand	Adjusted budget 2017/18					Actual payments as at 31 December 2017					Actual payments as % of adjusted budget	2016/17: Outcome as at 31 December 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	61 783 797	8 420 422	5 040 255	–	75 244 473	46 394 291	7 254 117	3 390 196	56	57 038 660	75.8%	52 189 278	9.3%
Free State	26 035 100	4 808 040	2 318 116	306	33 161 562	20 081 790	3 815 493	1 717 291	409	25 614 983	77.2%	23 803 533	7.6%
Gauteng	85 841 528	15 091 455	11 305 374	11 036	112 249 393	65 139 030	12 172 756	6 118 917	31 320	83 462 022	74.4%	78 808 162	5.9%
KwaZulu-Natal	96 441 429	11 788 499	8 070 640	140 412	116 440 980	72 633 016	9 259 019	6 047 874	141 183	88 081 092	75.6%	83 537 169	5.4%
Limpopo	52 440 570	8 093 880	2 209 498	22 176	62 766 124	39 080 466	6 052 080	1 410 581	21 324	46 564 451	74.2%	42 738 084	9.0%
Mpumalanga	35 968 911	5 233 490	3 806 097	94	45 008 592	26 926 527	4 276 540	2 773 897	24	33 976 988	75.5%	31 143 955	9.1%
Northern Cape	13 056 846	1 696 237	1 754 250	–	16 507 333	10 068 837	1 321 163	1 023 733	101	12 413 834	75.2%	11 446 466	8.5%
North West	31 105 092	6 076 812	2 708 390	–	39 890 294	22 427 527	4 725 553	2 209 428	18	29 362 526	73.6%	26 888 282	9.2%
Western Cape	45 296 037	9 641 252	4 802 459	17 513	59 757 261	32 708 334	6 973 596	3 046 436	13 973	42 742 339	71.5%	40 737 476	4.9%
<b>Total</b>	<b>447 969 310</b>	<b>70 850 087</b>	<b>42 015 079</b>	<b>191 537</b>	<b>561 026 012</b>	<b>335 459 817</b>	<b>55 850 317</b>	<b>27 738 353</b>	<b>208 408</b>	<b>419 256 895</b>	<b>74.7%</b>	<b>391 292 405</b>	<b>7.1%</b>

*Social Services*

4. The provincial adjusted budget for social services, including education, health and social development totals R426.8 billion.

Table 2: Provincial Social Services Expenditure as at 31 December 2017

R thousand	Adjusted budget	Actual payments as at 31 December 2017	Actual payments as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2016/17: Outcome as at 31 December 2016	Year-on-year growth
Education	226 028 188	171 504 199	75.9%	40.9%	53.0%	159 493 462	7.5%
Health	181 514 872	138 289 259	76.2%	33.0%	42.7%	126 508 548	9.3%
Social Development	19 258 150	13 850 727	71.9%	3.3%	4.3%	13 076 653	5.9%
<b>Total</b>	<b>426 801 210</b>	<b>323 644 185</b>	<b>75.8%</b>	<b>77.2%</b>	<b>100.0%</b>	<b>299 078 663</b>	<b>8.2%</b>

5. Expenditure at the end of the third quarter year to date of 2017/18 was R323.6 billion, or 75.8 per cent of the total provincial social services adjusted budgets.

## Education

6. At R226 billion, education adjusted budgets comprise 40.3 per cent of total provincial adjusted budgets. Table 3 shows that education expenditure by the end of the third quarter year to date of 2017/18 totalled R171.5 billion or 75.9 per cent of the total education adjusted budget. This is an increase of 7.5 per cent, or R12 billion, on the R159.5 billion spent over the same period in 2016/17.
7. Spending by provinces on education ranges from 74.3 per cent in the Western Cape and 74.7 per cent in the North West, to 79.7 per cent in the Northern Cape and 78.5 per cent in the Free State.

