



national treasury

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Provincial Budgets: 2015/16 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 2015) of the 2015/16 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 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 for the first quarter are based on the 2015 Estimates of Provincial Revenue and Expenditure which were presented to provincial legislatures during March 2015.

Overall Expenditure Trends – First Quarter

4. In aggregate, provincial spending for the first quarter is R113.2 billion, or 23.4 per cent, of combined annual budgets of R483.6 billion. This represents an increase of 5.8 per cent or R6.2 billion on the expenditure of R107 billion for the same period last year.
5. Education expenditure for the first quarter is R48 billion or 24.3 per cent of the R197.6 billion combined education budgets, an increase of 1.8 per cent or R854.9 million on the first quarter for the previous financial year. It remains the largest item on provincial budgets (40.9 per cent).
6. Health expenditure totalled R37.2 billion, or 24.6 per cent, of the R150.9 billion combined health budgets, and is the second largest item on provincial budgets (31.2 per cent). This represents an increase of 8.1 per cent or R2.8 billion on the first quarter for the 2015/16 financial year.
7. Social development expenditure for the first quarter is R3.6 billion or 21.8 per cent of the R16.6 billion combined social development budgets.

8. Personnel expenditure (compensation of employees) is in aggregate R69.9 billion or 24 per cent of the budgeted R291.7 billion as at 30 June 2015.
9. In aggregate, expenditure on combined capital (payments for capital assets) is R6.6 billion or 18.6 per cent of budgeted R35.4 billion. This is an increase of 6.8 per cent on expenditure for the same period of the 2015/16 financial year.
10. Capital expenditure by provincial education departments is R1.9 billion or 16.7 per cent of the budgeted R11.2 billion. This is R3.4 million or 0.2 per cent more than the expenditure for the first quarter for the previous financial year.
11. Expenditure on capital by provincial health departments is R1.7 billion or 22 per cent of the budgeted R7.6 billion, which is R283.4 million or 20.3 per cent more than the first quarter for 2015/16.
12. The biggest share of provincial capital budgets is for the public works, roads and transport departments (37.3 per cent), whose expenditure is R2.6 billion or 19.5 per cent of the combined capital budget of R13.2 billion.
13. Provincial own revenue collected for the first quarter is R3.8 billion or 24.8 per cent of the budgeted own revenue of R15.3 billion. By the end of the first quarter, national government had transferred R95.7 billion of the equitable share and R22 billion of conditional grants to provinces.
14. A more detailed analysis of the expenditure outcome as at 30 June 2015 is set out in Annexure A.

DETAILED ANALYSIS FOR THE FIRST QUARTER OF THE 2015/16 FINANCIAL YEAR

1. The budgeted figures for provinces are based on the 2015 Estimates of Provincial Revenue and Expenditure documents tabled in the provincial legislatures during March 2015.

Total Expenditure

2. Table 1 indicates that in the first quarter provinces have spent R113.2 billion or 23.4 per cent of the combined budgeted expenditure of R483.6 billion. Spending against budgets is slightly lower in percentage terms when compared to the first quarter of the 2014/15 financial year. Spending in nominal terms is 5.8 per cent or R6.2 billion higher than last year, when provinces had spent R107 billion.
3. Among provinces, spending is the lowest in the Western Cape at 22.1 per cent and 22.8 per cent in Limpopo and the highest in KwaZulu-Natal at 24.2 per cent and the Northern Cape at 24.2 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 30 June 2015

