



national treasury

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PRESS RELEASE

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Provincial Budgets: 2008/09 Financial Year Fourth Quarter Year-to-Date Provincial Budgets and Expenditure Report (Preliminary Outcome)

SUMMARY:

1. The fourth quarter year-to-date 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 April 2009, is the first estimate of spending outcomes for the 2008/09 financial year which commenced on 1 April 2008 and ended on 31 March 2009. It is available on the treasury website at www.treasury.gov.za. These figures may be revised as provincial departments finalise (and reconcile) their financial statements by 31 May 2009 for submission to the provincial Auditors-General.
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 21 April 2009. Queries on spending or adjusted 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 R7.6 billion allocated to provinces (R4.6 billion to the provincial equitable share and R2.9 billion to conditional grants) through the *2008 Adjusted Estimates of National Expenditure*.
4. The approved additional adjustments to provinces were gazetted on 18 December 2008 and these additional transfers were taken up in the provincial adjusted budgets in terms of Section 31(2) of the PFMA and Section 22(2) of the Division of Revenue Act, 2008.
5. A second *Gazette* was published on 06 February 2009 which revised the allocations of the Integrated Housing and Human Settlement Development grant between certain provinces based on the following:
 - 5.1 In compliance with Section 26 of the Division of Revenue Act, 2008, the national Department of Housing stopped the transfer of funds following slow spending on

the part of the Eastern Cape (R270 million) and R52 million in North West to deal with ex-cross border projects in the Northern Cape.

- 5.2 In compliance with Section 27 of the Division of Revenue Act, 2008, the national Department of Housing re-allocated funds to the value of R322 million between provinces following demonstrated capacity to spend in Gauteng (R152 million), Free State (R68 million), Mpumalanga (R50 million) and R52 million in Northern Cape for ex-cross border projects.
6. In addition to the national adjustments, provinces increased their main budgets by R3.5 billion. The provincial adjustments consist mainly of unspent conditional grants not surrendered to the National Revenue Fund and other funds surrendered to the Provincial Revenue Funds during the 2007/08 financial year.
 7. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R11 billion with the bulk to health (R4.1 billion), education (R2.5 billion) and public works, roads and transport (R1.7 billion).
 8. In aggregate, provinces have spent R263.1 billion or 101.4 per cent of their adjusted budgets of R259.5 billion in 2008/09 (preliminary outcome). This represents a spending increase year-on-year of 23.3 per cent or R49.7 billion over the audited R213.4 billion spent in 2007/08. Spending varies between provinces with the lowest share of 97.6 per cent in Western Cape and 98.3 per cent in Mpumalanga to the highest at 106.1 per cent in Gauteng and 104.2 per cent in KwaZulu-Natal.
 9. The preliminary outcome shows that in aggregate six provinces have underspent their adjusted budgets by R1.7 billion. This is largely due to capital expenditure and conditional grants which reflect underspending in most provincial departments for 2008/09. However, Gauteng, KwaZulu-Natal and Limpopo overspent their adjusted budgets by R5.3 billion in aggregate, largely due to over-expenditure on personnel in provincial education and health departments.
 10. In the case of Gauteng, a loan of R4.2 billion was allocated for the 2009/10 financial year, to assist the province in its contribution to the Gautrain project. Currently this project is the main reason for the overspending in the Gauteng province. Spending outcome on the Gautrain project amounts to R7.5 billion or 157.8 per cent against the adjusted allocation of R4.8 billion, which includes the provincial equitable share and conditional grant portions.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	39 390 048	38 996 670	99.0%	14.8%	30 215 599	29.1%
Free State	16 246 339	16 058 734	98.8%	6.1%	13 275 300	21.0%
Gauteng	48 605 231	51 586 521	106.1%	19.6%	41 714 514	23.7%
KwaZulu-Natal	53 200 522	55 429 200	104.2%	21.1%	44 482 826	24.6%
Limpopo	30 562 400	30 672 008	100.4%	11.7%	24 735 315	24.0%
Mpumalanga	20 436 326	20 084 264	98.3%	7.6%	16 265 247	23.5%
Northern Cape	7 114 013	7 100 077	99.8%	2.7%	5 935 015	19.6%
North West	17 724 396	17 564 042	99.1%	6.7%	15 263 649	15.1%
Western Cape	26 223 171	25 596 089	97.6%	9.7%	21 523 432	18.9%
Total	259 502 446	263 087 605	101.4%	100.0%	213 410 897	23.3%