**Table 3: Provincial Education Expenditure as at 31 December 2017**

	Adjusted budget	Actual payments as at 31 December 2017	Actual payments as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2016/17: Outcome as at 31 December 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	33 021 044	24 915 322	75.5%	43.7%	56.3%	22 469 656	10.9%
Free State	12 959 696	10 169 853	78.5%	39.7%	55.0%	9 416 937	8.0%
Gauteng	41 786 542	31 633 642	75.7%	37.9%	47.1%	29 852 698	6.0%
KwaZulu-Natal	47 900 093	36 617 576	76.4%	41.6%	52.9%	35 062 633	4.4%
Limpopo	28 880 494	21 983 475	76.1%	47.2%	58.5%	19 605 053	12.1%
Mpumalanga	19 587 078	14 677 391	74.9%	43.2%	58.5%	13 762 903	6.6%
Northern Cape	5 896 119	4 698 701	79.7%	37.9%	54.3%	4 274 591	9.9%
North West	15 274 429	11 410 002	74.7%	38.9%	55.6%	10 569 243	8.0%
Western Cape	20 722 693	15 398 237	74.3%	36.0%	47.2%	14 479 748	6.3%
<b>Total</b>	<b>226 028 188</b>	<b>171 504 199</b>	<b>75.9%</b>	<b>40.9%</b>	<b>53.0%</b>	<b>159 493 462</b>	<b>7.5%</b>

8. Expenditure on goods and services (including learner and teacher support materials) was at R14.7 billion, or 67.5 per cent of the adjusted budget amount of R21.9 billion.
9. The bulk of education expenditure (R133.9 billion, or 78.1 per cent of total education expenditure) was on personnel. The first nine months' expenditure accounted for 75.8 per cent of the R176.6 billion adjusted budget for personnel. Spending by provinces on personnel expenditure in education ranged from 73.9 per cent in Mpumalanga to 77.8 per cent in the Free State.

**Table 4: Provincial Personnel Expenditure: Education as at 31 December 2017**

	Adjusted budget	Actual payments as at 31 December 2017	Actual payments as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2016/17: Outcome as at 31 December 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	25 894 880	19 561 173	75.5%	54.7%	78.5%	17 989 956	8.7%
Free State	10 045 198	7 810 333	77.8%	50.9%	76.8%	7 334 250	6.5%
Gauteng	30 484 223	23 645 754	77.6%	50.0%	74.7%	21 393 828	10.5%
KwaZulu-Natal	39 991 963	30 283 454	75.7%	56.1%	82.7%	28 360 083	6.8%
Limpopo	23 226 074	17 480 088	75.3%	54.7%	79.5%	16 433 216	6.4%
Mpumalanga	15 556 346	11 495 642	73.9%	57.6%	78.3%	10 747 591	7.0%
Northern Cape	4 510 503	3 493 285	77.4%	50.3%	74.3%	3 244 125	7.7%
North West	11 654 548	8 733 256	74.9%	52.8%	76.5%	8 024 135	8.8%
Western Cape	15 263 090	11 400 523	74.7%	48.1%	74.0%	10 603 265	7.5%
<b>Total</b>	<b>176 626 825</b>	<b>133 903 508</b>	<b>75.8%</b>	<b>53.2%</b>	<b>78.1%</b>	<b>124 130 449</b>	<b>7.9%</b>

10. Capital expenditure by provincial education departments was R7.3 billion, or 69.1 per cent, of the R10.6 billion adjusted budget, which is 3.4 per cent less than the spending over the same period of the previous financial year. Education capital expenditure was lowest in Gauteng (53.1 per cent) and highest in Limpopo (91.9 per cent).

**Table 5: Provincial Capital Expenditure: Education as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2017</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Education Capital to total capital expenditure</b>	<b>% share of Education Capital to total Education expenditure</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	1 761 399	1 101 223	62.5%	32.5%	4.4%	1 033 226	6.6%
Free State	631 237	516 830	81.9%	30.1%	5.1%	374 057	38.2%
Gauteng	1 912 244	1 014 591	53.1%	16.6%	3.2%	1 562 001	-35.0%
KwaZulu-Natal	1 880 905	1 402 429	74.6%	23.2%	3.8%	1 708 894	-17.9%
Limpopo	840 043	772 258	91.9%	54.7%	3.5%	378 042	104.3%
Mpumalanga	919 879	563 047	61.2%	20.3%	3.8%	537 894	4.7%
Northern Cape	561 298	412 400	73.5%	40.3%	8.8%	366 794	12.4%
North West	1 045 604	889 345	85.1%	40.3%	7.8%	787 463	12.9%
Western Cape	1 021 249	638 205	62.5%	20.9%	4.1%	821 361	-22.3%
<b>Total</b>	<b>10 573 858</b>	<b>7 310 328</b>	<b>69.1%</b>	<b>26.4%</b>	<b>4.3%</b>	<b>7 569 732</b>	<b>-3.4%</b>

