



national treasury

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National Treasury
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PRESS RELEASE

Provincial Budgets: 2012/13 Financial Year Third Quarter Year to Date Provincial Budgets and Expenditure Report

SUMMARY

1. Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this provincial budget statement of receipts and payments covers spending for the first nine months (April to December 2012) of the 2012/13 financial year. The statement is available on the treasury website at www.treasury.gov.za.
2. The information in the statement comes from the Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who, in turn, submitted the information to the National Treasury. Queries on spending or budget numbers should therefore, in the first instance, be referred to the head of the relevant provincial department, and in the second instance to the head of the relevant provincial treasury. Queries on conditional grants may be referred to the head of the national department that administers the grant.
3. The budgeted figures in the publication take account of the 2012 Adjusted Estimates of Provincial Revenue and Expenditure, which were presented to the provincial legislatures during November 2012. The adjustments include R4.4 billion allocated by national government to the provincial equitable share (R3.958 billion) and R468.3 million to conditional grants through the Adjustments Appropriation Act and Division of Revenue Amendment Act.
4. The additional transfers to provinces were for:
 - a. Higher than budgeted for personnel remuneration increases.
 - b. Additional funding to provinces through a new once-off conditional grant for the provision of health and medical services during the Africa Cup of Nations 2013 (AFCON) tournament scheduled for 19 January to 10 February 2013, and all related official events.
 - c. Adjustments for the Health Infrastructure and Hospital Revitalisation conditional grants to provide for unforeseen and unavoidable expenditure.
5. Over and above the additional transfers, provinces increased their main budgets by R8.9 billion. The increases consist mainly of unspent conditional grants not surrendered

to the National Revenue Fund and other funds surrendered to the respective Provincial Revenue Funds in respect of the 2011/12 financial year.

6. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R13.3 billion with the bulk going to health (R5.7 billion), education (R3.7 billion) and public works, roads and transport (R2.5 billion).

Overall Expenditure Trends

7. In aggregate, provinces spent R292.8 billion, or 72.9 per cent, of their combined adjusted budgets of R401.7 billion after nine months of the 2012/13 financial year, an increase of 7.7 per cent or R21 billion on the R271.8 billion spent last year.
8. Education expenditure, which at 41.7 per cent is the largest item on provincial budgets, was R125.6 billion or 75 per cent of the R167.3 billion combined education adjusted budgets, an increase of 6.2 per cent or R7.4 billion on the previous financial year.
9. Health expenditure, which at 30.7 per cent is the second largest item on provincial budgets, totalled R91.7 billion, or 74.3 per cent of the R123.5 billion combined health adjusted budgets. The expenditure represents an increase of 12.1 per cent or R9.9 billion on the same period for the 2011/12 financial year.
10. Social development expenditure after nine months of 2012/13 was R8.7 billion or 71.2 per cent of the R12.3 billion combined social development adjusted budgets.
11. Personnel expenditure (compensation of employees) was R175.5 billion or 74.6 per cent of the R235.3 billion adjusted budget. National government made available R4 billion through the *2012 Adjusted Estimates of National Expenditure* in October 2012 to provide for higher than budgeted for wage agreements.
12. In aggregate, provinces spent R19.6 billion or 64.3 per cent of their R30.5 billion combined capital (payments for capital assets) adjusted budgets, an increase of 8.2 per cent on the expenditure for same period of the 2011/12 financial year.
13. Provincial education departments spent R5.5 billion or 64.7 per cent of the R8.5 billion adjusted budgets for capital expenditure, which is R401.9 million or 7.9 per cent more than the expenditure for the previous financial year.
14. Provincial health departments spent R6.1 billion or 62.8 per cent of the R9.7 billion adjusted budgets for capital expenditure, which is R534.1 million or 9.6 per cent more than the same period for 2011/12.
15. The biggest share (32.1 per cent) of provincial capital budgets is for the public works, roads and transport departments, which spent R6.6 billion or 68 per cent of the combined capital adjusted budget of R9.8 billion.
16. Provinces collected own revenue of R9.6 billion, or 81 per cent of the budgeted own revenue of R11.9 billion. By 31 December 2012, national government had transferred R231.8 billion of the equitable share and R59.5 billion of conditional grants to provinces.
17. A more detailed analysis on the outcome of provincial finances as at 31 December 2012 is set out in Annexure A.

DETAILED ANALYSIS FOR THE THIRD QUARTER YEAR TO DATE OF THE 2012/13 FINANCIAL YEAR:

1. The budgeted figures for provinces are based on the 2012 Adjusted Estimates of Provincial Revenue and Expenditure documents (adjusted budgets) tabled in the provincial legislatures during November 2012.