11. Education preliminary outcome is at R107.6 billion or 100.9 per cent of the R106.7 billion combined education adjusted budgets and remains the largest item on provincial adjusted budgets (41.1 per cent). The spending pattern reflects a 21.7 per cent or R19.2 billion increase compared with the audited spending in the 2007/08 financial year.
12. Health expenditure (preliminary outcome) is at R74.9 billion or 101.8 per cent of the R73.6 billion combined health adjusted budgets and is the second largest item (after education) on provincial adjusted budgets (28.4 per cent). The spending pattern reflects a 19.7 per cent or R12.4 billion increase compared with the audited spending in the 2007/08 financial year.
13. Social development preliminary outcome for the 2008/09 financial year is recorded at R8.3 billion or 97.8 per cent of the R8.5 billion social development adjusted budgets.
14. Total personnel expenditure, in aggregate, is at R145.5 billion or 103 per cent of the R141.2 billion personnel adjusted budgets.
15. In aggregate, provinces spent R21 billion or 91.1 per cent of their R23.1 billion combined capital adjusted budgets. This is an improvement of 23.5 per cent over the previous financial year, exceeding the audited R17 billion spent in 2007/08 by R4 billion.
16. Provincial education departments spent R4.7 billion or 95.9 per cent of their R4.9 billion education capital adjusted budgets, which is a massive 45.3 per cent or R1.5 billion more than the audited spending over the previous financial year.
17. Provincial health departments show improvement on capital spending when compared to the previous financial year, which is 15.8 per cent or R819 million more than the audited spending of the previous financial year. However, they have only spent almost R6 billion or 82.9 per cent against their R7.2 billion health capital adjusted budgets.
18. The greatest share of provincial capital is on the budgets of public works, roads and transport departments at 36.8 per cent. The sector spent R8.3 billion or 97.4 per cent against its combined capital adjusted budget of R8.5 billion. This represents an increase of 15.7 per cent or R1.1 billion compared to the audited outcome of last year.
19. Provincial own revenue collected is 0.9 per cent or R97.8 million more than the adjusted forecast of R9.2 billion. National government has transferred R204 billion of the equitable share and R41.2 billion in conditional grants to provinces, for the 2008/09 financial year.
20. A more detail analysis of the provincial preliminary outcome is set out in **Annexure A**.

DETAILED ANALYSIS OF THE 2008/09 FINANCIAL YEAR (PRELIMINARY OUTCOME)

- The budgeted figures take account of revisions effected in the adjusted estimates of provinces, which were tabled in their provincial legislatures during November/December 2008 and also cater for amendments made to the adjusted estimates as a result of a *Gazette* that was published on 06 February 2009 which revised the allocations of the Integrated Housing and Human Settlement Development grant between certain provinces.

Total expenditure

- Table 1 indicates that provinces have spent R263.1 billion or 101.4 per cent of adjusted budgeted expenditure for the 2008/09 financial year. The preliminary outcome is at a higher level in percentage terms compared to the audited outcome for the 2007/08 financial year (98.8 per cent).
- However, in nominal terms, spending is 23.3 per cent or R49.7 billion higher than last year when provinces had spent R213.4 billion (audited outcome). Between provinces, spending ranges from the lowest share of 97.6 per cent in Western Cape and 98.3 per cent in Mpumalanga to the highest at 106.1 per cent in Gauteng and 104.2 per cent in KwaZulu-Natal.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 March 2009

R thousand	Adjusted budget 2008/09				Preliminary outcome as at 31 March 2009				Preliminary outcome as % of adjusted budget	2007/08: Outcome as at 31 March 2008
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total		
Eastern Cape	31 231 197	4 827 061	3 331 790	39 390 048	31 096 815	4 742 082	3 157 773	38 996 670	99.0%	30 215 599
Free State	12 108 442	2 232 166	1 905 731	16 246 339	12 255 160	2 095 290	1 708 284	16 058 734	98.8%	13 275 300
Gauteng	33 368 709	12 583 561	2 652 961	48 605 231	34 563 504	14 690 093	2 332 924	51 586 521	106.1%	41 714 514
KwaZulu-Natal	40 206 897	6 904 683	6 088 942	53 200 522	42 735 822	6 879 774	5 813 604	55 429 200	104.2%	44 482 826
Limpopo	24 280 178	4 178 182	2 104 040	30 562 400	24 500 700	4 117 753	2 053 555	30 672 008	100.4%	24 735 315
Mpumalanga	16 129 554	2 113 917	2 192 855	20 436 326	16 137 568	2 077 080	1 869 616	20 084 264	98.3%	16 265 247
Northern Cape	5 454 564	836 865	822 584	7 114 013	5 502 588	839 488	758 001	7 100 077	99.8%	5 935 015
North West	13 453 845	2 770 987	1 499 564	17 724 396	13 398 544	2 736 428	1 429 070	17 564 042	99.1%	15 263 649
Western Cape	19 265 568	4 449 024	2 508 579	26 223 171	19 268 212	4 410 304	1 917 573	25 596 089	97.6%	21 523 432
Total	195 498 954	40 896 446	23 107 046	259 502 446	199 458 913	42 588 292	21 040 400	263 087 605	101.4%	213 410 897

Social services

- Provinces have budgeted R188.7 billion for social services, which include spending on education, health and social development.