R thousand	Main budget 2015/16					Actual payments as at 30 June 2015					Actual payments as % of main budget	2014/15: Outcome as at 30 June 2014	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	52 945 137	7 662 539	4 367 101	20 000	64 994 777	12 585 994	2 143 254	479 252	–	15 208 500	23.4%	13 917 220	9.3%
Free State	22 856 651	4 126 963	2 391 062	–	29 374 675	5 503 501	887 578	533 191	33	6 924 303	23.6%	6 953 655	-0.4%
Gauteng	71 653 009	17 875 552	5 862 112	–	95 390 674	16 799 628	4 194 655	1 238 546	1 216	22 234 045	23.3%	20 308 741	9.5%
KwaZulu-Natal	83 026 013	11 049 595	7 728 031	157 598	101 961 237	19 628 479	3 400 383	1 683 041	276	24 712 179	24.2%	24 185 784	2.2%
Limpopo	45 384 186	5 626 940	1 717 093	–	52 728 219	10 641 495	1 049 894	324 876	31	12 016 296	22.8%	11 429 997	5.1%
Mpumalanga	30 370 411	4 706 798	3 619 993	5 000	38 702 202	7 059 641	1 365 202	635 523	–	9 060 366	23.4%	9 042 882	0.2%
Northern Cape	11 277 468	1 501 167	1 381 892	343	14 160 870	2 781 623	374 127	267 822	102	3 423 674	24.2%	3 270 603	4.7%
North West	25 691 699	5 208 884	3 323 836	–	34 224 418	6 274 803	1 228 580	595 445	15	8 098 843	23.7%	7 069 022	14.6%
Western Cape	38 838 619	8 191 946	5 023 684	5 229	52 059 478	8 820 036	1 865 401	832 350	3 655	11 521 442	22.1%	10 824 718	6.4%
Total	382 043 192	65 950 384	35 414 803	188 170	483 596 549	90 095 200	16 509 074	6 590 046	5 328	113 199 648	23.4%	107 002 622	5.8%

Social Services

4. Provinces have budgeted R365.1 billion for social services (education, health and social development).

Table 2: Provincial Social Services Expenditure as at 30 June 2015

R thousand	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	% share of total provincial expenditure	% share of total Social Services expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
Education	197 564 534	48 048 428	24.3%	42.4%	54.1%	47 193 572	1.8%
Health	150 869 391	37 166 317	24.6%	32.8%	41.8%	34 368 304	8.1%
Social Development	16 618 219	3 617 332	21.8%	3.2%	4.1%	3 217 151	12.4%
Total	365 052 145	88 832 077	24.3%	78.5%	100.0%	84 779 027	4.8%

5. The first quarter outcome on social services is recorded at R88.8 billion, or 24.3 per cent of the total provincial social services budgets for 2015/16.

Education

6. Education budgets of R197.6 billion comprise 40.9 per cent of total provincial budgets. Table 3 indicates that education expenditure is at R48 billion or 24.3 per cent of the total education budget. This is an increase of 1.8 per cent, or R854.9 million, on the R47.2 billion spent over the same period in 2014/15.
7. Spending by provinces on education in the first quarter ranges from 23.2 per cent in Limpopo and 23.9 per cent in the Eastern Cape, to 25.4 per cent in Gauteng and 24.8 per cent in the North West.

Table 3: Provincial Education Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	%share of Education to total provincial expenditure	%share of Education to total Social Services expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	29 438 370	7 035 337	23.9%	46.3%	57.6%	6 813 418	3.3%
Free State	11 538 104	2 805 690	24.3%	40.5%	57.2%	3 210 286	-12.6%
Gauteng	36 043 909	9 141 372	25.4%	41.1%	49.8%	8 344 514	9.5%
Kw aZulu-Natal	42 142 355	10 179 115	24.2%	41.2%	52.6%	10 346 337	-1.6%
Limpopo	25 284 705	5 858 211	23.2%	48.8%	59.1%	5 999 724	-2.4%
Mpumalanga	16 856 769	4 116 983	24.4%	45.4%	62.6%	4 155 429	-0.9%
Northern Cape	5 083 072	1 216 589	23.9%	35.5%	48.6%	1 273 462	-4.5%
North West	13 432 322	3 329 151	24.8%	41.1%	56.9%	2 912 167	14.3%
Western Cape	17 744 928	4 365 980	24.6%	37.9%	47.8%	4 138 235	5.5%
Total	197 564 534	48 048 428	24.3%	42.4%	54.1%	47 193 572	1.8%

8. The first quarter outcome on goods and services (including learner and teacher support materials) in education is recorded at R3 billion, or 18.5 per cent of the budgeted amount of R16.1 billion.

