



national treasury

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Provincial Budgets: 2011/12 Financial Year First Quarter 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 quarter (April to June 2011) of the 2011/12 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 administering national department.
3. The budgeted figures in the first quarter publication take account of the 2011 Estimates of Provincial Revenue and Expenditure, which were presented to the provincial legislatures during March 2011.

Overall Expenditure Trends – First Quarter

4. In aggregate, provinces have spent R83.8 billion, or 22.9 per cent, of their combined budgets of R365.5 billion for the first quarter. This represents a spending increase of 10.8 per cent or R8.1 billion compared with the same period last year when provinces had spent R75.7 billion.
5. Education expenditure for the first quarter is R37.9 billion or 24.6 per cent of the R154.2 billion combined education budgets, an increase of 14.3 per cent or R4.7 billion on the first quarter for the previous financial year. It remains the largest item on provincial budgets (42.2 per cent).
6. Health expenditure totalled R25.1 billion, or 22.9 per cent, of the R110 billion combined health budgets, and is the second largest item on provincial budgets (30.1 per cent). This represents an increase of 7.7 per cent or R1.8 billion on the first quarter for the 2010/11 financial year.
7. Social development expenditure for the first quarter is R2.4 billion or 20.5 per cent of the R11.7 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R50.6 billion or 23.8 per cent of the budgeted R212.2 billion as at 30 June 2011.
9. In aggregate, provinces have spent R5.1 billion or 18.4 per cent of their R27.6 billion combined capital (payments for capital assets) budgets. This is an increase of 21 per cent when compared to the same period of the 2010/11 financial year.
10. Provincial education departments have spent R1.9 billion or 23.9 per cent of the budgeted R7.8 billion for capital expenditure. This is R861.5 million or 86.8 per cent more than what was spent in the first quarter for the previous financial year.
11. Provincial health departments have spent R1.5 billion or 16.5 per cent of the budgeted R9.2 billion for capital expenditure, which is R116.2 million or 7.1 per cent less than the first quarter for 2010/11.
12. After health, the second biggest share of provincial capital budgets is for the public works, roads and transport departments (30.8 per cent), which have spent R1.5 billion or 17.2 per cent of the combined capital budget of R8.5 billion as at 30 June 2011.
13. Provincial own revenue collected for the first quarter is at R2.6 billion or 25.8 per cent of the budgeted own revenue of R10.3 billion. National government has transferred R72.1 billion of the equitable share and R16.5 billion of conditional grants to provinces during the first quarter of the 2011/12 financial year.
14. A more detailed analysis of the expenditure outcome as at 30 June 2011 is set out in Annexure A.

DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2011/12 FINANCIAL YEAR

- The budgeted figures for provinces are based on the 2011 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2011.

Total Expenditure

- Table 1 indicates that in the first quarter provinces have spent R83.8 billion or 22.9 per cent of the combined budgeted expenditure of R365.5 billion. Spending against budgets is the same in percentage terms when compared to the first quarter of the 2010/11 financial year. Spending in nominal terms is 10.8 per cent or R8.1 billion higher than last year, when provinces had spent R75.7 billion.
- Among provinces, spending is the lowest in the North West and the Western Cape (both at 20.9 per cent of their budgets) and highest in the Eastern Cape and Gauteng (both at 24.2 per cent).