Table 2: Provincial Social Services Expenditure as at 31 March 2009

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
Education	106 656 950	107 581 151	100.9%	40.9%	88 376 242	21.7%
Health	73 581 215	74 934 679	101.8%	28.5%	62 582 184	19.7%
Social Development	8 507 553	8 318 663	97.8%	3.2%	6 180 710	34.6%
Total	188 745 718	190 834 493	101.1%	72.5%	157 139 136	21.4%

5. Preliminary outcome on social services is recorded at R190.8 billion or 101.1 per cent of total provincial social services adjusted budget. This is 21.4 per cent or R33.7 billion more than the audited spending in 2007/08.
6. Social services adjusted budgets comprise 72.7 per cent of total provincial adjusted budgets in 2008/09. The original social services budget, in aggregate, has been increased by R6.8 billion during the provincial adjusted estimates process.

Education

7. Education preliminary outcome is at R107.6 billion or 100.9 per cent of the total provincial education adjusted budget of R106.7 billion, an increase of 21.7 per cent or R19.2 billion compared to the R88.4 billion spent in 2007/08. The original education budget, in aggregate, has been increased by R2.5 billion during the provincial adjusted estimates process.

Table 3: Provincial Education Expenditure as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Education to total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	17 920 776	17 922 196	100.0%	46.0%	14 475 134	23.8%
Free State	6 721 166	6 714 944	99.9%	41.8%	5 797 303	15.8%
Gauteng	16 677 714	16 644 527	99.8%	32.3%	13 828 145	20.4%
KwaZulu-Natal	22 336 744	23 034 683	103.1%	41.6%	18 406 747	25.1%
Limpopo	14 543 907	14 694 002	101.0%	47.9%	11 814 587	24.4%
Mpumalanga	9 357 058	9 361 074	100.0%	46.6%	7 823 399	19.7%
Northern Cape	2 681 162	2 854 148	106.5%	40.2%	2 287 517	24.8%
North West	7 212 335	7 164 519	99.3%	40.8%	6 205 613	15.5%
Western Cape	9 206 088	9 191 058	99.8%	35.9%	7 737 797	18.8%
Total	106 656 950	107 581 151	100.9%	40.9%	88 376 242	21.7%

8. Spending by provinces on education ranges from the lowest rate in North West at 99.3 per cent and both Gauteng and Western Cape at 99.8 per cent, to the highest in Northern Cape at 106.5 per cent and KwaZulu-Natal at 103.1 per cent.

Table 4: Provincial Personnel Expenditure: Education as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Education Personnel to total personnel expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	13 809 350	13 761 178	99.7%	60.0%	11 726 254	17.4%
Free State	5 008 875	5 344 685	106.7%	55.4%	4 519 134	18.3%
Gauteng	12 330 491	12 692 888	102.9%	54.6%	10 525 093	20.6%
KwaZulu-Natal	17 264 108	18 037 618	104.5%	58.0%	14 654 402	23.1%
Limpopo	11 399 533	11 849 305	103.9%	60.7%	9 649 099	22.8%
Mpumalanga	7 024 947	7 365 048	104.8%	62.7%	5 996 335	22.8%
Northern Cape	1 998 129	2 228 465	111.5%	57.3%	1 795 910	24.1%
North West	5 648 248	5 656 541	100.1%	57.1%	4 941 937	14.5%
Western Cape	7 046 663	7 090 065	100.6%	52.7%	5 904 035	20.1%
Total	81 530 344	84 025 793	103.1%	57.8%	69 712 199	20.5%

9. The bulk of education expenditure is on personnel (78.1 per cent). The preliminary outcome on education personnel amounts to 103.1 per cent or R84 billion of the education personnel adjusted budgets of R81.5 billion.

10. Spending by provinces ranges from the lowest in Eastern Cape at 99.7 per cent and North West at 100.1 per cent, to the highest in Northern Cape and Free State at 111.5 per cent and 106.7 per cent respectively.
11. The preliminary outcome on goods and services (mostly learner support material) in education is recorded at 88.1 per cent or R10.9 billion of its R12.4 billion adjusted budget. It comprises approximately 11.6 per cent of total provincial education adjusted budgets, which is 0.7 percentage points more than the share in 2007/08.
12. The preliminary outcome for education capital is at R4.7 billion or 95.9 per cent of the R4.9 billion education capital adjusted budget. Capital spending for education between provinces ranges from the lowest in Free State at 79.5 per cent and Mpumalanga at 85.2 per cent to the highest in Northern Cape at 143.4 per cent and Eastern Cape at 107.6 per cent.