Table 4: Provincial Personnel Expenditure: Education as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	%share of Education Personnel to total personnel expenditure	%share of Education Personnel to total Education expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	23 636 743	5 608 334	23.7%	55.0%	79.7%	5 594 197	0.3%
Free State	8 681 725	2 242 346	25.8%	51.0%	79.9%	2 286 127	-1.9%
Gauteng	26 428 946	6 235 825	23.6%	50.5%	68.2%	6 104 251	2.2%
Kw aZulu-Natal	34 371 860	8 362 146	24.3%	55.1%	82.2%	8 012 925	4.4%
Limpopo	21 515 773	5 044 476	23.4%	55.0%	86.1%	5 132 189	-1.7%
Mpumalanga	13 094 156	3 209 056	24.5%	58.6%	77.9%	3 132 854	2.4%
Northern Cape	3 911 066	940 986	24.1%	50.0%	77.3%	937 145	0.4%
North West	10 272 968	2 433 568	23.7%	52.3%	73.1%	2 415 055	0.8%
Western Cape	13 206 134	3 199 702	24.2%	48.1%	73.3%	3 085 437	3.7%
Total	155 119 371	37 276 439	24.0%	53.3%	77.6%	36 700 180	1.6%

9. The bulk of education expenditure (77.6 per cent) is on personnel. Current spending on education personnel amounts to R37.3 billion, or 24 per cent, of the R155.1 billion budgeted for personnel (table 4). Spending by provinces on personnel expenditure in education ranges from 23.4 per cent in Limpopo, to 25.8 per cent in the Free State.
10. Education capital expenditure is at R1.9 billion, or 16.7 per cent, of the R11.2 billion budget. This is 0.2 per cent more than the spending over the same period of the previous financial year. Education capital expenditure is lowest in the Eastern Cape at 6.4 per cent and highest in the Free State at 23.7 per cent.

Table 5: Provincial Capital Expenditure: Education as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	%share of Education Capital to total capital expenditure	%share of Education Capital to total Education expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	1 642 327	105 617	6.4%	22.0%	1.5%	147 947	-28.6%
Free State	750 206	177 719	23.7%	33.3%	6.3%	42 547	317.7%
Gauteng	2 262 416	357 785	15.8%	28.9%	3.9%	146 556	144.1%
Kw aZulu-Natal	2 356 660	471 640	20.0%	28.0%	4.6%	916 093	-48.5%
Limpopo	786 789	165 948	21.1%	51.1%	2.8%	102 989	61.1%
Mpumalanga	956 730	93 519	9.8%	14.7%	2.3%	235 813	-60.3%
Northern Cape	380 257	68 051	17.9%	25.4%	5.6%	92 205	-26.2%
North West	964 053	194 796	20.2%	32.7%	5.9%	26 466	636.0%
Western Cape	1 106 372	235 430	21.3%	28.3%	5.4%	156 447	50.5%
Total	11 205 809	1 870 505	16.7%	28.4%	3.9%	1 867 063	0.2%

Health

11. Health budgets, totalling R150.9 billion, comprise 31.2 per cent of total provincial budgets.

Table 6: Provincial Health Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	%share of Health to total provincial expenditure	%share of Health to total Social Services expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	18 495 913	4 709 082	25.5%	31.0%	38.5%	3 858 848	22.0%
Free State	8 675 429	1 892 967	21.8%	27.3%	38.6%	2 044 130	-7.4%
Gauteng	34 175 179	8 300 442	24.3%	37.3%	45.2%	7 794 230	6.5%
Kw aZulu-Natal	32 981 786	8 613 277	26.1%	34.9%	44.5%	7 899 896	9.0%
Limpopo	14 754 135	3 804 203	25.8%	31.7%	38.4%	3 364 373	13.1%
Mpumalanga	9 995 809	2 162 678	21.6%	23.9%	32.9%	2 347 164	-7.9%
Northern Cape	4 074 388	1 134 267	27.8%	33.1%	45.3%	956 951	18.5%
North West	8 904 071	2 273 825	25.5%	28.1%	38.9%	2 047 220	11.1%
Western Cape	18 812 682	4 275 576	22.7%	37.1%	46.9%	4 055 492	5.4%
Total	150 869 391	37 166 317	24.6%	32.8%	41.8%	34 368 304	8.1%

12. Table 6 indicates that at R37.2 billion or 24.6 per cent of the total health budget, health expenditure increased by 8.1 per cent, or R2.8 billion, on the same period in 2014/15.