Total Expenditure

2. Table 1 indicates that provinces spent R292.8 billion or 72.9 per cent of the combined adjusted budget of R401.7 billion. Spending against adjusted budgets is at a same level in percentage terms when compared to the same period of the 2011/12 financial year. Spending in nominal terms is 7.7 per cent or R21 billion higher than last year, when provinces spent R271.8 billion.
3. Spending was lowest in the North West (68.9 per cent of the adjusted budget) and the Eastern Cape (70.6 per cent), highest in the Free State and Gauteng, at 77.1 per cent and 75.4 per cent respectively.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2012

R thousand	Adjusted budget 2012/13					Actual payments as at 31 December 2012					Actual payments as % of adjusted budget	2011/12: Outcome as at 31 December 2011	Year-on-year growth
	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total			
Eastern Cape	47 041 743	7 451 140	2 903 709	–	57 396 592	33 994 423	5 034 968	1 469 967	182	40 499 540	70.6%	40 243 241	0.6%
Free State	19 568 616	3 576 417	2 664 581	–	25 809 614	15 177 971	2 830 928	1 874 351	3 650	19 886 900	77.1%	17 917 664	11.0%
Gauteng	54 703 340	14 856 057	4 502 988	185	74 062 570	41 945 540	11 405 477	2 471 427	8 268	55 830 712	75.4%	50 144 512	11.3%
KwaZulu-Natal	67 585 897	10 331 811	8 087 185	2 109	86 007 002	49 842 031	7 353 050	6 469 116	159	63 664 356	74.0%	58 030 937	9.7%
Limpopo	39 316 614	6 015 202	2 621 236	1 500	47 954 552	28 138 056	4 170 798	1 549 700	868	33 859 422	70.6%	32 680 590	3.6%
Mpumalanga	24 901 974	3 913 605	2 737 720	–	31 553 299	18 637 952	3 130 258	1 649 013	73	23 417 296	74.2%	21 336 383	9.8%
Northern Cape	9 233 183	1 375 440	1 186 589	58	11 795 270	6 272 715	1 001 315	1 057 460	59	8 331 549	70.6%	7 948 626	4.8%
North West	20 429 057	4 178 779	2 301 720	–	26 909 556	14 556 102	2 998 753	974 751	79	18 529 685	68.9%	17 167 968	7.9%
Western Cape	30 190 324	6 567 324	3 447 064	7 051	40 211 763	21 856 194	4 850 881	2 074 552	6 616	28 788 243	71.6%	26 361 876	9.2%
Total	312 970 748	58 265 775	30 452 792	10 903	401 700 218	230 420 984	42 776 428	19 590 337	19 954	292 807 702	72.9%	271 831 797	7.7%

Social Services

4. The provincial adjusted budget for social services, including education, health and social development totals R303.1 billion.

Table 2: Provincial Social Services Expenditure as at 31 December 2012

R thousand	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
Education	167 333 070	125 572 254	75.0%	42.9%	55.6%	118 216 061	6.2%
Health	123 508 659	91 720 607	74.3%	31.3%	40.6%	81 844 989	12.1%
Social Development	12 277 992	8 747 052	71.2%	3.0%	3.9%	8 317 684	5.2%
Total	303 119 721	226 039 913	74.6%	77.2%	100.0%	208 378 734	8.5%

5. Expenditure at the end of the third quarter of 2012/13 was R226 billion, or 74.6 per cent of the total provincial social services adjusted budgets for 2012/13.

Education

6. At R167.3 billion, education adjusted budgets comprise 41.7 per cent of total provincial adjusted budgets. Table 3 shows that education expenditure by the end of the third quarter of 2012/13 totalled R125.6 billion or 75 per cent of the total education adjusted budget. This is an increase of 6.2 per cent, or R7.4 billion, on the R118.2 billion spent over the same period in 2011/12.
7. Spending by provinces on education ranges from 70.3 per cent in Limpopo and 71.7 per cent in the Eastern Cape, to 79.2 per cent in the Free State and 79 per cent in Gauteng.

