



national treasury

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REPUBLIC OF SOUTH AFRICA

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Provincial Budgets: 2009/10 Financial Year Mid-Term Provincial Budgets and Expenditure Report

SUMMARY:

1. The second 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 October 2009, covers spending for the first six months of the 2009/10 financial year, which ended 30 September 2009. It is available on the treasury website at www.treasury.gov.za.
2. The information is sourced from 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 October 2009. 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. Some of the expenditure was not foreseen at the time of tabling the 2009 provincial budgets and the cost thereof is unforeseen and unavoidable as provinces don't have the latitude within their budgets to absorb it. This is mainly, among other things, due to:
 - a. The wage agreement (Resolution 5 of 2009 of the PSCBC) is 5 percentage points higher than what provinces planned for when they tabled their 2009 Budgets.
 - b. The Occupation Specific Dispensation (OSD) for educators concluded in 2009 (ELRC collective agreement 4 of 2009) is also placing additional funding responsibilities on provinces.
 - c. The agreement reached in the Public Health and Social Development Sectoral Bargaining Council (PHSDSBC) on 7 August 2009 gave effect to the introduction of an OSD for medical doctors, dentists, medical and dental specialists, pharmacists, pharmacy assistants and emergency medical services personnel (paramedics).

4. However, the *2009 Adjusted Estimates of National Expenditure* and the *2009 Medium Term Budget Policy Statement* tabled on 27 October 2009, proposed additional adjustments to the allocations made to provinces for the 2009 Budget to cover for these shortfalls mentioned above. These documents are available on the treasury website at www.treasury.gov.za.
5. The additional adjustments can only be concluded once provinces have tabled their 2009 adjusted estimates during November 2009.

Overall Expenditure Trends

6. In aggregate, provinces have spent 50 per cent or R145.3 billion of their main budgets of R290.6 billion for the period ended 30 September 2009. This represents a spending increase year-on-year of 13 per cent or R16.7 billion higher than for the same period last year when provinces had spent R128.6 billion.
7. Education expenditure totalled R59 billion or 49.8 per cent of the R118.6 billion combined education budgets and remains the largest item on provincial budgets (40.8 per cent). The spending pattern reflects an 11.3 per cent or R6 billion increase over the same period last year.
8. Health expenditure totalled R42.4 billion or 51.5 per cent of the R82.3 billion combined health budgets and is the second largest item (after education) on provincial budgets (28.3 per cent). The spending pattern reflects a 14.1 per cent or R5.2 billion increase compared with the same period in 2008/09.
9. Social development spending for the first six months of the 2009/10 financial year is recorded at 44.5 per cent or R4.1 billion of the R9.3 billion social development budgets.
10. Personnel expenditure, in aggregate, is at 48.5 per cent or R76.8 billion of the R158.5 billion personnel budgets.
11. In aggregate, provinces spent 49.3 per cent or R11.3 billion of their R22.9 billion combined capital budgets. This is a significant improvement of 22.3 per cent over the previous financial year, exceeding the R9.2 billion spent over the same period in 2008/09 by R2.1 billion.
12. Provincial education departments spent 58.2 per cent or R3.2 billion of their R5.5 billion education capital budgets. This is significantly higher by 57.8 per cent or R1.2 billion more than spending over the same period of the previous financial year.
13. Provincial health departments also improved on capital spending. They have spent 45.5 per cent or R3.5 billion against their R7.8 billion health capital budgets, which is 26 per cent or R729.5 million more than the same period for 2008/09.
14. The greatest share of provincial capital is on the budgets of public works, roads and transport departments at 32.6 per cent. The sector spent 50.8 per cent or R3.8 billion against its combined capital budgets of R7.5 billion.
15. Provincial own revenue collected thus far is at 46.4 per cent or R4.4 billion of the total own revenue budget of R9.6 billion. National government has transferred R116.7 billion of the equitable share and R27.4 billion in conditional grants to provinces, during the first six months of the 2009/10 financial year.
16. A more detail analysis of the expenditure outcome as at 30 September 2009 is set out in Annexure A, which also includes a comparative spending analysis for the same period over the 2008/09 financial year.

