



national treasury

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Provincial Budgets 2006/07 Financial Year Third Quarter Year-to-Date Provincial Budget Report

SUMMARY:

1. The third quarter provincial budget statement of receipts and payments, published by the National Treasury in terms of Section 32 of the Public Finance Management Act, 1999 (PFMA) on 30 January 2007, covers spending for the first nine months of the 2006/07 financial year, which ended 31 December 2006 and is available on the treasury website www.treasury.gov.za.
2. The information is based on the Section 40(4) PFMA reports signed by each head of provincial department to their provincial treasury, and submitted to the National Treasury by 22 January 2007. Queries on spending or budget numbers should therefore, in the first instance, be referred to the relevant head official of the provincial department, and in the second instance to the head official of the provincial treasury. Queries on conditional grants may also be referred to the relevant head official of the administering national department.
3. The budgeted expenditure figures take account of revisions effected in the provincial adjustment budgets, which include R1,6 billion allocated to provinces for conditional grants in the 2006 Adjusted Estimates of National Expenditure and additional funding by provinces of almost R3,8 billion, which includes roll-overs from the previous financial year.
4. This report also includes a comparative spending analysis for the same period over the 2005/06 financial year. It should be noted that the 2005/06 financial year figures have been adjusted to exclude Programme 2: Social assistance grants of provincial social development departments, which were transferred to national government with effect from 01 April 2006. This makes the 2006/07 figures and the 2005/06 figures comparable.
5. In aggregate, provinces have spent 69,9 per cent or R131,7 billion of their combined adjusted budgets of R188,4 billion for the nine months period ended 31 December 2006. This represents a spending increase year-on-year of 13,9 per cent or R16,0 billion higher than for the same period last year when provinces had spent R115,6 billion.

6. Education expenditure totalled R58,0 billion or 72,3 per cent of the R80,2 billion adjusted budget for education, and remains the largest item on provincial budgets (42,6 per cent). The spending pattern reflects a R5,1 billion or 9,5 per cent increase over the same period last year.
7. Health expenditure totalled R38,7 billion or 72,7 per cent of the R53,2 billion total adjusted budget for health and with the shifting of social security it becomes the second largest item after education on provincial budgets (28,3 per cent). The spending pattern reflects a 15,5 per cent or R5,2 billion increase compared with the same period in 2005/06.
8. Provincial social welfare services departments have spent 66,5 per cent or R3,5 billion of their adjusted budgets of R5,3 billion for the nine months ended 31 December 2006.
9. Total personnel expenditure in aggregate is at 73,5 per cent or R77,4 billion of the R105,3 billion personnel adjusted budget which includes the salary increases effected from 01 July 2006.
10. In aggregate, provinces spent 61,4 per cent or nearly R10,0 billion of their R16,3 billion combined capital adjusted budgets between the various sectors. This is a significant improvement of 34,7 per cent or R2,6 billion more than the R7,4 billion spent over the same period last year.
11. At R2,4 billion (of the R3,8 billion adjusted budget) or 61,4 per cent after nine months of the financial year, provincial education departments' spending on capital is in line with the total provincial capital spending average of 61,4 per cent.
12. Health provincial departments, year-on-year, significantly improved on spending on capital by spending 63,2 per cent or R3,2 billion against their R5,1 billion health capital adjusted budgets, which is 52,2 per cent or R1,1 billion more than the same period for 2005/06.
13. The highest share of provincial capital budgets is for public works, roads and transport departments at 34,0 per cent. The sector spent 62,7 per cent or R3,5 billion against its combined capital adjusted budgets of R5,5 billion.
14. Provincial own revenue collected thus far is at 79,5 per cent or R5,6 billion of the total own revenue adjusted budget of R7,0 billion. National government has transferred R114,6 billion of the equitable share and R20,2 billion in conditional grants to provinces, during the nine months of the 2006/07 financial year.

DETAILED ANALYSIS FOR THE FIRST NINE MONTHS OF THE 2006/07 FINANCIAL YEAR:

15. The adjusted budgeted figures for provinces are based on the 2006 Adjusted Estimates of Provincial Expenditure tabled in the various provincial legislatures during November and early December 2006. The information presented here is mostly restricted to financial information only. Work is under way to improve the availability and quality of the data in service delivery sectors of departments for reporting purposes.