Table 3: Provincial Education Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	26 754 712	19 183 734	71.7%	47.4%	60.3%	19 212 152	-0.1%
Free State	10 434 612	8 266 469	79.2%	41.6%	55.2%	7 230 100	14.3%
Gauteng	27 854 654	21 993 476	79.0%	39.4%	49.4%	19 887 543	10.6%
Kw aZulu-Natal	35 497 340	27 465 784	77.4%	43.1%	55.8%	25 835 169	6.3%
Limpopo	22 883 897	16 091 975	70.3%	47.5%	60.3%	16 073 424	0.1%
Mpumalanga	14 284 994	10 602 288	74.2%	45.3%	63.0%	9 872 658	7.4%
Northern Cape	4 292 760	3 296 747	76.8%	39.6%	54.3%	3 025 142	9.0%
North West	10 969 858	8 131 218	74.1%	43.9%	58.9%	7 284 933	11.6%
Western Cape	14 360 243	10 540 563	73.4%	36.6%	47.7%	9 794 940	7.6%
Total	167 333 070	125 572 254	75.0%	42.9%	55.6%	118 216 061	6.2%

8. Expenditure on goods and services (including learner and teacher support materials) was at R10.3 billion, or 69.2 per cent of the adjusted budget amount of R14.9 billion.
9. The bulk of education expenditure (R97.6 billion, or 77.7 per cent of total education expenditure) was on personnel. The first nine months expenditure accounted for 75.3 per cent of the R129.7 billion adjusted budget for personnel. Spending by provinces on personnel expenditure in education ranged from 73.7 per cent in Limpopo to 77.7 per cent in the Free State.

Table 4: Provincial Personnel Expenditure: Education as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	21 569 274	15 920 752	73.8%	58.9%	83.0%	15 455 612	3.0%
Free State	7 857 407	6 104 552	77.7%	52.6%	73.8%	5 680 944	7.5%
Gauteng	20 604 639	15 760 061	76.5%	52.7%	71.7%	14 465 041	9.0%
Kw aZulu-Natal	27 448 267	21 014 867	76.6%	56.4%	76.5%	20 129 336	4.4%
Limpopo	18 584 369	13 702 175	73.7%	57.7%	85.1%	12 995 395	5.4%
Mpumalanga	11 124 142	8 258 747	74.2%	60.1%	77.9%	7 644 678	8.0%
Northern Cape	3 209 504	2 399 884	74.8%	52.8%	72.8%	2 238 806	7.2%
North West	8 438 563	6 387 222	75.7%	55.8%	78.6%	5 855 015	9.1%
Western Cape	10 835 720	8 036 967	74.2%	49.6%	76.2%	7 461 601	7.7%
Total	129 671 885	97 585 227	75.3%	55.6%	77.7%	91 926 428	6.2%

10. Capital expenditure by provincial education departments was R5.5 billion, or 64.7 per cent, of the R8.5 billion adjusted budget, which is 7.9 per cent higher than the spending over the same period of the previous financial year. Education capital

expenditure was lowest in Limpopo (41.6 per cent) and highest in the Free State (92.4 per cent).

Table 5: Provincial Capital Expenditure: Education as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	%share of Education Capital to total Capital expenditure	%share of Capital to total Education expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	972 746	448 022	46.1%	30.5%	2.3%	417 063	7.4%
Free State	437 428	404 369	92.4%	21.6%	4.9%	251 285	60.9%
Gauteng	1 385 875	967 245	69.8%	39.1%	4.4%	300 268	222.1%
Kw aZulu-Natal	2 520 612	2 122 832	84.2%	32.8%	7.7%	1 529 895	38.8%
Limpopo	893 620	371 521	41.6%	24.0%	2.3%	1 100 836	-66.3%
Mpumalanga	691 902	318 688	46.1%	19.3%	3.0%	603 013	-47.2%
Northern Cape	310 153	196 408	63.3%	18.6%	6.0%	158 306	24.1%
North West	504 645	278 883	55.3%	28.6%	3.4%	248 481	12.2%
Western Cape	738 112	363 164	49.2%	17.5%	3.4%	460 107	-21.1%
Total	8 455 093	5 471 132	64.7%	27.9%	4.4%	5 069 254	7.9%

Health

11. Health adjusted budgets, totalling R123.5 billion, comprise 30.7 per cent of total provincial adjusted budgets.

Table 6: Provincial Health Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	15 734 550	11 360 962	72.2%	28.1%	35.7%	11 288 681	0.6%
Free State	7 759 316	6 052 129	78.0%	30.4%	40.4%	5 101 345	18.6%
Gauteng	27 191 294	20 657 988	76.0%	37.0%	46.4%	17 598 204	17.4%
Kw aZulu-Natal	27 290 930	20 422 621	74.8%	32.1%	41.5%	17 905 632	14.1%
Limpopo	12 808 523	9 681 280	75.6%	28.6%	36.3%	8 575 236	12.9%
Mpumalanga	7 649 290	5 528 733	72.3%	23.6%	32.9%	5 068 062	9.1%
Northern Cape	3 247 233	2 391 322	73.6%	28.7%	39.4%	2 168 594	10.3%
North West	7 083 691	5 033 943	71.1%	27.2%	36.5%	4 549 725	10.6%
Western Cape	14 743 832	10 591 629	71.8%	36.8%	47.9%	9 589 510	10.5%
Total	123 508 659	91 720 607	74.3%	31.3%	40.6%	81 844 989	12.1%

12. Table 6 indicates that, at R91.7 billion or 74.3 per cent of the total health adjusted budget, health expenditure increased by 12.1 per cent, or R9.9 billion, compared to the same period in 2011/12.