DETAILED ANALYSIS FOR THE FIRST AND SECOND QUARTER OF THE 2009/10 FINANCIAL YEAR:

Total Expenditure

- Table 1 indicates that provinces have spent 50 per cent or R145.3 billion of budgeted expenditure of R290.6 billion for the first six months into the current financial year. Spending to date is at a lower level in percentage terms compared to spending against annual budgets over the same period in the 2008/09 financial year (51.8 per cent).
- However, in nominal terms, spending is 13 per cent or R16.7 billion more than for the same period last year when provinces had spent R128.6 billion. Between provinces, spending ranges from the lowest share of 46.8 per cent in Limpopo and 46.9 per cent in Western Cape, to the highest at 53.3 per cent in Gauteng and 53.1 per cent in Eastern Cape.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 September 2009

R thousand	Main budget 2009/10				Actual spending as at 30 September 2009				Actual payments as % of main budget	2008/09: Outcome as at 30 September 2008	Year-on-year growth
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total			
Eastern Cape	33 498 218	5 697 299	3 439 217	42 634 734	17 582 758	3 333 688	1 717 187	22 633 633	53.1%	19 227 940	17.7%
Free State	13 982 650	2 596 268	1 795 064	18 373 982	6 318 462	1 506 042	824 360	8 648 864	47.1%	8 151 365	6.1%
Gauteng	39 133 818	13 591 987	2 533 316	55 259 121	20 252 089	8 011 523	1 165 844	29 429 456	53.3%	26 051 750	13.0%
KwaZulu-Natal	46 331 155	8 516 659	5 615 139	60 462 953	22 420 512	4 598 325	2 902 596	29 921 433	49.5%	27 297 205	9.6%
Limpopo	27 239 085	4 798 280	2 438 385	34 475 750	12 735 123	2 332 303	1 077 624	16 145 050	46.8%	14 638 257	10.3%
Mpumalanga	18 212 593	2 187 428	2 145 433	22 545 454	9 087 942	1 282 513	974 135	11 344 590	50.3%	9 801 051	15.7%
Northern Cape	6 024 382	980 329	936 047	7 940 758	2 988 595	471 678	328 407	3 788 680	47.7%	3 622 068	4.6%
North West	15 147 071	3 096 741	1 622 398	19 866 210	7 016 677	1 624 594	1 131 783	9 773 054	49.2%	8 222 737	18.9%
Western Cape	21 243 848	5 397 981	2 392 513	29 034 342	10 034 908	2 409 352	1 185 993	13 630 253	46.9%	11 619 611	17.3%
Total	220 812 820	46 862 972	22 917 512	290 593 304	108 437 066	25 570 018	11 307 929	145 315 013	50.0%	128 631 984	13.0%

Social Services

- Provinces have budgeted R210.2 billion for social services, which includes spending on education, health and social development. Spending on social services is recorded at R105.6 billion or 50.2 per cent of the total provincial social services budgets for the first six months of 2009/10.

Table 2: Provincial Social Services Expenditure as at 30 September 2009

R thousand	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
Education	118 557 688	59 016 852	49.8%	40.6%	55.9%	53 015 310	11.3%
Health	82 329 954	42 437 136	51.5%	29.2%	40.2%	37 204 942	14.1%
Social Development	9 262 378	4 124 509	44.5%	2.8%	3.9%	3 838 902	7.4%
Total	210 150 020	105 578 497	50.2%	72.7%	100.0%	94 059 154	12.2%

Education

- Education budgets of R118.6 billion comprise 40.8 per cent of total provincial budgets. Table 3 indicates that education expenditure is at 49.8 per cent or R59 billion of the total education budget, an increase of 11.3 per cent or R6 billion compared to the R53 billion spent over the same period in 2008/09.
- Spending by provinces on education ranges from the lowest rate in Western Cape at 46.9 per cent and Limpopo at 47.9 per cent to the highest in Eastern Cape at 51.8 per cent and Mpumalanga at 51.5 per cent.

