



MEDIA STATEMENT

Provincial Budgets: 2018/19 Financial Year First Quarter Provincial Budgets and Expenditure Report

SUMMARY

Overall Expenditure Trends – First Quarter: 2018/19 Financial Year

1. In aggregate, provincial spending for the first quarter is R138.5 billion, or 23.4 per cent, of combined annual budgets of R591.5 billion. This represents an increase of 3 per cent or R4 billion on the expenditure of R134.5 billion for the same period last year.
2. Education expenditure for the first quarter is R57.9 billion or 24 per cent of the R240.9 billion combined education budgets, an increase of 2.9 per cent or R1.6 billion on the first quarter for the previous financial year. It remains the largest item on provincial budgets (40.7 per cent).
3. Health expenditure totalled R48.5 billion, or 24.9 per cent, of the R194.6 billion combined health budgets, and is the second largest item on provincial budgets (32.9 per cent). This represents an increase of 5 per cent or R2.3 billion on the first quarter for the 2017/18 financial year.
4. Social development expenditure for the first quarter is R4.3 billion or 20.7 per cent of the R20.6 billion combined social development budgets.
5. Personnel expenditure (compensation of employees) is in aggregate R83.5 billion or 23.1 per cent of the budgeted R361.1 billion as at 30 June 2018.
6. Goods and services expenditure for the first quarter is R28.3 billion or 23.8 per cent of the R119 billion combined goods and services budgets.
7. In aggregate, expenditure on combined capital (payments for capital assets) is R6.4 billion or 16.1 per cent of the budgeted R39.7 billion. This is a decrease of 14.4 per cent on expenditure for the same period of the 2017/18 financial year.
8. Capital expenditure by provincial education departments is R1.9 billion or 19.1 per cent of the budgeted R9.9 billion. This is R69.5 million or 3.6 per cent less than the expenditure for the first quarter for the previous financial year.
9. Expenditure on capital by provincial health departments is R1.7 billion or 17.3 per cent of the budgeted R9.7 billion, which is R42.4 million or 2.6 per cent more than the first quarter for 2017/18.



10. The biggest share of provincial capital budgets is for the public works, roads and transport departments (29.5 per cent), whose expenditure is R2 billion or 17 per cent of the combined capital budget of R11.7 billion.
11. Provincial own revenue collected for the first quarter is R4.8 billion or 25.3 per cent of the budgeted own revenue of R18.9 billion. By the end of the first quarter, national government had transferred R117.6 billion of the equitable share and R25 billion of conditional grants to provinces.
12. The provincial budget statement of receipts and payments was published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA) and covers spending for the first quarter (April to June 2018) of the 2018/19 financial year. The statement is available on the treasury website on <http://www.treasury.gov.za/publications/PIP/default.aspx>.
13. The budgeted figures for the first quarter are based on the 2018 Estimates of Provincial Revenue and Expenditure documents which were presented to the provincial legislatures during March 2018.

A more detailed analysis of the 1st Quarter Provincial Budgets and Expenditure Report for the 2018/19 financial year is set out in Annexure A.

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DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2018/19 FINANCIAL YEAR

1. The budgeted figures for provinces are based on the *2018 Estimates of Provincial Revenue and Expenditure* documents tabled in the provincial legislatures during March 2018.

Total Expenditure

2. Table 1 indicates that in the first quarter provinces have spent R138.5 billion or 23.4 per cent of the combined budgeted expenditure of R591.5 billion. Spending against budgets is slightly lower in percentage terms when compared to the first quarter of the 2017/18 financial year. Spending in nominal terms is 3 per cent or R4 billion higher than last year, when provinces had spent R134.5 billion.
3. Among provinces, spending is the lowest in the Western Cape at 20.9 per cent and 21 per cent in the North West and the highest in the Free State at 26.6 per cent and the Eastern Cape at 24.4 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2018