13. The North West and Western Cape provinces spent the lowest share of their health adjusted budgets at 71.1 per cent and 71.8 per cent respectively. The highest shares are recorded by the Free State at 78 per cent and Gauteng at 76 per cent.

14. Table 7 (overleaf) shows that health personnel expenditure was R55.5 billion, or 74.4 per cent, of the health personnel adjusted budget, an increase of R4.8 billion, or 9.5 per cent, on the R50.7 billion spent over the same period in 2011/12.

Table 7: Provincial Personnel Expenditure: Health as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	10 229 810	7 366 218	72.0%	27.3%	64.8%	7 182 943	2.6%
Free State	4 720 584	3 725 228	78.9%	32.1%	61.6%	3 240 811	14.9%
Gauteng	15 278 812	11 395 635	74.6%	38.1%	55.2%	10 566 994	7.8%
KwaZulu-Natal	16 896 484	12 585 640	74.5%	33.8%	61.6%	11 265 215	11.7%
Limpopo	8 581 543	6 521 863	76.0%	27.5%	67.4%	5 810 422	12.2%
Mpumalanga	4 594 553	3 353 865	73.0%	24.4%	60.7%	3 036 961	10.4%
Northern Cape	1 634 300	1 183 945	72.4%	26.0%	49.5%	1 060 458	11.6%
North West	4 061 871	3 047 200	75.0%	26.6%	60.5%	2 795 590	9.0%
Western Cape	8 577 603	6 306 587	73.5%	38.9%	59.5%	5 721 702	10.2%
Total	74 575 560	55 486 181	74.4%	31.6%	60.5%	50 681 096	9.5%

15. Spending on non-capital items, including medicines, drugs and other current expenditure (but excluding expenditure on personnel), was R30.1 billion, or 76.8 per cent, of the R39.3 billion adjusted budget.

16. Capital expenditure in the health sector was R6.1 billion, or 62.8 per cent, an increase of R534.1 million or 9.6 per cent on the R5.6 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Health Capital to total Capital expenditure	% share of Capital to total Health expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	866 229	464 725	53.6%	31.6%	4.1%	623 576	-25.5%
Free State	992 638	616 366	62.1%	32.9%	10.2%	490 662	25.6%
Gauteng	1 595 430	604 480	37.9%	24.5%	2.9%	779 162	-22.4%
KwaZulu-Natal	2 210 545	1 659 939	75.1%	25.7%	8.1%	1 262 269	31.5%
Limpopo	1 144 147	886 328	77.5%	57.2%	9.2%	740 278	19.7%
Mpumalanga	781 949	469 390	60.0%	28.5%	8.5%	338 704	38.6%
Northern Cape	541 799	452 403	83.5%	42.8%	18.9%	351 525	28.7%
North West	666 291	419 780	63.0%	43.1%	8.3%	440 951	-4.8%
Western Cape	883 304	511 914	58.0%	24.7%	4.8%	524 120	-2.3%
Total	9 682 332	6 085 325	62.8%	31.1%	6.6%	5 551 247	9.6%

17. Spending levels by provinces varied, with Gauteng (37.9 per cent) and the Eastern Cape (53.6 per cent) being the lowest and the Northern Cape (83.5 per cent) and Limpopo (77.5 per cent) being the highest.

Social Development

18. At R12.3 billion, the social development adjusted budget comprises 3.1 per cent of total provincial adjusted budgets.

19. Provinces registered expenditure of R8.7 billion, or 71.2 per cent, of the total adjusted budget of R12.3 billion, which represents an increase of R429.4 million, or 5.2 per cent, on the R8.3 billion spent over the same period last year.

20. Expenditure levels varied, with KwaZulu-Natal (65.1 per cent) and the North West (65.9 per cent) being the lowest, and Limpopo (77.3 per cent) and the Free State (75.9 per cent) being the highest.