Total Expenditure

16. Table 1 indicates that provinces have spent 69,9 per cent or R131,7 billion of adjusted budgeted expenditure after nine months of the current financial year. Spending to date is at a marginally lower level in percentage terms against spending over the same period in the 2005/06 financial year (70,6 per cent). However, in nominal terms, spending is 13,9 per cent or R16,0 billion higher than for the same period last year when provinces had spent R115,6 billion.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2006

R thousand	Adjusted budget 2006/07				Actual as at 31 December 2006				Actual as % of adjusted budget	2005/06: Actual as at 31 December 2006
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total		
Eastern Cape	22 271 256	3 202 984	2 055 648	27 529 888	15 572 359	2 306 730	1 242 289	19 121 378	69,5%	17 275 434
Free State	9 694 576	1 357 109	830 970	11 882 655	7 111 600	908 196	671 895	8 691 691	73,1%	7 676 908
Gauteng	23 212 525	9 446 445	2 618 893	35 277 863	16 521 970	5 363 454	1 562 134	23 447 558	66,5%	19 117 318
KwaZulu-Natal	29 668 534	4 145 071	3 615 610	37 429 215	21 629 756	3 039 963	2 136 048	26 805 767	71,6%	23 696 640
Limpopo	18 705 154	3 178 043	2 030 540	23 913 737	13 437 593	2 137 612	1 214 386	16 789 591	70,2%	14 925 106
Mpumalanga	10 439 408	1 214 558	1 178 018	12 831 984	7 479 409	842 647	745 885	9 067 941	70,7%	8 734 934
Northern Cape	3 478 087	504 854	526 673	4 509 614	2 581 574	394 620	367 813	3 344 007	74,2%	2 864 487
North West	11 876 305	2 044 506	1 611 176	15 531 987	8 354 747	1 319 911	1 002 122	10 676 780	68,7%	9 357 961
Western Cape	14 548 170	3 124 513	1 785 055	19 457 738	10 468 090	2 207 277	1 040 190	13 715 557	70,5%	11 967 328
Total	143 894 015	28 218 083	16 252 583	188 364 681	103 157 098	18 520 410	9 982 761	131 660 269	69,9%	115 616 116

The 2005/06 financial year excludes Programme 2: Social assistance grants of provincial social development departments, which were transferred to the SA Social Security Agency (SASSA) with effect from 01 April 2006.

17. Between provinces, spending ranges from the lowest share of 66,5 per cent in Gauteng and 68,7 per cent in North West, to the highest at 74,2 per cent in Northern Cape and 73,1 per cent in Free State.

Social Services

18. Social services adjusted budgets total R138,8 billion and comprise 73,7 per cent of the total R188,4 billion provincial adjusted budgets in 2006/07. The function shift changes the composition of provincial expenditure with the social services share to total provincial budgets now becoming 73,7 per cent in 2006/07, while non-social services rise to 26,3 per cent. Significantly, the proportion that goes to capital is now 8,6 per cent.
19. Table 2 indicates that provinces spent 72,2 per cent or R100,2 billion of the adjusted budget of R138,8 billion for the three social services (education, health and social welfare services). This is 12,2 per cent or R10,9 billion more than spending over the same period in 2005/06.

Table 2: Provincial Social Services Expenditure as at 31 December 2006

R thousand	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
Education	80 238 155	58 020 188	72,3%	44,1%	52 962 445	9,5%
Health	53 230 283	38 685 905	72,7%	29,4%	33 488 006	15,5%
Social Development	5 321 680	3 540 595	66,5%	2,7%	2 930 246	20,8%
Total	138 790 118	100 246 688	72,2%	76,1%	89 380 697	12,2%

Education

20. Education adjusted budgets of R80,2 billion comprise 42,6 per cent of total provincial adjusted budgets. Table 3 indicates that education expenditure is at 72,3 per cent or R58,0 billion of the total education adjusted budget, an increase of 9,5 per cent or R5,1 billion compared to the R53,0 billion spent over the same period in 2005/06.
21. Spending between provinces for education ranges from the lowest rate in Gauteng at 68,8 per cent, Mpumalanga and North West both at 71,5 per cent to the highest in KwaZulu-Natal at 75,2 per cent and Northern Cape at 75,1 per cent.

Table 3: Provincial Education Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Education to total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	13 122 093	9 508 018	72,5%	49,7%	8 583 596	10,8%
Free State	5 333 257	3 895 443	73,0%	44,8%	3 604 749	8,1%
Gauteng	12 458 959	8 565 940	68,8%	36,5%	7 769 332	10,3%
KwaZulu-Natal	16 136 078	12 138 937	75,2%	45,3%	10 801 115	12,4%
Limpopo	11 318 098	8 167 470	72,2%	48,6%	7 541 615	8,3%
Mpumalanga	6 325 857	4 523 017	71,5%	49,9%	4 329 537	4,5%
Northern Cape	1 647 976	1 237 008	75,1%	37,0%	1 189 552	4,0%
North West	6 779 976	4 849 326	71,5%	45,4%	4 365 918	11,1%
Western Cape	7 115 861	5 135 029	72,2%	37,4%	4 777 031	7,5%
Total	80 238 155	58 020 188	72,3%	44,1%	52 962 445	9,5%

22. The bulk of education expenditure is on personnel (80,4 per cent), amounting to 74,1 per cent or R46,6 billion of the education personnel adjusted budgets of R62,9 billion.
23. Spending on personnel between provinces ranges from the lowest in Gauteng at 69,1 per cent and Mpumalanga at 72,6 per cent, to the highest in Eastern Cape at 76,9 per cent and Limpopo at 76,2 per cent.