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2011

R thousand	Main budget 2011/12				Total	Actual spending as at 30 June 2011				Total	Actual spending as % of main budget	2010/11: Outcome as at 30 June 2010	Year-on-year growth
	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets		Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets				
Eastern Cape	41 895 602	6 994 646	3 753 288	–	52 643 536	10 269 722	1 863 679	594 019	20	12 727 440	24.2%	11 950 827	6.5%
Free State	17 763 296	3 143 542	2 281 235	–	23 188 073	4 012 054	1 072 043	396 602	68	5 480 767	23.6%	4 532 457	20.9%
Gauteng	53 208 048	12 080 590	2 356 707	–	67 645 345	12 790 776	3 130 973	418 088	1 841	16 341 678	24.2%	15 404 590	6.1%
Kw aZulu-Natal	60 813 457	9 262 713	7 210 771	13 070	77 300 011	13 801 940	2 246 748	1 317 035	65 033	17 430 756	22.5%	15 292 866	14.0%
Limpopo	35 692 481	4 947 712	3 292 005	–	43 932 198	8 100 731	1 018 590	748 788	2	9 868 111	22.5%	8 622 571	14.4%
Mpumalanga	22 704 232	3 741 590	2 752 133	–	29 197 955	5 326 291	905 178	465 621	5	6 697 095	22.9%	5 990 164	11.8%
Northern Cape	8 030 506	1 158 961	1 095 770	–	10 285 237	1 839 018	303 555	331 389	6	2 473 968	24.1%	2 026 247	22.1%
North West	18 720 628	3 925 001	1 818 790	280	24 464 699	4 032 133	771 840	320 644	–	5 124 617	20.9%	4 412 428	16.1%
Western Cape	27 768 175	6 038 026	3 028 839	3 912	36 838 952	5 901 726	1 304 916	477 067	828	7 684 537	20.9%	7 448 064	3.2%
Total	286 596 425	51 292 781	27 589 538	17 262	365 496 006	66 074 391	12 617 522	5 069 253	67 803	83 828 969	22.9%	75 680 214	10.8%

Social Services

- Provinces have budgeted R275.9 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 30 June 2011

R thousand	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
Education	154 181 048	37 924 570	24.6%	45.2%	57.9%	33 183 268	14.3%
Health	109 996 770	25 136 153	22.9%	30.0%	38.4%	23 341 160	7.7%
Social Development	11 740 060	2 404 884	20.5%	2.9%	3.7%	2 065 408	16.4%
Total	275 917 878	65 465 607	23.7%	78.1%	100.0%	58 589 836	11.7%

- The first quarter outcome on social services is recorded at R65.5 billion, or 23.7 per cent of the total provincial social services budgets for 2011/12.

Education

- Education budgets of R154.2 billion comprise 42.2 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R37.9 billion or 24.6 per cent of the total education budget. This is an increase of 14.3 per cent, or R4.7 billion, on the R33.2 billion spent over the same period in 2010/11.
- Spending by provinces on education in the first quarter ranges from 21.9 per cent in the North West and 22.6 per cent in the Northern Cape, to 25.7 per cent in the Eastern Cape and 25.3 per cent in Mpumalanga.

Table 3: Provincial Education Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	24 634 708	6 339 936	25.7%	49.8%	62.1%	5 486 221	15.6%
Free State	9 496 341	2 294 205	24.2%	41.9%	57.6%	1 977 182	16.0%
Gauteng	25 965 171	6 555 416	25.2%	40.1%	51.4%	5 634 674	16.3%
Kw aZulu-Natal	32 618 276	8 013 066	24.6%	46.0%	58.1%	7 245 130	10.6%
Limpopo	20 859 319	5 067 276	24.3%	51.4%	63.8%	4 504 313	12.5%
Mpumalanga	12 951 753	3 270 853	25.3%	48.8%	65.0%	2 703 330	21.0%
Northern Cape	4 062 149	917 999	22.6%	37.1%	53.6%	810 234	13.3%
North West	10 261 488	2 244 185	21.9%	43.8%	58.7%	1 971 575	13.8%
Western Cape	13 331 843	3 221 634	24.2%	41.9%	51.8%	2 850 609	13.0%
Total	154 181 048	37 924 570	24.6%	45.2%	57.9%	33 183 268	14.3%

