



**national treasury**

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National Treasury  
REPUBLIC OF SOUTH AFRICA

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### **Provincial Budgets: 2016/17 Financial Year Third Quarter Year to Date Provincial Budgets and Expenditure Report**

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#### **SUMMARY**

1. Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), this statement of provincial receipts and payments covers the first nine months (April to December 2016) of the 2016/17 financial year. The statement is also available on the Treasury website at [www.treasury.gov.za](http://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 *2016 Adjusted Estimates of Provincial Revenue and Expenditure* documents of provinces, which were presented to their provincial legislatures during November 2016. It includes the adjustments from national government to provinces of R657.9 million allocated through the *Adjustments Appropriation Act, 2016 and Division of Revenue Amendment Act, 2016*.
4. There were no adjustments made to the provincial equitable share. Funds rolled over by national departments for the 2016/17 financial year amounted to R275.7 million. Other additions to conditional grants include the conversions of indirect conditional grants to direct conditional grants amounting to R203.3 million in aggregate. Details for the additions, conversions of allocations were published as part of the *Division of Revenue Amendment Bill, 2016*.
5. In addition to the national adjustments, provinces increased their main budgets by R7 billion. This amount consists of unspent conditional grants rolled over from the previous financial year (approved by the National Treasury) and other funds surrendered to the respective Provincial Revenue Funds in respect of the 2015/16 financial year.
6. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R7.7 billion with the bulk going to health (R2.5 billion); public works, roads and transport (R1.6 billion); education (R1.4 billion); and human settlements and cooperative governance by R1.3 billion.

*Overall Expenditure and Revenue Trends for the nine months to the end of December 2016*

7. In aggregate, provinces spent R391.3 billion, or 74.6 per cent, of their combined adjusted budgets of R524.9 billion, an increase of 8.1 per cent or R29.4 billion on the R361.9 billion spent last year.
8. Education expenditure, which at 40.6 per cent is the largest item on provincial budgets, was R159.5 billion or 74.8 per cent of the R213.1 billion combined education adjusted budgets, an increase of 7.7 per cent or R11.4 billion on the previous financial year.
9. Health expenditure, which at 31.7 per cent is the second largest item on provincial budgets, totalled R126.5 billion, or 76 per cent of the R166.4 billion combined health adjusted budgets. The expenditure represents an increase of 9 per cent or R10.5 billion on the same period for the 2015/16 financial year.
10. Social development expenditure was R13.1 billion or 73.2 per cent of the R17.9 billion combined social development adjusted budgets.
11. Personnel expenditure (compensation of employees) was R234.1 billion or 74.8 per cent of the R312.9 billion adjusted budget. Given the tight budgetary environment, provinces through cost-effective reprioritisation within their current budgets, have to cover for the wage costs which were higher than original budgets because of increased inflation.
12. In aggregate, provinces spent R23.9 billion or 65.9 per cent of their R36.3 billion combined capital (payments for capital assets) adjusted budgets, a decrease of 1.1 per cent on the expenditure for same period of the 2015/16 financial year.
13. Provincial education departments spent R7.6 billion or 64.3 per cent of the R11.8 billion adjusted budgets for capital expenditure, which is R574.9 million or 8.2 per cent more than the expenditure for the previous financial year.
14. Provincial health departments spent R5.3 billion or 62 per cent of the R8.5 billion adjusted budgets for capital expenditure, which is R319.3 million or 5.7 per cent less than the same period for 2015/16.
15. The biggest share (33.9 per cent) of provincial capital budgets is for the public works, roads and transport departments, which spent R9.1 billion or 73.9 per cent of the combined capital adjusted budget of R12.3 billion.
16. Provinces collected own revenue of R13.7 billion, or 79.4 per cent of the budgeted own revenue of R17.2 billion. By 31 December 2016, national government had transferred R308 billion of the equitable share and R70.7 billion of conditional grants to provinces.
17. A more detailed analysis on the outcome of provincial finances as at 31 December 2016 is set out in Annexure A.

**DETAILED ANALYSIS FOR THE NINE MONTHS TO THE END OF DECEMBER 2016:**

1. The budgeted figures for provinces are based on the *2016 Adjusted Estimates of Provincial Revenue and Expenditure* documents (adjusted budgets) tabled in the provincial legislatures during November 2016.

*Total Expenditure*

2. Table 1 indicates that provinces spent R391.3 billion or 74.6 per cent of the combined adjusted budget of R524.9 billion. Spending against adjusted budgets is at a higher level in percentage terms when compared to the same period of the 2015/16 financial year (73.3 per cent). Spending in nominal terms is 8.1 per cent or R29.4 billion higher than last year, when provinces spent R361.9 billion.
3. Spending was lowest in Limpopo (72.4 per cent of the adjusted budget) and the Western Cape (72.8 per cent), highest in the Free State and KwaZulu-Natal, at 76.6 per cent and 76.1 per cent respectively.