13. Mpumalanga and the Free State province spent the lowest share of their health budgets at 21.6 per cent and 21.8 per cent respectively. The highest shares are recorded by the Northern Cape at 27.8 per cent and KwaZulu-Natal at 26.1 per cent.

14. Table 7 indicates that health personnel expenditure is R23.3 billion, or 24.3 per cent of the health personnel budget, an increase of R1.2 billion, or 5.6 per cent more than the R22.1 billion spent over the same period in 2014/15.

Table 7: Provincial Personnel Expenditure: Health as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	%share of Health Personnel to total personnel expenditure	%share of Health Personnel to total Health expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	12 393 422	3 045 978	24.6%	29.9%	64.7%	2 791 199	9.1%
Free State	5 662 530	1 417 973	25.0%	32.2%	74.9%	1 344 908	5.4%
Gauteng	20 409 052	4 861 162	23.8%	39.3%	58.6%	4 564 276	6.5%
Kw aZulu-Natal	21 138 481	5 259 238	24.9%	34.7%	61.1%	5 015 771	4.9%
Limpopo	11 166 906	2 739 032	24.5%	29.9%	72.0%	2 583 524	6.0%
Mpumalanga	6 213 604	1 413 001	22.7%	25.8%	65.3%	1 432 691	-1.4%
Northern Cape	2 111 611	524 211	24.8%	27.9%	46.2%	490 127	7.0%
North West	5 834 800	1 379 782	23.6%	29.7%	60.7%	1 338 912	3.1%
Western Cape	10 937 246	2 679 417	24.5%	40.3%	62.7%	2 518 268	6.4%
Total	95 867 651	23 319 794	24.3%	33.3%	62.7%	22 079 676	5.6%

15. Spending on non-personnel non-capital items, including medicines, drugs and other current expenditure, is at R12.2 billion, or 25.7 per cent, of the R47.6 billion budget.

16. Capital expenditure in the health sector is at R1.7 billion, or 22 per cent, an increase of R283.4 million or 20.3 per cent on the R1.4 billion spent over the same period last year.

Table 8: Provincial Capital Expenditure: Health as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	%share of Health Capital to total capital expenditure	%share of Health Capital to total Health expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	1 255 054	181 733	14.5%	37.9%	3.9%	115 785	57.0%
Free State	565 285	97 712	17.3%	18.3%	5.2%	113 020	-13.5%
Gauteng	1 410 889	430 381	30.5%	34.7%	5.2%	256 338	67.9%
Kw aZulu-Natal	1 445 448	393 601	27.2%	23.4%	4.6%	371 560	5.9%
Limpopo	232 526	89 143	38.3%	27.4%	2.3%	74 593	19.5%
Mpumalanga	557 746	95 934	17.2%	15.1%	4.4%	97 326	-1.4%
Northern Cape	630 365	131 569	20.9%	49.1%	11.6%	113 566	15.9%
North West	807 792	154 053	19.1%	25.9%	6.8%	144 345	6.7%
Western Cape	743 978	108 736	14.6%	13.1%	2.5%	112 896	-3.7%
Total	7 649 084	1 682 862	22.0%	25.5%	4.5%	1 399 429	20.3%

17. Spending by provinces varied, with the lowest rates of health capital expenditure recorded in the Eastern Cape at 14.5 per cent and the Western Cape at 14.6 per cent, and the highest being Limpopo and Gauteng at 38.3 per cent and 30.5 per cent respectively.

Social Development

18. At R16.6 billion, the social development budget comprises 3.4 per cent of total provincial budgets.

19. Provinces registered spending of R3.6 billion, or 21.8 per cent, of the total R16.6 billion budget. This represents an increase of R400.2 million, or 12.4 per cent, on the R3.2 billion spent over the same period last year.

