



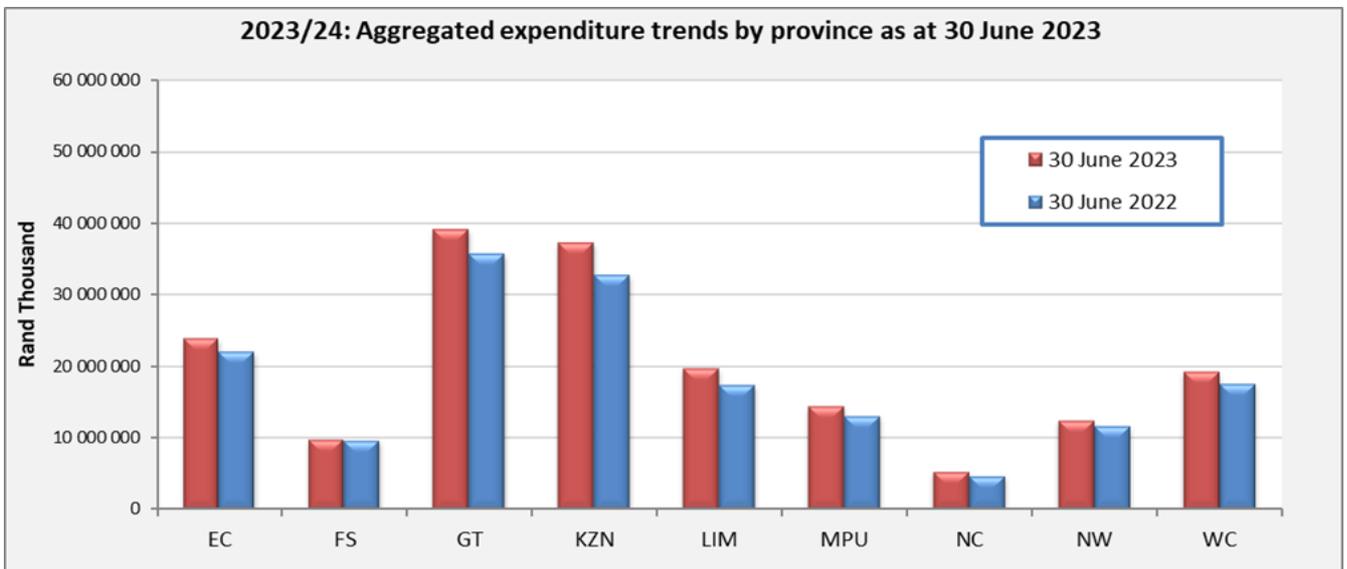
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Provincial Budgets: 2023/24 Financial Year First Quarter Provincial Budgets and Expenditure Report

SUMMARY

Overall Expenditure Trends – First Quarter: 2023/24 Financial Year

1. As at the end of June 2023, provinces have spent 25 per cent or R181.7 billion of the R728.2 billion provincial main budgets. Spending has increased by 10.1 per cent (R16.7 billion) compared to the first quarter of the previous financial year 2022/23. All provinces are projecting to overspend their 2023/24 main budgets by R24.8 billion, mainly due to the implementation of the wage agreement.
2. The projected overspending mainly emanates from current payments with compensation of employees and goods and services projecting budget pressures of R18.9 billion and R3.5 billion respectively. In addition, all other economic classification items are projecting to overspend at the end of the financial year.