## Health

11. Health adjusted budgets, totalling R181.5 billion, comprise 32.4 per cent of total provincial adjusted budgets.

**Table 6: Provincial Health Expenditure as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2017</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Health to total provincial expenditure</b>	<b>% share of Health to total Social Services expenditure</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	22 336 581	17 527 131	78.5%	30.7%	39.6%	15 770 513	11.1%
Free State	9 736 916	7 470 872	76.7%	29.2%	40.4%	6 822 948	9.5%
Gauteng	41 942 834	32 350 256	77.1%	38.8%	48.1%	28 820 182	12.2%
KwaZulu-Natal	39 930 478	30 506 628	76.4%	34.6%	44.1%	28 686 007	6.3%
Limpopo	18 606 039	14 248 909	76.6%	30.6%	37.9%	13 127 117	8.5%
Mpumalanga	12 045 053	9 298 256	77.2%	27.4%	37.1%	8 114 245	14.6%
Northern Cape	4 630 292	3 343 297	72.2%	26.9%	38.7%	3 155 624	5.9%
North West	10 600 197	7 969 538	75.2%	27.1%	38.8%	7 396 543	7.7%
Western Cape	21 686 482	15 574 372	71.8%	36.4%	47.8%	14 615 369	6.6%
<b>Total</b>	<b>181 514 872</b>	<b>138 289 259</b>	<b>76.2%</b>	<b>33.0%</b>	<b>42.7%</b>	<b>126 508 548</b>	<b>9.3%</b>

12. Table 6 indicates that, at R138.3 billion or 76.2 per cent of the total health adjusted budget, health expenditure increased by 9.3 per cent, or R10.5 billion, compared to the same period in 2016/17.

13. Western Cape and the Northern Cape provinces spent the lowest share of their health adjusted budgets at 71.8 per cent and 72.2 per cent respectively. The highest shares are recorded by the Eastern Cape at 78.5 per cent and Mpumalanga at 77.2 per cent.

14. Table 7 (overleaf) shows that health personnel expenditure was R84.2 billion, or 74.4 per cent, of the health personnel adjusted budget, an increase of R5.6 billion, or 7.1 per cent, on the R78.6 billion spent over the same period in 2016/17.

**Table 7: Provincial Personnel Expenditure: Health as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2017</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Health Personnel to total personnel expenditure</b>	<b>% share of Health Personnel to total Health expenditure</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	14 670 661	10 909 188	74.4%	30.5%	62.2%	10 173 068	7.2%
Free State	6 379 299	4 725 329	74.1%	30.8%	63.3%	4 390 775	7.6%
Gauteng	24 965 403	18 803 368	75.3%	39.8%	58.1%	17 122 678	9.8%
KwaZulu-Natal	24 962 432	18 483 643	74.0%	34.2%	60.6%	17 598 131	5.0%
Limpopo	13 024 160	9 693 958	74.4%	30.3%	68.0%	9 154 008	5.9%
Mpumalanga	7 282 617	5 407 380	74.3%	27.1%	58.2%	5 028 308	7.5%
Northern Cape	2 500 141	1 925 705	77.0%	27.7%	57.6%	1 736 006	10.9%
North West	6 551 995	4 708 171	71.9%	28.4%	59.1%	4 495 434	4.7%
Western Cape	12 742 984	9 499 408	74.5%	40.1%	61.0%	8 866 496	7.1%
<b>Total</b>	<b>113 079 692</b>	<b>84 156 150</b>	<b>74.4%</b>	<b>33.5%</b>	<b>60.9%</b>	<b>78 564 904</b>	<b>7.1%</b>

15. Spending on non-capital items, including medicines, drugs and other current expenditure (but excluding expenditure on personnel), was R48.3 billion, or 82.6 per cent, of the R58.5 billion adjusted budget.