Table 5: Provincial Capital Expenditure: Education as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Education Capital to total Capital expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	906 625	975 366	107.6%	30.9%	454 798	114.5%
Free State	411 099	326 977	79.5%	19.1%	234 803	39.3%
Gauteng	609 409	588 766	96.6%	25.2%	519 970	13.2%
KwaZulu-Natal	1 271 940	1 170 545	92.0%	20.1%	945 043	23.9%
Limpopo	711 525	723 283	101.7%	35.2%	420 207	72.1%
Mpumalanga	457 722	390 021	85.2%	20.9%	268 129	45.5%
Northern Cape	42 890	61 524	143.4%	8.1%	59 196	3.9%
North West	260 809	240 498	92.2%	16.8%	163 990	46.7%
Western Cape	203 940	199 113	97.6%	10.4%	152 668	30.4%
Total	4 875 959	4 676 093	95.9%	22.2%	3 218 804	45.3%

Health

Table 6: Provincial Health Expenditure as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Health to total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	10 639 117	10 463 502	98.3%	26.8%	8 013 008	30.6%
Free State	4 469 305	4 427 154	99.1%	27.6%	3 833 997	15.5%
Gauteng	14 908 327	15 631 055	104.8%	30.3%	13 085 137	19.5%
KwaZulu-Natal	15 782 985	17 107 038	108.4%	30.9%	14 959 441	14.4%
Limpopo	7 952 100	7 963 512	100.1%	26.0%	6 131 640	29.9%
Mpumalanga	4 655 979	4 467 790	96.0%	22.2%	3 657 198	22.2%
Northern Cape	1 857 473	1 748 123	94.1%	24.6%	1 556 594	12.3%
North West	4 445 124	4 481 793	100.8%	25.5%	3 847 301	16.5%
Western Cape	8 870 805	8 644 712	97.5%	33.8%	7 497 868	15.3%
Total	73 581 215	74 934 679	101.8%	28.5%	62 582 184	19.7%

13. Health expenditure is at R74.9 billion or 101.8 per cent against the total provincial health adjusted budget of R73.6 billion, representing an increase of 19.7 per cent or R12.4 billion compared to the spending of the previous financial year. The original

health budget, in aggregate, has been increased by R4.1 billion during the provincial adjusted estimates process.

14. Northern Cape and Mpumalanga have spent the lowest share of their health adjusted budgets at 94.1 per cent and 96 per cent respectively.

Table 7: Provincial Personnel Expenditure: Health as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Health Personnel to total personnel expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	5 872 082	6 085 128	103.6%	26.5%	4 562 518	33.4%
Free State	2 706 811	2 875 936	106.2%	29.8%	2 351 744	22.3%
Gauteng	7 533 405	8 157 856	108.3%	35.1%	6 519 005	25.1%
KwaZulu-Natal	9 118 823	10 079 549	110.5%	32.4%	8 643 767	16.6%
Limpopo	4 782 971	4 690 744	98.1%	24.0%	4 044 354	16.0%
Mpumalanga	2 601 230	2 603 653	100.1%	22.2%	2 039 918	27.6%
Northern Cape	949 898	892 857	94.0%	22.9%	786 437	13.5%
North West	2 374 603	2 537 279	106.9%	25.6%	1 983 391	27.9%
Western Cape	4 833 626	4 875 569	100.9%	36.3%	4 138 765	17.8%
Total	40 773 449	42 798 571	105.0%	29.4%	35 069 899	22.0%

15. Health personnel expenditure is at R42.8 billion or 105 per cent of the health personnel adjusted budget of R40.8 billion, an increase of 22 per cent or R7.7 billion more compared to the R35.1 billion spent in 2007/08.
16. The preliminary outcome on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 102.2 per cent or R26.1 billion of the R25.6 billion adjusted budget. This is an increase of 17 per cent or R3.8 billion compared to the R22.3 billion audited outcome in 2007/08.

Table 8: Provincial Capital Expenditure: Health as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Health Capital to total Capital expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	1 101 532	822 782	74.7%	26.1%	802 396	2.5%
Free State	421 420	331 996	78.8%	19.4%	302 700	9.7%
Gauteng	1 533 174	1 325 536	86.5%	56.8%	1 084 843	22.2%
KwaZulu-Natal	1 298 231	1 188 143	91.5%	20.4%	1 070 936	10.9%
Limpopo	802 394	783 574	97.7%	38.2%	515 991	51.9%
Mpumalanga	535 977	386 278	72.1%	20.7%	223 672	72.7%
Northern Cape	304 721	199 324	65.4%	26.3%	227 447	-12.4%
North West	511 022	485 813	95.1%	34.0%	471 917	2.9%
Western Cape	724 429	469 649	64.8%	24.5%	474 224	-1.0%
Total	7 232 900	5 993 095	82.9%	28.5%	5 174 126	15.8%

17. Capital expenditure in the health sector is almost R6 billion or 82.9 per cent of the R7.2 billion health capital adjusted budget. This is lower than the overall capital expenditure against adjusted budgets of 91.1 per cent.
18. However, this is higher by 15.8 per cent or R819 million more than the R5.2 billion spent for the same period last year. Between provinces, the lowest rate of spending is

in Western Cape at 64.8 per cent and Northern Cape at 65.4 per cent with Limpopo and North West recording the highest rate of spending at 97.7 per cent and 95.1 per cent respectively.