Table 9: Provincial Social Development Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	1 778 308	1 267 022	71.2%	3.1%	4.0%	1 208 981	4.8%
Free State	871 122	661 580	75.9%	3.3%	4.4%	580 733	13.9%
Gauteng	2 543 918	1 864 717	73.3%	3.3%	4.2%	1 710 974	9.0%
Kw aZulu-Natal	2 062 167	1 341 809	65.1%	2.1%	2.7%	1 232 202	8.9%
Limpopo	1 193 183	922 681	77.3%	2.7%	3.5%	952 066	-3.1%
Mpumalanga	924 261	693 062	75.0%	3.0%	4.1%	705 457	-1.8%
Northern Cape	531 995	387 242	72.8%	4.6%	6.4%	388 524	-0.3%
North West	963 326	634 913	65.9%	3.4%	4.6%	670 976	-5.4%
Western Cape	1 409 712	974 026	69.1%	3.4%	4.4%	867 771	12.2%
Total	12 277 992	8 747 052	71.2%	3.0%	3.9%	8 317 684	5.2%

Human Settlements and Local Government

21. The human settlements and local government adjusted budgets, at R22.7 billion, comprise 5.7 per cent of total provincial adjusted budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	3 384 118	2 136 294	63.1%	5.3%	63.9%	2 090 485	2.2%
Free State	1 400 615	993 635	70.9%	5.0%	72.6%	1 222 583	-18.7%
Gauteng	4 737 125	3 056 976	64.5%	5.5%	84.3%	2 747 095	11.3%
Kw aZulu-Natal	4 693 947	3 064 311	65.3%	4.8%	64.2%	2 838 964	7.9%
Limpopo	2 592 076	1 559 474	60.2%	4.6%	54.1%	1 372 244	13.6%
Mpumalanga	1 527 153	1 099 237	72.0%	4.7%	64.8%	1 081 802	1.6%
Northern Cape	594 511	381 420	64.2%	4.6%	53.4%	453 319	-15.9%
North West	1 624 820	1 158 000	71.3%	6.2%	71.3%	1 192 991	-2.9%
Western Cape	2 148 690	1 408 334	65.5%	4.9%	89.1%	1 429 417	-1.5%
Total	22 703 055	14 857 681	65.4%	5.1%	70.5%	14 428 900	3.0%

22. Expenditure by human settlements and local government was R14.9 billion, or 65.4 per cent of the R22.7 billion adjusted budget, which is an increase of R428.8 million, or 3 per cent on the R14.4 billion spent last year.

23. Spending levels by provinces varied, with Limpopo (60.2 per cent) and the Eastern Cape (63.1 per cent) being the lowest, and Mpumalanga (72 per cent) and the North West (71.3 per cent) being the highest spenders.

Human Settlements Development Conditional Grant

24. Most of the human settlements and local government expenditure comes from the Human Settlements Development conditional grant.

25. Table 11 shows that provinces spent R10.5 billion, or 65.5 per cent of the R16 billion Human Settlements Development grant adjusted budget, which is an increase of R172 million or 1.7 per cent on the expenditure for the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	2 292 859	1 365 158	59.5%	3.4%	13.0%	1 360 712	0.3%
Free State	991 804	721 094	72.7%	3.6%	6.9%	904 879	-20.3%
Gauteng	4 003 776	2 576 155	64.3%	4.6%	24.6%	2 302 262	11.9%
Kw aZulu-Natal	2 942 934	1 966 911	66.8%	3.1%	18.8%	1 961 149	0.3%
Limpopo	1 637 317	843 920	51.5%	2.5%	8.1%	827 694	2.0%
Mpumalanga	980 263	711 994	72.6%	3.0%	6.8%	678 323	5.0%
Northern Cape	339 551	203 611	60.0%	2.4%	1.9%	268 043	-24.0%
North West	1 064 405	826 129	77.6%	4.5%	7.9%	828 268	-0.3%
Western Cape	1 725 180	1 255 191	72.8%	4.4%	12.0%	1 166 871	7.6%
Total	15 978 089	10 470 163	65.5%	3.6%	100.0%	10 298 201	1.7%

Personnel Expenditure

26. Personnel expenditure (compensation of employees) for the first nine months of the 2012/13 financial year was R175.5 billion, or 74.6 per cent, of the combined R235.3 billion adjusted budget, which is R12.6 billion or 7.8 per cent higher than the R162.9 billion spent during the same period last year.

Table 12: Provincial Personnel Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	36 907 625	27 022 512	73.2%	66.7%	15.4%	26 075 129	3.6%
Free State	14 996 695	11 608 844	77.4%	58.4%	6.6%	10 522 458	10.3%
Gauteng	39 734 905	29 910 887	75.3%	53.6%	17.0%	27 634 892	8.2%
Kw aZulu-Natal	49 552 107	37 288 617	75.3%	58.6%	21.2%	34 613 677	7.7%
Limpopo	31 956 178	23 751 621	74.3%	70.1%	13.5%	22 012 561	7.9%
Mpumalanga	18 659 115	13 740 479	73.6%	58.7%	7.8%	12 537 069	9.6%
Northern Cape	6 186 979	4 547 377	73.5%	54.6%	2.6%	4 183 549	8.7%
North West	15 359 903	11 440 049	74.5%	61.7%	6.5%	10 470 910	9.3%
Western Cape	21 932 109	16 192 182	73.8%	56.2%	9.2%	14 814 938	9.3%
Total	235 285 616	175 502 568	74.6%	59.9%	100.0%	162 865 183	7.8%

27. Spending ranged from 73.2 per cent (Eastern Cape), 73.5 per cent (Northern Cape), to 77.4 per cent (Free State) and 75.3 per cent (Gauteng and KwaZulu-Natal).

