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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Media workshop

16 September 2009



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Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Chapter 1: Introduction

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Prov. Budget and Exp Review (1)

- Provincial budgets, expenditure and service delivery trends
 - Builds on review published in September 2007
 - Covers past and future budgets (2005/06 to 2011/12)
 - Provides consolidated information
 - Allows comparison between provinces
 - Critical document to inform on service delivery
- Released approx a month before MTBPS
 - Assist in shaping the 2010 Budget
 - *Inform policy priorities*

Prov. Budget and Exp Review (3)

- 8 chapters in the document
 - Introduction
 - Revenue and Expenditure Trends
 - Education
 - Health
 - Social Development
 - Human Settlements
 - Agriculture and Land
 - Roads and Transport
- Annexure A:
 - Extensive financial information
- Annexure B:
 - Consolidated non-financial (performance) information

Funding of Provinces

- At the back of strong funding growth in the past access to services has increased
 - *There are more children at school than at any time in the history of our country*
 - *Health services are more accessible*
 - *More houses have been built*
 - *Public transport systems and roads infrastructure is improving*
 - *Great strides are being made in social development*
 - *Agricultural and rural development is being prioritised*

Funding of Provinces

- While great progress on access is being made, quality remains a concern. Future growth in budgets:
 - *Strengthen the education system to improve its quality*
 - *Bolster the health system to improve the health profile of the country*
 - *Build stronger partnerships to accelerate quality health services*
 - *Further accelerate housing delivery and create sustainable human settlements*
 - *Step up government's rural development strategy*
 - *Invest in social and economic infrastructure*

Funding of Provinces

- Provinces get the bulk of their revenue (96.7 per cent) from national government
 - *Own revenue (3.3 per cent)*
- Equitable share 79.7 per cent of provincial revenue
 - *Unconditional transfer*
 - *Provinces have discretion on how to allocate based on government priorities*
 - *Main source of funding for social services*
- Conditional grants 17 per cent of provincial revenue
 - *Health conditional grants largest share*

Provincial revenue trends (1)

- Equitable share grows at 4.9 per cent per year in real terms (above inflation) over the MTEF
 - Government continues to prioritise social services funded through ES
- Large growth in conditional grants
 - IHHSD grant grows from R10.2 bn in 2008/09 to R17.2 bn in 2011/12
 - Growth in health grants: HIV and Aids(R2.8 b to R4.6b) & hospital revitalisation (R2.6 b to R4.1b)
 - Infrastructure grant to provinces R13.1 bn by 2011/12 (R3.8 bn higher than current levels)

Provincial expenditure trends (1)

- Between 2005/06 and 2011/12, expenditure has grown from R161.2 billion to R338.9 billion: a real growth rate of 6.3 per cent a year
- Budgeted to spend R290.6 billion in 2009/10
 - *real growth of 4.6 per cent from 2008/09 outcome*
- Over the MTEF, increase to R338.9 billion in 2011/12 at an average annual growth rate of 8.7 per cent
- Capital spending sustains its upward growth path (12.1 per cent average annual over the MTEF)
- Personnel spending make up 55.2 per cent of total provincial expenditure
- Provincial spending trends vary between provinces
- Provinces must continue to maintain healthy balance between
 - *Revenue streams and expenditure*
 - *Social and non-social services spending*





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Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Chapter 3: Education

16 September 2009



Education landscape

- Education spending consistent at around 5,5% of GDP over the review period
- Improved Access:
 - *About 4 million more learners in the system compared to 1985*
 - *GER for the Primary phase (Grades 1 – 7) is 98% and 85% for the Secondary phase (Grades 8 – 12)*
 - *Grade R enrolment steadily increasing*
 - *More teachers in the system - learner: educator ratios down to 31:1 from around 50:1 in 1994 (public ordinary schools)*
 - *Learner: educator ratio in independent schools 16:1*
(Refer to table 3.9, page 31)
- Progress in building schools and classrooms

Key Trends

- Strong growth in provincial education budgets (10.2% from 2008/09 to 2011/12)
- Average per learner allocations have grown from R6 295 in 2005/06 to R9 160 in 2008/09
- Public ordinary schools dominates provincial budgets (82.6% share in 2008/09)
- Capital spending grew from R2.8 bn in 2005/06 to R4.3 bn in 2008/09. By 2011/12 government will be spending R8.5 bn annually on its school building programme
- P4: Public special schools and P7: ECD (which consists of mainly Grade R) budgets show strong growth over the MTEF period (P4: 18,7% and P7: 46.9%)
- P5: FET – growth slows to 5.6% over the MTEF
- Matric passes have decreased from 351 503 in 2006 to 344 794 in 2008, but
- University endorsement equivalent passes have increased from 85 830 to 106 047 in 2008.



No-fee schools

No fees schools

	Number of learners	% of learners exempted from school fees	Number of no fee schools	% of schools not charging fees	Per learner allocation Q1	Per learner allocation Q2
Eastern Cape	1,158,053	56.8%	3,725	65.5%	807	740
Free State	502,674	76.6%	1,202	74.5%	807	740
Gauteng	391,378	22.8%	443	22.3%	807	740
KwaZulu-Natal	1,139,592	41.8%	3,174	54.9%	807	740
Limpopo	1,106,681	63.8%	2,836	70.5%	807	740
Mpumalanga	420,395	40.6%	952	50.8%	807	740
Northern Cape	143,160	54.4%	395	65.6%	807	740
North West	296,468	38.7%	895	51.7%	807	740
Western Cape	136,109	14.5%	407	28.0%	807	740
Total/Average	5,294,510	44.6%	14,029	56.7%		