Table 4: Provincial Personnel Expenditure: Education as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Education Personnel to total personnel expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	10 447 980	8 037 130	76,9%	65,1%	7 501 149	7,1%
Free State	4 163 791	3 104 491	74,6%	57,5%	2 931 069	5,9%
Gauteng	9 726 166	6 721 139	69,1%	56,7%	6 221 440	8,0%
KwaZulu-Natal	13 084 149	9 700 779	74,1%	60,1%	8 912 810	8,8%
Limpopo	9 008 030	6 866 899	76,2%	63,2%	6 613 592	3,8%
Mpumalanga	4 611 047	3 348 559	72,6%	62,8%	3 242 518	3,3%
Northern Cape	1 315 031	983 763	74,8%	54,8%	928 222	6,0%
North West	5 185 489	3 939 868	76,0%	61,6%	3 698 228	6,5%
Western Cape	5 388 030	3 940 761	73,1%	54,2%	3 727 476	5,7%
Total	62 929 713	46 643 389	74,1%	60,3%	43 776 504	6,5%

24. Spending on goods and services (mostly learner support material) in education is recorded at 56,0 per cent or R5,1 billion of the R9,0 billion adjusted budget. It comprises 11,3 per cent of total provincial education adjusted budgets, which is 1,3 per cent more than the share in 2005/06. Spending on learner support material (textbooks, etc.) is expected to increase rapidly during January 2007 due to the commencing of the new school year.
25. Education capital expenditure is at 61,4 per cent or R2,4 billion of the R3,8 billion adjusted budget. This is significantly higher at 54,9 per cent or R834,7 million more than the R1,5 billion spent for the same period last year.
26. Spending on capital between provinces ranges from the lowest in Western Cape at 49,5 per cent and KwaZulu-Natal at 50,8 per cent to the highest in Free State at 76,6 per cent and Northern Cape at 73,6 per cent.

27. Education capital expenditure reflects wide fluctuations compared to the same period last year. Some provinces show very significant improvements while others reflect slow progress.

Table 5: Provincial Capital Expenditure: Education as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Education Capital to total Capital expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	664 081	435 488	65,6%	35,1%	217 737	100,0%
Free State	188 782	144 636	76,6%	21,5%	31 112	364,9%
Gauteng	723 924	415 020	57,3%	26,6%	262 457	58,1%
KwaZulu-Natal	695 759	353 280	50,8%	16,5%	191 512	84,5%
Limpopo	494 640	344 208	69,6%	28,3%	265 266	29,8%
Mpumalanga	352 127	230 491	65,5%	30,9%	115 577	99,4%
Northern Cape	26 194	19 275	73,6%	5,2%	15 131	27,4%
North West	418 341	277 482	66,3%	27,7%	184 906	50,1%
Western Cape	274 028	135 714	49,5%	13,0%	237 231	-42,8%
Total	3 837 876	2 355 594	61,4%	23,6%	1 520 929	54,9%

Health

28. Health adjusted budgets totalling R53,2 billion comprise 28,3 per cent of total provincial adjusted budgets. Table 6 indicates that health expenditure is at 72,7 per cent or R38,7 billion of the total health adjusted budget, representing an increase of 15,5 per cent or R5,2 billion compared to spending after the first nine months of the 2005/06 financial year.
29. North West and Eastern Cape health have spent the lowest share of their adjusted budgets at 68,1 per cent and 69,1 per cent respectively. The highest spending rate is recorded in Northern Cape at 77,6 per cent and Gauteng at 76,3 per cent.

Table 6: Provincial Health Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Health to total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	7 336 999	5 070 084	69,1%	26,5%	4 560 255	11,2%
Free State	3 369 410	2 498 786	74,2%	28,7%	2 278 350	9,7%
Gauteng	10 659 498	8 135 710	76,3%	34,7%	6 896 669	18,0%
KwaZulu-Natal	11 819 251	8 574 768	72,5%	32,0%	7 525 901	13,9%
Limpopo	5 604 259	4 029 675	71,9%	24,0%	3 234 123	24,6%
Mpumalanga	3 032 242	2 161 866	71,3%	23,8%	2 000 327	8,1%
Northern Cape	1 316 370	1 021 753	77,6%	30,6%	788 217	29,6%
North West	3 615 906	2 463 051	68,1%	23,1%	2 111 268	16,7%
Western Cape	6 476 348	4 730 212	73,0%	34,5%	4 092 896	15,6%
Total	53 230 283	38 685 905	72,7%	29,4%	33 488 006	15,5%

30. Table 7 indicates that health personnel expenditure is R21,2 billion or 73,6 per cent of the health personnel adjusted budget, an increase of R2,4 billion or 12,5 per cent compared to the R18,9 billion spent over the same period in 2005/06.