20. There are varying degrees of spending among provinces, the lowest being in Limpopo at 16.5 per cent and the North West at 18.4 per cent while the highest are the Western Cape at 25.5 per cent and Gauteng at 23.4 per cent.

Table 9: Provincial Social Development Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	2 230 784	479 419	21.5%	3.2%	3.9%	459 792	4.3%
Free State	1 020 074	209 276	20.5%	3.0%	4.3%	210 087	-0.4%
Gauteng	3 963 972	928 383	23.4%	4.2%	5.1%	769 869	20.6%
Kw aZulu-Natal	2 630 481	574 182	21.8%	2.3%	3.0%	523 132	9.8%
Limpopo	1 537 757	253 122	16.5%	2.1%	2.6%	224 372	12.8%
Mpumalanga	1 293 198	293 255	22.7%	3.2%	4.5%	263 460	11.3%
Northern Cape	709 856	151 450	21.3%	4.4%	6.1%	127 882	18.4%
North West	1 334 112	244 984	18.4%	3.0%	4.2%	257 061	-4.7%
Western Cape	1 897 985	483 261	25.5%	4.2%	5.3%	381 496	26.7%
Total	16 618 219	3 617 332	21.8%	3.2%	4.1%	3 217 151	12.4%

Human Settlements and Local Government

21. The human settlements and local government budgets, at R26.1 billion, comprise 5.4 per cent of total provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	3 255 594	790 349	24.3%	5.2%	59.5%	741 801	6.5%
Free State	1 600 822	308 749	19.3%	4.5%	51.0%	259 463	19.0%
Gauteng	6 345 986	731 179	11.5%	3.3%	73.1%	856 982	-14.7%
Kw aZulu-Natal	4 952 728	1 504 948	30.4%	6.1%	77.4%	1 249 361	20.5%
Limpopo	2 269 327	452 531	19.9%	3.8%	44.5%	294 308	53.8%
Mpumalanga	2 121 375	494 644	23.3%	5.5%	67.8%	394 207	25.5%
Northern Cape	668 407	150 572	22.5%	4.4%	51.5%	141 024	6.8%
North West	2 516 024	506 641	20.1%	6.3%	83.7%	339 390	49.3%
Western Cape	2 389 922	482 659	20.2%	4.2%	81.8%	256 609	88.1%
Total	26 120 184	5 422 272	20.8%	4.8%	69.3%	4 533 145	19.6%

22. Spending by human settlements and local government is R5.4 billion, or 20.8 per cent, of the R26.1 billion budget. This represents an increase of R889.1 million, or 19.6 per cent, on the R4.5 billion spent over the same period last year.

23. Spending levels by provinces varied, with the lowest being Gauteng at 11.5 per cent and the Free State at 19.3 per cent, while the highest spenders are KwaZulu-Natal at 30.4 per cent and the Eastern Cape at 24.3 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 R3.8 billion, or 20.7 per cent, of the R18.2 billion Human Settlements Development grant budget. These spending figures are R812.6 million or 27.6 per cent more than the same period last year.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	1 962 372	470 482	24.0%	3.1%	12.5%	449 490	4.7%
Free State	1 057 284	157 604	14.9%	2.3%	4.2%	141 085	11.7%
Gauteng	4 979 844	534 504	10.7%	2.4%	14.2%	691 387	-22.7%
Kw aZulu-Natal	3 235 475	1 164 104	36.0%	4.7%	31.0%	908 851	28.1%
Limpopo	1 283 877	201 359	15.7%	1.7%	5.4%	47 633	322.7%
Mpumalanga	1 265 162	335 275	26.5%	3.7%	8.9%	240 854	39.2%
Northern Cape	380 408	77 507	20.4%	2.3%	2.1%	70 392	10.1%
North West	2 063 131	424 298	20.6%	5.2%	11.3%	231 536	83.3%
Western Cape	1 975 122	395 003	20.0%	3.4%	10.5%	166 289	137.5%
Total	18 202 675	3 760 136	20.7%	3.3%	100.0%	2 947 517	27.6%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the first quarter of the 2015/16 financial year is at R69.9 billion, or 24 per cent, of the combined R291.7 billion budget.

