

Provincial Budgets and Expenditure Review

2010/11 – 2016/17



Provincial Budgets and Expenditure Review

2010/11 – 2016/17

National Treasury

Republic of South Africa

December 2014

ISBN: 978-0-621-43248-0
RP: 328/2014

This document is compiled using the latest available information from provincial and national departments and other sources. Some of this information is unaudited or subject to revision.

Published by the National Treasury.

To obtain copies please contact:

Communications Directorate
National Treasury
Private Bag X115
Pretoria
0001
South Africa
Tel: +27 12 395 6697
Fax: +27 12 406 9055

This document is available on the National Treasury website at: www.treasury.gov.za. Other related and 2014 budget documents are also available on the website.

Printed by FormeSet Printers Cape (Pty) Ltd

Foreword

The publication of this edition of the *Provincial Budgets and Expenditure Review* is particularly appropriate, coming as it does after the fifth democratic elections and the renewal of government's commitment to protect front-line social services, as outlined in the 2014 Medium Term Budget Policy Statement. Despite the continuing negative effects of the global financial crisis, the South African government's fiscal policy has ensured protection for these services while at the same time ensuring fiscal sustainability.

Having been prudent for many years, and having ensured that the country's financial sector is well regulated, the National Treasury is therefore in a position to embark on fiscal consolidation in a way that maintains the gradual implementation of the state's policy objectives. For critical social services such as education and health, the provinces are government's main delivery arm.

The purpose of the *Review* is to provide a consolidated financial picture of government spending in the provincial sphere. This edition contains additional chapters that deal with provincial spending programmes, such as environmental affairs and public works, which are outside the social sector. There is also a focus on personnel and employment in provinces. The inclusion of a chapter on this subject is in recognition of the fact that the majority of public servants in government are employed by provinces, and that they spend more than 60 per cent of their budgets on compensation of these employees.

The contribution of the officials from a number of departments who provided inputs for this publication is highly appreciated. Particular thanks are due to the National Treasury officials who have worked to compile the publication and to maintain the provincial financial database.

The chapters and the accompanying data-sets certainly provide a useful body of knowledge and will enable informed consideration of the many and varied government programmes being carried out in the provinces. The information will set a basis for evaluating the impact of the services provincial governments deliver with the 43 per cent of nationally raised revenues that they receive.



Lungisa Fuzile
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 annual reports and estimates of provincial revenue and expenditure documents as tabled in March 2014.

The expenditure outcome for 2013/14 is based on pre-audited provincial expenditure data for the period 1 April 2013 to 31 March 2014. Minor changes may occur when final audited statements are fully published.

Despite measures put in place to improve the non-financial (performance) information reflected in Annexure B, there are still anomalies in the datasets. Consequently the data should be regarded as “soft” – indicative of trends rather than absolute measures of performance.

Financial years

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

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 headline CPI inflation published in the 2014 *Budget Review*.

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
Provinces and national policy	2
Economic activity and employment	4
Fiscal context	7
Chapter overview	13
2. Revenue and expenditure trends	15
Introduction	15
Revenue trends	16
Expenditure trends	22
Conclusion	31
3. Education	33
Introduction	33
Current landscape	34
Budget and expenditure trends	38
Service delivery achievements	45
Policy development and medium-term outlook	46
Conclusion	48
4. Health	51
Introduction	51
Funding health services	52
Budget and expenditure trends	54
Medium-term outlook	74
Conclusion	78
5. Social Development	79
Introduction	79
The current landscape	80
Budgets and expenditure trends	84
Budget and expenditure trends by programme	87
Conclusion	103
6. Human Settlements	105
Introduction	105
Current landscape	106
Expenditure trends and delivery performance	109
Medium-term outlook	113
Conclusion	114