Table 7: Provincial Personnel Expenditure: Health as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Health Personnel to total personnel expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	3 979 988	2 874 249	72,2%	23,3%	2 560 376	12,3%
Free State	2 002 525	1 505 126	75,2%	27,9%	1 386 550	8,6%
Gauteng	5 179 398	3 994 376	77,1%	33,7%	3 475 705	14,9%
KwaZulu-Natal	6 723 759	4 908 627	73,0%	30,4%	4 338 030	13,2%
Limpopo	3 160 127	2 365 586	74,9%	21,8%	2 115 874	11,8%
Mpumalanga	1 678 923	1 162 684	69,3%	21,8%	1 080 964	7,6%
Northern Cape	590 828	462 339	78,3%	25,8%	385 576	19,9%
North West	1 972 888	1 417 471	71,8%	22,2%	1 310 531	8,2%
Western Cape	3 543 036	2 529 041	71,4%	34,8%	2 206 903	14,6%
Total	28 831 472	21 219 499	73,6%	27,4%	18 860 509	12,5%

31. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure is recorded at 73,8 per cent or R14,3 billion of the R19,3 billion adjusted budget, an increase of 13,9 per cent or R1,7 billion compared to the R12,5 billion spent over the same period in 2005/06.
32. Capital expenditure in the health sector is at 63,2 per cent or R3,2 billion. This is significantly higher at 52,2 per cent or R1,1 billion more than the R2,1 billion spent for the same period last year (Table 8).
33. Between provinces, with a varying degree of spending, the lowest rate of spending is in North West at 54,4 per cent and KwaZulu-Natal at 59,3 per cent with Gauteng and Mpumalanga recording the highest rate of spending at 70,9 per cent and 67,9 per cent respectively.

Table 8: Provincial Capital Expenditure: Health as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Health Capital to total Capital expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	573 037	355 140	62,0%	28,6%	231 408	53,5%
Free State	236 498	150 031	63,4%	22,3%	112 463	33,4%
Gauteng	1 030 332	730 314	70,9%	46,8%	438 308	66,6%
KwaZulu-Natal	1 109 560	658 263	59,3%	30,8%	596 247	10,4%
Limpopo	778 576	465 552	59,8%	38,3%	177 314	162,6%
Mpumalanga	269 899	183 376	67,9%	24,6%	184 196	-0,4%
Northern Cape	281 861	186 680	66,2%	50,8%	76 611	143,7%
North West	342 286	186 354	54,4%	18,6%	108 911	71,1%
Western Cape	449 160	289 826	64,5%	27,9%	180 288	60,8%
Total	5 071 209	3 205 536	63,2%	32,1%	2 105 746	52,2%

Social Welfare Services

34. Social welfare services adjusted budgets at R5,3 billion, comprise 2,8 per cent of total provincial adjusted budgets.
35. Provinces registered spending of 66,5 per cent or R3,5 billion of their R5,3 billion adjusted budget (Table 9). This represents an increase of 20,8 per cent or

R610,3 million above the R2,9 billion spent over the same period last year (excluding social assistance grants).

36. Between provinces, there are varying degrees of spending with the lowest being in North West at 55,7 per cent and KwaZulu-Natal at 62,2 per cent, while the highest being Eastern Cape at 72,4 per cent and Gauteng at 71,4 per cent.

Table 9: Provincial Social Welfare Services Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Soc welfare to total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	740 802	536 220	72,4%	2,8%	341 077	57,2%
Free State	445 734	279 494	62,7%	3,2%	261 646	6,8%
Gauteng	1 034 644	738 768	71,4%	3,2%	599 865	23,2%
KwaZulu-Natal	1 000 485	622 697	62,2%	2,3%	507 809	22,6%
Limpopo	395 449	259 343	65,6%	1,5%	247 156	4,9%
Mpumalanga	334 281	220 898	66,1%	2,4%	186 500	18,4%
Northern Cape	222 721	146 134	65,6%	4,4%	128 536	13,7%
North West	419 593	233 612	55,7%	2,2%	200 024	16,8%
Western Cape	727 971	503 430	69,2%	3,7%	457 633	10,0%
Total	5 321 680	3 540 595	66,5%	2,7%	2 930 246	20,8%

The 2005/06 financial year excludes Programme 2: Social assistance grants of provincial social development departments, which were transferred to the SA Social Security Agency (SASSA) with effect from 01 April 2006.

Housing and Local Government

37. Housing and local government adjusted budgets at R10,4 billion comprise 5,5 per cent of total provincial adjusted budgets.
38. Housing and local government spending as at 31 December 2006 is at 59,5 per cent or R6,2 billion of the R10,4 billion adjusted budget (Table 10). This represents an increase of 12,7 per cent or R696,8 million on the R5,5 billion spent over the same period last year.