**Table 1: Provincial Aggregated Budgets and Expenditure as at 31 December 2016**

R thousand	Adjusted budget 2016/17					Actual payments as at 31 December 2016					Projected outcome as % of adjusted budget	2015/16: Outcome as at 31 December 2015	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	56 883 633	8 262 851	4 822 356	20 067	69 988 907	42 156 056	6 787 555	3 228 950	20 101	52 192 662	74.6%	48 212 468	8.3%
Free State	24 177 468	4 354 050	2 554 632	–	31 086 151	18 417 219	3 619 996	1 768 077	3 846	23 809 138	76.6%	22 510 518	5.8%
Gauteng	78 133 610	20 326 060	6 793 774	1 039	105 254 483	59 025 996	15 934 303	3 831 580	16 948	78 808 827	74.9%	71 069 575	10.9%
KwaZulu-Natal	90 745 008	11 269 561	7 654 263	158 730	109 827 562	68 431 451	9 159 174	5 789 115	159 081	83 538 821	76.1%	76 918 224	8.6%
Limpopo	49 407 536	7 292 345	2 349 321	832	59 050 033	36 170 574	5 490 800	1 066 853	9 541	42 737 768	72.4%	39 386 742	8.5%
Mpumalanga	32 610 312	5 639 136	3 455 094	–	41 704 542	24 771 391	4 195 942	2 176 531	82	31 143 946	74.7%	29 486 471	5.6%
Northern Cape	12 281 862	1 593 302	1 534 214	59	15 409 437	9 290 454	1 212 356	944 070	56	11 446 936	74.3%	10 897 317	5.0%
North West	28 780 644	5 574 255	2 234 301	–	36 589 200	20 807 965	4 421 914	1 658 696	–	26 888 575	73.5%	25 945 878	3.6%
Western Cape	42 065 929	8 988 939	4 891 544	9 540	55 955 952	30 447 521	6 816 403	3 466 936	5 841	40 736 701	72.8%	37 427 661	8.8%
<b>Total</b>	<b>415 086 002</b>	<b>73 300 499</b>	<b>36 289 498</b>	<b>190 267</b>	<b>524 866 267</b>	<b>309 518 627</b>	<b>57 638 443</b>	<b>23 930 808</b>	<b>215 496</b>	<b>391 303 374</b>	<b>74.6%</b>	<b>361 854 854</b>	<b>8.1%</b>

*Social Services*

4. The provincial adjusted budget for social services, including education, health and social development totals R397.4 billion.

**Table 2: Provincial Social Services Expenditure as at 31 December 2016**

R thousand	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
Education	213 094 551	159 493 462	74.8%	40.8%	53.3%	148 115 771	7.7%
Health	166 405 948	126 510 795	76.0%	32.3%	42.3%	116 051 369	9.0%
Social Development	17 854 311	13 076 662	73.2%	3.3%	4.4%	12 301 571	6.3%
<b>Total</b>	<b>397 354 810</b>	<b>299 080 919</b>	<b>75.3%</b>	<b>76.4%</b>	<b>100.0%</b>	<b>276 468 711</b>	<b>8.2%</b>

5. Expenditure at the end of the third quarter year to date of 2016/17 was R299.1 billion, or 75.3 per cent of the total provincial social services adjusted budgets.

## Education

6. At R213.1 billion, education adjusted budgets comprise 40.6 per cent of total provincial adjusted budgets. Table 3 shows that education expenditure by the end of the third quarter year to date of 2016/17 totalled R159.5 billion or 74.8 per cent of the total education adjusted budget. This is an increase of 7.7 per cent, or R11.4 billion, on the R148.1 billion spent over the same period in 2015/16.
7. Spending by provinces on education ranges from 71.1 per cent in Limpopo and 72.5 per cent in the Eastern Cape, to 78.5 per cent in the Northern Cape and 77.2 per cent in the Free State.

