



MEDIA STATEMENT

Provincial Budgets: 2018/19 Financial Year Third Quarter Year to Date Provincial Budgets and Expenditure Report

SUMMARY

Overall Expenditure Trends – Third Quarter Year to Date: 2018/19 Financial Year

1. For the first nine months of 2018/19, provinces have spent R441.7 billion, or 73.7 per cent, of the total provincial adjusted budget of R599 billion. This represents an increase of 5.4 per cent or R22.5 billion compared to the R419.2 billion spent over the same period in 2017/18.
2. Spending on **education** at the end of the third quarter of 2018/19 amounts to R182.4 billion or 75.4 per cent of the R242 billion adjusted budget. This represents an increase of 6.4 per cent or R10.9 billion compared to the third quarter of the previous financial year. Education remains the largest item on provincial budgets (40.4 per cent).
3. **Health** expenditure amounts to R147.2 billion, or 75 per cent, of the R196.2 billion adjusted budget for the first nine months of 2018/19. This represents an increase of 6.5 per cent or R8.9 billion compared to same period in the 2017/18 financial year. Health is the second largest item on provincial budgets (32.8 per cent).
4. **Social development** expenditure at the end of the third quarter of 2018/19 amounts to R14.6 billion or 70.1 per cent of the R20.8 billion adjusted budget. This represents an increase of 5.4 per cent or R752 million compared to the R13.8 billion spent over the same period in the previous financial year.
5. **Personnel** expenditure (compensation of employees) amounts to R269.4 billion or 74.6 per cent of the R361.2 billion adjusted budget as at 31 December 2018. This represents an increase of 7.1 per cent or R17.9 billion compared to same period in the 2017/18 financial year.
6. Spending on **goods and services** amounts to R89.1 billion or 71.5 per cent of the R124.6 billion adjusted budget. This reflects an increase of 6.2 per cent or R5.2 billion compared to same period in the 2017/18 financial year.
7. In aggregate, expenditure on **capital** (payments for capital assets) amounts to R25.8 billion or 72 per cent of the adjusted budget of R35.8 billion. This reflects a decrease of 7 per cent compared to the R27.7 billion spent over the same period in the previous financial year.
8. Capital expenditure by provincial education departments amounts to R7.3 billion or 70.4 per cent of the R10.3 billion adjusted budget. This is R42.2 million or 0.6 per cent less than the R7.31 billion spent over the same period in the previous financial year.



9. Capital expenditure by provincial health departments amounts to R5.9 billion or 58.5 per cent of the adjusted budget of R10 billion. This represents an increase of R56.1 million or 1 per cent compared to the R5.8 billion spent over the same period in 2017/18.
10. The biggest share of provincial capital budgets is for the public works, roads and transport (29.5 per cent). For the first nine months of 2018/19, spending amounts to R7.5 billion or 64.8 per cent of the R11.5 billion adjusted budget.
11. Provincial own revenue collected at the end of the third quarter amounts to R15.5 billion or 81.7 per cent of the R19 billion revised own revenue budget. By the end of the third quarter, national government had transferred R352.7 billion of the equitable share and R79.2 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 third quarter (1 April to 31 December 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 adjusted budgeted figures for the third quarter of 2018/19 are based on the 2018 *Adjusted Estimates of Provincial Revenue and Expenditure* documents which were presented to the provincial legislatures during November 2018.

Notes to editors

- 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 2018) of the 2018/19 financial year. The statement is also available on the Treasury website at 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 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.
- The budgeted figures in this publication takes into account the 2018 *Adjusted Estimates of Provincial Revenue and Expenditure* documents of provinces, which were presented to their respective provincial legislatures during November 2018. It includes the adjustments from national government to provinces amounting to R1.2 billion and allocated through the *Adjustments Appropriation Act, 2018 and Division of Revenue Amendment Act, 2018*.
- There were no adjustments made to provinces equitable shares. Additional allocations for drought relief have been made through the *comprehensive agriculture support programme* (R267.8 million), *land care programme* (R200 million) as well as the *provincial disaster relief* (R200 million) conditional grants. Other conditional grant additions include R175.8 million allocated towards the *Education Infrastructure grant*, as well as R199.5 million towards the *Health Facility Revitalisation grant*. Details for the additional changes to provincial allocations were published as part of the *Division of Revenue Amendment Bill, 2018*.



- In addition to the national adjustments, provinces increased their main budgets by R7.4 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 2017/18 financial year.
- In aggregate, the bulk of the increase to provinces' main budgets is allocated to public works, roads and transport (R2.4 billion), health (R1.6 billion) and education (R1.1 billion).

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