16. Capital expenditure in the health sector was R5.8 billion, or 58.3 per cent, an increase of R518.1 million or 9.8 per cent on the R5.3 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2017</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Health Capital to total capital expenditure</b>	<b>% share of Health Capital to total Health expenditure</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	1 308 473	734 378	56.1%	21.7%	4.2%	787 024	-6.7%
Free State	765 563	538 812	70.4%	31.4%	7.2%	549 023	-1.9%
Gauteng	2 542 988	1 140 521	44.8%	18.6%	3.5%	1 189 665	-4.1%
KwaZulu-Natal	1 579 473	1 041 697	66.0%	17.2%	3.4%	836 537	24.5%
Limpopo	591 713	322 388	54.5%	22.9%	2.3%	278 962	15.6%
Mpumalanga	1 049 982	774 836	73.8%	27.9%	8.3%	428 741	80.7%
Northern Cape	660 169	253 295	38.4%	24.7%	7.6%	247 148	2.5%
North West	714 845	589 650	82.5%	26.7%	7.4%	478 695	23.2%
Western Cape	739 375	411 520	55.7%	13.5%	2.6%	493 175	-16.6%
<b>Total</b>	<b>9 952 581</b>	<b>5 807 097</b>	<b>58.3%</b>	<b>20.9%</b>	<b>4.2%</b>	<b>5 288 970</b>	<b>9.8%</b>

17. Spending levels by provinces varied, with the Northern Cape (38.4 per cent) and Gauteng (44.8 per cent) being the lowest and the North West (82.5 per cent) and Mpumalanga (73.8 per cent) being the highest.

#### *Social Development*

18. At R19.3 billion, the social development adjusted budget comprises 3.4 per cent of total provincial adjusted budgets.

19. Provinces registered expenditure of R13.9 billion, or 71.9 per cent, of the total adjusted budget of R19.3 billion, which represents an increase of R774.1 million, or 5.9 per cent, on the R13.1 billion spent over the same period last year.

20. Expenditure levels varied, with the Eastern Cape (68.5 per cent) and the Northern Cape (69.5 per cent) being the lowest, and the Western Cape (77.6 per cent) and the North West (75.6 per cent) being the highest.

**Table 9: Provincial Social Development Expenditure as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2017</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of Soc Dev to total provincial expenditure</b>	<b>% share of Soc Dev to total Social Services expenditure</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	2 642 011	1 810 792	68.5%	3.2%	4.1%	1 791 828	1.1%
Free State	1 199 009	862 337	71.9%	3.4%	4.7%	808 840	6.6%
Gauteng	4 586 319	3 230 136	70.4%	3.9%	4.8%	3 215 022	0.5%
KwaZulu-Natal	2 986 364	2 092 283	70.1%	2.4%	3.0%	1 953 299	7.1%
Limpopo	1 828 816	1 359 378	74.3%	2.9%	3.6%	1 239 312	9.7%
Mpumalanga	1 509 438	1 099 101	72.8%	3.2%	4.4%	982 403	11.9%
Northern Cape	870 316	605 025	69.5%	4.9%	7.0%	542 022	11.6%
North West	1 525 356	1 153 810	75.6%	3.9%	5.6%	1 009 746	14.3%
Western Cape	2 110 521	1 637 865	77.6%	3.8%	5.0%	1 534 181	6.8%
<b>Total</b>	<b>19 258 150</b>	<b>13 850 727</b>	<b>71.9%</b>	<b>3.3%</b>	<b>4.3%</b>	<b>13 076 653</b>	<b>5.9%</b>

### *Human Settlements Development Conditional Grant*

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

**Table 10: Provincial Human Settlements Development Grant Expenditure as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual payments as at 31 December 2017</b>	<b>Actual payments as % of adjusted budget</b>	<b>% share of grant to total provincial expenditure</b>	<b>% share of grant to total grant expenditure</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	2 239 316	1 814 251	81.0%	3.2%	13.4%	1 736 007	4.5%
Free State	1 193 038	801 046	67.1%	3.1%	5.9%	982 216	-18.4%
Gauteng	5 571 755	3 265 361	58.6%	3.9%	24.1%	3 297 013	-1.0%
KwaZulu-Natal	3 478 939	2 684 101	77.2%	3.0%	19.8%	2 428 190	10.5%
Limpopo	1 404 461	744 257	53.0%	1.6%	5.5%	961 209	-22.6%
Mpumalanga	1 407 662	1 082 128	76.9%	3.2%	8.0%	784 011	38.0%
Northern Cape	411 641	299 045	72.6%	2.4%	2.2%	247 804	20.7%
North West	2 378 788	1 501 584	63.1%	5.1%	11.1%	1 520 186	-1.2%
Western Cape	2 226 758	1 383 123	62.1%	3.2%	10.2%	1 484 467	-6.8%
<b>Total</b>	<b>20 312 358</b>	<b>13 574 896</b>	<b>66.8%</b>	<b>3.2%</b>	<b>100.0%</b>	<b>13 441 103</b>	<b>1.0%</b>