Table 10: Provincial Housing and Local Government Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Local Gov & Housing to total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	1 260 856	621 884	49,3%	3,3%	707 707	-12,1%
Free State	745 870	390 458	52,3%	4,5%	352 035	10,9%
Gauteng	2 377 880	1 379 798	58,0%	5,9%	1 316 807	4,8%
KwaZulu-Natal	1 938 489	1 246 445	64,3%	4,6%	988 119	26,1%
Limpopo	1 145 405	612 690	53,5%	3,6%	461 965	32,6%
Mpumalanga	555 464	363 310	65,4%	4,0%	363 336	0,0%
Northern Cape	261 280	194 877	74,6%	5,8%	187 709	3,8%
North West	872 813	601 622	68,9%	5,6%	636 030	-5,4%
Western Cape	1 266 109	791 654	62,5%	5,8%	492 254	60,8%
Total	10 424 166	6 202 738	59,5%	4,7%	5 505 962	12,7%

39. Spending varies between provinces with the lowest being in Eastern Cape at 49,3 per cent and Free State at 52,3 per cent while the highest being Northern Cape at 74,6 per cent and North West at 68,9 per cent.

Housing conditional grant

40. Most of the housing and local government expenditure is on the Integrated Housing and Human Settlement Development conditional grant (formally the housing subsidy grant). Table 11 indicates that provinces spent 61,2 per cent or R4,2 billion of their R6,8 billion housing conditional grant. Spending on housing is higher by 13,4 per cent or R493,8 million over the same period last year.

Table 11: Provincial Integrated Housing and Human Settlement Development Grant Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of grant to total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	761 994	291 090	38,2%	1,5%	420 631	-30,8%
Free State	522 601	296 162	56,7%	3,4%	241 325	22,7%
Gauteng	1 757 666	1 080 334	61,5%	4,6%	1 043 766	3,5%
KwaZulu-Natal	1 048 376	780 132	74,4%	2,9%	553 548	40,9%
Limpopo	521 331	328 241	63,0%	2,0%	271 835	20,8%
Mpumalanga	421 002	184 127	43,7%	2,0%	207 622	-11,3%
Northern Cape	104 774	92 615	88,4%	2,8%	74 217	24,8%
North West	697 419	505 201	72,4%	4,7%	502 140	0,6%
Western Cape	987 006	614 007	62,2%	4,5%	363 023	69,1%
Total	6 822 169	4 171 909	61,2%	3,2%	3 678 107	13,4%

Personnel expenditure

41. Personnel expenditure ("compensation of employees") is at 73,5 per cent or R77,4 billion of the R105,3 billion adjusted budget. Spending to date is 8,1 per cent or R5,8 billion higher than the R71,6 billion spent last year.
42. Mpumalanga at 71,6 per cent and Gauteng at 71,7 per cent recorded the lowest rate of personnel spending while Limpopo and Eastern Cape recorded the highest rates at 75,3 per cent and 74,9 per cent respectively.

Table 12: Provincial Personnel Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Personnel to total provincial expenditure	Personnel head-counts ¹	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand							
Eastern Cape	16 494 257	12 348 484	74,9%	64,6%	121 371	11 462 937	7,7%
Free State	7 327 072	5 396 915	73,7%	62,1%	55 842	5 078 033	6,3%
Gauteng	16 535 069	11 850 886	71,7%	50,5%	117 678	10 769 002	10,0%
KwaZulu-Natal	21 947 029	16 138 152	73,5%	60,2%	169 495	14 630 254	10,3%
Limpopo	14 434 673	10 870 266	75,3%	64,7%	111 389	10 296 292	5,6%
Mpumalanga	7 442 644	5 330 750	71,6%	58,8%	65 559	5 050 823	5,5%
Northern Cape	2 399 997	1 793 746	74,7%	53,6%	17 451	1 610 011	11,4%
North West	8 647 393	6 397 303	74,0%	59,9%	64 776	5 998 243	6,7%
Western Cape	10 087 103	7 269 452	72,1%	53,0%	70 902	6 670 395	9,0%
Total	105 315 237	77 395 954	73,5%	58,8%	794 463	71 565 990	8,1%

1. Headcounts as extracted from Vulindlela on 30 January 2007.

Overall capital budgets and expenditure

43. By 31 December 2006, provinces have spent 61,4 per cent or nearly R10,0 billion of their R16,3 billion capital adjusted budgets ("payments for capital assets"). This is

significantly higher (34,7 per cent or R2,6 billion) than the R7,4 billion spent over the same period last year.