7. Roads and transport	117
Introduction	117
Current landscape	118
Budget and expenditure trends	121
Medium-term outlook	130
Conclusion.....	130
8. Public works	133
Introduction	133
Current landscape	134
Budget and expenditure trends	137
Service-delivery achievements.....	141
EPWP	142
Medium-term outlook	144
Conclusion.....	145
9. Agriculture and land	147
Introduction	147
Current landscape	148
Institutional framework	149
National and provincial budget and expenditure trends	150
Medium-term outlook	160
Conclusion.....	160
10. Environmental affairs	163
Introduction	163
Legal and policy framework	164
Budget and expenditure trends	165
Medium-term outlook	174
Conclusion.....	175
11. Employment, management and leadership	177
Introduction	177
Shifts in the composition of expenditure.....	178
Provincial public service employment	179
Budget and expenditure trends	189
Wage bill cost drivers.....	191
Public sector productivity and earnings	192
Leadership and management challenges	194
Conclusion.....	195
12. Infrastructure delivery management support	197
Introduction	197
IDIP phases	198
Achievements	199
Medium-term outlook	200
Conclusion.....	203
 Annexure A: Provincial government tables: Financial information.....	207
 Annexure B: Provincial government tables: Non-financial (performance) information	439

Tables

1.1	The National Development Plan (NDP) in brief	3
1.2	Relative size of provincial economies by industry, 2011	7
2.1	Provincial revenue and expenditure, 2010/11 – 2016/17	18
2.2	Conditional grants to provinces, 2013/14 – 2016/17	19
2.3	Provincial own revenue by category, 2010/11 – 2016/17	21
2.4	Provincial own revenue by province, 2010/11 – 2016/17	22
2.5	Provincial expenditure by economic classification, 2010/11 – 2016/17	23
2.6	Provincial expenditure on compensation of employees by province, 2010/11 – 2016/17	25
2.7	Provincial expenditure on goods and services by province, 2010/11 – 2016/17	26
2.8	Provincial capital expenditure by province, 2010/11 – 2016/17	28
2.9	Provincial expenditure by sector, 2010/11 – 2016/17	29
2.10	Provincial expenditure shares by sector and province, 2010/11 – 2016/17	30
3.1	Education components and shares in South Africa, 2010/11 – 2016/17	34
3.2	Provincial expenditure ¹ on education by province, 2010/11 – 2016/17	38
3.3	Further education and training colleges expenditure by province, 2010/11 – 2016/17	41
3.4	Provincial education expenditure on compensation of employees by province, 2010/11 – 2016/17	44
4.1	Health expenditure in the public and private sectors, 2010/11 – 2016/17	53
4.2	Medical aid coverage by province, 2013	54
4.3	Provincial expenditure on health by province, 2010/11 – 2016/17	54
4.4	Provincial expenditure on health by programme, 2010/11 – 2016/17	55
4.5	Provincial health expenditure on administration by subprogramme, 2010/11 – 2016/17	56
4.6	Provincial expenditure on primary health care by subprogramme, 2010/11 – 2016/17	56
4.7	Provincial expenditure on HIV and AIDS by province, 2010/11 – 2016/17	58
4.8	Provincial expenditure on hospital services by subprogramme, 2010/11 – 2016/17	60
4.9	Provincial expenditure on health sciences and training by subprogramme, 2010/11 – 2016/17	63
4.10	Provincial expenditure on health facilities management by subprogramme, 2010/11 – 2016/17	65
4.11	Completed health projects, 2010/11 – 2013/14	66
4.12	Provincial expenditure on health by economic classification, 2010/11 – 2016/17	67
4.13	Provincial health expenditure on compensation of employees by province, 2010/11 – 2016/17	68
4.14	Trends in health personnel as at the end of March, 2008 – 2014	69
4.15	Provincial health expenditure on laboratory services by province, 2010/11 – 2016/17	71
4.16	Provincial health expenditure on goods and services by item, 2010/11 – 2016/17	72
4.17	Provincial health expenditure on payments for capital assets by province, 2010/11 – 2016/17	73
4.18	Provincial selected health programmes/subprogrammes and economic classification expenditure as a percentage of total provincial health expenditure, 2013/14	74
5.1	Selected demographic indicators by province, 2013	80
5.2	Poverty indicators by province	81
5.3	Proportion of social welfare services expenditure to total provincial social development expenditure by province, 2010/11 – 2016/17	83
5.4	Proportion of children and families expenditure to total provincial social development expenditure by province, 2010/11 – 2016/17	83