Overall Capital Budgets and Expenditure

28. By the end of December 2012, provinces had spent R19.6 billion or 64.3 per cent of the R30.5 billion capital adjusted budget (payments for capital assets), an increase of 8.2 per cent on the expenditure for the same period in 2011/12.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2012

	Adjusted budget	Actual payments as at 31 December 2012	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2011/12: Outcome as at 31 December 2011	Year-on-year growth
R thousand							
Eastern Cape	2 903 709	1 469 967	50.6%	3.6%	7.5%	1 913 199	-23.2%
Free State	2 664 581	1 874 351	70.3%	9.4%	9.6%	1 867 885	0.3%
Gauteng	4 502 988	2 471 427	54.9%	4.4%	12.6%	1 187 234	108.2%
Kw aZulu-Natal	8 087 185	6 469 116	80.0%	10.2%	33.0%	5 069 331	27.6%
Limpopo	2 621 236	1 549 700	59.1%	4.6%	7.9%	2 244 823	-31.0%
Mpumalanga	2 737 720	1 649 013	60.2%	7.0%	8.4%	1 821 976	-9.5%
Northern Cape	1 186 589	1 057 460	89.1%	12.7%	5.4%	1 015 137	4.2%
North West	2 301 720	974 751	42.3%	5.3%	5.0%	983 751	-0.9%
Western Cape	3 447 064	2 074 552	60.2%	7.2%	10.6%	1 997 581	3.9%
Total	30 452 792	19 590 337	64.3%	6.7%	100.0%	18 100 917	8.2%

29. Table 13 provides capital spending information by province and shows low rates of spending in the North West (42.3 per cent) and the Eastern Cape (50.6 per cent), high rates in the Northern Cape (89.1 per cent) and KwaZulu-Natal (80 per cent). However, KwaZulu-Natal (R6.5 billion) spent the most in absolute terms, followed by Gauteng (R2.5 billion) and the Western Cape (R2.1 billion).

30. Provincial education departments spent R5.5 billion, or 64.7 per cent, of their R8.5 billion capital adjusted budgets, which is an increase of R401.9 million, or 7.9 per cent on the expenditure for the same period last year.

31. Provincial health departments spent R6.1 billion, or 62.8 per cent, of their R9.7 billion health capital adjusted budgets, which is R534.1 million or 9.6 per cent more than the same period for 2011/12.

32. The public works, roads and transport departments, which have the biggest share (32.1 per cent) of provincial capital adjusted budgets, spent R6.6 billion or 68 per cent of their combined capital adjusted budgets of R9.8 billion.

Conditional Grants

33. The total adjusted conditional grant allocation is R77.9 billion (including Schedules 4 and 8 grants), of which health (R26.6 billion) makes up the bulk.

34. Table 14 (overleaf) reflects spending by all provinces on conditional grant adjusted allocations as at 31 December 2012. It includes conditional grant roll-overs from the 2011/12 financial year and other provincial adjustments but excludes spending on Schedules 4 and 8 grants.

35. Schedule 4 grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 8 grant) specifies funds that are currently not allocated to specific provinces that may be released to provinces to fund disaster response.

36. Additional funding to provinces of R15 million was allocated through a new once-off conditional grant for the provision of health and medical services during the Africa Cup of Nations 2013 (AFCON) tournament scheduled for 19 January to 10 February 2013, and all related official events.