44. Table 13 also provides capital spending information by province, which indicates low rates of spending in Western Cape at 58,3 per cent and KwaZulu-Natal at 59,1 per cent to the highest in Free State at 80,9 per cent and Northern Cape at 69,8 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R2,1 billion followed by Gauteng at R1,6 billion and Eastern Cape at R1,2 billion.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Capital to total provincial expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	2 055 648	1 242 289	60,4%	6,5%	1 063 523	16,8%
Free State	830 970	671 895	80,9%	7,7%	314 636	113,5%
Gauteng	2 618 893	1 562 134	59,6%	6,7%	796 376	96,2%
KwaZulu-Natal	3 615 610	2 136 048	59,1%	8,0%	1 982 114	7,8%
Limpopo	2 030 540	1 214 386	59,8%	7,2%	681 956	78,1%
Mpumalanga	1 178 018	745 885	63,3%	8,2%	850 227	-12,3%
Northern Cape	526 673	367 813	69,8%	11,0%	178 646	105,9%
North West	1 611 176	1 002 122	62,2%	9,4%	587 279	70,6%
Western Cape	1 785 055	1 040 190	58,3%	7,6%	954 484	9,0%
Total	16 252 583	9 982 761	61,4%	7,6%	7 409 241	34,7%

45. The biggest capital budgets in provinces are in public works, roads and transport departments at 34,0 per cent or R5,5 billion of the total provincial capital adjusted budget of R16,3 billion. Spending for these departments is at 62,7 per cent or R3,5 billion which is 11,1 per cent or R345,7 million more than the R3,1 billion spent last year over the same period.
46. Between provinces, the lowest rate of spending is recorded in Limpopo at 38,2 per cent and Gauteng at 51,4 per cent, whilst Free State and North West recorded the highest rates of spending at 99,3 per cent and 72,9 per cent respectively.

Table 14: Provincial Capital Expenditure: Public Works, Roads and Transport as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of PWRT Capital to total Capital expenditure	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	697 387	416 148	59,7%	33,5%	573 982	-27,5%
Free State	309 006	306 956	99,3%	45,7%	110 213	178,5%
Gauteng	592 671	304 417	51,4%	19,5%	22 786	1236,0%
KwaZulu-Natal	1 542 906	992 466	64,3%	46,5%	1 050 437	-5,5%
Limpopo	218 166	83 391	38,2%	6,9%	90 038	-7,4%
Mpumalanga	445 158	263 031	59,1%	35,3%	448 493	-41,4%
Northern Cape	149 988	105 396	70,3%	28,7%	58 004	81,7%
North West	555 279	404 729	72,9%	40,4%	267 329	51,4%
Western Cape	1 023 287	593 994	58,0%	57,1%	503 589	18,0%
Total	5 533 848	3 470 528	62,7%	34,8%	3 124 871	11,1%

Conditional grants

47. The total adjusted conditional grant allocation for all grants is R28,3 billion (including Schedule 4 grants and provincial roll-overs) with health making up the bulk at R10,6 billion.
48. Table 15 reflects spending as at 31 December 2006 on conditional grant allocations for all provinces. It excludes spending on general purpose conditional grants (Schedule 4 grants) like National Tertiary Services, Health Professions Training and Development, and the Provincial Infrastructure grants, as reporting against these grants cannot be separated from the provinces' health and capital budgets.
49. Spending on the Comprehensive Agricultural Support Programme grant (also Schedule 4) is subsumed in a range of programmes and therefore no separate reporting is required in terms of the Division of Revenue Act, 2006 (Act No. 2 of 2006).

Table 15: Provincial Conditional Grants Expenditure as at 31 December 2006

	Division of Revenue Act, 2006 (Act No. 2 of 2006)	Other Gazetted Amounts	Provincial roll- overs	Total available 2006/07	Transferred from National to province	Actual as at 31 December 2006	Actual as % of budget (<i>excluding</i> Schedule 4 grants)
R thousand							
Agriculture	344 500	56 638	104 335	505 473	275 577	53 672	32,8%
Agricultural Disaster Management Grant	–	45 403	55 871	101 274	–	24 101	23,8%
^{1.} Comprehensive Agricultural Support Programme	300 000	–	41 948	341 948	239 973		
Land Care Programme Grant: Poverty Relief and Infra	44 500	11 235	6 516	62 251	35 604	29 571	47,5%
Education	1 712 507	–	125 946	1 838 453	1 396 488	1 441 005	78,4%
Further Education and Training College Sector Recap	470 000	–	–	470 000	470 000	456 000	97,0%
HIV and Aids	144 471	–	1 701	146 172	102 958	95 384	65,3%
National School Nutrition Programme	1 098 036	–	124 245	1 222 281	823 530	889 621	72,8%
Health	10 033 366	173 176	430 435	10 636 977	7 559 192	2 552 008	62,0%
Comprehensive HIV and Aids	1 567 214	49 000	56 994	1 673 208	1 187 659	1 269 755	75,9%
Forensic Pathology Services	525 176	36 500	62 246	623 922	393 884	168 153	27,0%
^{1.} Health Professions Training and Development	1 520 180	–	18 202	1 538 382	1 140 134		
Hospital Revitalisation	1 439 647	87 676	292 179	1 819 502	1 101 642	1 114 100	61,2%
^{1.} National Tertiary Services	4 981 149	–	814	4 981 963	3 735 873		
Housing	6 349 949	472 220	44 097	6 866 266	5 256 091	4 171 909	60,8%
Integrated Housing and Human Settlement Developm	6 349 949	472 220	44 097	6 866 266	5 256 091	4 171 909	60,8%
Land Affairs	8 000	–	–	8 000	8 000		
Land Distribution: Alexandra Urban Renewal Project C	8 000	–	–	8 000	8 000		
National Treasury	4 118 119	865 379	66 951	5 050 449	3 586 501		
^{1.} Provincial Infrastructure Grant	4 118 119	865 379	66 951	5 050 449	3 586 501		
Sport and Recreation South Africa	119 000	–	1 025	120 025	98 082	61 575	51,3%
Mass Sport and Recreation Participation Programme	119 000	–	1 025	120 025	98 082	61 575	51,3%
Trade and Industry	–	58 200	–	58 200	–	–	0,0%
Industrial Development Zones	–	58 200	–	58 200	–	–	0,0%
Transport	3 241 000	–	–	3 241 000	2 066 808	–	0,0%
Gautrain Rapid Rail Link	3 241 000	–	–	3 241 000	2 066 808	–	0,0%
Total	25 926 441	1 625 613	772 789	28 324 843	20 246 739	8 280 169	50,5%