- The first quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R2.8 billion, or 18.3 per cent of the budgeted amount of R15 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Education Personnel to total personnel expenditure	% share of Education personnel to total Education expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	19 410 179	4 856 221	25.0%	59.7%	76.6%	4 559 650	6.5%
Free State	7 444 127	1 789 245	24.0%	55.0%	78.0%	1 620 337	10.4%
Gauteng	19 118 041	4 458 508	23.3%	52.4%	68.0%	4 112 353	8.4%
Kw aZulu-Natal	24 585 670	6 108 840	24.8%	57.6%	76.2%	5 597 653	9.1%
Limpopo	17 055 572	4 006 298	23.5%	58.6%	79.1%	3 736 701	7.2%
Mpumalanga	10 022 528	2 422 582	24.2%	60.0%	74.1%	2 202 194	10.0%
Northern Cape	2 992 810	696 273	23.3%	53.2%	75.8%	640 380	8.7%
North West	7 792 533	1 813 799	23.3%	55.2%	80.8%	1 673 003	8.4%
Western Cape	10 135 942	2 350 956	23.2%	50.9%	73.0%	2 177 538	8.0%
Total	118 557 402	28 502 722	24.0%	56.3%	75.2%	26 319 809	8.3%

- The bulk of education expenditure is on personnel (75.2 per cent). Current spending on education personnel amounts to R28.5 billion, or 24 per cent, of the R118.6 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 23.2 per cent in the Western Cape, to 25 per cent in the Eastern Cape.

10. Education capital expenditure is at R1.9 billion, or 23.9 per cent, of the R7.8 billion budget. This is 86.8 per cent higher than the spending over the same period of the previous financial year. Education capital expenditure is lowest in the Eastern Cape at 8.5 per cent and highest in Mpumalanga at 43.6 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Education Capital to total Capital expenditure	% share of Capital to total Education expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	1 254 315	106 037	8.5%	17.9%	1.7%	97 001	9.3%
Free State	378 732	64 446	17.0%	16.2%	2.8%	19 953	223.0%
Gauteng	458 446	172 566	37.6%	41.3%	2.6%	37 849	355.9%
Kw aZulu-Natal	2 461 194	513 147	20.8%	39.0%	6.4%	612 121	-16.2%
Limpopo	1 295 615	442 291	34.1%	59.1%	8.7%	55 369	698.8%
Mpumalanga	646 419	282 058	43.6%	60.6%	8.6%	83 773	236.7%
Northern Cape	176 162	29 958	17.0%	9.0%	3.3%	12 808	133.9%
North West	494 179	93 655	19.0%	29.2%	4.2%	30 951	202.6%
Western Cape	597 444	149 540	25.0%	31.3%	4.6%	42 386	252.8%
Total	7 762 506	1 853 698	23.9%	36.6%	4.9%	992 211	86.8%

Health

11. Health budgets, totalling R110 billion, comprise 30.1 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	14 237 249	3 518 584	24.7%	27.6%	34.5%	3 723 675	-5.5%
Free State	6 820 708	1 513 278	22.2%	27.6%	38.0%	1 242 702	21.8%
Gauteng	22 837 577	5 667 047	24.8%	34.7%	44.4%	5 241 927	8.1%
Kw aZulu-Natal	24 484 855	5 439 445	22.2%	31.2%	39.4%	4 777 815	13.8%
Limpopo	11 587 901	2 571 608	22.2%	26.1%	32.4%	2 175 004	18.2%
Mpumalanga	7 365 135	1 552 816	21.1%	23.2%	30.8%	1 569 213	-1.0%
Northern Cape	2 946 839	671 052	22.8%	27.1%	39.2%	605 924	10.7%
North West	6 321 446	1 405 793	22.2%	27.4%	36.8%	1 222 533	15.0%
Western Cape	13 395 060	2 796 530	20.9%	36.4%	45.0%	2 782 367	0.5%
Total	109 996 770	25 136 153	22.9%	30.0%	38.4%	23 341 160	7.7%

12. Table 6 indicates that, at R25.1 billion or 22.9 per cent of the total health budget, health expenditure increased by 7.7 per cent, or R1.8 billion, on the same period in 2010/11.

13. The Western Cape and Mpumalanga provinces spent the lowest share of their health budgets at 20.9 per cent and 21.1 per cent respectively. The highest shares are recorded by Gauteng at 24.8 per cent and the Eastern Cape at 24.7 per cent.