- Provinces to spend R10.9 billion on no-fee schools in 2009/10.
- The policy has allowed learners from the poorest households to remain in school longer
- Funding targets non-personnel non-capital spending
- No fee status to be extended to quintile 3 schools over the MTEF

Provincial Spending: ECD (incl Grade R)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
		Outcome		Pre-audited outcome	Medium-term estimates		
R thousand							
Eastern Cape	38,823	46,313	79,298	249,108	367,316	595,864	704,324
Free State	32,054	46,533	52,679	64,274	80,555	88,582	93,928
Gauteng	41,507	35,706	43,439	82,958	309,146	555,077	636,977
KwaZulu-Natal	61,760	97,723	131,969	202,646	343,169	636,992	737,600
Limpopo	22,031	43,223	49,745	80,285	228,615	445,775	452,248
Mpumalanga	41,867	45,252	60,042	63,096	96,922	164,676	229,417
Northern Cape	13,909	14,169	25,561	25,725	63,350	102,197	108,929
North West	110,009	120,704	100,214	105,101	190,150	201,119	270,514
Western Cape	74,477	90,195	142,259	228,748	313,468	324,167	354,282
Total	440,117	545,898	691,206	1,132,001	1,995,697	3,174,449	3,591,219

- Grew by an average annual 37% from 2005/06 to 2008/09.
- This trend to continue as ECD budgets are projected to grow by 46.9% over the MTEF.

Education outputs and performance (1)

The National School Nutrition Programme

- Coverage of the programme to targeted learners continues to improve: In 2008, government fed about 6 million learners.
- Programme is being extended to quintile 1 secondary schools in 2009, and quintiles 2 and 3 secondary schools over the MTEF.



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Chapter 4: Health

16 September 2009



Key trends

- Over the past three years public health expenditure increased by 16.7% per annum or by more than R5 billion in real terms per annum.
- Public health funding will top R100 billion per annum within the current MTEF
 - HIV and Aids spending grew from R1.6 bn in 2005/06 to R3.8 bn in 2008/09 and is set to grow to just under R6bn by 2011/12
 - The health facilities programme (infrastructure) grew from R3bn in 2005/06 to R5.7 bn in 2008/09 and will triple to R10.6bn by 2011/12

Consolidated health spending

Table 4.1 Consolidated funding flows in the South African health sector

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Real annual growth 2005/06-2011/12
R million								
Public sector								
National Department of Health (core)	1 030	1 132	1 210	1 460	1 480	1 601	1 691	2.0%
Provincial departments of Health	47 071	53 649	62 582	75 030	82 359	91 999	99 140	6.3%
Defence	1 557	1 705	1 878	2 128	2 441	2 606	2 792	3.5%
Correctional services	211	234	261	282	300	318	339	1.6%
Local government (own revenue)	1 317	1 478	1 316	1 342	1 369	1 396	1 480	-4.3%
Workmen Compensation Fund	1 310	1 415	1 287	1 415	1 529	1 651	1 718	-1.8%
Road Accident Fund	356	488	764	797	740	860	980	11.1%
Education	1 565	1 721	1 833	2 134	2 350	2 503	2 653	2.5%
Subtotal	54 417	61 821	71 131	84 589	92 568	102 934	110 793	5.7%
Private sector								
Medical schemes	54 905	58 349	65 468	74 089	80 320	86 841	93 441	2.6%
Out of pocket	23 470	26 596	31 997	35 468	37 386	39 300	41 108	3.1%
Medical insurance	1 956	2 056	2 179	2 452	2 660	2 870	3 089	1.3%
Employer private	935	982	1 041	1 172	1 271	1 372	1 476	1.3%
Subtotal	81 266	87 983	100 685	113 181	121 637	130 383	139 114	2.7%
Donors or NGOs	1 944	2 503	3 835	5 212	6 910	6 319	5 787	12.6%
Total	137 627	152 307	175 651	202 982	221 115	239 636	255 694	4.1%

Source: National Treasury provincial and local government database and Estimates of National Expenditure, Council for Medical Schemes, Road Accident Fund and South African Reserve Bank.

Total health funding exceeded R200 billion in 2008/09 and public health funding will exceed R100 billion in 2010/11.