R thousand	Main budget 2018/19					Actual payments as at 30 June 2018					Actual payments as % of main budget	2017/18: Outcome as at 30 June 2017	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	65 708 997	8 272 114	4 452 837	–	78 433 947	15 524 262	2 787 434	796 675	3 977	19 112 349	24.4%	18 217 150	4.9%
Free State	27 972 255	4 693 481	2 211 491	–	34 877 227	6 793 730	1 925 754	556 005	284	9 275 773	26.6%	8 193 481	13.2%
Gauteng	94 969 823	16 255 798	10 133 536	–	121 359 157	23 287 676	4 670 172	940 948	3 450	28 902 246	23.8%	27 642 428	4.6%
Kw aZulu-Natal	102 806 421	11 851 129	7 834 104	–	122 491 654	23 500 730	3 077 412	1 499 548	243	28 077 933	22.9%	28 493 068	-1.5%
Limpopo	55 460 764	7 827 311	2 085 419	–	65 373 493	13 086 306	2 304 552	423 465	13	15 814 336	24.2%	15 232 725	3.8%
Mpumalanga	38 425 657	5 390 617	4 291 168	–	48 107 442	8 980 628	1 677 924	755 589	–	11 414 141	23.7%	10 494 293	8.8%
Northern Cape	14 184 122	1 755 664	1 184 424	–	17 124 210	3 447 456	415 029	266 906	–	4 129 391	24.1%	3 804 466	8.5%
North West	32 763 437	5 735 800	2 572 879	–	41 072 116	6 787 460	1 324 345	498 278	197	8 610 280	21.0%	9 122 896	-5.6%
Western Cape	47 852 712	9 919 649	4 925 991	6 350	62 704 702	10 359 473	2 106 477	665 641	1 321	13 132 912	20.9%	13 252 324	-0.9%
Total	480 144 187	71 701 562	39 691 849	6 350	591 543 947	111 767 721	20 289 099	6 403 055	9 485	138 469 361	23.4%	134 452 831	3.0%

Social Services

4. Provinces have budgeted R456.1 billion for social services (education, health and social development).

Table 2: Provincial Social Services Expenditure as at 30 June 2018

R thousand	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
Education	240 851 180	57 863 272	24.0%	41.8%	52.3%	56 231 645	2.9%
Health	194 621 923	48 512 442	24.9%	35.0%	43.8%	46 202 652	5.0%
Social Development	20 633 658	4 273 615	20.7%	3.1%	3.9%	4 020 213	6.3%
Total	456 106 761	110 649 329	24.3%	79.9%	100.0%	106 454 510	3.9%

5. The first quarter outcome on social services is recorded at R110.6 billion, or 24.3 per cent of the total provincial social services budgets for 2018/19.

Education

6. Education budgets of R240.9 billion comprise 40.7 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R57.9 billion or 24 per cent of the total education budget. This is an increase of 2.9 per cent, or R1.6 billion, on the R56.2 billion spent over the same period in 2017/18.
7. Spending by provinces on education in the first quarter ranges from 22.5 per cent in the North West and 22.9 per cent in KwaZulu-Natal, to 30 per cent in the Free State and 24.6 per cent in the Northern Cape.

Table 3: Provincial Education Expenditure as at 30 June 2018

R thousand	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
Eastern Cape	34 772 126	8 491 397	24.4%	44.4%	54.3%	8 140 217	4.3%
Free State	13 579 224	4 079 866	30.0%	44.0%	60.9%	3 545 373	15.1%
Gauteng	45 220 540	10 970 673	24.3%	38.0%	45.6%	10 726 461	2.3%
Kw aZulu-Natal	50 903 682	11 671 648	22.9%	41.6%	50.9%	11 925 915	-2.1%
Limpopo	30 607 772	7 285 163	23.8%	46.1%	56.7%	7 019 762	3.8%
Mpumalanga	20 973 433	4 950 325	23.6%	43.4%	57.3%	4 617 469	7.2%
Northern Cape	6 417 223	1 576 724	24.6%	38.2%	51.7%	1 582 465	-0.4%
North West	16 183 868	3 646 017	22.5%	42.3%	59.1%	3 636 530	0.3%
Western Cape	22 193 312	5 191 459	23.4%	39.5%	48.7%	5 037 453	3.1%
Total	240 851 180	57 863 272	24.0%	41.8%	52.3%	56 231 645	2.9%

8. The first quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R4.1 billion, or 18.1 per cent of the budgeted amount of R22.4 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2018