14. Table 7 indicates that health personnel expenditure is R15.8 billion, or 24.3 per cent, of the health personnel budget, an increase of R2.1 billion, or 15.3 per cent, on the R13.7 billion spent over the same period in 2010/11.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Health Personnel to total personnel expenditure	% share of Health personnel to total Health expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	8 752 597	2 226 900	25.4%	27.4%	63.3%	2 093 038	6.4%
Free State	4 277 430	975 648	22.8%	30.0%	64.5%	855 226	14.1%
Gauteng	13 182 665	3 263 857	24.8%	38.3%	57.6%	2 791 675	16.9%
Kw aZulu-Natal	14 837 633	3 501 772	23.6%	33.0%	64.4%	2 992 412	17.0%
Limpopo	7 147 605	1 814 224	25.4%	26.5%	70.5%	1 519 474	19.4%
Mpumalanga	3 950 125	986 687	25.0%	24.4%	63.5%	851 619	15.9%
Northern Cape	1 461 713	340 280	23.3%	26.0%	50.7%	280 661	21.2%
North West	3 618 247	901 050	24.9%	27.4%	64.1%	743 109	21.3%
Western Cape	7 637 201	1 760 457	23.1%	38.1%	63.0%	1 549 940	13.6%
Total	64 865 216	15 770 875	24.3%	31.2%	62.7%	13 677 154	15.3%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R7.8 billion, or 21.8 per cent, of the R35.9 billion budget.

16. Capital expenditure in the health sector is at R1.5 billion, or 16.5 per cent, a decrease of R116.2 million or 7.1 per cent on the R1.6 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Health Capital to total Capital expenditure	% share of Health personnel to total Health expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	998 787	204 710	20.5%	34.5%	5.8%	301 473	-32.1%
Free State	713 066	153 950	21.6%	38.8%	10.2%	43 009	257.9%
Gauteng	1 490 421	212 934	14.3%	50.9%	3.8%	261 427	-18.5%
Kw aZulu-Natal	2 117 827	285 686	13.5%	21.7%	5.3%	261 749	9.1%
Limpopo	1 160 539	187 049	16.1%	25.0%	7.3%	116 783	60.2%
Mpumalanga	798 453	95 913	12.0%	20.6%	6.2%	182 243	-47.4%
Northern Cape	513 180	108 495	21.1%	32.7%	16.2%	84 914	27.8%
North West	577 388	150 001	26.0%	46.8%	10.7%	213 537	-29.8%
Western Cape	841 313	123 965	14.7%	26.0%	4.4%	173 813	-28.7%
Total	9 210 974	1 522 703	16.5%	30.0%	6.1%	1 638 948	-7.1%

17. Spending by provinces varied, with the lowest rates of health capital expenditure being in Mpumalanga at 12 per cent and KwaZulu-Natal at 13.5 per cent, and the highest being the North West and the Free State at 26 per cent and 21.6 per cent respectively.

Social Development

18. At R11.7 billion, the social development budget comprises 3.2 per cent of total provincial budgets.

19. Provinces registered spending of R2.4 billion, or 20.5 per cent, of the total R11.7 billion budget. This represents an increase of R339.5 million, or 16.4 per cent, on the R2.1 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being the Western Cape at 14.8 per cent and KwaZulu-Natal at 17.6 per cent while the highest are Limpopo at 26 per cent and the Northern Cape at 23.5 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	1 711 206	349 749	20.4%	2.7%	3.4%	348 068	0.5%
Free State	801 787	173 322	21.6%	3.2%	4.4%	180 972	-4.2%
Gauteng	2 424 792	533 865	22.0%	3.3%	4.2%	410 365	30.1%
Kw aZulu-Natal	1 952 956	344 321	17.6%	2.0%	2.5%	286 414	20.2%
Limpopo	1 159 184	301 823	26.0%	3.1%	3.8%	216 759	39.2%
Mpumalanga	956 057	211 935	22.2%	3.2%	4.2%	159 870	32.6%
Northern Cape	520 271	122 260	23.5%	4.9%	7.1%	102 412	19.4%
North West	882 196	170 882	19.4%	3.3%	4.5%	124 700	37.0%
Western Cape	1 331 611	196 727	14.8%	2.6%	3.2%	235 848	-16.6%
Total	11 740 060	2 404 884	20.5%	2.9%	3.7%	2 065 408	16.4%