5.5	Provincial expenditure on social development by province, 2010/11 – 2016/17	85
5.6	Proportion of social development expenditure to total provincial expenditure by province, 2010/11 – 2016/17	85
5.7	Social development per capita allocation per poor person, 2010/11 – 2016/17	86
5.8	Provincial expenditure on social development by province, 2010/11 – 2013/14	87
5.9	Provincial expenditure on social development by programme, 2010/11 – 2016/17	88
5.10	Percentages of provincial expenditure on social development by programme and by province, 2010/11 – 2016/17	89
5.11	Provincial expenditure on social development by economic classification, 2010/11 – 2016/17	90
5.12	Proportion of total administration expenditure to total provincial social development expenditure by province, 2010/11 – 2016/17	91
5.13	Provincial expenditure on social welfare services by subprogramme, 2010/11 – 2016/17	92
5.14	Provincial expenditure on children and families by subprogramme, 2010/11 – 2016/17	94
5.15	Number of children in early childhood development by province, 2013/14	96
5.16	Provincial expenditure on restorative services by subprogramme, 2010/11 – 2016/17	98
5.17	Total registered non-profit organisations, 2010/11 – 2014/15	99
5.18	Provincial expenditure on institutional capacity building and support by province, 2010/11 – 2016/17	100
5.19	Transfers to non-profit organisations by subprogramme, 2010/11 – 2016/17	101
5.20	Proportion of transfers to non-profit organisations to total provincial social development expenditure by province, 2010/11 – 2016/17	101
6.1	Provincial expenditure on human settlements by programme, 2010/11 – 2016/17	109
6.2	Human settlements development grant per province, 2010/11 – 2016/17	110
6.3	Human settlements expenditure on compensation of employees per province, 2010/11 – 2016/17	111
7.1	Extent of provincial road networks by type and by province	118
7.2	Provincial expenditure on roads infrastructure by province, 2010/11 – 2016/17	122
7.3	Provincial expenditure on roads maintenance by province, 2010/11 – 2016/17	123
7.4	Number of vehicles on South African roads by province, March 2014	124
7.5	Provincial motor vehicle licence revenue by province, 2010/11 – 2016/17	125
7.6	Number of new vehicles registered by province, 2012 – 2013	126
7.7	Provincial expenditure on public transport services by province, 2010/11 – 2016/17	128
7.8	Provincial expenditure on traffic safety and law enforcement by province, 2010/11 – 2016/17	129
8.1	Public works, roads and transport functions per province, 2013/14	135
8.2	Provincial public works infrastructure expenditure by province, 2010/11 – 2016/17	137
8.3	Provincial public works infrastructure expenditure by subprogramme, 2010/11 – 2016/17 ..	138
8.4	Number of leased properties per department per province, 2012/13	139
8.5	Provincial expenditure on the expanded public works programme by province, 2010/11 – 2016/17	140
8.6	Provincial expenditure on the expanded public works programme by subprogramme, 2010/11 – 2016/17	141
8.7	Public Works Infrastructure Projects, 2013/14	142
9.1	National expenditure on agriculture and land reform by programme, 2010/11 – 2016/17	150
9.2	Provincial expenditure on agriculture by province, 2010/11 – 2016/17	152
9.3	Provincial expenditure on agriculture by programme, 2010/11 – 2016/17	154
9.4	South Africa's agricultural colleges	156
9.5	Provincial expenditure on agriculture by economic classification, 2010/11 – 2016/17	157