^{1.} Spending of these grants is subsumed in the spending of a range of programmes across provincial departments and therefore no reporting is required on these grants.

50. Against the total adjusted allocation of R16,4 billion, which excludes Schedule 4 grants, the rate of conditional grants spending amounts to 50,5 per cent or R8,3 billion.
51. Specific grants that show low rates of spending include Agricultural Disaster Management (23,8 per cent), Forensic Pathology Services (27,0 per cent), Land Care Programme (47,5 per cent) and Mass Sport and Recreation Participation Programme (51,3 per cent).
52. Spending on the Further Education and Training College Sector Recapitalisation grant is at 97,0 per cent or R456,0 million and reflects actual transfers from the provincial education departments to the FET colleges (Table 15).
53. Table 17 overleaf indicates the actual amounts transferred by provincial education departments to colleges and amounts spent by colleges, as provided by the national Department of Education. FET colleges expenditure is at 41,1 per cent or R187,4 million of the R456,0 million transferred from the provincial education departments.
54. Table 16 indicates selected conditional grant spending rates as at 31 December 2006. It further indicates that five or more provinces have spent less than 60 per cent of their grant budget after nine months for the following grants: Land Care Programme, Forensic Pathology Services and Integrated Housing and Human Settlement grant.
55. The table also indicates the number of provinces spending at slightly higher levels between 60 and 70 per cent and greater than 70 per cent of their conditional grant budgets.
56. Although the rate of spending is encouraging and reflects an improvement over previous financial years, overall spending still lies below average with the risk of possible underspending.

Table 16: Selected Conditional Grants Spending Rate as at 31 December 2006

	Number of provinces spent less than 60%	Number of provinces spent between 60% and 70% (inclusive)	Number of provinces spent more than 70%
Agriculture			
Agricultural Disaster Management	2 EC, WC		
Land Care Programme: Poverty Relief and	7 EC, FS, GT, KZN, MPU, NW, WC		2 LIM, NC,
Education			
Further Education and Training College Sector	1 NW,		8 EC, FS, GT, KZN, LIM, MPU, NC, WC
HIV and AIDS (Life Skills Education)	4 GT, KZN, LIM, NC,	1 NW,	4 EC, FS, MPU, WC
National School Nutrition Programme	1 EC,	1 FS,	7 GT, KZN, LIM, MPU, NC, NW, WC
Health			
Comprehensive HIV and AIDS		5 FS, KZN, LIM, MPU, NC,	4 EC, GT, NW, WC
Forensic Pathology Services	8 EC, FS, GT, KZN, MPU, NC, NW, WC	1 LIM,	
Hospital Revitalisation	3 GT, KZN, NC,	2 FS, NW,	4 EC, LIM, MPU, WC
Housing			
Integrated Housing and Human Settlements	5 EC, FS, GT, LIM, MPU,	1 WC	3 KZN, NC, NW,
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Programme	4 GT, LIM, NW, WC	4 EC, FS, KZN, NC,	1 MPU,
Trade and Industry			
Industrial Development Zones	1 EC		
Transport			
Gautrain Rapid Rail Link	1 GT		

Percentages represent actual expenditure of adjusted budget as published in the Division of Revenue Act, 2006 (Act No.2 of 2006) and subsequent gazettes.