R thousand	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Education Personnel to total expenditure	% share of Education Personnel to total Education expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
Eastern Cape	27 724 078	6 311 512	22.8%	53.5%	74.3%	6 509 821	-3.0%
Free State	10 810 387	2 594 868	24.0%	51.0%	63.6%	2 573 953	0.8%
Gauteng	33 738 301	7 812 764	23.2%	49.0%	71.2%	7 660 138	2.0%
Kw aZulu-Natal	42 890 943	9 745 707	22.7%	55.4%	83.5%	9 909 011	-1.6%
Limpopo	24 637 533	5 733 197	23.3%	53.1%	78.7%	5 714 481	0.3%
Mpumalanga	16 682 979	3 810 212	22.8%	58.0%	77.0%	3 732 567	2.1%
Northern Cape	4 916 520	1 185 228	24.1%	50.7%	75.2%	1 146 483	3.4%
North West	12 579 274	2 893 098	23.0%	52.2%	79.3%	2 823 410	2.5%
Western Cape	16 477 816	3 775 690	22.9%	48.3%	72.7%	3 742 630	0.9%
Total	190 457 831	43 862 276	23.0%	52.5%	75.8%	43 812 494	0.1%

9. The bulk of education expenditure (75.8 per cent) is on personnel. Current spending on education personnel amounts to R43.9 billion, or 23 per cent, of the R190.5 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 22.7 per cent in KwaZulu-Natal, to 24.1 per cent in the Northern Cape.
10. Education capital expenditure is at R1.9 billion, or 19.1 per cent, of the R9.9 billion budget. This is 3.6 per cent less than the spending over the same period of the previous financial year. Education capital expenditure is lowest in Gauteng at 8.1 per cent and highest in the Free State at 39 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2018

R thousand	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	%share of Education Capital to total capital expenditure	%share of Education Capital to total Education expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
Eastern Cape	1 318 065	410 439	31.1%	51.5%	4.8%	213 955	91.8%
Free State	619 642	241 415	39.0%	43.4%	5.9%	156 153	54.6%
Gauteng	1 560 395	125 825	8.1%	13.4%	1.1%	286 285	-56.0%
Kw aZulu-Natal	1 760 767	315 502	17.9%	21.0%	2.7%	457 983	-31.1%
Limpopo	970 264	275 605	28.4%	65.1%	3.8%	189 825	45.2%
Mpumalanga	1 095 523	111 002	10.1%	14.7%	2.2%	144 484	-23.2%
Northern Cape	466 889	73 182	15.7%	27.4%	4.6%	105 826	-30.8%
North West	963 359	158 080	16.4%	31.7%	4.3%	245 065	-35.5%
Western Cape	1 102 656	172 369	15.6%	25.9%	3.3%	153 296	12.4%
Total	9 857 561	1 883 419	19.1%	29.4%	3.3%	1 952 872	-3.6%

Health

11. Health budgets, totalling R194.6 billion, comprise 32.9 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 June 2018

R thousand	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
Eastern Cape	23 699 560	6 562 288	27.7%	34.3%	42.0%	5 523 907	18.8%
Free State	10 403 313	2 340 365	22.5%	25.2%	35.0%	2 298 581	1.8%
Gauteng	46 429 326	12 212 741	26.3%	42.3%	50.8%	11 436 853	6.8%
Kw aZulu-Natal	42 347 664	10 546 061	24.9%	37.6%	46.0%	10 346 242	1.9%
Limpopo	19 511 420	5 082 815	26.1%	32.1%	39.6%	4 953 191	2.6%
Mpumalanga	13 278 174	3 352 759	25.3%	29.4%	38.8%	2 943 765	13.9%
Northern Cape	4 735 195	1 298 259	27.4%	31.4%	42.6%	1 041 137	24.7%
North West	11 153 568	2 249 074	20.2%	26.1%	36.4%	2 689 093	-16.4%
Western Cape	23 063 703	4 868 080	21.1%	37.1%	45.7%	4 969 883	-2.0%
Total	194 621 923	48 512 442	24.9%	35.0%	43.8%	46 202 652	5.0%

12. Table 6 indicates that at R48.5 billion or 24.9 per cent of the total health budget, health expenditure increased by 5 per cent, or R2.3 billion, on the same period in 2017/18.

13. The North West and the Western Cape spent the lowest share of their health budgets at 20.2 per cent and 21.1 per cent respectively. The highest shares are recorded by the Eastern Cape at 27.7 per cent and the Northern Cape at 27.4 per cent.

