

Provincial Budgets and Expenditure Review:

2001/02 – 2007/08



Provincial Budgets and Expenditure Review:

2001/02 – 2007/08

National Treasury

Republic of South Africa

September 2005

ISBN: 0-621-35492-9
RP: 08/2005

This document is compiled with the latest available information from provincial and national departments and other sources. The data for 2004/05 is still to be audited and may thus change.

To obtain copies please contact:

Communication Directorate
National Treasury
Private Bag X115
Pretoria
0001
South Africa
Tel: +27 12 315 5652
Fax: +27 12 315 5993

For any queries, e-mail: tessa.coetzee@treasury.gov.za

This document is available on the National Treasury website at: www.treasury.gov.za. Other related and 2005 budget documents are also available on the website.

Foreword

The publication of this year's *Provincial Budgets and Expenditure Review* honours the promise made a year ago when we released the Trends in Intergovernmental Finances. The *Review* goes beyond simply providing a comprehensive set of data on provincial budgets and expenditure, to providing analyses of trends in service delivery. It lays a basis for benchmarking provinces on service delivery performance in key sectors such as school education, health, social development and housing, among others.

Over the years, availability, timeliness and quality of financial information has improved considerably – thanks to the discipline brought about by the Public Finance Management Act. However, the same cannot be said about non-financial information. Not only does this hamper planning; it also makes it difficult to assess progress and evaluate the quality of public services. Additional allocations for improving the Education Management Information System in the 2005 Budget are aimed at resolving this problem in the period ahead. Similar initiatives are necessary in other sectors.

The Review is published about two months ahead of the release of the 2005 Medium Term Budget Policy Statement. The forward estimates for 2006/07 and 2007/08 will serve as a point of departure for the MTBPS and ultimately the budgets that will be tabled in February next year. Therefore, once the two documents are available, the debate on the 2006 Budget can begin in earnest.

Unlike previous years, this year's *Review* does not cover local government finances. A separate publication on local government finances and service delivery trends will be released early next year, in time for use by the political office bearers who will take office after elections.

As always, preparation of this document requires inputs and participation by a range of players, to all of whom we are eternally grateful.

Lesetja Kganyago
Director-General: National Treasury

Technical notes

The notes set out below are intended to assist readers and analysts.

General notes on numbers

Data on the seven-year trends set out in this document are drawn from provincial government publications such as financial and budget statements.

The estimated expenditure outcome for 2004/05 was based on expenditure data as on 29 April 2005, reported by provinces for the period ended 31 March 2005. These figures will certainly change when final audited statements are published.

The consolidated set of provincial government tables contained in Annexure A is reflected according to the uniform budget and programme structures.

Financial years

A financial year for the provincial and national spheres starts on 1 April and ends on 31 March the following year.

Per capita estimates

Except for instances where it is stated otherwise, estimates of per capita spending are based on the 2001 census data. Such estimates will be different from those that will be calculated using data from other sources.

Real growth rates

When comparing monetary values from one year to another, it is common to adjust figures for inflation. Real growth rates in this publication are calculated using the CPIX.

Rounding of numbers

Appropriation of funds and reporting of expenditure is done in terms of Rand thousands. The majority of the tables in the publication are in Rand millions. As a result of rounding off, some minor deviations may occur.

Contents

1. Introduction	1
Introduction.....	1
The South African intergovernmental system	2
Intergovernmental fiscal relations.....	4
Provincial government finances.....	7
Chapter overview	8
Some key pointers.....	9
Conclusion	10
2. Education	11
Introduction.....	11
The South African education landscape.....	12
Provincial expenditure trends and inputs.....	15
Education outputs and quality.....	20
Conclusion	24
3. Health	25
Introduction.....	25
The public sector context: Total health funding in South Africa.....	26
Key policy and sectoral developments.....	28
Provincial expenditure and budget trends.....	30
Key service delivery areas: Spending and outputs.....	35
Key health sector inputs.....	42
Conclusion	45
4. Social Development	47
Introduction.....	47
Key developments in the social development sector	48
Provincial social development expenditure trends.....	50
Social assistance transfers.....	55
Social welfare, developmental support services and population trends.....	63
Conclusion	66
5. Housing	67
Introduction.....	67
Institutional arrangements.....	68
Budget and expenditure trends.....	69
Service delivery trends and policy developments.....	73
Future challenges	77
Conclusion	77