**Table 3: Provincial Education Expenditure as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	30 982 636	22 469 656	72.5%	43.1%	56.1%	20 908 240	7.5%
Free State	12 200 993	9 416 937	77.2%	39.6%	55.2%	9 011 145	4.5%
Gauteng	39 508 650	29 852 698	75.6%	37.9%	48.2%	27 616 575	8.1%
KwaZulu-Natal	45 653 119	35 062 633	76.8%	42.0%	53.4%	32 010 383	9.5%
Limpopo	27 591 674	19 605 053	71.1%	45.9%	57.7%	18 645 186	5.1%
Mpumalanga	17 937 287	13 762 903	76.7%	44.2%	60.2%	12 884 955	6.8%
Northern Cape	5 447 610	4 274 591	78.5%	37.3%	53.6%	3 805 902	12.3%
North West	14 241 900	10 569 243	74.2%	39.3%	55.7%	10 006 333	5.6%
Western Cape	19 530 682	14 479 748	74.1%	35.5%	47.3%	13 227 052	9.5%
<b>Total</b>	<b>213 094 551</b>	<b>159 493 462</b>	<b>74.8%</b>	<b>40.8%</b>	<b>53.3%</b>	<b>148 115 771</b>	<b>7.7%</b>

8. Expenditure on goods and services (including learner and teacher support materials) was at R12.9 billion, or 66.7 per cent of the adjusted budget amount of R19.3 billion.
9. The bulk of education expenditure (R124.1 billion, or 77.8 per cent of total education expenditure) was on personnel. The first nine months expenditure accounted for 75 per cent of the R165.5 billion adjusted budget for personnel. Spending by provinces on personnel expenditure in education ranged from 73.8 per cent in the Eastern Cape to 78.3 per cent in the Free State.

**Table 4: Provincial Personnel Expenditure: Education as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	24 390 314	17 989 956	73.8%	54.2%	80.1%	17 053 973	5.5%
Free State	9 367 355	7 334 250	78.3%	51.5%	77.9%	7 035 340	4.2%
Gauteng	28 367 460	21 393 828	75.4%	49.8%	71.7%	19 289 581	10.9%
KwaZulu-Natal	37 902 801	28 360 083	74.8%	55.6%	80.9%	25 936 452	9.3%
Limpopo	22 165 917	16 433 216	74.1%	54.5%	83.8%	15 523 436	5.9%
Mpumalanga	14 031 000	10 747 591	76.6%	57.9%	78.1%	9 915 883	8.4%
Northern Cape	4 166 078	3 244 125	77.9%	50.5%	75.9%	2 939 495	10.4%
North West	10 812 713	8 024 135	74.2%	52.1%	75.9%	7 480 359	7.3%
Western Cape	14 324 996	10 603 265	74.0%	48.0%	73.2%	9 803 975	8.2%
<b>Total</b>	<b>165 528 634</b>	<b>124 130 449</b>	<b>75.0%</b>	<b>53.0%</b>	<b>77.8%</b>	<b>114 978 494</b>	<b>8.0%</b>

10. Capital expenditure by provincial education departments was R7.6 billion, or 64.3 per cent, of the R11.8 billion adjusted budget, which is 8.2 per cent higher than the spending over the same period of the previous financial year. Education capital expenditure was lowest in Limpopo (34.1 per cent) and highest in the North West (85.6 per cent).

**Table 5: Provincial Capital Expenditure: Education as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Education Capital to total capital expenditure	% share of Education Capital to total Education expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 614 344	1 033 226	64.0%	32.0%	4.6%	560 150	84.5%
Free State	709 535	374 057	52.7%	21.2%	4.0%	510 414	-26.7%
Gauteng	2 752 663	1 562 001	56.7%	40.8%	5.2%	1 266 559	23.3%
KwaZulu-Natal	2 199 915	1 708 894	77.7%	29.5%	4.9%	1 460 083	17.0%
Limpopo	1 107 689	378 042	34.1%	35.4%	1.9%	768 810	-50.8%
Mpumalanga	906 912	537 894	59.3%	24.7%	3.9%	589 626	-8.8%
Northern Cape	439 249	366 794	83.5%	38.9%	8.6%	270 058	35.8%
North West	919 441	787 463	85.6%	47.5%	7.5%	692 778	13.7%
Western Cape	1 116 471	821 361	73.6%	23.7%	5.7%	876 391	-6.3%
<b>Total</b>	<b>11 766 219</b>	<b>7 569 732</b>	<b>64.3%</b>	<b>31.6%</b>	<b>4.7%</b>	<b>6 994 869</b>	<b>8.2%</b>