14. Table 7 indicates that health personnel expenditure is R28.6 billion, or 23.6 per cent of the health personnel budget, an increase of R839.8 million, or 3 per cent more than the R27.8 billion spent over the same period in 2017/18.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2018

	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	15 860 414	3 709 383	23.4%	31.5%	56.5%	3 607 315	2.8%
Free State	6 731 835	1 560 170	23.2%	30.7%	66.7%	1 527 079	2.2%
Gauteng	26 706 147	6 524 991	24.4%	40.9%	53.4%	6 184 195	5.5%
Kw aZulu-Natal	26 178 626	6 164 638	23.5%	35.0%	58.5%	6 136 540	0.5%
Limpopo	14 257 472	3 476 333	24.4%	32.2%	68.4%	3 213 487	8.2%
Mpumalanga	7 877 247	1 763 981	22.4%	26.8%	52.6%	1 753 488	0.6%
Northern Cape	2 835 282	646 417	22.8%	27.7%	49.8%	635 995	1.6%
North West	6 987 569	1 620 209	23.2%	29.2%	72.0%	1 578 290	2.7%
Western Cape	13 606 180	3 135 282	23.0%	40.1%	64.4%	3 125 257	0.3%
Total	121 040 771	28 601 404	23.6%	34.3%	59.0%	27 761 646	3.0%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R18.2 billion, or 28.5 per cent, of the R63.9 billion budget.

16. Capital expenditure in the health sector is at R1.7 billion, or 17.3 per cent, an increase of R42.4 million or 2.6 per cent on the R1.6 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2018

	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	1 429 910	180 923	12.7%	22.7%	2.8%	142 195	27.2%
Free State	757 813	118 408	15.6%	21.3%	5.1%	138 603	-14.6%
Gauteng	2 144 248	340 547	15.9%	36.2%	2.8%	468 780	-27.4%
Kw aZulu-Natal	1 668 744	355 734	21.3%	23.7%	3.4%	285 106	24.8%
Limpopo	548 018	69 238	12.6%	16.4%	1.4%	117 218	-40.9%
Mpumalanga	1 336 176	261 222	19.5%	34.6%	7.8%	188 031	38.9%
Northern Cape	359 480	114 190	31.8%	42.8%	8.8%	13 107	771.2%
North West	698 679	170 946	24.5%	34.3%	7.6%	172 732	-1.0%
Western Cape	747 871	66 673	8.9%	10.0%	1.4%	109 739	-39.2%
Total	9 690 939	1 677 881	17.3%	26.2%	3.5%	1 635 511	2.6%

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Western Cape at 8.9 per cent and Limpopo at 12.6 per cent, and the highest being the Northern Cape and the North West at 31.8 per cent and 24.5 per cent respectively.

Social Development

18. At R20.6 billion, the social development budget comprises 3.5 per cent of total provincial budgets.

19. Provinces registered spending of R4.3 billion, or 20.7 per cent, of the total R20.6 billion budgets. This represents an increase of R253.4 million, or 6.3 per cent on the R4 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in Gauteng at 17.2 per cent and the North West at 17.3 per cent while the highest are the Western Cape at 26.5 per cent and Limpopo at 23.7 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2018

	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	2 836 581	584 482	20.6%	3.1%	3.7%	480 956	21.5%
Free State	1 266 057	274 752	21.7%	3.0%	4.1%	266 225	3.2%
Gauteng	4 983 495	854 888	17.2%	3.0%	3.6%	911 991	-6.3%
Kw aZulu-Natal	3 287 882	710 274	21.6%	2.5%	3.1%	628 848	12.9%
Limpopo	1 986 729	471 079	23.7%	3.0%	3.7%	383 145	23.0%
Mpumalanga	1 551 584	330 815	21.3%	2.9%	3.8%	324 805	1.9%
Northern Cape	870 916	173 618	19.9%	4.2%	5.7%	176 027	-1.4%
North West	1 608 750	278 589	17.3%	3.2%	4.5%	327 196	-14.9%
Western Cape	2 241 664	595 118	26.5%	4.5%	5.6%	521 020	14.2%
Total	20 633 658	4 273 615	20.7%	3.1%	3.9%	4 020 213	6.3%