Table 3: Provincial Education Expenditure as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	19 447 507	10 074 214	51.8%	44.5%	58.4%	8 567 455	17.6%
Free State	7 407 201	3 690 358	49.8%	42.7%	58.3%	3 385 644	9.0%
Gauteng	18 987 053	9 505 425	50.1%	32.3%	48.9%	8 250 327	15.2%
Kw aZulu-Natal	24 810 039	12 379 636	49.9%	41.4%	55.8%	11 651 257	6.3%
Limpopo	16 362 123	7 839 194	47.9%	48.6%	63.9%	7 203 435	8.8%
Mpumalanga	10 073 199	5 188 330	51.5%	45.7%	61.8%	4 791 013	8.3%
Northern Cape	2 979 208	1 505 509	50.5%	39.7%	54.2%	1 512 308	-0.4%
North West	8 145 319	3 978 488	48.8%	40.7%	58.8%	3 327 897	19.5%
Western Cape	10 346 039	4 855 698	46.9%	35.6%	47.6%	4 325 974	12.2%
Total	118 557 688	59 016 852	49.8%	40.6%	55.9%	53 015 310	11.3%

- Spending on goods and services (which includes learner and teacher support material) in education is recorded at 43.9 per cent or R6 billion of its R13.7 billion budget. It comprises approximately 11.6 per cent of total provincial education budgets, which is exactly the same percentage share compared to the 2008/09 financial year.
- The bulk of education expenditure is on personnel (74 per cent). Current spending on education personnel amounts to 48.3 per cent or R43.7 billion of the education personnel budgets of R90.5 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	15 180 910	7 491 567	49.3%	57.9%	74.4%	6 535 813	14.6%
Free State	5 815 839	2 705 970	46.5%	55.5%	73.3%	2 620 432	3.3%
Gauteng	13 859 183	6 732 046	48.6%	54.2%	70.8%	6 196 040	8.7%
KwaZulu-Natal	19 161 085	9 227 445	48.2%	57.8%	74.5%	8 591 961	7.4%
Limpopo	12 152 411	6 187 384	50.9%	59.8%	78.9%	5 776 354	7.1%
Mpumalanga	7 948 599	3 734 486	47.0%	60.9%	72.0%	3 606 931	3.5%
Northern Cape	2 295 175	1 121 315	48.9%	55.7%	74.5%	1 110 823	0.9%
North West	6 384 905	2 864 311	44.9%	56.6%	72.0%	2 759 152	3.8%
Western Cape	7 719 367	3 626 979	47.0%	51.5%	74.7%	3 467 099	4.6%
Total	90 517 474	43 691 503	48.3%	56.9%	74.0%	40 664 605	7.4%

8. Spending by provinces ranges from the lowest in North West at 44.9 per cent and Free State at 46.5 per cent, to the highest in Limpopo and Eastern Cape at 50.9 per cent and 49.3 per cent respectively.
9. Education capital expenditure is at 58.2 per cent or R3.2 billion of the R5.5 billion budget. This is a significant increase of 57.8 per cent or R1.2 billion more than the R2 billion spent on capital over the same period last year.
10. Spending by provinces ranges from the lowest in Mpumalanga at only 35.1 per cent and KwaZulu-Natal at 50.8 per cent to the highest in Free State at 84.7 per cent and Northern Cape at 81.2 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 September 2009

R thousand	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2008/09:	
						Outcome as at 30 September 2008	Year-on-year growth
Eastern Cape	933 279	612 675	65.6%	35.7%	6.1%	349 501	75.3%
Free State	338 524	286 853	84.7%	34.8%	7.8%	167 943	70.8%
Gauteng	742 851	408 397	55.0%	35.0%	4.3%	168 361	142.6%
KwaZulu-Natal	1 551 282	788 407	50.8%	27.2%	6.4%	566 774	39.1%
Limpopo	908 999	574 619	63.2%	53.3%	7.3%	390 488	47.2%
Mpumalanga	415 060	145 640	35.1%	15.0%	2.8%	228 916	-36.4%
Northern Cape	57 553	46 746	81.2%	14.2%	3.1%	32 503	43.8%
North West	286 347	199 781	69.8%	17.7%	5.0%	62 399	220.2%
Western Cape	250 899	129 252	51.5%	10.9%	2.7%	55 957	131.0%
Total	5 484 794	3 192 370	58.2%	28.2%	5.4%	2 022 842	57.8%

Health

11. Health budgets totalling R82.3 billion comprise 28.3 per cent of total provincial budgets. Table 6 indicates that health expenditure is at 51.5 per cent or R42.4 billion of the total health budget, representing an increase of 14.1 per cent or R5.2 billion compared to spending over the same period in 2008/09.