22. Table 10 shows that provinces spent R13.6 billion, or 66.8 per cent of the R20.3 billion Human Settlements Development grant adjusted budget, which is an increase of R133.8 million or 1 per cent on the expenditure for the same period last year.

### *Personnel Expenditure*

23. Personnel expenditure (compensation of employees) for the first nine months of the 2017/18 financial year was R251.5 billion, or 75.1 per cent, of the combined R335 billion adjusted budget, which is R17.4 billion or 7.4 per cent higher than the R234.1 billion spent during the same period last year.

**Table 11: Provincial Personnel Expenditure as at 31 December 2017**

	Adjusted budget	Actual payments as at 31 December 2017	Actual payments as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2016/17: Outcome as at 31 December 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	47 820 658	35 777 728	74.8%	62.7%	14.2%	33 211 236	7.7%
Free State	19 964 233	15 337 296	76.8%	59.9%	6.1%	14 251 597	7.6%
Gauteng	61 990 771	47 269 960	76.3%	56.6%	18.8%	42 926 284	10.1%
KwaZulu-Natal	72 125 115	53 980 887	74.8%	61.3%	21.5%	51 050 425	5.7%
Limpopo	42 844 063	31 976 250	74.6%	68.7%	12.7%	30 136 109	6.1%
Mpumalanga	26 949 377	19 949 179	74.0%	58.7%	7.9%	18 571 361	7.4%
Northern Cape	9 123 280	6 944 308	76.1%	55.9%	2.8%	6 426 182	8.1%
North West	22 429 340	16 552 079	73.8%	56.4%	6.6%	15 398 909	7.5%
Western Cape	31 786 046	23 683 656	74.5%	55.4%	9.4%	22 089 022	7.2%
<b>Total</b>	<b>335 032 884</b>	<b>251 471 343</b>	<b>75.1%</b>	<b>60.0%</b>	<b>100.0%</b>	<b>234 061 125</b>	<b>7.4%</b>

24. Spending ranged from 73.8 per cent (North West), 74 per cent (Mpumalanga), to 76.8 per cent (Free State) and 76.3 per cent (Gauteng).

#### *Overall Capital Budgets and Expenditure*

25. By the end of December 2017, provinces had spent R27.7 billion or 66 per cent of the R42 billion capital adjusted budget (payments for capital assets), an increase of 15.9 per cent on the expenditure for the same period in 2016/17.

**Table 12: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2017**

	Adjusted budget	Actual payments as at 31 December 2017	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2016/17: Outcome as at 31 December 2016	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	5 040 255	3 390 196	67.3%	5.9%	12.2%	3 228 948	5.0%
Free State	2 318 116	1 717 291	74.1%	6.7%	6.2%	1 767 939	-2.9%
Gauteng	11 305 374	6 118 917	54.1%	7.3%	22.1%	3 831 586	59.7%
KwaZulu-Natal	8 070 640	6 047 874	74.9%	6.9%	21.8%	5 789 116	4.5%
Limpopo	2 209 498	1 410 581	63.8%	3.0%	5.1%	1 066 855	32.2%
Mpumalanga	3 806 097	2 773 897	72.9%	8.2%	10.0%	2 176 530	27.4%
Northern Cape	1 754 250	1 023 733	58.4%	8.2%	3.7%	944 067	8.4%
North West	2 708 390	2 209 428	81.6%	7.5%	8.0%	1 656 676	33.4%
Western Cape	4 802 459	3 046 436	63.4%	7.1%	11.0%	3 466 993	-12.1%
<b>Total</b>	<b>42 015 079</b>	<b>27 738 353</b>	<b>66.0%</b>	<b>6.6%</b>	<b>100.0%</b>	<b>23 928 710</b>	<b>15.9%</b>

26. Table 12 provides capital spending information by province and shows low rates of spending in Gauteng (54.1 per cent) and the Northern Cape (58.4 per cent), high rates in the North West (81.6 per cent) and KwaZulu-Natal (74.9 per cent). However, Gauteng (R6.12 billion) spent the most in absolute terms, followed by KwaZulu-Natal (R6.05 billion) and the Eastern Cape (R3.4 billion).