9.6	Provincial agriculture expenditure on compensation of employees by province, 2010/11 – 2016/17	158
10.1	Provincial expenditure on environmental affairs by province, 2010/11 – 2016/17	165
10.2	Provincial expenditure on environmental affairs by economic classification, 2010/11 – 2016/17	166
10.3	Provincial expenditure on policy coordination and environmental planning by province, 2010/11 – 2016/17	167
10.4	Provincial expenditure on compliance and enforcement by province, 2010/11 – 2016/17	168
10.5	Number of compliance inspections conducted, 2013/14	169
10.6	Provincial expenditure on environmental quality management by province, 2010/11 – 2016/17	170
10.7	Number of Environmental impact assessment applications finalised, 2013/14	170
10.8	Provincial expenditure on biodiversity management by province, 2010/11 – 2016/17	171
10.9	Number of provincial protected areas with approved management plans, 2013/14	172
10.10	Number of hectares under land conservation, 2013/14	172
10.11	Provincial expenditure on environmental empowerment services by province, 2010/11 – 2016/17	173
10.12	Number of environmental awareness activities conducted, 2013/14	174
11.1	Number of filled positions in provincial government by province and sector, 2010 – 2014 ..	180
11.2	Numbers and ratios of essential services and administrative and support staff by province, 2012 – 2014	182
11.3	Regraded categories for clerical workers	186
11.4	Number of qualifying clerks and associated costs, 2013/14 – 2017/18	187
11.5	Additional funding to the provincial equitable share for the occupation-specific dispensation by category	188
11.6	Number of persons receiving occupational-specific dispensation by category as at 31 March 2014	189
11.7	Provincial expenditure on compensation of employees by province, 2010/11 – 2016/17	190
11.8	Provincial expenditure on compensation of employees by sector, 2010/11 – 2016/17	191

Figures

1.1	Real annual economic growth rate per region (GDP-R), 2011	5
1.2	Contribution of each Province to GDP, 1996, 2006 and 2011	5
1.3	Labour market measures at a glance, 2014	6
2.1	Division of nationally raised revenue, 2010/11 – 2016/17	16
2.2	Shares of total provincial revenue by source, 2010/11 – 2016/17	16
2.3	Provincial expenditure on compensation of employees against main budget, 2010/11 – 2016/17	24
2.4	Provincial expenditure on selected items of goods and services, 2013/14 – 2016/17	27
2.5	Shares of provincial social services to non-social services, 2010/11 – 2016/17	30
3.1	Percentage distribution of learners in the education system, 2013	35
3.2	Public ordinary school statistics by province, 2013	36
3.3	Education expenditure as a percentage of total provincial expenditure by province, 2014/15 – 2016/17	39
3.4	Proportions of provincial expenditure on education by programme, 2014/15	39
3.5	Administration expenditure as a percentage of total education expenditure, 2014/15 – 2016/17	40
3.6	Early childhood development expenditure by province, 2010/11 – 2016/17	43
3.7	Proportions of provincial expenditure on education by economic classification, 2014/15	43
4.1	Trends in primary health care outputs and unit costs, 2010/11 – 2013/14	57
4.2	Overall HIV prevalence by province, 2012	59
4.3	Trends in hospital outputs, 2010/11 – 2013/14	61
4.4	Cost per Patient day equivalent in hospitals by province, 2010/11 – 2013/14	62
4.5	Age distribution of registered nurses and midwives, 2013	64
4.6	Trends in health personnel numbers, 2008 – 2014	70
4.7	Estimated under-5 mortality rate (U5MR), infant mortality rate (IMR), vital registration (VR), neonatal, mortality rate (NMR) and rapid mortality surveillance (RMS), 2009 – 2012	71
4.8	Natural and unnatural deaths by age group, 2000 – 2012	75
6.1	Global urbanisation patterns per world region, 1950 – 2050	106
6.2	Percentage of households living in informal dwellings	107
6.3	Access to sanitation: 1994/95 – 2011/12	107
6.4	Survey of the observed quality of low-cost houses	112
7.1	Provincial road network by province	120
7.2	Cost of provincial roads maintenance as percentage of roads infrastructure spending, 2014/15 – 2016/17	123
7.3	Percentage share of new vehicles registered by province, 2013	127
8.1	EPWP work opportunities per sector, 2013/14	143
8.2	Work opportunities compared with full-time equivalent jobs per province, 2013/14	144
9.1	Provincial agricultural expenditure by programme, 2010/11 – 2016/17	153

11.1	Changing expenditure patterns: growth in expenditure other than compensation of employees, 2000/01 – 2015/16 (consolidated national and provincial government)	179
11.2	Personnel share by sector, 31 March 2014	181
11.3	Labour force trend among adults, 2008 – 2014	183
11.4	Labour force trend among youth, 2008 – 2014	183
11.5	Employment by age group per province as at 31 March 2014	184
11.6	Employment by age group, all provinces, 2010 – 2014	185
11.7	Percentage share of persons receiving occupation-specific dispensation, March 2014	189
11.8	Wage bill cost drivers, 2010/11 – 2016/17	192
11.9	Growth in public and private sector earnings per worker, 2003 – 2012	193
11.10	Real remuneration per worker in the public and private sectors, 2002 – 2012	193