## Health

11. Health adjusted budgets, totalling R166.4 billion, comprise 31.7 per cent of total provincial adjusted budgets.

**Table 6: Provincial Health Expenditure as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	20 648 269	15 772 760	76.4%	30.2%	39.4%	14 449 145	9.2%
Free State	9 042 105	6 822 948	75.5%	28.7%	40.0%	6 373 402	7.1%
Gauteng	37 656 857	28 820 182	76.5%	36.6%	46.6%	26 198 734	10.0%
KwaZulu-Natal	37 039 000	28 686 007	77.4%	34.3%	43.7%	26 031 333	10.2%
Limpopo	17 098 722	13 127 117	76.8%	30.7%	38.6%	11 873 777	10.6%
Mpumalanga	10 606 328	8 114 245	76.5%	26.1%	35.5%	7 366 199	10.2%
Northern Cape	4 494 185	3 155 624	70.2%	27.6%	39.6%	3 242 520	-2.7%
North West	9 675 937	7 396 543	76.4%	27.5%	39.0%	6 837 981	8.2%
Western Cape	20 144 545	14 615 369	72.6%	35.9%	47.7%	13 678 278	6.9%
<b>Total</b>	<b>166 405 948</b>	<b>126 510 795</b>	<b>76.0%</b>	<b>32.3%</b>	<b>42.3%</b>	<b>116 051 369</b>	<b>9.0%</b>

12. Table 6 indicates that, at R126.5 billion or 76 per cent of the total health adjusted budget, health expenditure increased by 9 per cent, or R10.5 billion, compared to the same period in 2015/16.

13. Northern Cape and the Western Cape provinces spent the lowest share of their health adjusted budgets at 70.2 per cent and 72.6 per cent respectively. The highest shares are recorded by KwaZulu-Natal at 77.4 per cent and Limpopo at 76.8 per cent.

14. Table 7 (overleaf) shows that health personnel expenditure was R78.6 billion, or 75.1 per cent, of the health personnel adjusted budget, an increase of R6.5 billion, or 9 per cent, on the R72.1 billion spent over the same period in 2015/16.

**Table 7: Provincial Personnel Expenditure: Health as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	13 504 099	10 175 317	75.3%	30.6%	64.5%	9 404 727	8.2%
Free State	5 836 570	4 390 775	75.2%	30.8%	64.4%	4 183 845	4.9%
Gauteng	22 361 591	17 122 678	76.6%	39.9%	59.4%	15 330 006	11.7%
KwaZulu-Natal	23 486 647	17 598 131	74.9%	34.5%	61.3%	16 204 488	8.6%
Limpopo	12 338 382	9 154 008	74.2%	30.4%	69.7%	8 500 732	7.7%
Mpumalanga	6 722 932	5 028 309	74.8%	27.1%	62.0%	4 481 067	12.2%
Northern Cape	2 273 017	1 736 006	76.4%	27.0%	55.0%	1 605 259	8.1%
North West	6 187 037	4 495 434	72.7%	29.2%	60.8%	4 194 339	7.2%
Western Cape	11 848 746	8 866 496	74.8%	40.1%	60.7%	8 177 639	8.4%
<b>Total</b>	<b>104 559 021</b>	<b>78 567 154</b>	<b>75.1%</b>	<b>33.6%</b>	<b>62.1%</b>	<b>72 082 102</b>	<b>9.0%</b>

15. Spending on non-capital items, including medicines, drugs and other current expenditure (but excluding expenditure on personnel), was R42.7 billion, or 80 per cent, of the R53.3 billion adjusted budget.

16. Capital expenditure in the health sector was R5.3 billion, or 62 per cent, a decrease of R319.3 million or 5.7 per cent on the R5.6 billion spent over the same period last year.

**Table 8: Provincial Capital Expenditure: Health as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 397 976	787 024	56.3%	24.4%	5.0%	882 992	-10.9%
Free State	671 999	549 023	81.7%	31.1%	8.0%	433 027	26.8%
Gauteng	2 290 755	1 189 665	51.9%	31.0%	4.1%	1 056 529	12.6%
KwaZulu-Natal	1 308 327	836 537	63.9%	14.5%	2.9%	1 021 526	-18.1%
Limpopo	450 185	278 962	62.0%	26.1%	2.1%	291 675	-4.4%
Mpumalanga	536 532	428 741	79.9%	19.7%	5.3%	421 669	1.7%
Northern Cape	577 930	247 148	42.8%	26.2%	7.8%	480 449	-48.6%
North West	594 408	478 695	80.5%	28.9%	6.5%	544 964	-12.2%
Western Cape	697 785	493 175	70.7%	14.2%	3.4%	475 476	3.7%
<b>Total</b>	<b>8 525 897</b>	<b>5 288 970</b>	<b>62.0%</b>	<b>22.1%</b>	<b>4.2%</b>	<b>5 608 307</b>	<b>-5.7%</b>

17. Spending levels by provinces varied, with the Northern Cape (42.8 per cent) and Gauteng (51.9 per cent) being the lowest and the Free State (81.7 per cent) and the North West (80.5 per cent) being the highest.

### *Social Development*

18. At R17.9 billion, the social development adjusted budget comprises 3.4 per cent of total provincial adjusted budgets.