Table 6: Provincial Health Expenditure as at 30 September 2009

R thousand	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2008/09:	
						Outcome as at 30 September 2008	Year-on-year growth
Eastern Cape	11 328 346	6 522 030	57.6%	28.8%	37.8%	5 479 119	19.0%
Free State	5 168 719	2 336 570	45.2%	27.0%	36.9%	2 403 025	-2.8%
Gauteng	16 589 941	9 065 819	54.6%	30.8%	46.6%	7 483 077	21.2%
KwaZulu-Natal	17 769 956	9 103 175	51.2%	30.4%	41.1%	8 662 317	5.1%
Limpopo	9 017 772	4 089 093	45.3%	25.3%	33.3%	3 824 216	6.9%
Mpumalanga	5 429 452	2 907 379	53.5%	25.6%	34.6%	2 174 238	33.7%
Northern Cape	2 213 662	1 096 313	49.5%	28.9%	39.5%	922 200	18.9%
North West	4 919 308	2 504 604	50.9%	25.6%	37.0%	2 194 371	14.1%
Western Cape	9 892 798	4 812 153	48.6%	35.3%	47.2%	4 062 379	18.5%
Total	82 329 954	42 437 136	51.5%	29.2%	40.2%	37 204 942	14.1%

12. Free State and Limpopo health have spent the lowest share of their budgets at 45.2 per cent and 45.3 per cent respectively. The highest shares are recorded in Eastern Cape at 57.6 per cent and Gauteng at 54.6 per cent.

13. Table 7 indicates that health personnel expenditure is R22.8 billion or 49.6 per cent of the health personnel budget, an increase of R1.8 billion or 8.5 per cent compared to the R21 billion spent over the same period in 2008/09.

Table 7: Provincial Personnel Expenditure: Health as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	6 066 040	3 625 615	59.8%	28.0%	55.6%	3 031 921	19.6%
Free State	3 048 360	1 413 030	46.4%	29.0%	60.5%	1 446 613	-2.3%
Gauteng	9 037 304	4 355 746	48.2%	35.1%	48.0%	3 941 590	10.5%
KwaZulu-Natal	10 362 138	5 129 985	49.5%	32.2%	56.4%	5 005 969	2.5%
Limpopo	5 380 928	2 557 624	47.5%	24.7%	62.5%	2 286 409	11.9%
Mpumalanga	2 926 127	1 394 144	47.6%	22.7%	48.0%	1 255 332	11.1%
Northern Cape	1 050 683	460 394	43.8%	22.9%	42.0%	443 376	3.8%
North West	2 767 277	1 298 754	46.9%	25.6%	51.9%	1 241 411	4.6%
Western Cape	5 364 971	2 598 649	48.4%	36.9%	54.0%	2 386 698	8.9%
Total	46 003 828	22 833 941	49.6%	29.7%	53.8%	21 039 319	8.5%

14. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure, is recorded at 56.3 per cent or R16.1 billion of the R28.6 billion budget. This is a significant increase of 20.3 per cent or R2.7 billion compared to the R13.4 billion spent over the same period in 2008/09.

15. Capital expenditure in the health sector is at 45.5 per cent or R3.5 billion. This represents a significant increase of 26 per cent or R729.5 million more than the R2.8 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Health Capital to total Capital expenditure	% share of Capital to total Health expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	1 265 480	479 966	37.9%	28.0%	7.4%	473 722	1.3%
Free State	439 982	135 070	30.7%	16.4%	5.8%	194 516	-30.6%
Gauteng	1 460 021	598 871	41.0%	51.4%	6.6%	588 958	1.7%
KwaZulu-Natal	1 366 178	769 240	56.3%	26.5%	8.5%	606 069	26.9%
Limpopo	905 879	338 796	37.4%	31.4%	8.3%	267 314	26.7%
Mpumalanga	643 530	382 751	59.5%	39.3%	13.2%	154 188	148.2%
Northern Cape	423 869	195 452	46.1%	59.5%	17.8%	101 517	92.5%
North West	519 067	338 649	65.2%	29.9%	13.5%	238 240	42.1%
Western Cape	749 206	295 704	39.5%	24.9%	6.1%	180 474	63.8%
Total	7 773 212	3 534 499	45.5%	31.3%	8.3%	2 804 998	26.0%

16. Between provinces, with a varying degree of spending, the lowest rate of health capital spending is in Free State at 30.7 per cent and Limpopo at 37.4 per cent with North West

and Mpumalanga recording the highest rate of spending at 65.2 per cent and 59.5 per cent respectively.