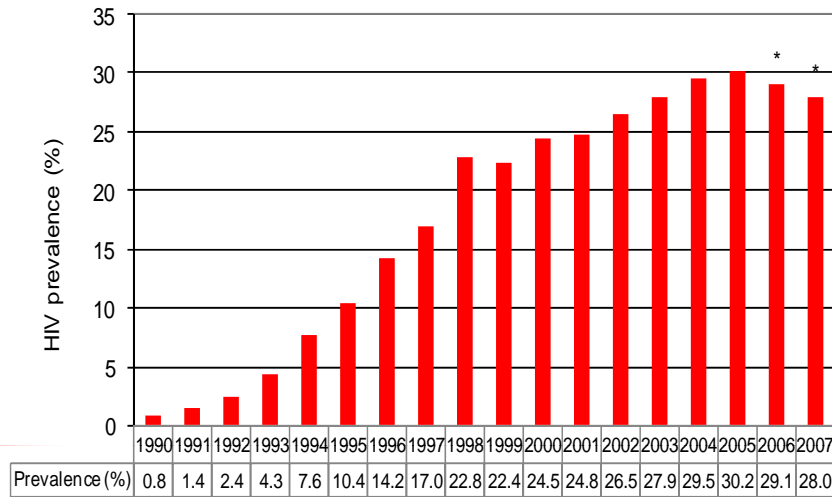
Goods and services

	2005/06	2006/07 Outcome	2007/08	2008/09 Pre-audited outcome	2009/10	2010/11	2011/12	Real annual growth 2005/06 – 2011/12
R million								
Eastern Cape	1,600	2,546	2,226	2,967	3,241	2,979	3,296	5.9%
Free State	947	1,123	1,104	1,176	1,619	1,931	2,105	7.2%
Gauteng	3,429	4,101	4,700	5,464	5,104	5,761	6,364	4.1%
KwaZulu-Natal	3,361	3,731	4,899	5,520	5,538	6,609	7,094	6.3%
Limpopo	1,453	1,647	1,453	2,183	2,451	2,711	2,793	4.7%
Mpumalanga	884	1,062	1,250	1,375	1,743	1,898	2,046	7.9%
Northern Cape	388	459	518	624	700	883	995	9.8%
North West	903	1,076	1,271	1,359	1,520	1,839	2,088	7.9%
Western Cape	1,893	2,207	2,471	2,880	3,273	3,704	3,967	6.2%
Total	14,859	17,952	19,890	23,548	25,190	28,314	30,747	6.0%

- Goods and services grown by 16.3% pa over past three years (nominal)
- Provinces have continued to experience cash-flow problems paying for basic items - blood, medicines and laboratory items.
- Weaknesses in financial management and controls in provinces needs to be addressed

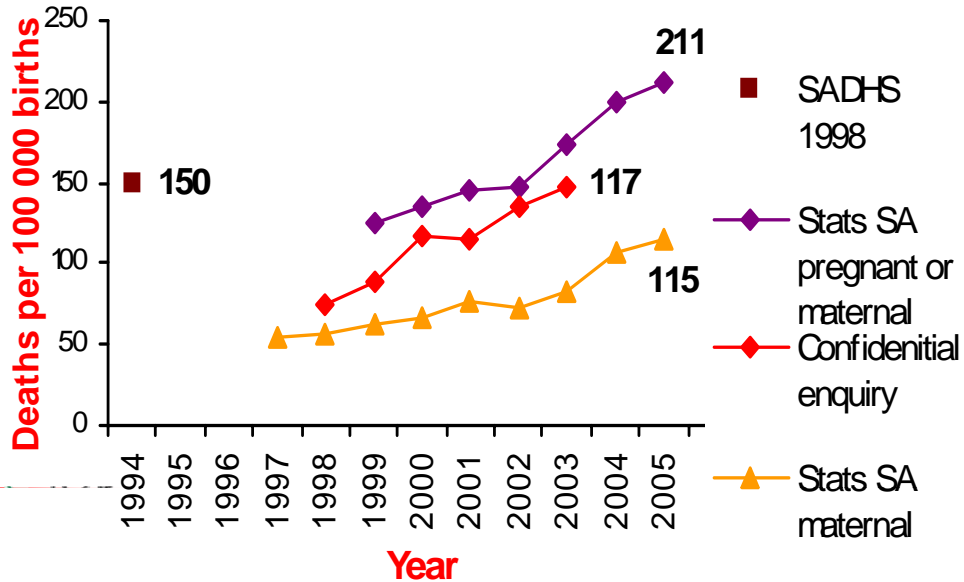
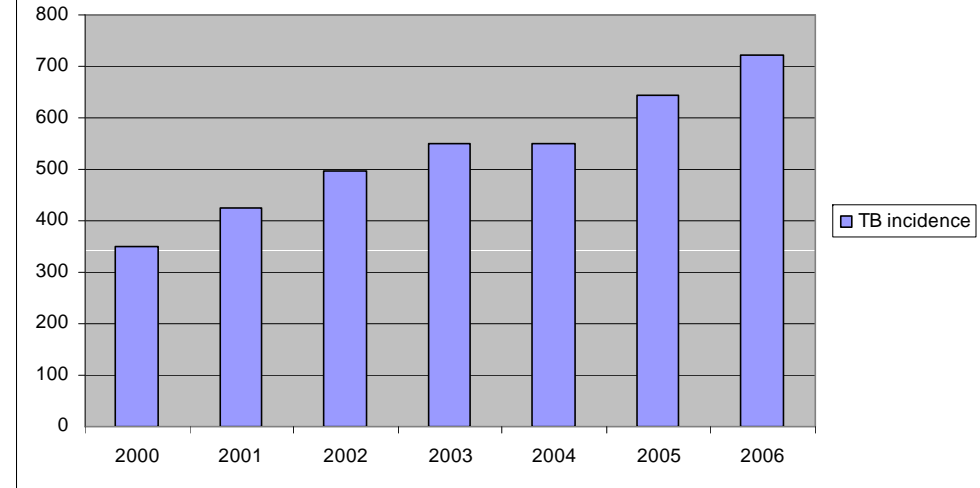
Health outcomes need to improve