19. Provinces registered expenditure of R13.1 billion, or 73.2 per cent, of the total adjusted budget of R17.9 billion, which represents an increase of R775.1 million, or 6.3 per cent, on the R12.3 billion spent over the same period last year.

20. Expenditure levels varied, with Mpumalanga (68.4 per cent) and the Northern Cape (69.9 per cent) being the lowest, and the Western Cape (78.1 per cent) and Gauteng (75.3 per cent) being the highest.

**Table 9: Provincial Social Development Expenditure as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	2 403 619	1 791 827	74.5%	3.4%	4.5%	1 739 894	3.0%
Free State	1 148 413	808 840	70.4%	3.4%	4.7%	734 950	10.1%
Gauteng	4 271 601	3 215 022	75.3%	4.1%	5.2%	2 912 759	10.4%
KwaZulu-Natal	2 782 299	1 953 299	70.2%	2.3%	3.0%	1 836 268	6.4%
Limpopo	1 679 839	1 239 326	73.8%	2.9%	3.6%	1 145 536	8.2%
Mpumalanga	1 436 091	982 403	68.4%	3.2%	4.3%	958 125	2.5%
Northern Cape	775 894	542 022	69.9%	4.7%	6.8%	523 965	3.4%
North West	1 392 691	1 009 748	72.5%	3.8%	5.3%	970 992	4.0%
Western Cape	1 963 864	1 534 175	78.1%	3.8%	5.0%	1 479 082	3.7%
<b>Total</b>	<b>17 854 311</b>	<b>13 076 662</b>	<b>73.2%</b>	<b>3.3%</b>	<b>4.4%</b>	<b>12 301 571</b>	<b>6.3%</b>

### *Human Settlements Development Conditional Grant*

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

**Table 10: Provincial Human Settlements Development Grant Expenditure as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 995 643	1 736 007	87.0%	3.3%	12.9%	1 764 438	-1.6%
Free State	1 101 195	982 216	89.2%	4.1%	7.3%	866 007	13.4%
Gauteng	5 022 669	3 297 013	65.6%	4.2%	24.5%	3 035 315	8.6%
KwaZulu-Natal	3 124 702	2 428 191	77.7%	2.9%	18.1%	2 970 338	-18.3%
Limpopo	1 603 212	960 096	59.9%	2.2%	7.1%	789 171	21.7%
Mpumalanga	1 314 645	784 010	59.6%	2.5%	5.8%	1 134 550	-30.9%
Northern Cape	374 930	247 804	66.1%	2.2%	1.8%	291 761	-15.1%
North West	2 151 817	1 520 184	70.6%	5.7%	11.3%	1 838 347	-17.3%
Western Cape	2 000 811	1 484 467	74.2%	3.6%	11.0%	1 379 329	7.6%
<b>Total</b>	<b>18 689 624</b>	<b>13 439 988</b>	<b>71.9%</b>	<b>3.4%</b>	<b>100.0%</b>	<b>14 069 256</b>	<b>-4.5%</b>

22. Table 10 shows that provinces spent R13.4 billion, or 71.9 per cent of the R18.7 billion Human Settlements Development grant adjusted budget, which is a decrease of R629.3 million or 4.5 per cent on the expenditure for the same period last year.

### *Personnel Expenditure*

23. Personnel expenditure (compensation of employees) for the first nine months of the 2016/17 financial year was R234.1 billion, or 74.8 per cent, of the combined R312.9 billion adjusted budget, which is R18 billion or 8.3 per cent higher than the R216.1 billion spent during the same period last year.

**Table 11: Provincial Personnel Expenditure as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	44 804 465	33 213 484	74.1%	63.6%	14.2%	31 221 991	6.4%
Free State	18 528 618	14 251 183	76.9%	59.9%	6.1%	13 523 618	5.4%
Gauteng	56 802 000	42 926 286	75.6%	54.5%	18.3%	38 563 586	11.3%
KwaZulu-Natal	68 337 411	51 050 423	74.7%	61.1%	21.8%	46 940 602	8.8%
Limpopo	40 789 080	30 134 701	73.9%	70.5%	12.9%	28 248 950	6.7%
Mpumalanga	24 577 989	18 571 357	75.6%	59.6%	7.9%	17 033 855	9.0%
Northern Cape	8 385 795	6 426 496	76.6%	56.1%	2.7%	5 852 612	9.8%
North West	20 953 809	15 398 899	73.5%	57.3%	6.6%	14 317 657	7.6%
Western Cape	29 713 076	22 089 022	74.3%	54.2%	9.4%	20 392 506	8.3%
<b>Total</b>	<b>312 892 242</b>	<b>234 061 851</b>	<b>74.8%</b>	<b>59.8%</b>	<b>100.0%</b>	<b>216 095 376</b>	<b>8.3%</b>

24. Spending ranged from 73.5 per cent (North West), 73.9 per cent (Limpopo), to 76.9 per cent (Free State) and 76.6 per cent (Northern Cape).