27. Provincial education departments spent R7.3 billion or 69.1 per cent of their R10.6 billion capital adjusted budgets, which is a decrease of R259.4 million or 3.4 per cent on the expenditure for the same period last year.

28. Provincial health departments spent R5.8 billion or 58.3 per cent of their R10 billion health capital adjusted budgets, which is R518.1 billion or 9.8 per cent more than the same period for 2016/17.



29. The public works, roads and transport departments, which have the biggest share (28.9 per cent) of provincial capital adjusted budgets, spent R9.3 billion or 76.8 per cent of their combined capital adjusted budgets of R12.2 billion.

### Conditional Grants

**Table 13: Provincial Conditional Grants Expenditure as at 31 December 2017**

	Division of Revenue Act, 2017	Division of Revenue Amendment Act, 2017	Provincial roll-overs	Total available 2017/18	Transferred from National to provinces	Actual payments as at 31 December 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>–</b>	<b>21 084</b>	<b>2 262 773</b>	<b>1 744 595</b>	<b>1 315 282</b>	<b>58.1%</b>
Comprehensive Agricultural Support Programme Grant	1 645 946	–	17 884	1 663 830	1 288 571	943 159	56.7%
Ilima/Letsema Projects Grant	522 139	–	3 200	525 339	397 142	320 895	61.1%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	73 604	–	–	73 604	58 882	51 228	69.6%
<b>Arts and Culture</b>	<b>1 419 960</b>	<b>–</b>	<b>45 081</b>	<b>1 465 041</b>	<b>1 127 352</b>	<b>909 823</b>	<b>62.1%</b>
Community Library Services Grant	1 419 960	–	45 081	1 465 041	1 127 352	909 823	62.1%
<b>Basic Education</b>	<b>17 154 328</b>	<b>–</b>	<b>458 069</b>	<b>17 612 397</b>	<b>14 655 274</b>	<b>5 317 933</b>	<b>73.0%</b>
1. Education Infrastructure Grant	10 045 562	–	280 398	10 325 960	8 789 873		
HIV and Aids (Life Skills Education) Grant	245 308	–	505	245 813	196 247	171 099	69.6%
Learners with Profound Intellectual Disabilities Grant	72 000	–	–	72 000	57 420	12 399	17.2%
Maths, Science and Technology Grant	365 145	–	5 742	370 887	272 747	186 429	50.3%
National School Nutrition Programme Grant	6 426 313	–	171 424	6 597 737	5 338 987	4 948 006	75.0%
<b>Cooperative Governance and Traditional Affairs</b>	<b>123 432</b>	<b>–</b>	<b>–</b>	<b>123 432</b>	<b>40 000</b>		
2. Provincial Disaster Grant	123 432	–	–	123 432	40 000		
<b>Health</b>	<b>37 520 392</b>	<b>49 834</b>	<b>314 315</b>	<b>37 884 541</b>	<b>28 367 685</b>	<b>17 313 583</b>	<b>73.6%</b>
Comprehensive HIV and Aids Grant	17 557 903	19 834	30 160	17 607 897	13 197 184	13 735 415	78.0%
Health Facility Revitalisation Grant	5 654 495	30 000	243 562	5 928 057	4 460 691	3 578 168	60.4%
1. Health Professions Training and Development Grant	2 631 849	–	7 111	2 638 960	1 967 323		
Human Papillomavirus Vaccine Grant	–	–	–	–	–	–	–
1. National Tertiary Services Grant	11 676 145	–	33 482	11 709 627	8 742 487		
<b>Human Settlements</b>	<b>19 969 343</b>	<b>–</b>	<b>343 015</b>	<b>20 312 358</b>	<b>14 226 895</b>	<b>13 574 896</b>	<b>66.8%</b>
Human Settlements Development Grant	19 969 343	–	343 015	20 312 358	14 226 895	13 574 896	66.8%
<b>Public Works</b>	<b>781 162</b>	<b>–</b>	<b>1 653</b>	<b>782 815</b>	<b>764 864</b>	<b>623 606</b>	<b>79.7%</b>
Expanded Public Works Programme Integrated Grant for Provinces	395 579	–	1 653	397 232	379 281	327 098	82.3%
Social Sector Expanded Public Works Programme Incentive Grant	385 583	–	–	385 583	385 583	296 509	76.9%
<b>Social Development</b>	<b>556 392</b>	<b>–</b>	<b>81 935</b>	<b>638 327</b>	<b>394 846</b>	<b>224 941</b>	<b>35.2%</b>
Early Childhood Development Grant	317 612	–	–	317 612	252 209	165 504	52.1%
1. Social Workers Employment Grant	181 830	–	–	181 830	125 018		
Substance Abuse Treatment Grant	56 950	–	81 935	138 885	17 619	59 437	42.8%
<b>Sport and Recreation South Africa</b>	<b>585 828</b>	<b>–</b>	<b>2 339</b>	<b>588 167</b>	<b>275 152</b>	<b>396 438</b>	<b>67.4%</b>
Mass Participation and Sport Development Grant	585 828	–	2 339	588 167	275 152	396 438	67.4%
<b>Transport</b>	<b>16 476 535</b>	<b>–</b>	<b>98 912</b>	<b>16 575 447</b>	<b>13 341 540</b>		
1. Provincial Roads Maintenance Grant	10 753 664	–	94 991	10 848 655	9 357 214		
1. Public Transport Operations Grant	5 722 871	–	3 921	5 726 792	3 984 326		
<b>Total</b>	<b>96 829 061</b>	<b>49 834</b>	<b>1 366 403</b>	<b>98 245 298</b>	<b>74 938 203</b>		
<b>Total excluding Schedules 4A and 7A grants</b>	<b>55 693 708</b>	<b>49 834</b>	<b>946 500</b>	<b>56 690 042</b>	<b>41 931 962</b>	<b>39 676 502</b>	<b>70.0%</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.