Prevalence of HIV from antenatal survey

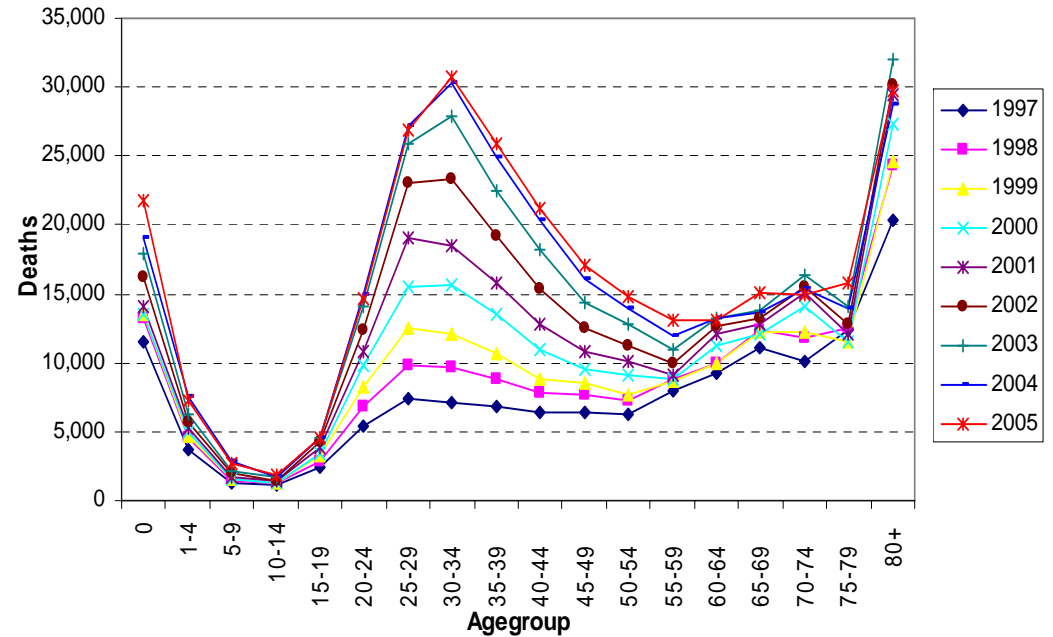


*Note that the estimates for 2006 and 2007 each based on a different methods to the previous year

TB incidence



Female deaths from death notifications 1997-2005



Primary health care workload

**Table 4.17 Primary health care work load per province,
2008/09**

	Doctor clinical work load PHC	Nurse clinical work load PHC
Eastern Cape	21.5	21.7
Free State	28.6	33.9
Gauteng	24.2	28.5
KwaZulu-Natal	24.4	23.4
Limpopo	18.8	17.8
Mpumalanga	29.0	21.5
Northern Cape	17.6	25.5
North West	12.3	20.5
Western Cape	24.3	31.1
Average	22.3	24.9

Source: District health information systems

HIV/AIDS

- Spending grown from R1.7 billion (2005/06) to R5.6 billion (2011/12)
- Enrolling an additional 300 000 new patients per annum
- Between 2015 and 2020 more than 3 million people on treatment, at cost of over R15 billion per annum
- Require greater attention to effectiveness and scale of prevention programmes

HIV and Aids

Table 4.10 HIV, performance indicators, 2008/09

	HIV prevalence among clients tested (excluded antenatal)	HIV testing rate (excluding antenatal)	Nevirapine uptake rate among pregnant women with HIV %	Nevirapine uptake rate among babies born to women with HIV %	STI partner tracing rate %	Male condom rate annualised %
Eastern Cape	22.7	84.9	82.8	66.8	22.4	10.7
Free State	36.1	76.2	54.0	67.2	23.7	7.9
Gauteng	37.0	93.2	86.3	61.5	21.0	8.4
KwaZulu-Natal	35.2	92.1	78.8	82.8	19.2	8.3
Limpopo	20.8	79.1	55.2	68.6	24.0	13.2
Mpumalanga	40.0	78.7	58.5	68.4	23.6	13.3
Northern Cape	18.5	94.1	77.3	103.4	28.7	6.1
North West	31.8	72.1	84.8	65.4	31.5	7.2
Western Cape	12.8	96.0	66.9	94.6	14.3	35.7
Average	28.3	85.2	71.6	75.4	23.2	12.3

Source: District health information systems and provincial reporting.

Personnel

- Between 2003/04-2008/09 the following trends emerged:
 - doctors employed in the public service have increased by 4 320
 - nurses 20 863
 - ambulance personnel 5 386
 - Pharmacist 533
- Expenditure on health personnel has increased by R10.5 billion (driven by OSD) over past three years and personnel have increased by 33812



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Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Chapter 5: Social Development

16 September 2009



Spending per programme as % of total

Table 5.6 Programme percentage of total spending/budget, 2005/06, 2009/10 and 2011/12

	2005/06	2009/10	2011/12	2005/06	2009/10	2011/12	2005/06	2009/10	2011/12
	Administration			Social welfare services			Development and research		
Eastern Cape	21.1%	26.0%	22.8%	60.9%	60.0%	58.7%	18.0%	14.1%	18.5%
Free State	27.3%	26.5%	25.9%	71.0%	65.3%	66.0%	1.6%	8.2%	8.1%
Gauteng	24.8%	15.5%	14.4%	69.8%	75.7%	77.5%	5.5%	8.8%	8.1%
KwaZulu-Natal	25.9%	20.1%	17.1%	65.8%	69.1%	73.7%	8.4%	10.9%	9.2%
Limpopo	21.7%	26.6%	24.0%	50.2%	50.0%	54.3%	28.1%	23.4%	21.7%
Mpumalanga	25.2%	24.8%	22.8%	58.1%	56.8%	59.3%	16.7%	18.4%	18.0%
Northern Cape	25.4%	25.2%	24.6%	57.1%	62.3%	63.9%	17.5%	12.5%	11.5%
North West	20.5%	16.1%	14.7%	54.0%	67.9%	68.1%	25.5%	16.0%	17.2%
Western Cape	20.5%	15.5%	14.5%	66.2%	77.7%	79.0%	13.3%	6.8%	6.5%
Total	23.5%	20.8%	18.9%	63.5%	66.8%	68.5%	13.0%	12.4%	12.5%

Source: National Treasury provincial database

- In simple terms for every R100 spent in social development R20 goes to administration (page 76)

Expenditure within social welfare services

- *Care and services to older persons* spending on increased from R422 million in 2005/06 to R782 million in 2011/12
- *Substance abuse, prevention and rehabilitation* was a relatively small subprogramme in 2005/06. But the current upward trend in substance abuse has forced a rapid increase in spending from R91 million in 2005/06 to R338 million in 2011/12. This is to support prevention and treatment programmes and an increase in the number of facilities providing rehabilitation services.