Social development

19. Provinces registered spending of 97.8 per cent or R8.3 billion of their R8.5 billion social development adjusted budgets. This represents a significant increase of 34.6 per cent or R2.1 billion above the R6.2 billion spent in 2007/08.

Table 9: Provincial Social Development Expenditure as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Soc Dev to total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand						
Eastern Cape	1 396 525	1 315 521	94.2%	3.4%	880 426	49.4%
Free State	555 947	540 494	97.2%	3.4%	426 048	26.9%
Gauteng	1 741 619	1 744 108	100.1%	3.4%	1 338 898	30.3%
KwaZulu-Natal	1 207 052	1 226 195	101.6%	2.2%	1 015 188	20.8%
Limpopo	725 606	687 726	94.8%	2.2%	416 492	65.1%
Mpumalanga	658 732	657 585	99.8%	3.3%	459 398	43.1%
Northern Cape	373 847	363 870	97.3%	5.1%	304 419	19.5%
North West	614 429	568 790	92.6%	3.2%	438 478	29.7%
Western Cape	1 233 796	1 214 374	98.4%	4.7%	901 363	34.7%
Total	8 507 553	8 318 663	97.8%	3.2%	6 180 710	34.6%

20. Between provinces, there are varying degrees of spending with the lowest being in North West at 92.6 per cent and Eastern Cape at 94.2 per cent while the highest are KwaZulu-Natal at 101.6 per cent and Gauteng at 100.1 per cent.

Housing and local government

21. Housing and local government adjusted budgets at R15.1 billion comprise 5.8 per cent of total provincial adjusted budgets.

Table 10: Provincial Housing and Local Government Expenditure as at 31 March 2009

	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Local Gov & Housing to total provincial expenditure	% share of Housing Grant to total LG & Housing expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
R thousand							
Eastern Cape	1 773 074	1 773 677	100.0%	4.5%	55.3%	1 003 544	76.7%
Free State	1 138 617	1 127 345	99.0%	7.0%	76.2%	695 880	62.0%
Gauteng	3 654 309	3 614 334	98.9%	7.0%	75.0%	3 308 811	9.2%
KwaZulu-Natal	2 883 976	2 906 521	100.8%	5.2%	55.8%	2 266 831	28.2%
Limpopo	1 204 912	1 199 954	99.6%	3.9%	68.7%	1 003 776	19.5%
Mpumalanga	1 250 808	1 240 072	99.1%	6.2%	64.2%	920 871	34.7%
Northern Cape	400 672	397 098	99.1%	5.6%	55.2%	394 314	0.7%
North West	1 209 661	1 186 195	98.1%	6.8%	80.3%	1 009 036	17.6%
Western Cape	1 615 814	1 615 649	100.0%	6.3%	80.8%	1 353 833	19.3%
Total	15 131 843	15 060 845	99.5%	5.7%	68.2%	11 956 896	26.0%

22. The preliminary outcome for the housing and local government sector is recorded at R15.1 billion or 99.5 per cent of the housing and local government adjusted budgets.

This represents an increase of 26 per cent or R3.1 billion more than the R12 billion audited outcome in 2007/08.

23. Spending varies between provinces with the lowest being in North West at 98.1 per cent and Gauteng at 98.9 per cent while the highest are KwaZulu-Natal at 100.8 per cent and both Eastern Cape and Western Cape at 100 per cent.

Housing conditional grant

24. Most of the housing and local government expenditure is on the Integrated Housing and Human Settlement Development conditional grant. Table 11 indicates that provinces spent 99.1 per cent or R10.3 billion of their R10.4 billion housing conditional grant adjusted budget. These spending figures are higher by 26 per cent or R2.1 billion over the audited outcome last year.