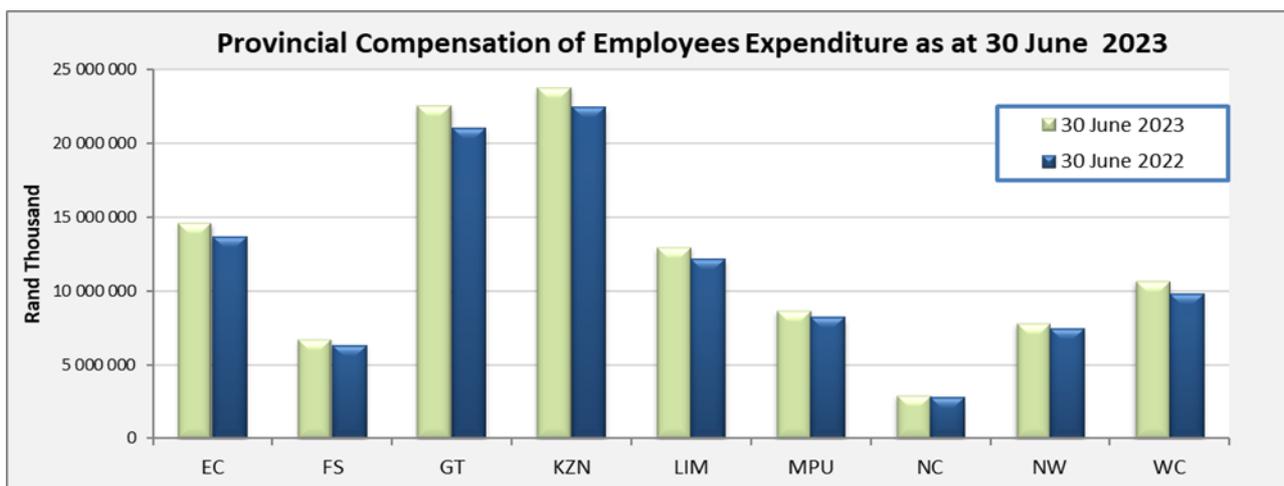
3. The **education sector** spending stands at R78.3 billion or 25.8 per cent of the provincial education main budget of R304 billion. The current year's spending shows an increase of R5.9 billion (8.2 per cent) when compared to the same period in the previous financial year. The sector is projecting to overspend by R10.3 billion, mainly relating to the compensation of employees



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with eight provinces projecting to overspend their compensation of employees' budgets, due to the impact of the wage agreement.

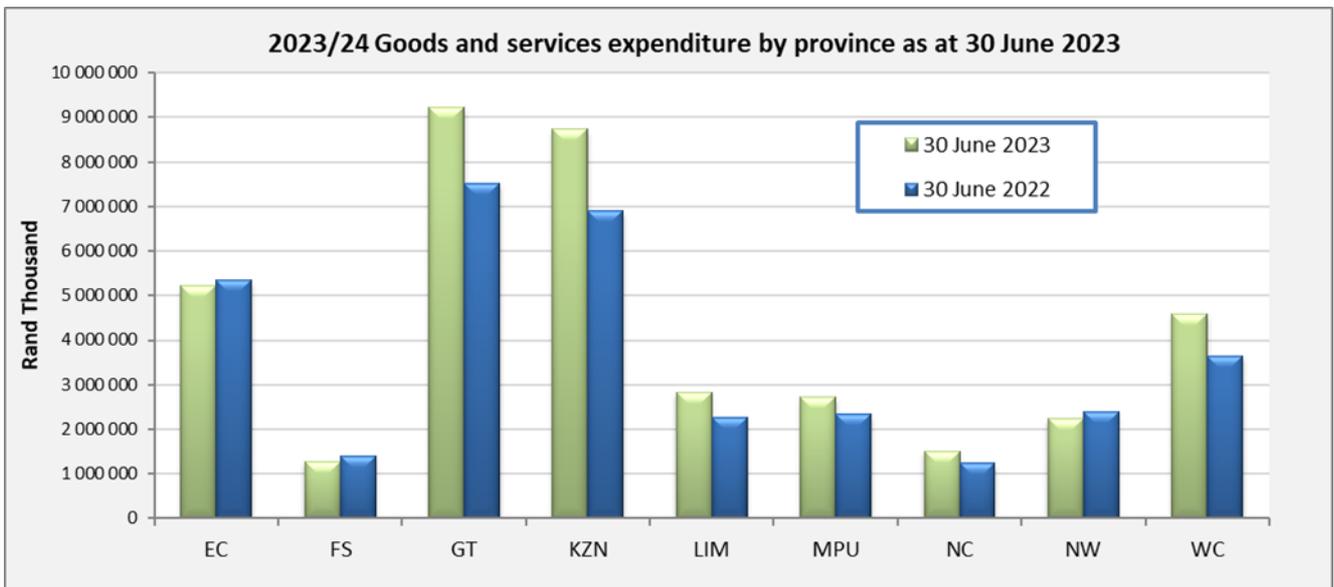
- Provinces spent R63.7 billion against the main budget of R242.9 billion providing **health services** during the first quarter of 2023/24. Spending is R4.4 billion (7.4 per cent) higher than the spending recorded over the same period in 2022/23. Provincial health departments are projected to overspend their main budgets by R12.2 billion. The bulk of the projected over expenditure is on current payments, where compensation of employees and, goods and services, have budget pressures of R8.3 billion and R3.4 billion respectively.
- Provinces spending rate is recorded at 25 per cent or R5.4 billion of the **social development** main budget of R21.6 billion. This represents an increase of 4.2 per cent or R216 million compared to 2022/23. Despite the spending being in line with the 25 per cent norm, provinces overall are projecting to overspend by R356 million mainly on the compensation of employees.
- Provinces tabled a main budget of R438.2 billion for compensation of employees, which accounts for 60 per cent of the total provincial main budget. Spending on compensation of employees as at 30 June 2023 amounts to R111 billion or 25.3 per cent of the main budget. The current compensation of employees spending accounts for 61 per cent of the total provincial expenditure as at 30 June 2023. All provinces are projecting overspending on the compensation of employees. The bulk of the projected overspending mainly emanates from the social sectors as reported above, largely due to the payment of the implementation of Improvement in Conditions of Service (ICS) for employees on salary levels 1 to 16 and those covered by Occupation Specific Dispensations (OSDs) from 1 April 2023.