...spending on social welfare grows strongly

- Per capita spending in KZN and LP fall further behind national average
- Allocations are funding –
 - Expansion of ECD
 - Children’s Act
 - Older Persons’ Act
 - Diversion and secure care centres
 - HIV and AIDS home and community based care
 - Programmes related to substance abuse

Table 5.8 Social welfare budgets and expenditure trends by province, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Pre-audited outcome	Medium-term estimates		
Eastern Cape	313	411	549	796	860	946	1 075
Free State	272	246	263	333	446	483	529
Gauteng	569	693	927	1 184	1 465	1 669	1 831
KwaZulu-Natal	491	527	630	823	951	1 200	1 379
Limpopo	180	195	215	343	381	414	502
Mpumalanga	145	201	285	389	450	525	588
Northern Cape	100	135	189	234	254	289	319
North West	175	236	277	394	492	574	632
Western Cape	433	460	665	851	903	997	1 089
Total	2 678	3 104	3 999	5 348	6 202	7 097	7 945
Expenditure per person in province	2005/06	2009/10		Change between 2005/06 and 2009/10		Percentage deviation from average	
	Population based on mid-year estimates, 2005 and 2008			Actual	Percentage	2005/06	2009/10
Eastern Cape	45.5	130.7		85.2	187.2%	-20.3%	2.6%
Free State	92.2	155.0		62.8	68.1%	61.4%	21.7%
Gauteng	60.9	140.2		79.3	130.1%	6.7%	10.1%
KwaZulu-Natal	49.9	94.1		44.2	88.5%	-12.6%	-26.1%
Limpopo	33.7	72.2		38.5	114.2%	-41.0%	-43.4%
Mpumalanga	41.7	125.5		83.8	200.9%	-27.0%	-1.5%
Northern Cape	92.1	225.7		133.5	145.0%	61.3%	77.1%
North West	52.3	143.7		91.3	174.5%	-8.4%	12.8%
Western Cape	93.3	171.6		78.3	83.9%	63.4%	34.7%
Total	57.1	127.4		70.3	123.0%		

Source: National Treasury provincial database

... while more attention is given to development in future years

- Spending on development becomes increasingly equitable
- The services of the development programme generally target individuals and households that are vulnerable as a result of poverty and which therefore fall into the first two income quintiles

Table 5.10 Development and research budgets and expenditure trends by province, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Pre-audited outcome	Medium-term estimates		
Eastern Cape	92	126	141	186	202	324	338
Free State	6	69	30	41	56	60	65
Gauteng	45	58	60	58	170	182	190
KwaZulu-Natal	62	164	105	113	149	162	172
Limpopo	101	113	88	143	178	197	201
Mpumalanga	42	69	82	122	145	161	179
Northern Cape	31	29	37	46	51	54	57
North West	83	54	68	72	116	142	160
Western Cape	87	68	70	79	79	82	90
Total	548	748	682	859	1 147	1 364	1 452
Expenditure per person in quintiles 1 and 2	2005/06	2009/10		Change between 2005/06 and 2009/10		Percentage deviation from average	
	Quintiles based on mid-year estimates, 2005 and 2008			Actual	Percentage	2005/06	2009/10
Eastern Cape	23.8	54.4		31	128.6%	-18.6%	-7.7%
Free State	4.6	42.6		38	827.3%	-84.3%	-27.6%
Gauteng	21.8	74.4		53	240.9%	-25.3%	26.2%
KwaZulu-Natal	14.8	34.4		20	133.1%	-49.4%	-41.6%
Limpopo	33.5	60.0		27	79.4%	14.5%	1.9%
Mpumalanga	32.5	109.9		77	237.7%	11.4%	86.6%
Northern Cape	64.1	103.0		39	60.6%	119.5%	74.8%
North West	65.2	89.2		24	36.8%	123.1%	51.4%
Western Cape	128.5	103.4		-25	-19.6%	339.9%	75.4%
Total	29.2	58.9		30	101.6%		

Source: National Treasury provincial database

Conclusion

- Since the responsibility for budgeting for social assistance shifted to national government in 2006/07, provinces have allocated substantial additional resources to social development.
- However, in provincial social development departments expanding from a low base, plans were optimistic, but the skills shortage hampered the sector's ability to move rapidly.
- Government's initiatives to address the lack of skills are beginning to bear fruit.



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Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Chapter 6: Human Settlements

16 September 2009



Progress has been made in housing delivery

- Approximately 2,6 m units delivered, but significant challenges remain
 - 1,8m households (14.4%) with inadequate shelter
 - 75% of need is in cities
 - Requires delivery of between 170 000 and 250 000 units a year
 - Must form part of integrated human settlements that enhance equity and efficiency of our urban landscape

... but demand for housing is not static

- Urbanisation and faster household formation result in urban demand growing faster than population
- Market conditions unfavourable to very poor and working poor who:
 - Were excluded by past growth in houses prices
 - Are now unable to access credit
 - Face rising rental prices
- Creates strong and complex pressures on public housing programmes:
 - Progressive realisation of a Constitutional right
 - Significant spatial impacts of investments, with long term social, economic and public finance consequences
 - Need for coordinated land, transport and infrastructure investment to generate developmental impact from spending