Human Settlements and Cooperative Governance

21. The human settlements and cooperative governance budgets, at R27.7 billion, comprise 4.7 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Cooperative Governance Expenditure as at 30 June 2018

	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of HS and CG to total provincial expenditure	% share of HSD Grant to total HS and CG expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	3 360 549	808 358	24.1%	4.2%	62.0%	1 011 094	-20.1%
Free State	1 835 107	387 204	21.1%	4.2%	57.1%	436 709	-11.3%
Gauteng	6 356 660	563 910	8.9%	2.0%	46.6%	726 854	-22.4%
Kw aZulu-Natal	5 326 319	1 091 904	20.5%	3.9%	63.2%	1 222 280	-10.7%
Limpopo	2 624 006	566 712	21.6%	3.6%	47.7%	478 161	18.5%
Mpumalanga	2 296 340	687 983	30.0%	6.0%	66.0%	449 160	53.2%
Northern Cape	831 899	110 574	13.3%	2.7%	24.8%	149 544	-26.1%
North West	2 476 863	426 222	17.2%	5.0%	55.1%	457 045	-6.7%
Western Cape	2 571 350	342 843	13.3%	2.6%	70.1%	329 932	3.9%
Total	27 679 093	4 985 710	18.0%	3.6%	58.2%	5 260 779	-5.2%

22. Spending by human settlements and cooperative governance is R5 billion, or 18 per cent, of the R27.7 billion budget. This represents a decrease of R275.1 million, or 5.2 per cent, on the R5.3 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Gauteng at 8.9 per cent and both the Northern Cape and the Western Cape at 13.3 per cent, while the highest spenders are Mpumalanga at 30 per cent and the Eastern Cape at 24.1 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 R2.9 billion, or 16 per cent, of the R18.2 billion Human Settlements Development grant budget. These spending figures are R371.8 million or 11.4 per cent less than the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2018

	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of HSD grant to total provincial expenditure	% share of HSD grant to total HSD grant expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	1 908 439	500 846	26.2%	2.6%	17.3%	683 234	-26.7%
Free State	1 072 422	221 029	20.6%	2.4%	7.6%	262 091	-15.7%
Gauteng	5 046 583	262 729	5.2%	0.9%	9.1%	494 100	-46.8%
Kw aZulu-Natal	3 152 757	690 096	21.9%	2.5%	23.8%	771 667	-10.6%
Limpopo	1 287 681	270 456	21.0%	1.7%	9.3%	181 429	49.1%
Mpumalanga	1 278 427	454 128	35.5%	4.0%	15.6%	262 129	73.2%
Northern Cape	474 791	27 472	5.8%	0.7%	0.9%	63 342	-56.6%
North West	1 926 644	234 658	12.2%	2.7%	8.1%	334 640	-29.9%
Western Cape	2 018 776	240 491	11.9%	1.8%	8.3%	221 072	8.8%
Total	18 166 520	2 901 905	16.0%	2.1%	100.0%	3 273 704	-11.4%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the first quarter of the 2018/19 financial year is at R83.5 billion, or 23.1 per cent, of the combined R361.1 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 June 2018

	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	51 378 623	11 787 009	22.9%	61.7%	14.1%	11 850 359	-0.5%
Free State	21 410 863	5 087 069	23.8%	54.8%	6.1%	4 978 658	2.2%
Gauteng	67 748 309	15 954 066	23.5%	55.2%	19.1%	15 399 820	3.6%
Kw aZulu-Natal	77 200 939	17 594 252	22.8%	62.7%	21.1%	17 786 516	-1.1%
Limpopo	45 956 165	10 799 777	23.5%	68.3%	12.9%	10 513 016	2.7%
Mpumalanga	29 072 966	6 574 220	22.6%	57.6%	7.9%	6 482 354	1.4%
Northern Cape	10 047 192	2 337 684	23.3%	56.6%	2.8%	2 283 747	2.4%
North West	24 093 520	5 542 872	23.0%	64.4%	6.6%	5 398 644	2.7%
Western Cape	34 240 051	7 821 599	22.8%	59.6%	9.4%	7 768 528	0.7%
Total	361 148 628	83 498 548	23.1%	60.3%	100.0%	82 461 642	1.3%

27. Spending to date is R1 billion or 1.3 per cent higher than the R82.5 billion spent over the same period last year.

28. Spending ranges from 22.6 per cent and 22.8 per cent in Mpumalanga and both KwaZulu-Natal and the Western Cape, to 23.8 per cent in the Free State and 23.5 per cent in both Gauteng and Limpopo.