Social Development

17. Social development budgets, at R9.3 billion, comprise 3.2 per cent of total provincial budgets.
18. Provinces registered spending of 44.5 per cent or R4.1 billion of their R9.3 billion budget. This represents an increase of 7.4 per cent or R285.6 million above the R3.8 billion spent over the same period last year.
19. Between provinces, there are varying degrees of spending, with the lowest being in Mpumalanga at only 37.4 per cent and North West at 39.4 per cent while the highest are KwaZulu-Natal at 49.9 per cent and Free State at 46.2 per cent.

Table 9: Provincial Social Development Expenditure as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	1 434 015	654 217	45.6%	2.9%	3.8%	629 598	3.9%
Free State	667 020	308 433	46.2%	3.6%	4.9%	244 032	26.4%
Gauteng	1 935 797	862 810	44.6%	2.9%	4.4%	809 264	6.6%
KwaZulu-Natal	1 376 681	686 478	49.9%	2.3%	3.1%	625 533	9.7%
Limpopo	761 600	333 006	43.7%	2.1%	2.7%	289 304	15.1%
Mpumalanga	792 343	296 191	37.4%	2.6%	3.5%	325 017	-8.9%
Northern Cape	407 893	174 858	42.9%	4.6%	6.3%	168 901	3.5%
North West	724 527	285 568	39.4%	2.9%	4.2%	230 436	23.9%
Western Cape	1 162 502	522 948	45.0%	3.8%	5.1%	516 817	1.2%
Total	9 262 378	4 124 509	44.5%	2.8%	3.9%	3 838 902	7.4%

Housing and Local Government

20. Housing and local government budgets at R17.7 billion comprise 6.1 per cent of total provincial budgets.
21. Housing and local government spending is at the end of the first six months of the 2009/10 financial year 53.2 per cent or R9.4 billion of the R17.7 billion budget (table 10). This represents a significant increase of 43.9 per cent or R2.9 billion more than the R6.5 billion spent over the same period last year.
22. Spending varies between provinces with the lowest being in Western Cape at 41.9 per cent and North West at 42.4 per cent while the highest are Gauteng at 65.8 per cent and Limpopo at 58.6 per cent.

Table 10: Provincial Housing and Local Government Expenditure as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Local Gov & Housing to total provincial expenditure	% share of Housing Grant to total LG & Housing expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	2 133 805	1 166 547	54.7%	5.2%	61.4%	672 099	73.6%
Free State	1 304 529	709 696	54.4%	8.2%	82.7%	571 732	24.1%
Gauteng	3 996 268	2 627 865	65.8%	8.9%	84.0%	1 817 791	44.6%
KwaZulu-Natal	3 708 849	1 813 021	48.9%	6.1%	64.9%	1 100 928	64.7%
Limpopo	1 401 234	820 931	58.6%	5.1%	76.7%	467 323	75.7%
Mpumalanga	1 383 502	663 331	47.9%	5.8%	60.8%	596 575	11.2%
Northern Cape	520 895	239 757	46.0%	6.3%	61.9%	194 283	23.4%
North West	1 349 867	572 196	42.4%	5.9%	86.0%	502 106	14.0%
Western Cape	1 891 089	792 420	41.9%	5.8%	85.0%	612 592	29.4%
Total	17 690 038	9 405 764	53.2%	6.5%	74.8%	6 535 429	43.9%

Housing Conditional Grant

23. 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 56.5 per cent or R7 billion of their R12.4 billion housing conditional grant. These spending figures are higher by 58.6 per cent or R2.6 billion over the same period last year.

Table 11: Provincial Integrated Housing and Human Settlement Development Grant Expenditure as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	1 313 378	715 938	54.5%	3.2%	10.2%	351 971	103.4%
Free State	962 759	587 086	61.0%	6.8%	8.3%	454 087	29.3%
Gauteng	3 187 086	2 207 937	69.3%	7.5%	31.4%	1 386 277	59.3%
KwaZulu-Natal	2 180 448	1 177 101	54.0%	3.9%	16.7%	536 013	119.6%
Limpopo	996 667	629 334	63.1%	3.9%	8.9%	304 522	106.7%
Mpumalanga	795 447	403 513	50.7%	3.6%	5.7%	387 520	4.1%
Northern Cape	325 011	148 314	45.6%	3.9%	2.1%	115 679	28.2%
North West	1 100 055	491 984	44.7%	5.0%	7.0%	422 639	16.4%
Western Cape	1 581 425	673 265	42.6%	4.9%	9.6%	475 580	41.6%
Total	12 442 276	7 034 472	56.5%	4.8%	100.0%	4 434 288	58.6%

Personnel Expenditure

24. Personnel expenditure ("compensation of employees") is at 48.5 per cent or R76.8 billion of the R158.5 billion budget. Spending to date is 8.7 per cent or R6.2 billion higher than the R70.6 billion spent over the same period last year.