30. The total adjusted conditional grant allocation is R98.2 billion (including Schedules 4A and 7A grants), of which health (R37.9 billion) makes up the bulk.
31. Table 13 above reflects spending by all provinces on conditional grant adjusted allocations as at 31 December 2017. It includes conditional grant roll-overs from the 2016/17 financial year (approved by the National Treasury) and other provincial adjustments but excludes spending on Schedules 4A and 7A grants.
32. Schedule 4A grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 7A grant) specifies funds that are not allocated to specific provinces that may be released to provinces to fund disaster response.
33. An additional R48.9 million adjustment, in aggregate, to conditional grants were allocated by national government through the *Adjustments Appropriation Act, 2017 and Division of Revenue Amendment Act, 2017*.
34. Of the R56.7 billion (including provincial roll-overs) allocated to provinces as conditional grants (excluding Schedules 4A and 7A grants), R41.9 billion, or 70 per cent, had been spent by the end of December 2017.

**Table 14: Selected Conditional Grants Spending Rates as at 31 December 2017**

	Number of provinces spent less than 70%	Number of provinces spent between 70% and 80% (inclusive)	Number of provinces spent more than 80%
<b>Agriculture, Forestry and Fisheries</b>			
Comprehensive Agricultural Support Programme Grant	8 EC, FS, GT, KZN, LIM, MPU, NC, NW,		1 WC
Ilima/Letsema Projects Grant	6 EC, FS, GT, KZN, LIM, NC,		3 MPU, NW, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 KZN, LIM, NC, NW,	3 EC, MPU, WC,	2 FS, GT,
<b>Arts and Culture</b>			
Community Library Services Grant	8 EC, FS, GT, KZN, LIM, MPU, NC, NW,	1 WC,	
<b>Basic Education</b>			
Learners with Profound Intellectual Disabilities Grant	9 All provinces		
HIV and AIDS (Life Skills Education) Grant	4 FS, LIM, NW, WC	2 EC, GT,	3 KZN, MPU, NC,
Maths, Science and Technology Grant	6 FS, GT, KZN, LIM, NW, WC	2 EC, MPU,	1 NC,
National School Nutrition Programme Grant			
<b>Health</b>			
Comprehensive HIV and AIDS Grant	1 NC,	5 EC, FS, GT, NW, WC,	3 KZN, LIM, MPU,
Health Facility Revitalisation Grant	6 EC, GT, KZN, LIM, MPU, WC	2 FS, NC,	1 NW,
<b>Human Settlements</b>			
Human Settlements Development Grant	5 FS, GT, LIM, NW, WC	3 KZN, MPU, NC,	1 EC,
<b>Public Works</b>			
Expanded Public Works Programme Integrated Grant for Provinces	3 GT, MPU, NC,	1 NW,	5 EC, FS, KZN, LIM, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 KZN,	4 FS, GT, LIM, NW,	4 EC, MPU, NC, WC
<b>Social Development</b>			
Early Childhood Development Grant	8 EC, FS, GT, KZN, LIM, NC, NW, WC	1 MPU,	
Substance Abuse Treatment Grant	9 All provinces		