Human Settlements and Local Government

21. The human settlements and local government budgets, at R21 billion, comprise 5.7 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	3 171 027	527 276	16.6%	4.1%	56.8%	509 143	3.6%
Free State	1 363 431	492 160	36.1%	9.0%	78.7%	227 046	116.8%
Gauteng	4 568 343	834 476	18.3%	5.1%	80.5%	833 136	0.2%
Kw aZulu-Natal	4 191 604	714 589	17.0%	4.1%	68.6%	627 944	13.8%
Limpopo	2 209 093	351 672	15.9%	3.6%	53.1%	314 655	11.8%
Mpumalanga	1 520 467	280 697	18.5%	4.2%	57.7%	316 702	-11.4%
Northern Cape	560 480	122 436	21.8%	4.9%	46.2%	116 908	4.7%
North West	1 456 056	285 120	19.6%	5.6%	64.0%	204 679	39.3%
Western Cape	1 971 980	314 617	16.0%	4.1%	79.1%	452 854	-30.5%
Total	21 012 481	3 923 043	18.7%	4.7%	68.5%	3 603 067	8.9%

22. Spending by human settlements and local government is R3.9 billion, or 18.7 per cent, of the R21 billion budget. This represents an increase of R320 million, or 8.9 per cent, on the R3.6 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Limpopo at 15.9 per cent and the Western Cape at 16 per cent, while the highest spenders are the Free State at 36.1 per cent and the Northern Cape at 21.8 per cent.

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 indicates that provinces have spent R2.7 billion, or 18 per cent, of the R14.9 billion Human Settlements Development grant budget. These spending figures are R326.8 million or 13.9 per cent higher than the same period last year.

26. It should be noted that in the 2011/12 financial year, the portion of this grant that goes to cities for internal infrastructure has been removed and added instead to the Urban Settlements Development conditional grant in the local government sphere. This resulted in decreased spending trends in certain provinces when compared to the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	2 177 676	299 295	13.7%	2.4%	11.1%	304 217	-1.6%
Free State	913 907	387 349	42.4%	7.1%	14.4%	128 435	201.6%
Gauteng	3 804 611	671 617	17.7%	4.1%	25.0%	653 410	2.8%
Kw aZulu-Natal	2 769 871	490 543	17.7%	2.8%	18.3%	299 822	63.6%
Limpopo	1 398 914	186 695	13.3%	1.9%	7.0%	188 548	-1.0%
Mpumalanga	916 677	162 007	17.7%	2.4%	6.0%	197 076	-17.8%
Northern Cape	322 639	56 616	17.5%	2.3%	2.1%	69 523	-18.6%
North West	998 376	182 461	18.3%	3.6%	6.8%	139 103	31.2%
Western Cape	1 638 845	248 832	15.2%	3.2%	9.3%	378 435	-34.2%
Total	14 941 516	2 685 415	18.0%	3.2%	100.0%	2 358 569	13.9%

Personnel expenditure

27. Personnel expenditure (compensation of employees) for the first quarter of the 2011/12 financial year is at R50.6 billion, or 23.8 per cent, of the combined R212.2 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Personnel to total provincial expenditure	% share of personnel to total Personnel expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	32 993 989	8 140 128	24.7%	64.0%	16.1%	7 629 402	6.7%
Free State	13 955 635	3 255 978	23.3%	59.4%	6.4%	2 916 427	11.6%
Gauteng	36 009 247	8 516 589	23.7%	52.1%	16.8%	7 642 249	11.4%
Kw aZulu-Natal	44 115 039	10 609 054	24.0%	60.9%	21.0%	9 509 227	11.6%
Limpopo	28 512 410	6 836 142	24.0%	69.3%	13.5%	6 183 799	10.5%
Mpumalanga	16 721 656	4 035 899	24.1%	60.3%	8.0%	3 640 368	10.9%
Northern Cape	5 699 294	1 309 637	23.0%	52.9%	2.6%	1 162 286	12.7%
North West	14 030 736	3 287 854	23.4%	64.2%	6.5%	2 939 860	11.8%
Western Cape	20 181 593	4 617 783	22.9%	60.1%	9.1%	4 202 709	9.9%
Total	212 219 599	50 609 064	23.8%	60.4%	100.0%	45 826 327	10.4%

28. Spending to date is R4.8 billion or 10.4 per cent higher than the R45.8 billion spent over the same period last year.