Table 12: Provincial Personnel Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	42 478 336	10 197 758	24.0%	67.1%	14.6%	9 832 664	3.7%
Free State	17 520 232	4 397 698	25.1%	63.5%	6.3%	4 321 098	1.8%
Gauteng	52 636 497	12 353 934	23.5%	55.6%	17.7%	11 806 183	4.6%
Kw aZulu-Natal	62 371 719	15 171 037	24.3%	61.4%	21.7%	14 496 780	4.7%
Limpopo	38 427 000	9 169 142	23.9%	76.3%	13.1%	9 015 241	1.7%
Mpumalanga	22 854 834	5 474 317	24.0%	60.4%	7.8%	5 394 270	1.5%
Northern Cape	7 823 516	1 880 773	24.0%	54.9%	2.7%	1 819 036	3.4%
North West	19 886 320	4 651 330	23.4%	57.4%	6.7%	4 524 227	2.8%
Western Cape	27 686 886	6 645 902	24.0%	57.7%	9.5%	6 325 521	5.1%
Total	291 685 339	69 941 891	24.0%	61.8%	100.0%	67 535 020	3.6%

27. Spending to date is R2.4 billion or 3.6 per cent higher than the R67.5 billion spent over the same period last year.

28. Spending ranges from 23.4 per cent in the North West, to 25.1 per cent in the Free State.

Overall Capital Budgets and Expenditure

29. By the end of June 2015, provinces had spent R6.6 billion or 18.6 per cent of the R35.4 billion capital budget (payments for capital assets). This is an increase of 6.8 per cent on the same period in 2014/15.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 30 June 2015

	Main budget	Actual payments as at 30 June 2015	Actual payments as % of main budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	4 367 101	479 252	11.0%	3.2%	7.3%	425 725	12.6%
Free State	2 391 062	533 191	22.3%	7.7%	8.1%	301 936	76.6%
Gauteng	5 862 112	1 238 546	21.1%	5.6%	18.8%	564 216	119.5%
Kw aZulu-Natal	7 728 031	1 683 041	21.8%	6.8%	25.5%	2 374 666	-29.1%
Limpopo	1 717 093	324 876	18.9%	2.7%	4.9%	206 318	57.5%
Mpumalanga	3 619 993	635 523	17.6%	7.0%	9.6%	658 357	-3.5%
Northern Cape	1 381 892	267 822	19.4%	7.8%	4.1%	339 502	-21.1%
North West	3 323 836	595 445	17.9%	7.4%	9.0%	446 272	33.4%
Western Cape	5 023 684	832 350	16.6%	7.2%	12.6%	854 207	-2.6%
Total	35 414 803	6 590 046	18.6%	5.8%	100.0%	6 171 199	6.8%

30. Table 13 provides capital spending information by province and shows low rates of spending in the Eastern Cape at 11 per cent and the Western Cape at 16.6 per cent, and high rates in the Free State at 22.3 per cent and KwaZulu-Natal at 21.8 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R1.7 billion followed by Gauteng at R1.2 billion and the Western Cape at R832.4 million.

31. Provincial education departments have spent R1.9 billion, or 16.7 per cent, of their R11.2 billion education capital budgets. This is an increase of R3.4 million, or 0.2 per cent more, compared to spending over the same period in the previous financial year.

32. Provincial health departments have spent R1.7 billion, or 22 per cent, of their R7.6 billion health capital budgets, which is R283.4 million or 20.3 per cent more than the same period for 2015/16.

33. At 37.3 per cent, the public works, roads and transport departments have the highest share of provincial capital budgets. The sector has spent R2.6 billion or 19.5 per cent against its combined capital budgets of R13.2 billion as at 30 June 2015.

Conditional Grants

34. The total provincial conditional grant allocation is R85.4 billion, with health making up the bulk at R31.9 billion. This excludes the Provincial Disaster Grant which amounts to R103.2 million for the 2015/16 financial year and provides for the immediate release of funds for disaster response.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant allocations as at 30 June 2015. It excludes expected conditional grant roll-overs from the 2015/16 financial year, and excludes spending for grants set out in Part A of Schedule 4 and Part A of Schedule 7.