Expenditure on housing delivery

**Table 6.2 Integrated housing and human settlement development grant expenditure,
2005/06 – 2011/12**

	2005/06	2006/07 Outcome	2007/08	2008/09 Pre-audited outcome	2009/10 Medium-term estimates	2010/11 Medium-term estimates	2011/12 Medium-term estimates
R million							
Eastern Cape	607	637	337	981	1,313	1,599	1,803
Free State	370	528	467	859	963	1,301	1,380
Gauteng	1,357	1,760	2,614	2,778	3,187	3,772	4,323
KwaZulu-Natal	816	1,075	1,311	1,627	2,180	2,714	3,150
Limpopo	383	605	633	825	997	1,235	1,415
Mpumalanga	269	330	652	797	795	976	1,118
Northern Cape	103	105	231	219	325	273	313
North West	615	697	786	952	1,100	1,289	1,578
Western Cape	552	769	1,122	1,306	1,581	1,869	2,142
Total	5,072	6,506	8,152	10,343	12,442	15,027	17,222

- Government has sharply increased funding for low income housing
- Approximately R49 billion has been disbursed through the integrated housing and human settlement development grant between 1995 and 2008

30% average annual increase for each year of MTEF From 12.4 billion in 2009/10 to R17.2 billion in 2011/12, total allocation of R44b for next three years

Housing subsidies and public housing delivery

- Housing subsidy scheme was introduced in 1994/95 – approx. 3.3 million subsidies have been approved.
- Number of subsidies approved annually has been volatile ranging from 137,746 in 2005/06 and 252,064 in 2007/08.
- bulk of subsidies approved occurred in Gauteng

Table 6.4 Number of subsidies approved per financial year, 1994/95– 2007/08

	1994/95 – 2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Total
Eastern Cape	243,315	20,811	13,882	2,189	22,532	27,700	330,429
Free State	113,394	16,084	16,768	8,770	14,334	28,129	197,479
Gauteng	989,016	39,086	54,045	56,373	53,234	72,644	1,264,398
KwaZulu-Natal	265,452	43,397	42,776	13,766	21,906	20,032	407,329
Limpopo	128,303	32,681	17,503	27,456	2,138	17,435	225,516
Mpumalanga	153,493	14,378	2,407	1,153	14,281	7,858	193,570
Northern Cape	39,251	7,452	1,763	812	5,671	2,268	57,217
North West	146,718	7,570	23,543	14,778	19,440	47,698	259,747
Western Cape	221,046	8,143	77,354	12,449	12,987	28,300	360,279
Total	2,299,988	189,602	250,041	137,746	166,523	252,064	3,295,964

Source: National Department of Human Settlements

Table 6.5 Housing units completed and in process of completion, 1994/95 – 2007/08

	1994/95 – 2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Total
Number							
Eastern Cape	187,237	27,119	37,524	19,825	16,526	12,684	300,915
Free State	87,859	16,746	16,447	20,536	19,662	12,482	173,732
Gauteng	340,331	49,034	66,738	59,310	77,044	90,886	683,343
KwaZulu-Natal	245,534	33,668	36,734	35,872	38,290	34,471	424,569
Limpopo	114,767	15,810	16,514	46,813	23,609	18,970	236,483
Mpumalanga	105,093	21,232	18,000	14,986	10,651	16,569	186,531
Northern Cape	29,213	3,787	3,598	8,667	3,880	8,686	57,831
North West	125,353	10,484	10,037	35,515	46,972	19,945	248,306
Western Cape	185,510	15,735	11,756	11,310	34,585	34,157	293,053
Total	1,420,897	193,615	217,348	252,834	271,219	248,850	2,604,763

Source: National Department of Human Settlements

- Between 06/07 & 07/08 delivery of subsidised housing units declined in most provinces.





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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Chapter 7: Agriculture and Land

16 September 2009



Aggregate national agriculture and land reform budget and expenditure trends

Table 7.1 National agriculture and land reform expenditure by programme, 2005/06 – 2011/12

R million	2005/06	2006/07 Outcome	2007/08	2008/09 Pre-audited outcome	2009/10 Medium-term estimates	2010/11 Medium-term estimates	2011/12 Medium-term estimates
Agriculture							
Administration	248	280	334	369	389	417	448
Production and resources management	342	226	233	523	300	466	683
Agriculture support services	1 006	1 288	2 370	1 425	1 696	1 732	1 952
Trade and economic development	50	47	61	69	77	84	91
Food safety and bio-security	264	383	335	433	331	390	428
Subtotal	1 909	2 224	3 333	2 820	2 793	3 089	3 602
Land Affairs							
<i>of which</i>							
Restitution	1 789	2 338	3 638	3 098	1 904	1 585	2 086
Land reform	645	854	1 571	2 888	3 455	4 100	4 721
Subtotal	2 434	3 192	5 210	5 987	5 359	5 684	6 807
Provinces	4 114	4 346	4 789	5 922	6 462	7 042	7 713
Total	8 457	9 762	13 331	14 729	14 613	15 815	18 123
Percentage of total national agricultural expenditure							
Administration	13.0%	12.6%	10.0%	13.1%	13.9%	13.5%	12.4%
Production and resources management	17.9%	10.1%	7.0%	18.6%	10.7%	15.1%	19.0%
Agriculture support services	52.7%	57.9%	71.1%	50.5%	60.7%	56.1%	54.2%
Trade and economic development	2.6%	2.1%	1.8%	2.5%	2.8%	2.7%	2.5%
Food safety and bio-security	13.8%	17.2%	10.0%	15.4%	11.8%	12.6%	11.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Estimates of National Expenditure 2009