29. Spending ranges from 22.9 per cent and 23 per cent in the Western Cape and the Northern Cape respectively, to 24.7 per cent and 24.1 per cent in the Eastern Cape and Mpumalanga respectively.

Overall Capital Budgets and Expenditure

30. By the end of June 2011, provinces had spent R5.1 billion or 18.4 per cent of the R27.6 billion capital budget (payments for capital assets). This is a significant increase of 21 per cent compared to the same period in 2010/11.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2011

	Main budget	Actual spending as at 30 June 2011	Actual spending as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	3 753 288	594 019	15.8%	4.7%	11.7%	719 544	-17.4%
Free State	2 281 235	396 602	17.4%	7.2%	7.8%	199 662	98.6%
Gauteng	2 356 707	418 088	17.7%	2.6%	8.2%	324 210	29.0%
Kw aZulu-Natal	7 210 771	1 317 035	18.3%	7.6%	26.0%	1 259 083	4.6%
Limpopo	3 292 005	748 788	22.7%	7.6%	14.8%	232 455	222.1%
Mpumalanga	2 752 133	465 621	16.9%	7.0%	9.2%	448 963	3.7%
Northern Cape	1 095 770	331 389	30.2%	13.4%	6.5%	176 317	88.0%
North West	1 818 790	320 644	17.6%	6.3%	6.3%	348 874	-8.1%
Western Cape	3 028 839	477 067	15.8%	6.2%	9.4%	482 024	-1.0%
Total	27 589 538	5 069 253	18.4%	6.0%	100.0%	4 191 132	21.0%

31. Table 13 provides capital spending information by province and shows low rates of spending in both the Western Cape and the Eastern Cape at 15.8 per cent and Mpumalanga at 16.9 per cent, and high rates in the Northern Cape at 30.2 per cent and Limpopo at 22.7 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R1.3 billion followed by Limpopo at R748.8 million and the Eastern Cape at R594 million.

32. Provincial education departments have spent R1.9 billion, or 23.9 per cent, of their R7.8 billion education capital budgets. This is a significant increase of R861.5 million, or 86.8 per cent, compared to spending over the same period in the previous financial year.

33. Provincial health departments have spent R1.5 billion, or 16.5 per cent, of their R9.2 billion health capital budgets, which is R116.2 million or 7.1 per cent less than the same period for 2010/11.

34. At 30.8 per cent, the public works, roads and transport departments have the second highest share of provincial capital budgets (after health). The sector has spent R1.5 billion or 17.2 per cent against its combined capital budgets of R8.5 billion as at 30 June 2011.

Conditional Grants

35. The total conditional grant allocation is R69.4 billion (including Schedules 4, 8 and 9 grants), with health making up the bulk at R23.9 billion.

36. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 June 2011. It excludes expected conditional grant roll-overs from the 2010/11 financial year, and excludes spending on Schedules 4, 8 and 9 grants. Schedule 4 grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Expanded Public Works Programme (EPWP) Incentive grant for provinces (Schedule 8 grant) specifies incentives to provinces to meet targets with regard to priority government programmes. The Provincial Disaster grant (Schedule 9 grant) specifies funds that are currently not allocated to specific provinces that may be released to provinces to fund disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2011