36. Part A of Schedule 4 specifies allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. Part A of Schedule 5 specifies specific-purpose allocations to provinces. The Provincial Disaster grant (Part A of Schedule 7) specifies funds that are not allocated to specific provinces and that may be released to provinces to fund immediate disaster response.

Table 14: Provincial Conditional Grants Expenditure as at 30 June 2015

	Division of Revenue Act, 2015 (Act No. 1 of 2015)	Transferred from National to provinces	Outcome as at 30 June 2015 (excluding Schedules 4A, 7A grants)	Outcome as % of main budget (excluding Schedules 4A, 7A grants)
R thousand				
Agriculture, Forestry and Fisheries	2 188 083	448 560	34 114	6.4%
1. Comprehensive Agricultural Support Programme Grant	1 650 952	347 769		
Ilima/Letsema Projects Grant	470 768	94 155	30 949	6.6%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	66 363	6 636	3 165	4.8%
Arts and Culture	1 311 026	197 077	121 571	9.3%
Community Library Services Grant	1 311 026	197 077	121 571	9.3%
Basic Education	15 856 485	5 485 068	1 311 148	20.9%
1. Education Infrastructure Grant	9 517 555	3 468 441		
HIV and Aids (Life Skills Education) Grant	221 030	22 101	26 475	12.0%
Maths, Science and Technology Grant	347 185	69 435	16 055	4.6%
National School Nutrition Programme Grant	5 703 715	1 902 757	1 268 618	22.2%
1. Occupation Specific Dispensation for Education Sector Therapists Grant	67 000	22 334		
Cooperative Governance and Traditional Affairs	103 194	–		
2. Provincial Disaster Grant	103 194	–		
Health	31 857 873	7 893 897	4 092 566	21.4%
Comprehensive HIV and Aids Grant	13 737 312	3 340 118	3 087 004	22.5%
Health Facility Revitalisation Grant	5 275 762	1 346 182	1 000 862	19.0%
1. Health Professions Training and Development Grant	2 374 722	593 685		
National Health Insurance Grant	72 042	14 400	4 700	6.5%
1. National Tertiary Services Grant	10 398 035	2 599 512		
Human Settlements	18 202 675	4 384 613	3 760 136	20.7%
Human Settlements Development Grant	18 202 675	4 384 613	3 760 136	20.7%
Public Works	591 175	234 478	153 672	26.0%
Expanded Public Works Programme Integrated Grant for Provinces	350 612	138 645	106 883	30.5%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	240 563	95 833	46 789	19.4%
Social Development	47 500	–	691	1.5%
Substance Abuse Treatment Grant	47 500	–	691	1.5%
Sport and Recreation South Africa	537 294	179 078	47 408	8.8%
Mass Participation and Sport Development Grant	537 294	179 078	47 408	8.8%
Transport	14 790 103	3 157 272		
1. Provincial Roads Maintenance Grant	9 850 655	2 309 752		
1. Public Transport Operations Grant	4 939 448	847 520		
Total	85 485 408	21 980 042		
Total excluding Schedules 4A and 7A grants	46 583 847	11 791 030	9 521 306	20.4%

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

2. Part A of Schedule 7 grants specifying funds that are not allocated to specific provinces, that may be released to provinces to fund immediate disaster response.

37. Against the allocation of R46.6 billion (which excludes Part A of Schedule 4 and Part A of Schedule 7 grants), spending amounts to R9.5 billion, or 20.4 per cent.

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

- a. Substance Abuse Treatment (1.5 per cent)
- b. Maths, Science and Technology (4.6 per cent)
- c. Land Care Programme (4.8 per cent)
- d. National Health Insurance (6.5 per cent)
- e. Ilima/Letsema Projects (6.6 per cent)