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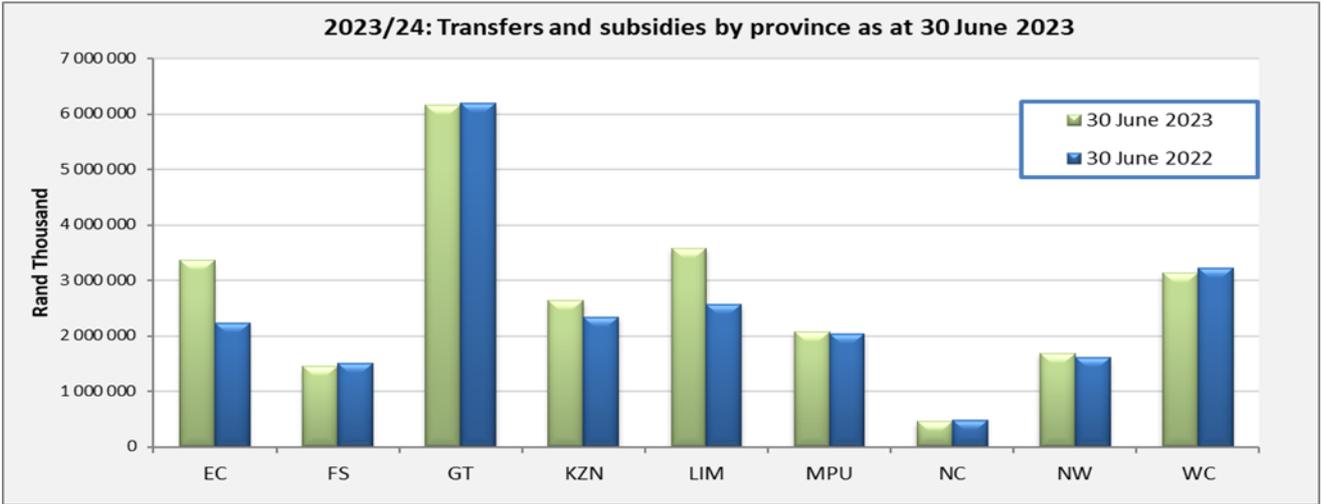
7. Provinces budgeted R154.9 billion for goods and services which accounts for 21 per cent of the total provincial main budgets. The two largest items under goods and services are property payments and inventories: medicine at 15.4 per cent and 12.6 per cent respectively.
8. As at end of June 2023 goods and services spending stands at R38.4 billion or 24.8 per cent of the tabled budget, with projected overspending of R3.5 billion. The current spending translates to a 16.1 per cent or R5.3 billion increase compared to the R33.1 billion spent over the same period in 2022/23.