Table 11: Provincial Integrated Housing and Human Settlement Development Grant Expenditure as at 31 March 2009

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of grant to total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
Eastern Cape	981 018	981 010	100.0%	2.5%	337 423	190.7%
Free State	859 122	859 038	100.0%	5.3%	466 608	84.1%
Gauteng	2 806 671	2 711 539	96.6%	5.3%	2 613 553	3.7%
KwaZulu-Natal	1 622 053	1 622 053	100.0%	2.9%	1 311 040	23.7%
Limpopo	824 806	824 882	100.0%	2.7%	633 167	30.3%
Mpumalanga	796 669	796 669	100.0%	4.0%	652 191	22.2%
Northern Cape	219 274	219 273	100.0%	3.1%	231 021	-5.1%
North West	952 125	952 060	100.0%	5.4%	785 516	21.2%
Western Cape	1 305 862	1 305 864	100.0%	5.1%	1 121 708	16.4%
Total	10 367 600	10 272 388	99.1%	3.9%	8 152 227	26.0%

25. However, a total of R322 million of the Integrated Housing and Human Settlement Development grant has been stopped by the national Department of Housing due to a lack of spending capacity within Eastern Cape (R270 million) and R52 million in North West to deal with ex-cross border projects in the Northern Cape.
26. The national department of Housing, after the stopping of transfers, has re-allocated funds to the value of R322 million in terms of the Integrated Housing and Human Settlement Development grant towards Gauteng, Free State, Mpumalanga and Northern Cape. These provinces' allocations have been revised upwards by R152 million, R68 million, R50 million and R52 million respectively.

Personnel expenditure

27. The preliminary outcome for personnel (compensation of employees) is at 103 per cent or R145.5 billion of the R141.2 billion personnel adjusted budget.
28. Western Cape and Eastern Cape recorded the lowest rate of personnel spending at 100.2 per cent and 100.7 per cent respectively while KwaZulu-Natal and Free State recorded the highest rates at 105.4 per cent and 104.8 per cent respectively.

Table 12: Provincial Personnel Expenditure as at 31 March 2009

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Personnel to total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
Eastern Cape	22 779 012	22 945 890	100.7%	58.8%	18 614 356	23.3%
Free State	9 200 605	9 645 989	104.8%	60.1%	8 070 780	19.5%
Gauteng	22 311 633	23 244 166	104.2%	45.1%	19 032 384	22.1%
KwaZulu-Natal	29 514 916	31 113 127	105.4%	56.1%	25 653 344	21.3%
Limpopo	19 109 726	19 520 432	102.1%	63.6%	16 165 844	20.8%
Mpumalanga	11 386 071	11 754 402	103.2%	58.5%	9 417 663	24.8%
Northern Cape	3 732 036	3 890 705	104.3%	54.8%	3 198 574	21.6%
North West	9 754 764	9 897 928	101.5%	56.4%	8 415 843	17.6%
Western Cape	13 412 363	13 444 932	100.2%	52.5%	11 267 738	19.3%
Total	141 201 126	145 457 571	103.0%	55.3%	119 836 526	21.4%

Overall capital budgets and expenditure

29. The preliminary outcome for the “payments for capital assets” category (capital), in aggregate, is at 91.1 per cent or R21 billion of the R23.1 billion capital adjusted budget. This is 23.5 per cent or R4 billion more than the R17 billion spent in the 2007/08 financial year.
30. Table 13 provides capital spending information by province, which indicates low rates of spending in Western Cape at 76.4 per cent and Mpumalanga at 85.3 per cent and high rates in Limpopo at 97.6 per cent and KwaZulu-Natal at 95.5 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R5.8 billion followed by Eastern Cape at R3.2 billion and Gauteng at R2.3 billion.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 March 2009

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2009	Preliminary outcome as % of adjusted budget	% share of Capital to total provincial expenditure	2007/08: Outcome as at 31 March 2008	Year-on-year growth
Eastern Cape	3 331 790	3 157 773	94.8%	8.1%	2 215 746	42.5%
Free State	1 905 731	1 708 284	89.6%	10.6%	1 299 678	31.4%
Gauteng	2 652 961	2 332 924	87.9%	4.5%	2 810 607	-17.0%
KwaZulu-Natal	6 088 942	5 813 604	95.5%	10.5%	4 315 983	34.7%
Limpopo	2 104 040	2 053 555	97.6%	6.7%	1 396 086	47.1%
Mpumalanga	2 192 855	1 869 616	85.3%	9.3%	1 364 611	37.0%
Northern Cape	822 584	758 001	92.1%	10.7%	679 193	11.6%
North West	1 499 564	1 429 070	95.3%	8.1%	1 277 943	11.8%
Western Cape	2 508 579	1 917 573	76.4%	7.5%	1 674 741	14.5%
Total	23 107 046	21 040 400	91.1%	8.0%	17 034 588	23.5%

31. The biggest capital budgets in provinces are in public works, roads and transport departments at 36.8 per cent or R8.5 billion of the total provincial capital adjusted budget of R23.1 billion. The preliminary outcome by these departments is at 97.4 per cent or R8.3 billion which is an increase of 15.7 per cent or R1.1 billion more than the R7.2 billion audited outcome last year.
32. Between provinces, the lowest rate of spending is recorded in Western Cape at 78.5 per cent and Limpopo at 90 per cent, while Gauteng and KwaZulu-Natal recorded the highest rates of spending at 156.5 per cent and 103.8 per cent respectively.