Table 17: Further Education and Training College Sector Recapitalisation grant by college as at 31 December 2006

R thousand	Division of Revenue Act, No. 2 of 2006	Approved Provincial Payment Schedule	Transferred from National to province	Transferred from province to Colleges	Actual payments made by Colleges
Eastern Cape	61 000	61 000	61 000	61 000	35 808
Buffalo City	14 000			14 000	9 762
E Cape Midlands	9 000			9 000	5 440
Ikhala College	6 000			6 000	3 696
Ingwe College	2 000			2 000	1 029
King Hintsa College	2 000			2 000	1 504
King Sabata College	5 000			5 000	2 379
Lovedale College	10 000			10 000	3 988
Port Elizabeth College	13 000			13 000	8 010
Free State	30 000	30 000	30 000	30 000	13 932
Flavius Mareka College	6 000			6 000	2 542
Goldfields College	10 000			10 000	5 015
Maluti College	5 000			5 000	3 072
Motheo College	9 000			9 000	3 303
Gauteng	106 000	106 000	106 000	106 000	19 368
Central Johannesburg	15 000			15 000	2 121
Ekhuruleni West	18 000			18 000	2 366
Ekhuruleni East	13 000			13 000	328
Sedibeng	11 000			11 000	4 598
South West College	12 000			12 000	1 012
Tshwane South	20 000			20 000	5 661
Tshwane North	14 000			14 000	2 028
Western College	3 000			3 000	1 254
KwaZulu-Natal	90 000	90 000	90 000	90 000	35 638
Coastal College	18 000			18 000	8 182
Elangeni College	10 000			10 000	4 664
Esayidi College	14 000			14 000	4 483
Majuba College	16 000			16 000	5 941
Mnambithi College	3 000			3 000	885
Mthashana College	2 000			2 000	869
Thekwini College	3 000			3 000	1 334
Umfolozu College	15 000			15 000	8 499
Umgungundlovu College	9 000			9 000	781
Limpopo	43 000	43 000	43 000	43 000	18 237
Capricorn College	11 000			11 000	3 434
Lephalale College	5 000			5 000	1 942
Letaba College	6 000			6 000	3 077
Mopani College	6 000			6 000	1 883
Sekhukhune College	4 000			4 000	1 401
Vhembe College	5 000			5 000	2 440
Waterberg College	6 000			6 000	4 060
Mpumalanga	32 000	32 000	32 000	32 000	15 214
Ehlanzani College	8 000			8 000	2 882
Gert Sibande College	7 000			7 000	4 918
Nkangala College	17 000			17 000	7 414
Northern Cape	10 000	10 000	10 000	10 000	5 993
Rural College	5 000			5 000	2 920
Urban College	5 000			5 000	3 073
North West	28 000	28 000	28 000	14 000	6 397
Orbit College	11 000			5 500	3 116
Taletso College	7 000			3 500	1 273
Vuselela College	10 000			5 000	2 008
Western Cape	70 000	70 000	70 000	70 000	36 835
Boland College	11 000			11 000	5 970
Cape Town College	16 000			16 000	5 349
False Bay College	13 000			13 000	6 158
Northlink College	15 000			15 000	10 048
South Cape College	10 000			10 000	5 339
West Coast College	5 000			5 000	3 971
Total	470 000	470 000	470 000	456 000	187 422

Provincial revenue

57. Provincial revenue includes budgeted equitable share allocations of R150,8 billion, adjusted conditional grant allocations of R27,6 billion and adjusted own revenue allocations of R7,0 billion. The total provincial revenue (equitable share, conditional grants and provincial own revenue) to date is recorded at 75,8 per cent or R140,4 billion of total adjusted budgeted total revenue of R185,3 billion.
58. National government transferred 76,0 per cent or R114,6 billion of the equitable share, and 73,5 per cent or R20,2 billion in conditional grants, to provinces as at 31 December 2006 of the current financial year.

Table 18: Provincial Own Revenue Collection as at 31 December 2006

	Adjusted budget	Actual as at 31 December 2006	Actual as % of adjusted budget	% share of Own Revenue to total provincial revenue	2005/06: Actual as at 31 December 2006	Year-on-year growth
R thousand						
Eastern Cape	681 623	556 049	81,6%	2,6%	364 576	52,5%
Free State	432 695	345 965	80,0%	3,9%	299 116	15,7%
Gauteng	1 758 263	1 513 451	86,1%	5,9%	1 419 149	6,6%
KwaZulu-Natal	1 273 812	988 932	77,6%	3,5%	914 638	8,1%
Limpopo	449 590	297 260	66,1%	1,7%	295 016	0,8%
Mpumalanga	322 727	274 526	85,1%	2,8%	270 136	1,6%
Northern Cape	131 551	85 214	64,8%	2,5%	259 488	-67,2%
North West	457 073	366 146	80,1%	3,3%	276 367	32,5%
Western Cape	1 537 304	1 170 852	76,2%	8,4%	1 100 116	6,4%
Total	7 044 638	5 598 395	79,5%	4,0%	5 198 601	7,7%

59. After nine months, provinces have collected 79,5 per cent or nearly R5,6 billion of the adjusted budgeted own revenue of R7,0 billion which is 7,7 per cent or R399,8 million more than what was collected for the nine months of the previous financial year.
60. The collection rate varies from 64,8 per cent in Northern Cape and 66,1 per cent in Limpopo, to a high of 86,1 per cent in Gauteng and 85,1 per cent in Mpumalanga. It appears at this stage that most provinces will exceed their collection of budgeted own revenue.