Abbreviations list

AET	Adult education and training
AIDS	Acquired immune deficiency syndrome
ANA	Annual National Assessment
ART	Anti-retroviral treatment
ASIDI	Accelerated School Infrastructure Delivery Initiative
BNG	Breaking New Ground
BRT	Bus rapid transit
C-AMP	Custodian asset management plan
CAPS	Curriculum and Assessment Policy Statement
CARMMA	Campaign on Accelerated Reduction of Maternal Mortality in Africa
CASP	Comprehensive Agriculture Support Programme
CIDB	Construction Industry Development Board
CoE	Compensation of employees
CoP	Community of practice
COP 17	17 th Conference of Parties to the United Nations Framework Convention on Climate Change
CPI	Consumer price index
CRDP	Comprehensive rural development programme
CSIR	Council for Scientific and Industrial Research
DAFF	Department of Agriculture, Forestry and Fisheries
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DG	Director-General
DHET	Department of Higher Education and Training
DOH	Department of Health
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
EC	Eastern Cape
ECD	Early childhood development
EIA	Environmental impact assessment
EIG	Education Infrastructure Grant
EMIS	Education Management Information System
EMS	Emergency medical service
EPWP	Extended Public Works Programme
ERP	Extension Recovery Plan

FET	Further education and training
FS	Free State
FTE	Full time equivalent
GDP	Gross domestic product
GDP-R	Gross domestic product per region
GIAMA	Government Immovable Asset Management Act
GP	General practitioner
GT	Gauteng
GVA	Gross value added
HEI	Higher education institution
HIV	Human immunodeficiency virus
HPV	Human papilloma virus
HSRC	Human Sciences Research Council
IDIP	Infrastructure delivery improvement programme
IDMS	Infrastructure delivery management system
IMR	Infant mortality rate
IPD	In-patient department
IPM	Infrastructure progression model
ISUP	Informal Settlements Upgrading Programme
IUSS	Infrastructure Unit Support System
KZN	KwaZulu-Natal
LED	Local economic development
LFPR	Labour force participation rate
LIM	Limpopo
LTSM	Learning and teaching support materials
MPL	Member of provincial legislature
MPU	Mpumalanga
MTEF	Medium Term Expenditure Framework
NC	Northern Cape
NDP	National Development Plan
NHBRC	National Home Builders Registration Council
NHI	National health insurance
NHIF	National Health Insurance Fund
NHLS	National Health Laboratory Service
NMR	Neonatal mortality rate
NPO	Non-profit organisation
NSC	National Senior Certificate
NSFAS	National Student Financial Aid Scheme
NSNP	National School Nutrition Programme
NUSP	National Upgrade Support Programme

NW	North West
OPD	Out-patient department
OSD	Occupation-specific dispensation
PDE	Patient-day equivalent
PHC	Primary health care
PILIR	Policy on Incapacity Leave and Ill-health Retirement
PMC	Programme management committee
PMIS	Project management information system
PMTCT	Prevention of mother-to-child transmission
PSC	Programme steering committee
PSCBC	Public Service Co-ordinating Bargaining Council
PSO	Programme support office
QLFS	Quarterly Labour Force Survey
RBM	Results-based management
RMS	Rapid mortality surveillance
SAICE	South African Institution of Civil Engineering
SANRAL	South African National Roads Agency Limited
SASA	South African Schools Act
SASAMS	South African School Administration and Management System
SASSA	South African Social Security Agency
SGB	School governing body
Stats SA	Statistics South Africa
STI	Sexually transmitted infection
TB	Tuberculosis
TVET	Technical and vocational education and training
U5MR	Under-5 mortality rate
UNFCCC	United Nations Framework Convention on Climate Change
USD	US dollar
VEP	Victim empowerment programme
VR	Vital registration
WC	Western Cape