6. Agriculture and Land	79
Introduction	79
Institutional arrangements	80
Overview of budget and expenditure trends: 2001/02 - 2007/08	81
National agriculture and land reform	88
Service delivery trends in key programmes	93
Future challenges	96
Conclusion	97
7. Roads and Transport	99
Introduction	99
Institutional arrangements	99
Part 1: Road infrastructure	101
Part 2: Revenue collected under the National Road Traffic Act (1996)	109
Part 3: Road traffic management and safety	111
Part 4: Public transport	115
Conclusion	118
8. Personnel	119
Introduction	119
Legal framework and institutional arrangements	120
Provincial personnel management	121
Sectoral trends	124
2004 Wage agreement	127
Conclusion	128
9. Trends in Provincial Budgets	129
Introduction	129
Provincial revenue trends: 2001/02 – 2007/08	130
Provincial expenditure trends: 2001/02 – 2007/08	133
Conclusion	140
Annexure A: Consolidated set of provincial government tables	141

Tables

1.1	Main budget expenditure, 2001/02 to 2007/08	8
2.1	Number of learners, educators, schools, and classrooms in public ordinary schools per province, 2002	13
2.2	Number of learners, educators and schools in the independent school sector by province, 2002	14
2.3	Numbers of full-time equivalent and head count students and institutions in the public further education and training sector by province	14
2.4	Provincial education expenditure, 2001/02 to 2007/08	15
2.5	Provincial education expenditure by economic classification, 2001/02 to 2007/08	17
2.6	Provincial education expenditure by programme, 2001/02 to 2007/08	19
2.7	Number of matric passes and pass rate, 2003 and 2004	20
2.8	Percentage of candidates who obtained university endorsement per province from 2000 to 2004	21
2.9	Number of matric learners and pass rates in mathematics, 2004	21
2.10	Number of matric learners and pass rates in physical science, 2004	22
2.11	Comparison for the National School Nutrition Programme, 2004/05 and 2005/06.....	23
3.1	Funding flows for health services, 2004/05	26
3.2	Public sector funding for health services in middle income countries	27
3.3	Public sector financing intermediaries, 2004/05	27
3.4	Medical scheme expenditure	28
3.5	Provincial health expenditure, 2001/02 to 2007/08	30
3.6	Budget increases in selected areas, 2005/06	31
3.7	Provincial health expenditure, 2003/04 and 2004/05	32
3.8	Provincial conditional grant expenditure, 2004/05	32
3.9	Trends in per capita expenditure (Rand per capita uninsured)	33
3.10	Provincial health expenditure by programme, 2001/02 to 2007/08	34
3.11	Expenditure by functional classification, 2001/02 to 2007/08	35
3.12	Primary health care per subprogramme	36
3.13	Primary health care per capita spending trends	37
3.14	Primary health care outputs and unit costs	37
3.15	Provincial hospital expenditure by category of hospital, 2001/02 to 2007/08	38
3.16	Hospital outputs and unit cost trends (real 2004 prices).....	39
3.17	Health service incidents for a population of 1 000 persons uninsured (2004/05 prices)	39
3.18	Provincial emergency medical services expenditure, 2001/02 to 2007/08	40
3.19	Projected outputs and unit costs for emergency ambulance services, 2004/05	40
3.20	Provincial HIV and Aids expenditure, 2001/02 to 2007/08.....	41
3.21	HIV prevention programme indicators	41
3.22	Revitalisation hospitals close to completion	42
3.23	Provincial health expenditure by economic classification, 2001/02 to 2007/08.....	42
3.24	Personnel numbers - filled posts	43
3.25	Average salaries	43
3.26	Trends in scarce health professionals	44
3.27	Number of doctors per province	44
3.28	Distribution of personnel per 100 000 uninsured population, 2004/05	45