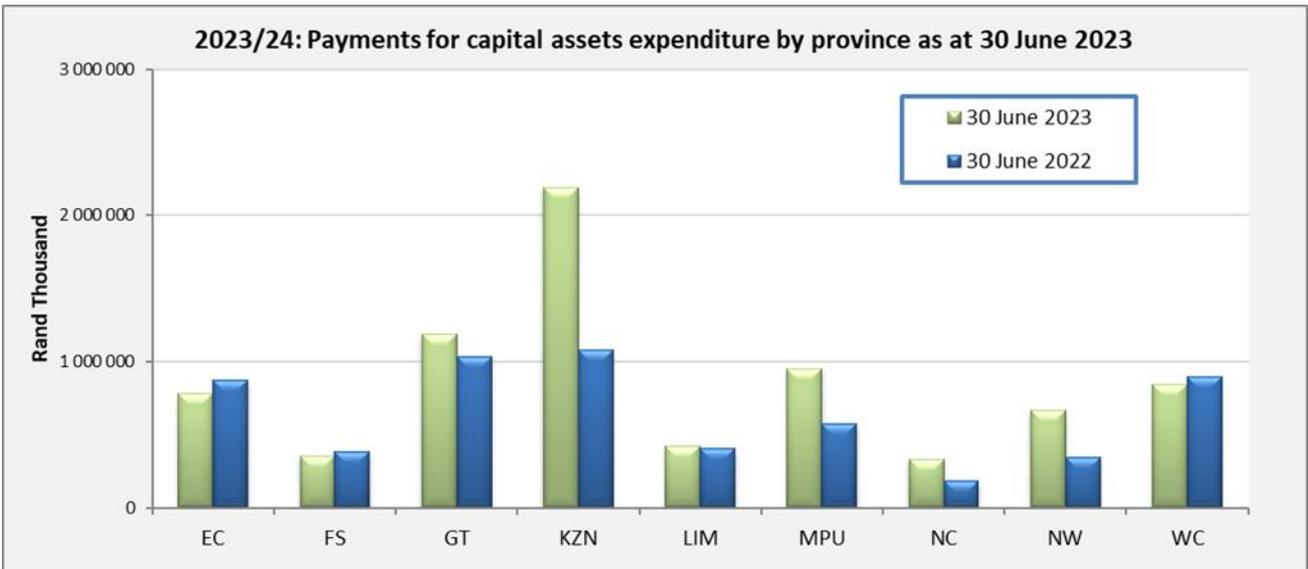
9. Provinces tables a main budget of R94.2 billion for transfers and subsidies, R24.5 billion or 26 per cent of this budget was spent during the first quarter. The current spending rate shows an increase of 10.5 per cent when compared to 2022/23 in the same period. As at end of the first quarter provinces are projecting to overspend their transfers budget by R1.7 billion.



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10. Payments for capital assets (capital) spending amounts to R7.7 billion or 18.9 per cent of the R40.9 billion main budget. Six provinces are currently projecting to over expenditure totaling to R870.9 million, while the other three are projecting to underspend by R216.5 million.



11. Provincial own revenue collected R5 billion or 24.1 per cent of the R20.9 billion main budget for the first quarter of the current financial year. Provinces are projecting to overcollect a total of R2.2 billion. This collection trend shows an improvement of 14 per cent when compared to the previous year's collections.



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12. The budgeted figures for the First quarter of 2023/24 are based on the 2023 *Estimates of Provincial Revenue and Expenditure* documents, which were presented to the provincial legislatures in March 2023.

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 quarter (April 2023 to June 2023) of the 2023/24 financial year. The statement is also available on the Treasury website at www.treasury.gov.za.
- The information in the statement comes from Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who in turn, submitted the information to the National Treasury. These figures are unaudited first estimates and will be revised after all provincial departments and entities audited annual reports are tabled in their legislations. Queries on spending or budget numbers should in the first instance be referred to the heads of the relevant provincial departments, and in the second instance to the head of the relevant provincial treasury. Queries on conditional grants should be referred to the head of the national department that administers the grant.
- The budget figures in this publication takes into account the 2023 *Estimates of Provincial Revenue and Expenditure* documents of provinces, which were presented to their respective provincial legislatures during March 2023. It includes the amounts allocated through the *Appropriation Act, 2023 and the Division of Revenue Act, 2023*.

Issued by National Treasury

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