#### *Overall Capital Budgets and Expenditure*

25. By the end of December 2016, provinces had spent R23.9 billion or 65.9 per cent of the R36.3 billion capital adjusted budget (payments for capital assets), a decrease of 1.1 per cent on the expenditure for the same period in 2015/16.

**Table 12: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 December 2016**

	Adjusted budget	Actual payments as at 31 December 2016	Actual payments as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	4 822 356	3 228 950	67.0%	6.2%	13.5%	2 440 797	32.3%
Free State	2 554 632	1 768 077	69.2%	7.4%	7.4%	1 894 526	-6.7%
Gauteng	6 793 774	3 831 580	56.4%	4.9%	16.0%	3 937 287	-2.7%
KwaZulu-Natal	7 654 263	5 789 115	75.6%	6.9%	24.2%	5 414 863	6.9%
Limpopo	2 349 321	1 066 853	45.4%	2.5%	4.5%	1 359 871	-21.5%
Mpumalanga	3 455 094	2 176 531	63.0%	7.0%	9.1%	2 544 337	-14.5%
Northern Cape	1 534 214	944 070	61.5%	8.2%	3.9%	1 024 675	-7.9%
North West	2 234 301	1 658 696	74.2%	6.2%	6.9%	2 338 652	-29.1%
Western Cape	4 891 544	3 466 936	70.9%	8.5%	14.5%	3 237 679	7.1%
<b>Total</b>	<b>36 289 498</b>	<b>23 930 808</b>	<b>65.9%</b>	<b>6.1%</b>	<b>100.0%</b>	<b>24 192 687</b>	<b>-1.1%</b>

26. Table 12 provides capital spending information by province and shows low rates of spending in Limpopo (45.4 per cent) and Gauteng (56.4 per cent), high rates in KwaZulu-Natal (75.6 per cent) and the North West (74.2 per cent). However, KwaZulu-Natal (R5.8 billion) spent the most in absolute terms, followed by Gauteng (R3.8 billion) and the Western Cape (R3.5 billion).

27. Provincial education departments spent R7.6 billion, or 64.3 per cent, of their R11.8 billion capital adjusted budgets, which is an increase of R574.9 million, or 8.2 per cent on the expenditure for the same period last year.

28. Provincial health departments spent R5.3 billion, or 62 per cent, of their R8.5 billion health capital adjusted budgets, which is R319.3 billion or 5.7 per cent less than the same period for 2015/16.



29. The public works, roads and transport departments, which have the biggest share (33.9 per cent) of provincial capital adjusted budgets, spent R9.1 billion or 73.9 per cent of their combined capital adjusted budgets of R12.3 billion.