25. North West and Free State recorded the lowest rate of personnel spending at 45.7 per cent and 46.5 per cent respectively while Eastern Cape and Limpopo recorded the highest rates at 51.7 per cent and 50 per cent respectively.

Table 12: Provincial Personnel Expenditure as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	24 998 953	12 928 185	51.7%	57.1%	16.8%	11 039 925	17.1%
Free State	10 487 237	4 874 779	46.5%	56.4%	6.3%	4 753 068	2.6%
Gauteng	25 639 247	12 418 709	48.4%	42.2%	16.2%	11 264 088	10.3%
KwaZulu-Natal	33 284 138	15 953 603	47.9%	53.3%	20.8%	15 050 241	6.0%
Limpopo	20 705 754	10 349 340	50.0%	64.1%	13.5%	9 515 640	8.8%
Mpumalanga	13 101 746	6 135 990	46.8%	54.1%	8.0%	5 708 252	7.5%
Northern Cape	4 301 283	2 012 274	46.8%	53.1%	2.6%	1 918 942	4.9%
North West	11 091 185	5 064 106	45.7%	51.8%	6.6%	4 811 765	5.2%
Western Cape	14 874 507	7 048 724	47.4%	51.7%	9.2%	6 556 312	7.5%
Total	158 484 050	76 785 710	48.5%	52.8%	100.0%	70 618 233	8.7%

Overall Capital Budgets and Expenditure

26. By the end of the first six months of the 2009/10 financial year, provinces have spent 49.3 per cent or R11.3 billion of their R22.9 billion capital budgets ("payments for capital assets"). This is significantly higher by 22.3 per cent or R2.1 billion more than the R9.2 billion spent over the same period last year.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 September 2009

	Main budget	Actual payments as at 30 September 2009	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand							
Eastern Cape	3 439 217	1 717 187	49.9%	7.6%	15.2%	1 618 083	6.1%
Free State	1 795 064	824 360	45.9%	9.5%	7.3%	867 772	-5.0%
Gauteng	2 533 316	1 165 844	46.0%	4.0%	10.3%	908 307	28.4%
KwaZulu-Natal	5 615 139	2 902 596	51.7%	9.7%	25.7%	2 535 058	14.5%
Limpopo	2 438 385	1 077 624	44.2%	6.7%	9.5%	823 501	30.9%
Mpumalanga	2 145 433	974 135	45.4%	8.6%	8.6%	858 915	13.4%
Northern Cape	936 047	328 407	35.1%	8.7%	2.9%	382 319	-14.1%
North West	1 622 398	1 131 783	69.8%	11.6%	10.0%	594 092	90.5%
Western Cape	2 392 513	1 185 993	49.6%	8.7%	10.5%	659 314	79.9%
Total	22 917 512	11 307 929	49.3%	7.8%	100.0%	9 247 361	22.3%

27. Table 13 provides capital spending information by province, which indicates low rates of spending in Northern Cape at 35.1 per cent and Limpopo at 44.2 per cent and high rates in North West at 69.8 per cent and KwaZulu-Natal at 51.7 per cent. However, in absolute terms, KwaZulu-Natal has spent the most at R2.9 billion followed by Eastern Cape at R1.7 billion.

28. The biggest capital budgets in provinces are in public works, roads and transport departments at 32.6 per cent of the total provincial capital budget of R22.9 billion. Spending by these departments is at 50.8 per cent or R3.8 billion against its combined capital budgets of R7.5 billion.

29. Between provinces, with various degrees of spending, the lowest rate is recorded in Northern Cape at only 5.1 per cent and Limpopo at 17.5 per cent, while North West and Western Cape recorded the highest rates of spending at 84 per cent and 55.8 per cent respectively.

Conditional Grants

30. The total conditional grant allocation is R49.3 billion (including Schedule 4 grants) with health making up the bulk at R15.6 billion.