- Spending on agriculture and land reform increased from R8.5 b in 05/06 to R14.7 b in 08/09
- Will further increase to R18 b in 2011/12 – reflecting average annual growth of 8 % over medium
- Provincial spending accounts for 44% of the total agriculture and land sector budget
- Followed by land reform - 37%

Budgets and expenditure trends at national level

- The national Department of Agriculture's budget increased from R1.9 billion in 2005/06 to R3.3 billion in 2007/08
 - The budget is expected to grow at a further average annual rate of 9.7 per cent over the medium term
 - Its projected to reach R3.6 billion in 11/12 due to increases in grants allocations (CASP & Ilima)
- The budget for the Land reform programme rises from R2.9 billion in 08/09 to R4.7 billion in 11/12.
 - Restitution programme declines from R3.1 billion in 08/09 to R1.9 billion in 09/10
 - This reflects the progress that is being made in resolving claims.

Provincial agriculture expenditure by programme

Table 7.3 Provincial agriculture expenditure by programme, 2005/06 – 2011/12

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Pre-audited outcome	Medium-term estimates		
R million							
Administration ¹	810	890	1 062	1 269	1 271	1 347	1 454
Sustainable resource management	520	429	604	715	719	788	868
Farmer support and development	1 848	2 070	2 048	2 622	2 927	3 327	3 704
Veterinary services	350	387	442	528	617	624	662
Technical research and development services	334	310	313	409	477	485	515
Agricultural economics	86	60	110	110	135	138	150
Structured agricultural training	167	201	209	269	316	333	361
Total	4 114	4 346	4 789	5 922	6 462	7 042	7 713
Percentage of provincial agriculture expenditure							
Administration ¹	19.7%	20.5%	22.2%	21.4%	19.7%	19.1%	18.9%
Sustainable resource management	12.6%	9.9%	12.6%	12.1%	11.1%	11.2%	11.3%
Farmer support and development	44.9%	47.6%	42.8%	44.3%	45.3%	47.2%	48.0%
Veterinary services	8.5%	8.9%	9.2%	8.9%	9.5%	8.9%	8.6%
Technical research and development services	8.1%	7.1%	6.5%	6.9%	7.4%	6.9%	6.7%
Agricultural economics	2.1%	1.4%	2.3%	1.9%	2.1%	2.0%	1.9%
Structured agricultural training	4.1%	4.6%	4.4%	4.5%	4.9%	4.7%	4.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. Programme 1: Administration has been calculated on a pro rata basis as a result of the combination of the agriculture function with other provincial functions.

Source: National Treasury provincial database

Agricultural Conditional grants

- Total agricultural conditional grants expenditure increased from R877 million in 2009/10 to R1.4 billion in 2011/12, the 54% increase is due to the new grant Ilima/Letsema and the 22% annual increase on CASP

Table : Provincial agriculture conditional grants expenditure, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Preliminar	Medium-term estimates		
Agricultural Disaster Management Grant	118	49	201	242	60	–	–
Comprehensive Agricultural Support Programme	260	340	388	821	715	862	979
Ilima/Letsema Projects grant				96	50	200	400
Land Care Programme	44	88	51	55	51	55	58
Total	422	477	639	1,214	877	1,117	1,437
Percentage of provincial agriculture expenditure							
Agricultural Disaster Management Grant	27.9%	10.4%	31.4%	19.9%	6.8%	0.0%	0.0%
Comprehensive Agricultural Support Programme	61.6%	71.1%	60.7%	67.7%	81.6%	77.2%	68.1%
Ilima/Letsema Projects grant				7.9%	5.7%	17.9%	27.8%
Land Care Programme	10.5%	18.5%	7.9%	4.5%	5.9%	4.9%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: National Treasury provincial database

- The highest spending is by CASP which reflects 82% of the total conditional grants in 2009/10
- Ilima/ Letsema aim to increase utilisation land to increase food production
- Land care also aims to support food security and job creation thru' increased productivity of land

Service delivery achievements

- 30 % of 82 million hectares of agricultural land to be delivered by 2014.
 - Land delivered at the end of March 2009 is 5.4 million hectares
- In 2007/08, CASP had assisted 845 infrastructure projects and 60 276 beneficiaries.
- AgriBEE funding scheme piloted between 2006/07 and 2008/09, with an allocation of R147 million. By June 2008 R84.9 million had been disbursed.



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REPUBLIC OF SOUTH AFRICA

Provincial Budgets and Expenditure Review: 2005/06 – 2011/12

Chapter 8: Roads and Transport

16 September 2009



Extent of Provincial Road Network

Table 8.1 Extent of provincial road networks, March 2009

	Surface roads	Gravel roads	Access roads	Total kilometres	Total number of vehicles	Road densities
Kilometres						
Eastern Cape	5 493	34 692	7 631	47 816	612 231	12.8
Free State	6 371	21 562	20 000	47 933	447 083	9.3
Gauteng	3 468	1 362	2 410	7 240	3 609 740	498.6
Kw aZulu-Natal	7 364	21 930	14 639	43 933	1 321 448	30.1
Limpopo	6 530	15 457	10 578	32 565	462 496	14.2
Mpumalanga	5 059	8 986	7 479	21 524	464 288	21.6
Northern Cape	3 134	59 562	958	63 654	206 505	3.2
North West	6 453	14 993	10 017	31 463	530 650	16.9
Western Cape	6 557	25 723	8 437	40 717	1 557 952	38.3
Total	50 429	204 267	82 149	336 845	9 212 393	27.3