	Division of Revenue Act, 2011 (Act No. 6 of 2011)	Transferred from National to province	Actual spending as at 30 June 2011	Actual spending as % of main budget (excluding Schedules 4, 8 and 9 grants)
R thousand				
Agriculture, Forestry and Fisheries	1 487 093	208 713	42 800	9.3%
1. Comprehensive Agricultural Support Programme Grant	1 029 321	102 933		
Ilima/Letsema Projects Grant	400 000	100 000	39 623	9.9%
Land Care Programme Grant: Poverty Relief and Infrastructure	57 772	5 780	3 177	5.5%
Arts and Culture	543 420	90 896	68 482	12.6%
Community Library Services Grant	543 420	90 896	68 482	12.6%
Basic Education	10 546 380	3 017 295	984 638	19.5%
Dinaledi Schools Grant	70 000	5 271	275	0.4%
1. Education Infrastructure Grant	5 498 300	1 374 572		
HIV and Aids (Life Skills Education) Grant	199 328	19 932	16 149	8.1%
National School Nutrition Programme Grant	4 578 752	1 601 376	934 763	20.4%
Technical Secondary Schools Recapitalisation Grant	200 000	16 144	33 451	16.7%
Cooperative Governance and Traditional Affairs	305 000	-	-	-
3. Provincial Disaster Grant	305 000	-	-	-
Health	23 947 676	5 942 007	2 182 430	17.9%
Comprehensive HIV and Aids Grant	7 492 962	1 621 241	1 318 995	17.6%
Forensic Pathology Services Grant	590 380	157 489	117 887	20.0%
1. Health Infrastructure Grant	1 701 856	477 001		
1. Health Professions Training and Development Grant	1 977 310	513 147		
Hospital Revitalisation Grant	4 136 290	1 160 912	745 548	18.0%
1. National Tertiary Services Grant	8 048 878	2 012 217		
Higher Education and Training	4 325 989	1 407 332	-	-
1. Further Education and Training Colleges Grant	4 325 989	1 407 332	-	-
Human Settlements	14 941 516	3 528 147	2 685 415	18.0%
Human Settlements Development Grant	14 941 516	3 528 147	2 685 415	18.0%
Public Works	2 270 857	95 194	143 030	7.1%
Devolution of Property Rate Funds Grant	1 803 230	-	137 378	7.6%
2. Expanded Public Works Programme Incentive Grant for Provincial Government	267 269	48 831		
Social Sector Expanded Public Works Programme Incentive Grant	200 358	46 363	5 652	2.8%
Sport and Recreation South Africa	451 968	107 529	77 738	17.2%
Mass Sport and Recreation Participation Programme Grant	451 968	107 529	77 738	17.2%
Transport	10 615 886	2 127 442	-	0.0%
Gautrain Rapid Rail Link	5 300	-	-	0.0%
1. Provincial Roads Maintenance Grant	6 457 354	1 140 393		
1. Public Transport Operations Grant	4 153 232	987 049		
Total	69 435 785	16 524 556	6 184 533	17.3%
Total excluding Schedules 4, 8 and 9 grants	35 671 276	8 461 081	6 184 533	17.3%

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 incentives to provinces to meet targets with regard to priority government programmes.

3. Schedule 9 grants specifying funds that are currently not allocated to specific provinces, that may be released to provinces to fund disaster response.

37. Against the total allocation of R35.7 billion (which excludes Schedules 4, 8 and 9 grants), the rate of conditional grants spending amounts to R6.2 billion, or 17.3 per cent.

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

- a. Dinaledi Schools (0.4 per cent)
- b. Social Sector Expanded Public Works Programme Incentive (2.8 per cent)
- c. Land Care Programme: Poverty Relief & Infrastructure Development (5.5 per cent)
- d. Devolution of Property Rate Funds (7.6 per cent)
- e. HIV and Aids (Life Skills Education) (8.1 per cent)
- f. Ilima/Letsema Projects (9.9 per cent)
- g. Community Library Services (12.6 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 June 2011.