Conditional grants

33. The total conditional grant adjusted allocation is R42 billion (including Schedule 4 grants and provincial roll-overs) with health making up the bulk at R14.3 billion.

Table 14: Provincial Conditional Grants Expenditure as at 31 March 2009

R thousand	Division of Revenue Act, 2008 (Act No. 2 of 2008)	Other Gazetted Amounts	Provincial roll-overs/ other provincial adjustments	Total available 2008/09	Received by provincial departments (National allocation)	Preliminary outcome as at 31 March 2009	Outcome as % of total available (excluding Schedule 4 grants)
Agriculture	583 887	314 077	177 890	1 075 854	884 050	369 319	96.4%
Agricultural Disaster Management Grant	–	136 837	91 823	228 660	122 923	241 564	105.6%
1. Comprehensive Agricultural Support Programme Grant	534 918	79 206	78 664	692 788	614 124		
Land Care Programme Grant: Poverty Relief and Infrastructure	48 969	2 034	7 403	58 406	51 003	54 777	93.8%
Ilima/Letsema Projects Grant	–	96 000	–	96 000	96 000	72 978	76.0%
Arts and Culture	338 000	6 646	385	345 031	344 360	309 976	89.8%
Community Library Services Grant	338 000	6 646	385	345 031	344 360	309 976	89.8%
Education	2 546 008	369 399	40 478	2 955 885	2 909 284	2 560 766	86.6%
Further Education and Training College Sector Recapitalisation Grant	795 000	170	–	795 170	795 170	737 149	92.7%
HIV and Aids (Life Skills Education) Grant	167 905	3 221	995	172 121	165 003	165 395	96.1%
National School Nutrition Programme Grant	1 583 103	344 006	39 483	1 966 592	1 927 109	1 641 526	83.5%
Education disaster Management Grant	–	22 002	–	22 002	22 002	16 696	75.9%
Health	13 686 597	676 189	-109 595	14 253 191	13 957 559	5 909 654	91.8%
Comprehensive HIV and Aids Grant	2 585 423	300 000	4 243	2 889 666	2 885 423	2 849 122	98.6%
Forensic Pathology Services Grant	466 878	137 803	2 614	607 295	594 474	593 567	97.7%
1. Health Professions Training and Development Grant	1 675 999	3 062	–	1 679 061	1 679 061		
Hospital Revitalisation Grant	2 882 663	176 874	-120 008	2 939 529	2 664 517	2 466 965	83.9%
1. National Tertiary Services Grant	6 075 634	58 450	3 556	6 137 640	6 134 084		
Housing	9 852 842	325 096	189 662	10 367 600	10 177 939	10 272 388	99.1%
Integrated Housing and Human Settlement Development Grant	9 852 842	325 096	189 662	10 367 600	10 177 939	10 272 388	99.1%
National Treasury	7 246 707	137 780	57 296	7 441 783	7 384 487		
1. Infrastructure Grant to Provinces	7 246 707	137 780	57 296	7 441 783	7 384 487		
Public Works	889 325	–	–	889 325	889 325	697 432	78.4%
Devolution of Property Rate Funds Grant	889 325	–	–	889 325	889 325	697 432	78.4%
Sport and Recreation South Africa	290 000	3 655	-191	293 464	293 464	271 296	92.4%
Mass Sport and Recreation Participation Programme Grant	290 000	3 655	-191	293 464	293 464	271 296	92.4%
Transport	3 265 993	1 074 269	–	4 340 262	4 335 864	4 058 224	93.5%
Gautrain Rapid Rail Link Grant	3 265 993	–	–	3 265 993	3 265 993	3 265 993	100.0%
Overload Control Grant	–	8 796	–	8 796	4 398	–	0.0%
Sani Pass Roads Grant	–	30 000	–	30 000	30 000	30 000	100.0%
Transport Disaster Management Grant	–	1 035 473	–	1 035 473	1 035 473	762 231	73.6%
Provincial and Local Government	–	29 730	–	29 730	29 730	17 040	57.3%
Internally Displaced People Management Grant	–	29 730	–	29 730	29 730	17 040	57.3%
Total	38 699 359	2 936 841	355 925	41 992 125	41 206 062		
Total excluding Schedule 4 grants	23 166 101	2 658 343	216 409	26 040 853	25 394 306	24 466 095	94.0%
Total excluding Schedule 4 grants and Gautrain	19 900 108	2 658 343	216 409	22 774 860	22 128 313	21 200 102	93.1%

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.