### Conditional Grants

**Table 13: Provincial Conditional Grants Expenditure as at 31 December 2016**

	Division of Revenue Act, 2016	Division of Revenue Amendment Act, 2016	Provincial roll- overs	Total available 2016/17	Transferred from National to provinces	Actual payments as at 31 December 2016 (excluding Schedules 4A, 7A grants)	Actual payments as % of total available (excluding Schedules 4A, 7A grants)
R thousand							
<b>Agriculture, Forestry and Fisheries</b>	<b>2 202 452</b>	<b>–</b>	<b>7 839</b>	<b>2 210 291</b>	<b>1 697 428</b>	<b>1 435 421</b>	<b>64.9%</b>
Comprehensive Agricultural Support Programme Grant	1 641 824	–	7 667	1 649 491	1 277 536	1 034 340	62.7%
Ilima/Letsema Projects Grant	491 363	–	172	491 535	364 480	356 209	72.5%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	69 265	–	–	69 265	55 412	44 872	64.8%
<b>Arts and Culture</b>	<b>1 357 132</b>	<b>–</b>	<b>92 109</b>	<b>1 449 241</b>	<b>1 081 356</b>	<b>922 160</b>	<b>63.6%</b>
Community Library Services Grant	1 357 132	–	92 109	1 449 241	1 081 356	922 160	63.6%
<b>Basic Education</b>	<b>16 212 997</b>	<b>373 233</b>	<b>200 948</b>	<b>16 787 178</b>	<b>13 715 214</b>	<b>4 803 682</b>	<b>71.8%</b>
1. Education Infrastructure Grant	9 613 692	319 590	161 749	10 095 031	8 238 201		
HIV and Aids (Life Skills Education) Grant	230 849	–	557	231 406	184 680	155 688	67.3%
Maths, Science and Technology Grant	362 444	–	18 239	380 683	289 954	260 012	68.3%
National School Nutrition Programme Grant	6 006 012	53 643	20 403	6 080 058	5 002 379	4 387 982	72.2%
<b>Cooperative Governance and Traditional Affairs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		
2. Provincial Disaster Grant	–	–	–	–	–		
<b>Health</b>	<b>33 972 012</b>	<b>9 000</b>	<b>259 338</b>	<b>34 240 350</b>	<b>25 644 271</b>	<b>15 329 511</b>	<b>73.5%</b>
Comprehensive HIV and Aids Grant	15 290 603	–	42 187	15 332 790	11 508 056	11 691 193	76.2%
Health Facility Revitalisation Grant	5 272 680	–	153 901	5 426 581	4 150 369	3 598 606	66.3%
1. Health Professions Training and Development Grant	2 476 724	–	827	2 477 551	1 845 498		
National Health Insurance Grant	85 227	9 000	11 993	106 220	69 920	39 712	37.4%
1. National Tertiary Services Grant	10 846 778	–	50 430	10 897 208	8 070 428		
<b>Human Settlements</b>	<b>18 283 991</b>	<b>–</b>	<b>405 633</b>	<b>18 689 624</b>	<b>14 723 558</b>	<b>13 439 988</b>	<b>71.9%</b>
Human Settlements Development Grant	18 283 991	–	405 633	18 689 624	14 723 558	13 439 988	71.9%
<b>Public Works</b>	<b>761 671</b>	<b>–</b>	<b>1 447</b>	<b>763 118</b>	<b>740 405</b>	<b>553 102</b>	<b>72.5%</b>
Expanded Public Works Programme Integrated Grant for Provinces	402 009	–	1 447	403 456	385 028	286 001	70.9%
Social Sector Expanded Public Works Programme Incentive Grant	359 662	–	–	359 662	355 377	267 101	74.3%
<b>Social Development</b>	<b>85 500</b>	<b>–</b>	<b>11 000</b>	<b>96 500</b>	<b>–</b>	<b>11 872</b>	<b>12.3%</b>
Substance Abuse Treatment Grant	85 500	–	11 000	96 500	–	11 872	12.3%
<b>Sport and Recreation South Africa</b>	<b>555 708</b>	<b>–</b>	<b>5 631</b>	<b>561 339</b>	<b>464 611</b>	<b>441 200</b>	<b>78.6%</b>
Mass Participation and Sport Development Grant	555 708	–	5 631	561 339	464 611	441 200	78.6%
<b>Transport</b>	<b>15 602 795</b>	<b>275 691</b>	<b>59 383</b>	<b>15 937 869</b>	<b>12 593 714</b>		
1. Provincial Roads Maintenance Grant	10 202 503	275 691	26 611	10 504 805	8 834 020		
1. Public Transport Operations Grant	5 400 292	–	32 772	5 433 064	3 759 694		
<b>Total</b>	<b>89 034 258</b>	<b>657 924</b>	<b>1 043 328</b>	<b>90 735 510</b>	<b>70 660 557</b>		
<b>Total excluding Schedules 4A and 7A grants</b>	<b>50 494 269</b>	<b>62 643</b>	<b>770 939</b>	<b>51 327 851</b>	<b>39 912 716</b>	<b>36 936 936</b>	<b>72.0%</b>

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.

30. The total adjusted conditional grant allocation is R90.7 billion (including Schedules 4A and 7A grants), of which health (R34.2 billion) makes up the bulk.
31. Table 13 above reflects spending by all provinces on conditional grant adjusted allocations as at 31 December 2016. It includes conditional grant roll-overs from the 2015/16 financial year (approved by the National Treasury) and other provincial adjustments but excludes spending on Schedules 4A and 7A grants.
32. Schedule 4A grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 7A grant) specifies funds that are not allocated to specific provinces that may be released to provinces to fund disaster response.
33. An additional R675.9 million adjustment, in aggregate, to conditional grants were allocated by national government through the *Adjustments Appropriation Act, 2016* and *Division of Revenue Amendment Act, 2016*.
34. Of the R51.3 billion (including provincial roll-overs) allocated to provinces as conditional grants (excluding Schedules 4A and 7A grants), R36.9 billion, or 72 per cent, had been spent by the end of December 2016.

