

Provincial Budgets and Expenditure Review

2002/03 – 2008/09



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National Treasury

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This document is compiled with the latest available information from provincial and national departments and other sources. The data for 2005/06 is still to be audited and may thus change.

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Foreword

The *Provincial Budgets and Expenditure Review* remains one of the key publications that provide a comparative analysis of provincial financial and non-financial performance. It is a major resource that assists analysts, policy makers, elected representatives, academics and those responsible for implementing government policies in assessing the impact of government policies and the resources allocated to implement them. The *Review* supports Parliament and provincial legislatures in debating and assessing budgets and in evaluating future plans for critical services in education, health, social development, housing, agriculture and roads and transport delivered at a provincial level.

Like last year, the *Review* is published before the *2006 Medium Term Budget Policy Statement* and will assist Government in better preparing for the 2007 Budget. The early publication of the *Provincial Budgets and Expenditure Review 2002/03 to 2008/09* provides Parliament and provincial legislatures with an opportunity to better engage on the provincial aspects of the MTBPS, and also allows provincial Executive Councils to make even more informed decisions when they finalise their respective provincial budgets for the 2007 Medium Term Expenditure Framework.

The information published in this *Review* relies on data from provinces. The *Review* indicates that government's capacity to collect service delivery information has improved considerably. Steps are being taken to further improve service delivery information. There are a number of changes that impact on the data of this year's *Review*:

- Firstly, a major change in intergovernmental relations relates to the shift in the administration of the social assistance function from provinces to a national agency. This year's *Review* does not include information on social assistance; and
- Secondly, although provincial boundaries were revised in March this year, the data presented in this publication are broken down according to the old boundaries because until now fiscal transfers to provinces have been divided according to the old boundaries.

I would like to thank the Intergovernmental Relations Division, the Public Finance and the Budget Office in the National Treasury for the time and effort that went into producing the publication. I also wish to thank provinces and national departments that so readily provided information and comments. My thanks are also due to my colleagues in national departments for their valuable support and comments on drafts of this *Review*. This *Review* is truly a collective effort across all spheres of Government.

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 2005/06 is based on pre-audited provincial expenditure data for the period 1 April 2005 to 31 March 2006. Minor changes are expected when final audited statements are published.

The historical data of the 2002/03 financial year to the 2005/06 financial year was aligned with the 2006 MTEF budget and programme structures to take account for the following technical adjustments:

- The exclusion of social assistance grants from provincial social development departments, which were transferred to national government (South African Social Security Agency (SASSA)) with effect from 1 April 2006;
- The function shift of archive services from the national Department of Arts and Culture to the Western Cape Department of Cultural Affairs and Sport;
- The forensic pathology services that shifted from the national (South African Police Services and Health) to the provincial sphere;
- Integrated Nutrition Programme is not a conditional grant anymore but incorporated into the provincial equitable share;
- The HIV and Aids Community Based Care and Integrated Social Development conditional grants were incorporated into the provincial equitable share; and
- Reclassification changes due to the *New Economic Reporting Format*, introduced from 1 April 2004, have lowered capital spending and budget figures, for example, the housing subsidy grant is now classified under transfers and subsidies, and not capital.

Although provincial boundaries were revised in March this year, the data presented in this publication are broken down according to the old boundaries because until now fiscal transfers to provinces have been divided according to the old boundaries.

The consolidated set of provincial government tables contained in Annexures A and B is reflected according to the uniform budget and programme structures. The tables in Annexure B present a consolidated set of performance outputs in provincial government. The information gives an overview of performances linked to predetermined objectives and targets in annual performance plans. The datasets have been verified against the actual data published in Part II of provincial annual reports. Despite this, there are still inconsistencies in the non-financial datasets, and steps are taken to further improve these.

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.

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