<b>Sport and Recreation South Africa</b>			
Mass Participation and Sport Development Grant	3 EC, FS, GT,	2 KZN, NC,	4 LIM, MPU, NW, WC

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

35. Table 14 above indicates selected conditional grant spending rates as at 31 December 2017.

36. Specific grants that show low rates of spending include:

- a. Learners with Profound Intellectual Disabilities (17.2 per cent)
- b. Substance Abuse Treatment (42.8 per cent)
- c. Social Workers Employment (49.1 per cent)
- d. Maths, Science and Technology (50.3 per cent)
- e. Early Childhood Development (52.1 per cent)
- f. Comprehensive Agricultural Support Programme (56.7 per cent)
- g. Health Facility Revitalisation (60.4 per cent)

### *Provincial Revenue*

37. The adjusted budgeted provincial revenue of R555.8 billion includes equitable share allocations of R441.3 billion, conditional grants of R96.8 billion and own revenue of R17.7 billion. Of the budgeted revenue, provinces had received and collected R420.3 billion, or 75.6 per cent by the end of December 2017.

38. By the end of December, national government had transferred to provinces R331 billion or 75 per cent of the equitable share, and R74.9 billion or 77.3 per cent in conditional grants.

39. Of budgeted own revenue of R17.7 billion, provinces had collected R14.3 billion or 81.8 per cent by the end of December, which is R666.5 million, or 4.9 per cent more than what was collected during the same period last year.

40. The collection rate varied from a low of 72.1 per cent (Free State), 74.1 per cent (Limpopo), to a high of 85.3 per cent (Western Cape) and 82.9 per cent (Gauteng).

**Table 15: Provincial Own Revenue Collection as at 31 December 2017**

<b>R thousand</b>	<b>Adjusted budget</b>	<b>Actual collection as at 31 December 2017</b>	<b>Actual collection as % of Adjusted budget</b>	<b>% share of Own Revenue collected to total provincial revenue received</b>	<b>% share of Own Revenue collected to total Own Revenue collected</b>	<b>2016/17: Outcome as at 31 December 2016</b>	<b>Year-on-year growth</b>
Eastern Cape	1 501 695	1 241 893	82.7%	2.2%	8.7%	1 219 811	1.8%
Free State	1 047 477	754 842	72.1%	3.0%	5.3%	722 455	4.5%
Gauteng	5 382 370	4 464 528	82.9%	5.3%	31.1%	4 184 140	6.7%
KwaZulu-Natal	3 038 627	2 447 939	80.6%	2.8%	17.1%	2 358 735	3.8%
Limpopo	1 295 487	959 341	74.1%	2.1%	6.7%	1 103 559	-13.1%
Mpumalanga	1 180 946	971 663	82.3%	2.9%	6.8%	783 253	24.1%
Northern Cape	339 832	267 787	78.8%	2.1%	1.9%	263 913	1.5%
North West	1 181 276	917 349	77.7%	3.1%	6.4%	829 344	10.6%
Western Cape	2 710 739	2 312 959	85.3%	5.2%	16.1%	2 206 634	4.8%
<b>Total</b>	<b>17 678 449</b>	<b>14 338 301</b>	<b>81.1%</b>	<b>3.4%</b>	<b>100.0%</b>	<b>13 671 844</b>	<b>4.9%</b>