31. Table 14 (overleaf) reflects spending on conditional grant allocations as at 30 September 2009 for all provinces. It excludes expected conditional grant roll-overs from the 2008/09 financial year and 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.

32. 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, 2009. The Public Transport Operations grant provides supplementary funding towards public transport services provided by provincial departments of transport. The Expanded Public Works Programme Incentive grant (Schedule 8) is dealt with in terms of Section 23 of the Division of Revenue Act, 2009.

33. Against the total allocation of R27.2 billion, this excludes Schedules 4 and 8 grants, the rate of conditional grants spending amounts to 55.4 per cent or R15.1 billion. However, when excluding the Gautrain Rapid Rail Link grant, the conditional grant expenditure amounts to R12.4 billion or 50.9 per cent against a total allocation of R24.4 billion.

34. Specific grants that show low rates of spending include Overload Control (11.1 per cent), Health Disaster Response (Cholera) (19.5 per cent), Devolution of Property Rate Funds (29.1 per cent), HIV and Aids (Life Skills Education) (30 per cent), Mass Sport and Recreation Participation Programme (37.2 per cent), Housing Disaster Relief (37.5 per cent) and Community Library Services (37.8 per cent).

Table 14: Provincial Conditional Grants Expenditure as at 30 September 2009

R thousand	Division of Revenue Act, 2009 (Act No. 12 of 2009)	Received by provinces	Actual payments as at 30 September 2009	Payments as % of main budget (excluding Schedule 4, 8 grants)
Agriculture	876 811	509 108	111 152	68.9%
Agricultural Disaster Management Grant	60 000	52 500	58 645	97.7%
1. Comprehensive Agricultural Support Programme Grant	715 394	393 468		
Land Care Programme Grant: Poverty Relief and Infrastructure	51 417	23 140	24 000	46.7%
Ilima/Letsema Projects Grant	50 000	40 000	28 507	57.0%
Arts and Culture	440 600	218 675	166 685	37.8%
Community Library Services Grant	440 600	218 675	166 685	37.8%
Education	2 571 929	1 327 547	1 249 361	48.6%
HIV and Aids (Life Skills Education) Grant	177 401	88 705	53 169	30.0%
National School Nutrition Programme Grant	2 394 528	1 238 842	1 196 192	50.0%
Health	15 578 392	8 124 892	3 347 989	46.5%
Comprehensive HIV and Aids Grant	3 476 186	1 824 827	1 720 970	49.5%
Forensic Pathology Services Grant	491 662	250 464	265 293	54.0%
Health Disaster Response (Cholera) Grant	50 000	-	9 761	19.5%
1. Health Professions Training and Development Grant	1 759 799	879 878		
Hospital Revitalisation Grant	3 186 303	1 862 487	1 351 965	42.4%
1. National Tertiary Services Grant	6 614 442	3 307 236		
Housing	12 592 276	7 407 437	7 090 795	56.3%
Housing Disaster Relief Grant	150 000	150 000	56 323	37.5%
Integrated Housing and Human Settlement Development Grant	12 442 276	7 257 437	7 034 472	56.5%
National Treasury	9 249 247	4 674 627		
1. Infrastructure Grant to Provinces	9 249 247	4 674 627		
Public Works	1 147 957	755 222	290 156	29.1%
Devolution of Property Rate Funds Grant	996 538	735 912	290 156	29.1%
2. Expanded Public Works Programme Incentive Grant	151 419	19 310		
Sport and Recreation South Africa	402 250	234 762	149 798	37.2%
Mass Sport and Recreation Participation Programme Grant	402 250	234 762	149 798	37.2%
Transport	6 409 016	4 155 754	2 675 925	93.0%
Gautrain Rapid Rail Link Grant	2 832 691	2 202 437	2 643 367	93.3%
Overload Control Grant	10 069	10 069	1 113	11.1%
1. Public Transport Operations Grant	3 531 909	1 908 901		
Sani Pass Roads Grant	34 347	34 347	31 445	91.6%
Total	49 268 478	27 408 024		
Total excluding Schedules 4 and 8 grants	27 246 268	16 224 604	15 081 861	55.4%
Total excluding Schedules 4,8 grants & Gautrain	24 413 577	14 022 167	12 438 494	50.9%

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.

2. The Expanded Public Works Programme Incentive Grant (Schedule 8) is dealt with in terms of Section 23 of the Division of Revenue Act, 2009 (Act No. 12 of 2009).