Table 14: Provincial Conditional Grants Expenditure as at 31 December 2012

	Division of Revenue Act, 2012 (Act No. 5 of 2012)	Other gazetted amounts	Provincial roll-overs/ other provincial adjustments	Total available 2012/13	Transferred from National to provinces	Actual payments as at 31 December 2012 (excluding Schedule 4, 8 grants)	Actual payments as % of adjusted budget (excluding Schedule 4, 8 grants)
R thousand							
Agriculture, Forestry and Fisheries	2 066 450	–	65 657	2 132 107	1 591 126	293 710	52.6%
1. Comprehensive Agricultural Support Programme Grant	1 534 991	–	38 892	1 573 883	1 165 960		
Ilima/Letsema Projects Grant	415 798	–	24 317	440 115	332 639	228 575	51.9%
Land Care Programme Grant: Poverty Relief and Infrastructure	115 661	–	2 448	118 109	92 527	65 135	55.1%
Arts and Culture	564 574	–	50 581	615 155	459 516	370 127	60.2%
Community Library Services Grant	564 574	–	50 581	615 155	459 516	370 127	60.2%
Basic Education	11 246 587	–	246 879	11 493 466	8 814 890	4 155 169	73.9%
Dinaledi Schools Grant	99 700	–	5 765	105 465	72 262	64 284	61.0%
1. Education Infrastructure Grant	5 822 389	–	51 569	5 873 958	4 366 791		
HIV and Aids (Life Skills Education) Grant	208 665	–	4 753	213 418	166 933	114 673	53.7%
National School Nutrition Programme Grant	4 906 464	–	136 487	5 042 951	4 088 351	3 844 942	76.2%
Technical Secondary Schools Recapitalisation Grant	209 369	–	48 305	257 674	120 553	131 270	50.9%
Cooperative Governance and Traditional Affairs	180 000	–	–	180 000	850		
2. Provincial Disaster Grant	180 000	–	–	180 000	850		
Health	25 691 610	381 000	510 243	26 582 853	19 887 311	9 093 856	66.5%
Africa Cup of Nations 2013: Medical Services Grant	–	15 000	–	15 000	–	–	0.0%
Comprehensive HIV and Aids Grant	8 762 848	–	121 916	8 884 764	6 822 825	6 390 029	71.9%
1. Health Infrastructure Grant	1 620 981	180 000	110 497	1 911 478	1 245 295		
1. Health Professions Training and Development Grant	2 076 176	–	9 239	2 085 415	1 613 430		
Hospital Revitalisation Grant	4 103 595	186 000	237 472	4 527 067	3 341 755	2 653 686	58.6%
National Health Insurance Grant	150 000	–	–	150 000	135 000	14 956	10.0%
1. National Tertiary Services Grant	8 878 010	–	31 119	8 909 129	6 650 864		
Nursing Colleges and Schools Grant	100 000	–	–	100 000	78 142	35 185	35.2%
Higher Education and Training	4 757 271	87 336	5 035	4 849 642	4 376 630		
1. Further Education and Training Colleges Grant	4 757 271	87 336	5 035	4 849 642	4 376 630		
Human Settlements	15 725 959	–	252 130	15 978 089	11 747 729	10 470 163	65.5%
Human Settlements Development Grant	15 725 959	–	252 130	15 978 089	11 747 729	10 470 163	65.5%
Public Works	2 428 821	–	72 599	2 501 420	2 026 736	1 837 286	73.4%
Devolution of Property Rate Funds Grant	1 918 659	–	46 450	1 965 109	1 588 765	1 534 098	78.1%
Expanded Public Works Programme Integrated Grant for Provincial	292 761	–	22 500	315 261	281 865	169 751	53.8%
Social Sector Expanded Public Works Programme Incentive Grant	217 401	–	3 649	221 050	156 106	133 437	60.4%
Sport and Recreation South Africa	469 640	–	3 565	473 205	378 916	277 371	58.6%
Mass Participation and Sport Development Grant	469 640	–	3 565	473 205	378 916	277 371	58.6%
Transport	12 299 114	–	785 549	13 084 663	10 241 741		
1. Provincial Roads Maintenance Grant	7 981 845	–	781 499	8 763 344	6 975 487		
1. Public Transport Operations Grant	4 317 269	–	4 050	4 321 319	3 266 254		
Total	75 430 026	468 336	1 992 238	77 890 600	59 525 446		
Total excluding Schedules 4 and 8 grants	38 261 094	201 000	960 338	39 422 432	29 863 885	26 497 682	67.2%

1. Schedule 4 grants specifying allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets.

2. Schedule 8 grants specifying funds that are currently not allocated to specific provinces, that may be released to provinces to fund disaster response.

37. Of the R39.4 billion allocated to provinces as conditional grants (excluding Schedules 4 and 8 grants), R26.5 billion, or 67.2 per cent, had been spent by the end of December 2012.

38. Specific grants that show low rates of spending include:

- a. National Health Insurance (10 per cent)
- b. Nursing Colleges and Schools (35.2 per cent)
- c. Technical Secondary Schools Recapitalisation (50.9 per cent)
- d. Ilima/Letsema Projects (51.9 per cent)
- e. HIV and Aids (Life Skills Education) (53.7 per cent)
- f. Expanded Public Works Programme Integrated (53.8 per cent)
- g. Land Care Programme (55.1 per cent)
- h. Mass Participation and Sport Development (58.6 per cent)
- i. Hospital Revitalisation (58.6 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 31 December 2012.