39. Table 15 indicates selected conditional grant spending rates as at 30 June 2015.

Table 15: Selected Conditional Grants Spending Rates as at 30 June 2015

	Number of provinces spent less than 10%	Number of provinces spent between 10% and 20% (inclusive)	Number of provinces spent more than 20%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant	7 EC, FS, GT, KZN, LIM, MPU, NC	1 WC	1 NW
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 EC, FS, GT, LIM, MPU, NC, NW, WC	1 KZN	
Arts and Culture			
Community Library Services Grant	4 EC, GT, KZN, WC	5 FS, LIM, MPU, NC, NW	
Basic Education			
Education Infrastructure Grant	2 EC, GT	3 MPU, NC, WC	4 FS, KZN, LIM, NW
Maths, Science And Technology Grant	7 EC, FS, GT, KZN, LIM, NW, WC	1 NC	1 MPU
HIV and Aids (Life Skills Education) Grant	4 EC, GT, LIM, NC	2 KZN, NW	3 FS, MPU, WC
National School Nutrition Programme Grant		3 GT, LIM, NW	6 EC, FS, KZN, MPU, NC, WC
Health			
Comprehensive HIV and Aids Grant		4 FS, LIM, NC, NW	5 EC, GT, KZN, MPU, WC
Health Facility Revitalisation Grant		6 EC, FS, MPU, NC, NW, WC	3 GT, KZN, LIM
National Health Insurance Grant	7 EC, FS, GT, KZN, LIM, MPU, NW	2 NC, WC	
Human Settlements			
Human Settlements Development Grant		4 FS, GT, LIM, WC	5 EC, KZN, MPU, NC, NW
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	3 LIM, NC, NW	2 FS, MPU	4 EC, GT, KZN, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 FS	5 EC, GT, LIM, MPU, NC	3 KZN, NW, WC
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	7 EC, FS, GT, KZN, LIM, MPU, NC	1 WC	1 NW

Note: Percentages represent actual expenditure against main budget as per the Division of Revenue Act, 2015.

40. Table 15 further indicates that at least seven provinces have spent less than 10 per cent for the following grants: Ilima/Letsema Projects; Land Care Programme; Maths, Science and Technology; National Health Insurance; and Mass Participation and Sport Development.

Provincial Revenue

41. Provincial revenue includes equitable share allocations of R382.7 billion, conditional grants of R85.5 billion (including Provincial Disaster Grant) and own revenue of R15.3 billion. The total provincial revenue received and collected as at 30 June 2015 is R121.4 billion, or 25.1 per cent, of total revenue of R483.5 billion.

42. During the first quarter of the current financial year, national government transferred R95.7 billion or 25 per cent of the equitable share and R22 billion or 25.7 per cent of conditional grants to provinces.
43. After three months, provinces have collected R3.8 billion or 24.8 per cent of the budgeted own revenue of R15.3 billion, which is R160 million, or 4.4 per cent, more than what was collected by the end of June for the previous financial year.
44. The collection rate varies from 17.4 per cent in the North West and 18.3 per cent in Mpumalanga, to a high of 29 per cent in Limpopo and 27.2 per cent in Gauteng.

Table 16: Provincial Own Revenue Collection as at 30 June 2015

	Main budget	Actual collection as at 30 June 2015	Actual collection as % of main budget	% share of Own Revenue collected to total provincial revenue	% share of Own Revenue collected to total Own Revenue	2014/15: Outcome as at 30 June 2014	Year-on-year growth
R thousand							
Eastern Cape	1 090 615	290 092	26.6%	1.7%	7.6%	264 161	9.8%
Free State	1 008 183	230 965	22.9%	3.2%	6.1%	201 096	14.9%
Gauteng	4 584 695	1 247 617	27.2%	5.3%	32.8%	1 161 236	7.4%
Kw aZulu-Natal	2 995 146	711 010	23.7%	2.7%	18.7%	706 919	0.6%
Limpopo	976 707	283 661	29.0%	2.2%	7.5%	225 330	25.9%
Mpumalanga	821 638	150 024	18.3%	1.5%	3.9%	145 580	3.1%
Northern Cape	340 960	78 357	23.0%	2.2%	2.1%	69 082	13.4%
North West	1 031 528	179 158	17.4%	2.1%	4.7%	232 029	-22.8%
Western Cape	2 474 644	630 574	25.5%	4.9%	16.6%	636 021	-0.9%
Total	15 324 116	3 801 458	24.8%	3.1%	100.0%	3 641 454	4.4%