Overall Capital Budgets and Expenditure

29. By the end of June 2018, provinces had spent R6.4 billion or 16.1 per cent of the R39.7 billion capital budget (payments for capital assets). This is a decrease of 14.4 per cent on the same period in 2017/18.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2018

R thousand	Main budget	Actual payments as at 30 June 2018	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2017/18: Outcome as at 30 June 2017	Year-on-year growth
Eastern Cape	4 452 837	796 675	17.9%	4.2%	12.4%	969 946	-17.9%
Free State	2 211 491	556 005	25.1%	6.0%	8.7%	480 629	15.7%
Gauteng	10 133 536	940 948	9.3%	3.3%	14.7%	1 342 039	-29.9%
Kw aZulu-Natal	7 834 104	1 499 548	19.1%	5.3%	23.4%	1 914 460	-21.7%
Limpopo	2 085 419	423 465	20.3%	2.7%	6.6%	404 436	4.7%
Mpumalanga	4 291 168	755 589	17.6%	6.6%	11.8%	636 423	18.7%
Northern Cape	1 184 424	266 906	22.5%	6.5%	4.2%	193 649	37.8%
North West	2 572 879	498 278	19.4%	5.8%	7.8%	588 944	-15.4%
Western Cape	4 925 991	665 641	13.5%	5.1%	10.4%	946 956	-29.7%
Total	39 691 849	6 403 055	16.1%	4.6%	100.0%	7 477 482	-14.4%

30. Table 13 provides capital spending information by province and shows low rates of spending in Gauteng at 9.3 per cent and the Western Cape at 13.5 per cent, and high rates in the Free State at 25.1 per cent and the Northern Cape at 22.5 per cent. In absolute terms, KwaZulu-Natal has spent the most, with total spending of R1.5 billion followed by Gauteng at R940.9 million and the Eastern Cape at R796.7 million.
31. Provincial education departments have spent R1.9 billion, or 19.1 per cent, of their R9.9 billion education capital budgets. This is a decrease of R69.5 million, or 3.6 per cent less, compared to spending over the same period in the previous financial year.
32. Provincial health departments have spent R1.7 billion, or 17.3 per cent, of their R9.7 billion health capital budgets, which is R42.4 million or 2.6 per cent more than the same period for 2017/18.
33. At 29.5 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector has spent R2 billion or 17 per cent against its combined capital budgets of R11.7 billion as at 30 June 2018.

Conditional Grants

34. The total provincial conditional grant allocation is R100.3 billion, with health making up the bulk at R41.1 billion. This excludes Schedule 7, Part A grants namely, the Provincial Disaster Relief grant and the Provincial Emergency Housing grant which amounts to R123.6 million and R260 million for the 2018/19 financial year respectively.
35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 June 2018. It excludes anticipated conditional grant roll-overs from the 2017/18 financial year, and excludes spending for grants set out in Schedule 4, Part A and 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. Schedule 7, Part A specifies unallocated provisions for provinces for emergency or disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2018