Table 15: Selected Conditional Grants Spending Rates as at 30 June 2011

	Number of provinces spent less than 15%	Number of provinces spent between 15% and 25% (inclusive)	Number of provinces spent more
Agriculture, Forestry and Fisheries			
Land Care Programme Grant: Poverty Relief	8 EC, FS, GT, KZN, LIM, MPU, NC, NW	1 WC	
Arts and Culture			
Community Library Services Grant	6 EC, FS, GT, MPU, NW, WC	3 KZN, LIM, NC	
Basic Education			
HIV and Aids (Life Skills Education) Grant	8 FS, GT, KZN, LIM, MPU, NC, NW, WC	1 EC	
National School Nutrition Programme Grant	1 NW	7 EC, GT, KZN, LIM, MPU, NC, WC	1 FS
Health			
Comprehensive HIV and Aids Grant	4 EC, NC, NW, WC	5 FS, GT, KZN, LIM, MPU	
Forensic Pathology Services Grant	2 GT, MPU	7 EC, FS, KZN, LIM, NC, NW, WC	
Hospital Revitalisation Grant	3 EC, LIM, MPU	5 FS, GT, KZN, NC, WC	1 NW
Human Settlements			
Human Settlements Development Grant	2 EC, LIM	6 GT, KZN, MPU, NC, NW, WC	1 FS
Public Works			
Devolution of Property Rate Funds Grant	8 EC, GT, KZN, LIM, MPU, NC, NW, WC		1 FS
Sport and Recreation South Africa			
Mass Sport and Recreation Participation Pro	3 EC, NW, WC	5 GT, KZN, LIM, MPU, NC	1 FS
Transport			
Gautrain Rapid Rail Link	1 GT		

Percentages represent actual expenditure against main budgets. The main budgets are published in the Division of Revenue Act, 2011 (Act No. 6 of 2011).

40. The table further indicates that eight provinces have spent less than 15 per cent on the Land Care Programme grant, HIV and Aids (Life Skills Education) grant and Devolution of Property Rate Funds grant. Six provinces have spent less than 15 per cent on the Community Library Services grant.

Provincial Revenue

41. Provincial revenue includes equitable share allocations of R288.5 billion, conditional grants of R69.1 billion and own revenue of R10.3 billion. The total provincial revenue received and collected as at 30 June 2011 is R91.3 billion, or 24.8 per cent, of total revenue of R367.9 billion.
42. Within the first quarter of the current financial year, national government has transferred R72.1 billion or 25 per cent of the equitable share to provinces, and R16.5 billion or 23.9 per cent in conditional grants to provinces.
43. After three months, provinces have collected R2.6 billion or 25.8 per cent of the budgeted own revenue of R10.3 billion, which is R569.2 million, or 27.4 per cent, more than what was collected by the end of June for the previous financial year.
44. The collection rate varies from 16.6 per cent in Mpumalanga and 20.2 per cent in Limpopo, to a high of 32.4 per cent in the Eastern Cape and 31 per cent in KwaZulu-Natal.

Table 16: Provincial Own Revenue Collection as at 30 June 2011

	Main budget	Actual collection as at 30 June 2011	Actual collection as % of main budget	%share of Own Revenue to total provincial revenue	%share of Own Revenue to total Own Revenue	2010/11: Outcome as at 30 June 2010	Year-on-year growth
R thousand							
Eastern Cape	668 809	216 868	32.4%	1.6%	8.2%	190 216	14.0%
Free State	717 613	187 231	26.1%	3.1%	7.1%	162 902	14.9%
Gauteng	3 010 609	737 401	24.5%	4.4%	27.9%	533 273	38.3%
Kw aZulu-Natal	1 942 965	601 640	31.0%	3.1%	22.8%	439 643	36.8%
Limpopo	583 530	117 740	20.2%	1.1%	4.5%	129 185	-8.9%
Mpumalanga	644 799	106 913	16.6%	1.5%	4.0%	99 786	7.1%
Northern Cape	194 710	43 717	22.5%	1.7%	1.7%	46 835	-6.7%
North West	652 169	186 678	28.6%	3.0%	7.1%	67 475	176.7%
Western Cape	1 851 518	445 548	24.1%	4.9%	16.9%	405 216	10.0%
Total	10 266 722	2 643 736	25.8%	2.9%	100.0%	2 074 531	27.4%