**Table 14: Selected Conditional Grants Spending Rates as at 31 December 2016**

	Number of provinces spent less than 70%	Number of provinces spent between 70% and 80% (inclusive)	Number of provinces spent more than 80%
<b>Agriculture, Forestry and Fisheries</b>			
Ilima/Letsema Projects Grant	3 EC, LIM, NC	4 FS, KZN, NW, WC	2 GT, MPU
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 GT, KZN, LIM, MPU, NC	2 EC, NW	2 FS, WC
<b>Arts and Culture</b>			
Community Library Services Grant	6 EC, FS, GT, KZN, NC, NW	2 MPU, WC	1 LIM
<b>Basic Education</b>			
Maths, Science And Technology Grant	3 KZN, LIM, NW	4 FS, GT, NC, WC	2 EC, MPU
HIV and Aids (Life Skills Education) Grant	3 GT, LIM, NW	2 EC, NC	4 FS, KZN, MPU, WC
National School Nutrition Programme Grant	3 EC, GT, WC	5 KZN, LIM, MPU, NC, NW	1 FS
<b>Health</b>			
Comprehensive HIV and Aids Grant	2 FS, NC	5 EC, GT, KZN, NW, WC	2 LIM, MPU
Health Facility Revitalisation Grant	5 EC, GT, KZN, LIM, NC	2 MPU, WC	2 FS, NW
National Health Insurance Grant	9 All provinces		
<b>Human Settlements</b>			
Human Settlements Development Grant	4 GT, LIM, MPU, NC	3 KZN, NW, WC	2 EC, FS
<b>Public Works</b>			
Expanded Public Works Programme Integrated Grant for Provinces	4 KZN, MPU, NW, WC	2 FS, LIM	3 EC, GT, NC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	4 FS, KZN, MPU, NC	2 LIM, WC	3 EC, GT, NW
<b>Sport and Recreation South Africa</b>			
Mass Participation and Sport Development Grant		5 EC, GT, KZN, LIM, NW	4 FS, MPU, NC, WC

*Note: Percentages represent actual expenditure against total available as per the Division of Revenue Amendment Act, 2016.*

35. Table 14 above indicates selected conditional grant spending rates as at 31 December 2016.
36. Specific grants that show low rates of spending include:
- Substance Abuse Treatment (12.3 per cent)
  - National Health Insurance (37.4 per cent)

- c. Comprehensive Agricultural Support Programme (62.7 per cent)
- d. Community Library Services (63.6 per cent)
- e. Land Care Programme (64.8 per cent)

### *Provincial Revenue*

37. The adjusted budgeted provincial revenue of R517.6 billion includes equitable share allocations of R410.7 billion, conditional grants of R89.7 billion and own revenue of R17.2 billion. Of the budgeted revenue, provinces had received and collected R392.3 billion, or 75.8 per cent by the end of December 2016.
38. By the end of December, national government had transferred to provinces R308 billion or 75 per cent of the equitable share, and R70.7 billion or 78.8 per cent in conditional grants.
39. Of budgeted own revenue of R17.2 billion, provinces had collected R13.7 billion or 79.4 per cent by the end of December, which is R1.4 billion, or 11.5 per cent more than what was collected during the same period last year.
40. The collection rate varied from a low of 71.4 per cent (Free State), 75.1 per cent (Limpopo), to a high of 90.6 per cent (Mpumalanga) and 88.5 per cent (Western Cape).

**Table 15: Provincial Own Revenue Collection as at 31 December 2016**

	Adjusted budget	Actual collection as at 31 December 2016	Actual collection as % of adjusted budget	% share of Own Revenue collected to total provincial revenue received	% share of Own Revenue collected to total Own Revenue collected	2015/16: Outcome as at 31 December 2015	Year-on-year growth
<b>R thousand</b>							
Eastern Cape	1 614 167	1 220 118	75.6%	2.3%	8.9%	1 006 780	21.2%
Free State	1 011 333	722 456	71.4%	3.1%	5.3%	667 719	8.2%
Gauteng	5 320 447	4 184 140	78.6%	5.3%	30.6%	4 031 601	3.8%
KwaZulu-Natal	3 031 769	2 358 323	77.8%	2.9%	17.3%	2 185 978	7.9%
Limpopo	1 455 068	1 092 671	75.1%	2.5%	8.0%	893 084	22.3%
Mpumalanga	864 798	783 339	90.6%	2.5%	5.7%	617 023	27.0%
Northern Cape	315 679	263 867	83.6%	2.3%	1.9%	238 988	10.4%
North West	1 098 617	829 609	75.5%	3.0%	6.1%	619 072	34.0%
Western Cape	2 494 163	2 206 638	88.5%	5.3%	16.2%	1 989 842	10.9%
<b>Total</b>	<b>17 206 041</b>	<b>13 661 161</b>	<b>79.4%</b>	<b>3.5%</b>	<b>100.0%</b>	<b>12 250 087</b>	<b>11.5%</b>