Source: National and provincial departments of transport

The state of Provincial roads

- Based on condition assessments approximately 30 per cent of provincial roads were classified as “poor” or “very poor” in 2008
- Main factors contributing to situation:
 - Overloading of heavy vehicles
 - High traffic volumes
 - Insufficient maintenance
- Congestion is thus greatest in more urbanised provinces, but roads are generally of higher quality

Budgets and Expenditure: Roads infrastructure

Provincial and national roads infrastructure expenditure, 2005/06 – 2011/12

R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Pre-audited outcome	Medium-term estimates		
Eastern Cape	1,369	1,492	1,615	1,915	1,719	1,716	1,819
Free State	333	801	740	962	1,171	1,286	1,373
Gauteng	610	658	1,079	1,448	1,678	1,745	1,959
KwaZulu-Natal	1,682	1,856	2,360	4,122	3,684	3,862	4,207
Limpopo	1,152	1,139	1,442	1,426	1,574	1,892	2,141
Mpumalanga	723	688	993	1,124	1,089	1,321	1,469
Northern Cape	177	236	365	433	459	573	627
North West	605	689	677	730	825	914	981
Western Cape	962	1,285	1,346	1,394	1,703	1,655	1,707
Total provincial	7,613	8,844	10,619	13,553	13,902	14,965	16,284
National (non-toll)	1,783	2,380	3,403	5,176	5,649	7,023	8,193
Total	9,396	11,225	14,022	18,729	19,551	21,988	24,478

Roads maintenance expenditure

Provincial roads maintenance expenditure, 2005/06 – 2011/12

	2005/06	2006/07 Outcome	2007/08	2008/09 Pre-audited outcome	2009/10 Medium-term esti	2010/11
R million						
Eastern Cape	424	566	668	813	749	704
Free State	192	347	163	180	296	289
Gauteng	363	171	246	777	668	876
Kw aZulu-Natal	656	821	972	1,855	1,516	1,706
Limpopo	321	328	328	387	377	424
Mpumalanga	197	246	443	541	432	520
Northern Cape	80	83	113	116	142	142
North West	253	267	210	253	288	297
Western Cape	573	657	656	621	558	744
Total	3,058	3,485	3,799	5,543	5,026	5,702
Maintenance as a percentage of the total provincial road and transport expenditure						
Eastern Cape	18.5%	22.5%	22.6%	21.5%	18.6%	17.9%
Free State	22.0%	24.1%	11.3%	9.2%	15.2%	15.6%
Gauteng	22.8%	9.9%	10.2%	24.4%	13.8%	24.3%
Kw aZulu-Natal	23.7%	27.5%	27.0%	32.2%	24.6%	29.8%
Limpopo	13.7%	13.1%	11.6%	12.8%	10.2%	10.7%
Mpumalanga	15.5%	19.3%	24.3%	24.9%	16.5%	20.1%
Northern Cape	21.8%	20.2%	19.1%	15.8%	17.9%	16.4%
North West	13.5%	12.8%	10.4%	11.0%	11.3%	10.7%
Western Cape	32.3%	29.1%	28.0%	22.5%	15.8%	25.1%
Total	20.2%	20.3%	19.0%	21.6%	16.7%	20.2%

Source: National Treasury provincial database

Revenue collection: motor vehicle licenses

Revenue collected from motor vehicle licenses, 2005/06 – 2011/12

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Outcome			Pre-audited outcome	Medium-term estimates		
R million							
Eastern Cape	304	231	241	290	287	316	346
Free State	179	197	208	254	256	272	297
Gauteng	960	1,130	1,444	1,171	1,612	1,724	1,802
Kw aZulu-Natal	624	718	750	871	901	972	1,050
Limpopo	128	133	140	159	177	188	197
Mpumalanga	150	169	175	214	225	237	248
Northern Cape	59	67	73	91	78	82	97
North West	143	172	164	214	207	218	224
Western Cape	759	797	794	865	823	848	874
Total	3,305	3,616	3,988	4,129	4,565	4,856	5,135
Percentage annual growth rate							
Eastern Cape	180.8%	-23.8%	4.3%	20.2%	-1.1%	10.0%	9.7%
Free State	17.5%	9.9%	5.5%	22.3%	0.8%	6.1%	9.3%
Gauteng	17.8%	17.8%	27.7%	-18.9%	37.6%	7.0%	4.5%
Kw aZulu-Natal	21.0%	15.0%	4.4%	16.1%	3.4%	7.9%	8.0%
Limpopo	17.8%	4.0%	5.2%	13.2%	11.4%	6.2%	5.0%
Mpumalanga	23.5%	13.0%	3.2%	22.5%	5.2%	5.0%	5.0%
Northern Cape	6.0%	14.1%	8.6%	24.2%	-14.3%	5.5%	17.7%
North West	16.4%	20.3%	-4.9%	31.0%	-3.6%	5.2%	3.0%
Western Cape	9.1%	5.1%	-0.4%	8.9%	-4.8%	3.0%	3.0%
Total	22.6%	9.4%	10.3%	3.5%	10.6%	6.4%	5.7%

Source: National Treasury provincial database

Road traffic management and safety

- Traffic safety remains a major challenge and a top priority
 - Approximately 498 000 traffic accidents, 60 000 serious injuries, and 14 600 accident occur annually
 - Number of unroadworthy & unlicensed vehicles increased by 142 194 (or 18.2 per cent y-o-y) to 922 200 vehicles at the end of March 2008
- Provincial government spent R2 billion on road safety in 2008/09 which is set to grow to R2.2 billion by 2011/12.
- Highest spending in KZN (26%), which also recorded biggest decline in motor vehicle accidents (35%) in 2008/09

Thank you