Table 15: Selected Conditional Grants Spending Rates as at 31 December 2012

	Number of provinces spent less than 60%	Number of provinces spent between 60% and 75% (inclusive)	Number of provinces spent more than 75%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	6 EC, FS, GT, KZN, LIM, NC,		3 MPU, NW, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 GT, KZN, MPU, NC,	3 EC, NW, WC,	2 FS, LIM,
Arts and Culture			
Community Library Services Grant	3 EC, LIM, NW,	4 FS, MPU, NC, WC,	2 GT, KZN,
Basic Education			
Dinaledi Schools Grant	4 LIM, MPU, NW, WC	2 EC, FS,	3 GT, KZN, NC,
HIV and Aids (Life Skills Education) Grant	4 GT, KZN, LIM, WC	3 FS, NC, NW,	2 EC, MPU,
National School Nutrition Programme Grant		5 EC, GT, MPU, NC, WC,	4 FS, KZN, LIM, NW,
Technical Secondary Schools Recapitalisation Grant	6 EC, KZN, LIM, MPU, NW, WC	1 GT,	2 FS, NC,
Health			
Comprehensive HIV and Aids Grant	3 LIM, NC, NW,	3 GT, MPU, WC,	3 EC, FS, KZN,
Hospital Revitalisation Grant	4 EC, GT, MPU, WC	3 FS, LIM, NW,	2 KZN, NC,
National Health Insurance Grant	9 All provinces		
Nursing Colleges and Schools Grant	7 EC, FS, GT, LIM, MPU, NC, WC		2 KZN, NW,
Human Settlements			
Human Settlements Development Grant	3 EC, LIM, NC,	5 FS, GT, KZN, MPU, WC,	1 NW,
Public Works			
Devolution of Property Rate Funds Grant	1 NW,	2 KZN, NC,	6 EC, FS, GT, LIM, MPU, WC
Expanded Public Works Programme Integrated Grant for Provinces	7 EC, FS, GT, MPU, NC, NW, WC	1 LIM,	1 KZN,
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	5 FS, KZN, LIM, NW, WC	1 EC,	3 GT, MPU, NC,
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	5 EC, GT, LIM, MPU, NW,	1 WC,	3 FS, KZN, NC,

Percentages represent actual expenditure against adjusted budgets. The adjusted budgets are published in the Division of Revenue Amendment Act, 2012 (Act No. 18 of 2012)

Provincial Revenue

40. The adjusted budgeted provincial revenue of R400.6 billion includes equitable share allocations of R313 billion, conditional grants of R75.7 billion and own revenue of R11.9 billion. Of the budgeted revenue, provinces had received and collected R300.9 billion, or 75.1 per cent by the end of December 2012.
41. By the end of December, national government had transferred to provinces R231.8 billion or 74.1 per cent of the equitable share, and R59.5 billion or 78.6 per cent in conditional grants.
42. Of budgeted own revenue of R11.9 billion, provinces had collected R9.6 billion or 81 per cent by the end of December, which is R953.1 million, or 11 per cent more than what was collected during the same period last year.
43. The collection rate varied from a low of 70.3 per cent (Free State), 74.6 per cent (Mpumalanga), to a high of 89.3 per cent (Eastern Cape) and 87.8 per cent (Western Cape).

Table 16: Provincial Own Revenue Collection as at 31 December 2012

R thousand	Adjusted budget	Actual collection as at 31 December 2012	Actual collection as % of Adjusted budget	%share of Own Revenue collected to total provincial	%share of Own Revenue collected to total Own Revenue	2011/12: Outcome as at 31 December 2011	Year-on-year growth
Eastern Cape	774 477	691 238	89.3%	1.6%	7.2%	618 993	11.7%
Free State	820 966	577 426	70.3%	3.0%	6.0%	587 489	-1.7%
Gauteng	3 779 326	2 909 000	77.0%	5.2%	30.2%	2 628 740	10.7%
Kw aZulu-Natal	2 338 953	1 987 191	85.0%	3.1%	20.7%	1 871 079	6.2%
Limpopo	550 499	466 379	84.7%	1.3%	4.8%	359 395	29.8%
Mpumalanga	672 383	501 594	74.6%	2.1%	5.2%	380 974	31.7%
Northern Cape	228 186	191 034	83.7%	2.2%	2.0%	156 051	22.4%
North West	782 957	597 691	76.3%	3.0%	6.2%	522 020	14.5%
Western Cape	1 937 590	1 700 836	87.8%	5.6%	17.7%	1 544 513	10.1%
Total	11 885 337	9 622 389	81.0%	3.2%	100.0%	8 669 254	11.0%