4.1	Provincial social development expenditure, 2004/05 to 2007/08	49
4.2	Provincial social development expenditure by economic classification, 2001/02 to 2007/08.....	51
4.3	Provincial social development expenditure by programme, 2001/02 to 2007/08.....	52
4.4	Provincial social development estimated expenditure, 2004/05	53
4.5	Provincial social development conditional grants expenditure, 2001/02 to 2007/08.....	53
4.6	Provincial social development compensation of employees expenditure, 2001/02 to 2007/08.....	54
4.7	Value of social grants by type of grant, July 1998 to April 2004	55
4.8	Social grants expenditure by type of grant and province, 2001/02 to 2007/08	55
4.9	Provincial social assistance expenditure as a percentage of total social development expenditure, 2001/02 to 2007/08	56
4.10	Social grants expenditure as a percentage of GDP, 2001/02 to 2007/08	56
4.11	Social grants beneficiary numbers by type of grant, April 2001 to April 2005	57
4.12	Provincial old age and war veterans grants expenditure and beneficiary numbers, 2001/02 to 2007/08	58
4.13	Provincial disability grant expenditure, 2001/02 to 2007/08	59
4.14	Provincial care dependency grant expenditure, 2001/02 to 2007/08	60
4.15	Provincial child support grant expenditure, 2001/02 to 2007/08	61
4.16	Provincial foster care grant expenditure, 2001/02 to 2007/08	62
4.17	Social assistance compensation of employees expenditure, 2001/02 to 2007/08	63
4.18	Provincial social welfare services expenditure, 2001/02 to 2007/08	64
4.19	Number and level of social workers per province working in government	65
4.20	Provincial development and support services expenditure, 2001/02 to 2007/08	66
5.1	Housing subsidy conditional grant expenditure, 2001/02 to 2007/08	70
5.2	Human settlement and redevelopment grants expenditure, 2001/02 to 2007/08	72
5.3	Houses completed or under construction, 1994 to 2005	73
5.4	Housing subsidies by province and category of subsidy, 1994 to 2004.....	74
6.1	Provincial agriculture expenditure, 2001/02 to 2007/08	82
6.2	Provincial agriculture compensation of employees expenditure, 2001/02 to 2007/08	83
6.3	Provincial agriculture non-compensation of employees expenditure, 2001/02 to 2007/08	84
6.4	Provincial agriculture expenditure by programme, 2001/02 to 2007/08	85
6.5	Provincial agriculture expenditure by programme, 2004/05.....	86
6.6	National agriculture and land reform expenditure by programme, 2001/02 to 2007/08	89
6.7	Provincial settled restitution claims as at December 2004	92
6.8	Land redistribution and tenure reform outputs as at December 2004	93
6.9	Progress on food security projects	95
7.1	Public works, roads and transport functions per province, 2005/06	101
7.2	Extent of provincial road networks, 2000	101
7.3	Number of registered vehicles per province	102
7.4	Provincial, municipal and national roads infrastructure expenditure, 2004/05.....	103
7.5	Provincial and national roads infrastructure expenditure, 2001/02 to 2007/08.....	104
7.6	Provincial roads infrastructure expenditure	105
7.7	Provincial road maintenance expenditure, 2001/02 to 2007/08	106
7.8	Provincial roads construction outputs, 2004/05	107
7.9	Kilometres of roads maintained, 2004/05	108
7.10	Road network, vehicles, maintenance, 2004/05	108
7.11	Revenue collected from motor vehicle licences, 2001/02 to 2007/08	109
7.12	Revenue collected from Road Traffic Act fees, 2004/05	110
7.13	Motor vehicle licence fees per province as at 25 May 2005.....	111

7.14	Provincial road traffic management and safety expenditure, 2001/02 to	112
7.15	Effectiveness of overload control per province, 2004/05	114
7.16	Provincial and Local Government traffic personnel, 2004/05	115
7.17	National bus subsidies expenditure to provinces, 2001/02 to 2007/08	116
7.18	Provincial public transport expenditure, 2001/02 to 2007/08	117
8.1	Provincial personnel expenditure by province, 2001/02 to 2007/08	123
8.2	Provincial personnel expenditure by sector, 2001/02 to 2007/08	124
8.3	Personnel numbers by province and sector, 2001/02 to 2004/05	125
8.4	SMS and non SMS numbers and ratio per province, 2001/02 to 2004/05	126
9.1	Provincial revenue and expenditure, 2001/02 to 2007/08.....	131
9.2	Provincial own revenue by category, 2001/02 to 2007/08.....	133
9.3	Provincial expenditure, 2001/02 to 2007/08	134
9.4	Provincial expenditure as percentage of GDP-R	135
9.5	Consolidated provincial expenditure, 2001/02 to 2007/08	137
9.6	Provincial expenditure on compensation of employees, 2001/02 to 2007/08	138
9.7	Provincial payments for capital assets, 2001/02 to 2007/08.....	140

Figures

6.1	Number of hectares of land – LRAD programme	94
9.1	Shares of total provincial revenue	132
9.2	Shares of total social services	136