34. Table 14 reflects the preliminary outcome on conditional grants for all provinces. It includes conditional grant roll-overs from the 2007/08 financial year and other provincial adjustments, but excludes spending on general purpose conditional grants (Schedule 4 grants) like National Tertiary Services, Health Professions Training and Development and the Infrastructure grant to provinces, as reporting against these grants cannot be separated from the provinces' health and capital budgets.
35. Preliminary expenditure outcome 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, 2008.
36. Against the total adjusted allocation of R26 billion, this excludes Schedule 4 grants, the preliminary outcome of conditional grants amounts to 94 per cent or R24.5 billion. However, when excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R21.2 billion or 93.1 per cent against the total adjusted allocation of R22.8 billion.
37. Specific grants that show low rates of spending include Devolution of Property Rate Funds (78.4 per cent), National School Nutrition Programme (83.5 per cent), Hospital Revitalisation (83.9 per cent) and Community Library Services (89.8 per cent).
38. Table 15 indicates selected conditional grant spending rates as at 31 March 2009. It further indicates that five or more provinces have spent less than 95 per cent of their grants adjusted budgets at the end of the financial year for the following grants: Community Library Services, National School Nutrition Programme and Hospital Revitalisation.

Table 15: Selected Conditional Grants Spending Rate as at 31 March 2009

	Number of provinces spent less than 95%	Number of provinces spent between 95% and 100% (inclusive)	Number of provinces spent more than 100%
Agriculture			
Land Care Programme: Poverty Relief and Infra	3 EC, NC, NW	5 FS, GT, KZN, LIM, MPU	1 WC
Arts and Culture			
Community Library Services Grant	5 EC, FS, KZN, MPU, NC	4 GT, LIM, NW, WC	
Education			
Further Education And Training College Sector	1 EC	6 FS, KZN, MPU, NC, NW, WC	2 GT, LIM
HIV and Aids (Life Skills Education)	3 LIM, MPU, NW	3 FS, GT, NC	3 EC, KZN, WC
National School Nutrition Programme	7 FS, GT, KZN, LIM, MPU, NW, WC	1 NC	1 EC
Health			
Comprehensive HIV and Aids	1 GT	5 FS, KZN, LIM, NC, NW	3 EC, MPU, WC
Forensic Pathology Services	3 FS, NC, WC	1 MPU	5 EC, GT, KZN, LIM, NW
Hospital Revitalisation	5 EC, FS, MPU, NC, WC	3 GT, LIM, NW	1 KZN
Housing			
Integrated Housing and Human Settlement Dev		7 EC, FS, GT, KZN, MPU, NC, NW	2 LIM, WC
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Progr	4 EC, LIM, MPU, NW	5 FS, GT, KZN, NC, WC	
Transport			
Gautrain Rapid Rail Link		GT	

Percentages represent actual expenditure of adjusted budgets as published in the Division of Revenue Act, 2008 (Act No.2 of 2008) and subsequent gazettes.

39. The table also indicates the number of provinces spending at slightly higher levels between 95 and 100 per cent and greater than 100 per cent of their conditional grant adjusted budgets.

Provincial revenue

40. Provincial revenue includes adjusted equitable share allocations of R204 billion, conditional grants of R41.6 billion and own revenue of R9.2 billion. The total provincial revenue received and collected at the end of the 2008/09 financial year is recorded at 99.9 per cent or R254.5 billion of total adjusted revenue of R254.8 billion.

Table 16: Provincial Own Revenue Collection as at 31 March 2009

R thousand	Adjusted budget	Actual collection as at 31 March 2009	Actual collection as a % of Adjusted budget	% share of Own Revenue to total provincial revenue	2007/08: Outcome as at 31 March 2008	Year-on-year growth
Eastern Cape	896 611	949 221	105.9%	2.5%	1 008 246	-5.9%
Free State	594 417	558 884	94.0%	3.4%	546 979	2.2%
Gauteng	2 695 314	2 244 521	83.3%	4.7%	2 761 473	-18.7%
KwaZulu-Natal	1 591 724	1 669 863	104.9%	3.1%	1 415 701	18.0%
Limpopo	539 803	560 810	103.9%	1.8%	493 695	13.6%
Mpumalanga	375 377	549 453	146.4%	2.8%	506 092	8.6%
Northern Cape	145 635	164 098	112.7%	2.3%	138 090	18.8%
North West	571 284	671 499	117.5%	3.8%	510 217	31.6%
Western Cape	1 783 559	1 911 926	107.2%	7.6%	1 997 601	-4.3%
Total	9 193 724	9 280 274	100.9%	3.6%	9 378 094	-1.0%

41. National government transferred all or R204 billion of the equitable share and 99 per cent or R41.2 billion in conditional grants, to provinces at the end of the 2008/09 financial year.
42. The preliminary outcome on provincial own revenue suggests that provinces have collected R9.3 billion or 100.9 per cent of their own revenue adjusted budgets of R9.2 billion, which is 1 per cent or R97.8 million less than what was collected for the 2007/08 financial year.
43. The collection rate varies from 83.3 per cent in Gauteng and 94 per cent in Free State, to a high of 146.4 per cent in Mpumalanga and 117.5 per cent in North West.