35. Table 15 indicates selected conditional grant spending rates as at 30 September 2009. It further indicates that five or more provinces have spent less than 40 per cent of their grants budgets after the first six months for the following grants: Community Library Services, HIV and Aids (Life Skills Education), Devolution of Property Rate Funds and Mass Sport and Recreation Participation Programme.

36. The table also indicates the number of provinces spending at slightly higher levels between 40 and 50 per cent and greater than 50 per cent of their conditional grant budgets.

Table 15: Selected Conditional Grants Spending Rates as at 30 September 2009

	Number of provinces spent less than 40%	Number of provinces spent between 40% and 50% (inclusive)	Number of provinces spent more than 50%
Agriculture			
Land Care Programme: Poverty Relief and Infra	3 GT, MPU, NW	2 EC, KZN	4 FS, LIM, NC, WC
Arts and Culture			
Community Library Services Grant	6 EC, FS, KZN, LIM, MPU, NW	1 WC	2 GT, NC
Education			
HIV and Aids (Life Skills Education) Grant	7 EC, GT, KZN, LIM, NC, NW, WC	1 MPU	1 FS
National School Nutrition Programme Grant	1 LIM	2 GT, NC	6 EC, FS, KZN, MPU, NW, WC
Health			
Comprehensive HIV and Aids Grant		4 FS, GT, KZN, NC	5 EC, LIM, MPU, NW, WC
Forensic Pathology Services Grant	1 NC	1 EC	7 FS, GT, KZN, LIM, MPU, NW, WC
Hospital Revitalisation Grant	3 FS, KZN, LIM	3 MPU, NC, WC	3 EC, GT, NW
Housing			
Integrated Housing and Human Settlement Dev		3 NC, NW, WC	6 EC, FS, GT, KZN, LIM, MPU
Public Works			
Devolution of Property Rate Funds Grant	6 EC, FS, GT, KZN, LIM, NW	2 MPU, NC	1 WC
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Progr	5 EC, GT, KZN, MPU, NW	3 LIM, NC, WC	1 FS
Transport			
Gautrain Rapid Rail Link Grant			1 GT

Percentages represent actual expenditure of Main budgets as published in the Division of Revenue Act, 2009 (Act No. 12 of 2009).

Provincial Revenue

37. Provincial revenue includes budgeted equitable share allocations of R231.1 billion, conditional grants of R49.3 billion and own revenue of R9.6 billion. The total provincial revenue received and collected to date is recorded at 51.2 per cent or R148.5 billion of total budgeted revenue of R289.9 billion.

38. National government transferred 50.5 per cent or R116.7 billion of the equitable share and 55.6 per cent or R27.4 billion in conditional grants, to provinces after the first six months of the current financial year.

39. After the first six months, provinces have collected 46.4 per cent or R4.4 billion of the budgeted own revenue of R9.6 billion which is 6.5 per cent or R271.9 million more than what was collected by the end of September for the previous financial year.

40. The collection rate varies from 34.6 per cent in Gauteng and 43.4 per cent in Free State, to a high of 60 per cent in Northern Cape and 58.6 per cent in Eastern Cape.

Table 16: Provincial Own Revenue Collection as at 30 September 2009

	Main budget	Actual collection as at 30 September 2009	Actual collection as % of Main budget	% share of Own Revenue collected to total provincial revenue	2008/09: Outcome as at 30 September 2008	Year-on-year growth
R thousand						
Eastern Cape	703 652	412 321	58.6%	1.9%	508 772	-19.0%
Free State	616 627	267 585	43.4%	2.8%	276 826	-3.3%
Gauteng	3 035 411	1 049 801	34.6%	3.7%	1 064 916	-1.4%
KwaZulu-Natal	1 645 029	903 549	54.9%	2.9%	469 162	92.6%
Limpopo	559 661	258 465	46.2%	1.5%	241 426	7.1%
Mpumalanga	480 216	256 838	53.5%	2.2%	258 361	-0.6%
Northern Cape	141 066	84 695	60.0%	2.0%	76 806	10.3%
North West	584 407	299 416	51.2%	2.9%	299 085	0.1%
Western Cape	1 818 123	915 905	50.4%	6.3%	981 369	-6.7%
Total	9 584 192	4 448 575	46.4%	3.0%	4 176 723	6.5%