	Division of Revenue Act, 2018	Transferred from National to provinces	Actual payments as at 30 June 2018 (excluding Schedules 4A, 7A grants)	Actual payments as % of total available (excluding Schedules 4A, 7A grants)
R thousand				
Agriculture, Forestry and Fisheries	2 381 106	362 059	231 489	9.7%
Comprehensive Agricultural Support Programme Grant	1 750 810	266 187	191 891	11.0%
Ilima/Letsema Projects Grant	552 423	88 085	34 157	6.2%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	77 873	7 787	5 441	7.0%
Arts and Culture	1 423 684	251 998	200 816	14.1%
Community Library Services Grant	1 423 684	251 998	200 816	14.1%
Basic Education	17 519 002	6 095 000	1 844 355	24.3%
1. Education Infrastructure Grant	9 917 734	3 719 147		
HIV and Aids (Life Skills Education) Grant	243 235	24 322	29 550	12.1%
Learners with Profound Intellectual Disabilities Grant	185 471	46 369	21 331	11.5%
Maths, Science and Technology Grant	370 483	18 527	44 263	11.9%
National School Nutrition Programme Grant	6 802 079	2 286 635	1 749 211	25.7%
Cooperative Governance and Traditional Affairs	-	-		
2. Provincial Disaster Relief Grant	-	-		
Health	41 122 590	10 562 911	5 839 061	22.5%
Comprehensive HIV and Aids Grant	19 921 697	5 079 320	4 773 122	24.0%
Health Facility Revitalisation Grant	5 815 694	1 531 985	1 061 590	18.3%
1. Health Professions Training and Development Grant	2 784 496	696 111		
Human Papillomavirus Vaccine Grant	200 000	50 801	4 349	2.2%
1. National Tertiary Services Grant	12 400 703	3 204 694		
Human Settlements	18 685 175	4 010 546	2 929 343	15.7%
Human Settlements Development Grant	18 166 520	3 951 491	2 901 905	16.0%
2. Provincial Emergency Housing Grant	-	-		
Title Deeds Restoration Grant	518 655	59 055	27 438	5.3%
Public Works	823 984	204 876	165 633	20.1%
Expanded Public Works Programme Integrated Grant for Provinces	416 036	102 889	86 240	20.7%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	407 948	101 987	79 393	19.5%
Social Development	758 416	174 678	74 405	9.8%
Early Childhood Development Grant	490 800	116 628	57 717	11.8%
1. Social Workers Employment Grant	196 783	49 196		
Substance Abuse Treatment Grant	70 833	8 854	16 688	23.6%
Sport and Recreation South Africa	587 386	-	56 617	9.6%
Mass Participation and Sport Development Grant	587 386	-	56 617	9.6%
Transport	17 025 966	3 381 318		
1. Provincial Roads Maintenance Grant	11 035 668	2 351 831		
1. Public Transport Operations Grant	5 990 298	1 029 487		
Total	100 327 309	25 043 386		
Total excluding Schedules 4A and 7A grants	58 001 627	13 992 920	11 341 719	19.6%

- Schedule 4, Part A grants specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets.
- Schedule 7, Part A 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 R58 billion (which excludes Schedule 4, Part A; and Schedule 7, Part A grants), spending amounts to R11.3 billion, or 19.6 per cent.

Provincial Revenue

38. Provincial revenue includes equitable share allocations of R470.3 billion, allocated conditional grants of R100.3 billion and own revenue of R18.9 billion. The total provincial revenue received and collected as at 30 June 2018 is R147.4 billion, or 25 per cent, of total revenue of R589.5 billion.
39. During the first quarter of the current financial year, national government transferred R117.6 billion or 25 per cent of the equitable share and R25 billion or 25 per cent of conditional grants to provinces.
40. After three months, provinces have collected R4.8 billion or 25.3 per cent of the budgeted own revenue of R18.9 billion, which is R422.6 million, or 9.7 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 2018

	Main budget	Actual collection as at 30 June 2018	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue	% share of Own Revenue collected to total Own Revenue	2017/18: Outcome as at 30 June 2017	Year-on-year growth
R thousand							
Eastern Cape	1 414 636	389 713	27.5%	2.0%	8.2%	377 597	3.2%
Free State	1 085 642	282 363	26.0%	3.2%	5.9%	235 275	20.0%
Gauteng	6 014 366	1 485 587	24.7%	5.0%	31.1%	1 353 691	9.7%
Kw aZulu-Natal	3 236 438	819 744	25.3%	2.7%	17.2%	797 983	2.7%
Limpopo	1 247 168	287 791	23.1%	1.8%	6.0%	300 618	-4.3%
Mpumalanga	1 320 099	360 733	27.3%	3.0%	7.5%	192 741	87.2%
Northern Cape	360 574	85 785	23.8%	2.0%	1.8%	74 216	15.6%
North West	1 209 862	243 781	20.1%	2.4%	5.1%	309 170	-21.1%
Western Cape	3 022 966	822 579	27.2%	5.3%	17.2%	714 142	15.2%
Total	18 911 751	4 778 076	25.3%	3.2%	100.0%	4 355 433	9.7%