



national treasury

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**Provincial Budgets: 2016/17 Financial Year
Fourth Quarter Year to Date Provincial Budgets and Expenditure Report
(Preliminary Outcome)**

SUMMARY

1. Published by the National Treasury in terms of Section 32 of the Public Finance Management Act (PFMA), the fourth quarter provincial budget statement of receipts and payments is the first estimate of spending outcomes for the 2016/17 financial year (1 April 2016 to 31 March 2017). The statement is available on the treasury website (www.treasury.gov.za). **These figures may be revised as provincial departments have until 31 May 2017 to finalise (and reconcile) their financial statements before they are submitted to the provincial Auditors-General.**
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 take account of revisions effected in the *2016 Adjusted Estimates of Provincial Revenue and Expenditure* by 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. An additional gazette was published on the 17 March 2017 in terms of Section 20 of the Division of Revenue Act, 2016, as amended. This gazette revised the allocations of the Education Infrastructure grant between provinces.
6. These allocations and others were tabled in second adjusted budgets during March 2017.
7. In addition to the national adjustments, provinces increased their main budgets by R7 billion. The provincial adjustments consist mainly of unspent conditional grants not

surrendered to the National Revenue Fund and other funds surrendered to the respective Provincial Revenue Funds in respect of the 2015/16 financial year. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R7.7 billion with the bulk to health (R2.5 billion); public works, roads and transport (R1.6 billion); and education (R1.4 billion).

8. In aggregate, provinces reduced their compensation of employees' main budget by R534.3 million; goods and services main budget revised upwards by R4.2 billion; and transfers and subsidies main budget increased by R3.8 billion.
9. Payments for capital assets' main budget have been revised upwards by R155.3 million. However, under expenditure in respect of capital amounted to R2.1 billion in five provinces for the 2015/16 financial year. Currently, the preliminary outcome on capital expenditure shows an under expenditure of R1.7 billion in six provinces.

Overall Expenditure Trends – Preliminary Outcomes

10. In aggregate, provinces spent R520.5 billion, or 99.2 per cent, of their adjusted budgets of R524.9 billion in 2016/17. This represents a spending increase of 7 per cent or R33.9 billion compared to the 2015/16 financial year when provinces spent R486.5 billion.
11. The preliminary outcome for education expenditure is R211.6 billion or 99.3 per cent of the R213.1 billion combined education adjusted budgets, an increase of 7.3 per cent or R14.5 billion on the previous financial year. It remains the largest item on provincial budgets (40.6 per cent).
12. Health expenditure totalled R166.4 billion, or 100 per cent, of the R166.4 billion combined health adjusted budgets and is the second largest item on provincial budgets (31.7 per cent). This is 8 per cent or R12.3 billion more than the 2015/16 financial year.
13. Social development expenditure is R17.5 billion or 98.1 per cent of the R17.9 billion social development adjusted budgets.
14. Personnel expenditure (compensation of employees) is in aggregate R311.4 billion or 99.5 per cent of the budgeted R312.9 billion.
15. In aggregate, provinces spent R34.1 billion or 93.9 per cent of their R36.3 billion combined capital (payments for capital assets) adjusted budgets. This is a decrease of R2.3 billion or 6.2 per cent on the 2015/16 financial year.
16. Provincial education departments spent R11.3 billion or 96.2 per cent of the budgeted R11.8 billion for capital expenditure. This is R608.9 million or 5.7 per cent more than the previous financial year.
17. Provincial health departments spent R7.4 billion or 86.3 per cent of the budgeted R8.5 billion for capital expenditure, which is R385.6 million or 5 per cent less than the outcome for 2015/16.
18. The biggest share of provincial capital adjusted budgets was for public works, roads and transport departments (33.9 per cent), which spent R12.1 billion or 97.9 per cent of their combined capital adjusted budgets of R12.3 billion.
19. Provincial own revenue collected was R18.7 billion or 105.1 per cent of the budgeted own revenue of R17.7 billion. National government transferred R410.7 billion of the equitable share and R89.7 billion of conditional grants to provinces.
20. A more detailed analysis of the provincial preliminary outcome for the 2016/17 financial year is set out in Annexure A.

DETAILED ANALYSIS OF THE 2016/17 FINANCIAL YEAR (PRELIMINARY OUTCOME)

1. The budgeted figures for provinces are based on the 2016/17 adjusted estimates of provincial revenue and expenditure documents (adjusted budgets) tabled in the provincial legislatures during November 2016. The budgeted figures also take account of revisions effected in tabled second adjusted estimates for some provinces during March 2017.

Total Expenditure

2. Table 1 indicates that in the 2016/17 financial year provinces spent R520.5 billion (preliminary outcome) or 99.2 per cent of the budgeted expenditure of R524.9 billion. Spending against adjusted budgets was higher in percentage terms compared to the 2015/16 financial year, when it stood at 98.3 per cent. Spending in nominal terms was 7 per cent or R33.9 billion more than last year's R486.5 billion.
3. Among provinces, spending was lowest in Limpopo (97.8 per cent of the adjusted budget) and the North West (98.1 per cent) and highest in KwaZulu-Natal at 99.9 per cent and Gauteng at 99.7 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 March 2017

R thousand	Adjusted budget 2016/17					Preliminary outcome as at 31 March 2017					Actual payments as % of adjusted budget	2015/16: Outcome as at 31 March 2016	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	56 883 632	8 262 852	4 822 356	20 067	69 988 907	56 275 773	8 352 794	4 765 588	20 369	69 414 524	99.2%	65 168 277	6.5%
Free State	24 177 468	4 354 052	2 554 631	–	31 086 151	24 097 999	4 394 174	2 292 073	5 688	30 789 934	99.0%	29 427 497	4.6%
Gauteng	78 133 610	20 326 061	6 793 773	1 039	105 254 483	78 560 344	20 457 317	5 921 030	52 100	104 990 791	99.7%	95 060 303	10.4%
KwaZulu-Natal	90 745 008	11 269 561	7 654 263	158 730	109 827 562	90 280 007	11 538 396	7 686 563	183 753	109 688 719	99.9%	104 346 700	5.1%
Limpopo	49 407 539	7 292 344	2 349 319	832	59 050 033	48 263 709	7 353 575	2 107 588	26 897	57 751 769	97.8%	52 971 992	9.0%
Mpumalanga	32 610 312	5 639 136	3 455 094	–	41 704 542	32 746 301	5 697 284	2 894 833	3 328	41 341 746	99.1%	39 317 004	5.1%
Northern Cape	12 281 862	1 593 302	1 534 214	59	15 409 437	12 275 026	1 606 636	1 289 825	53	15 171 540	98.5%	14 503 218	4.6%
North West	28 780 644	5 574 255	2 234 301	–	36 589 200	28 309 393	5 377 146	2 207 930	8 397	35 902 866	98.1%	34 161 580	5.1%
Western Cape	42 065 929	8 988 939	4 891 544	9 540	55 955 952	41 390 685	9 089 744	4 910 036	15 639	55 406 104	99.0%	51 553 517	7.5%
Total	415 086 003	73 300 502	36 289 494	190 267	524 866 267	412 199 237	73 867 066	34 075 466	316 224	520 457 993	99.2%	486 510 088	7.0%

Social Services

4. Provinces had budgeted R397.4 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 31 March 2017

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2015/16: Outcome as at 31 March 2016	Year-on-year growth
Education	213 094 551	211 618 252	99.3%	40.7%	53.5%	197 141 072	7.3%
Health	166 405 948	166 398 352	100.0%	32.0%	42.1%	154 073 734	8.0%
Social Development	17 854 312	17 522 511	98.1%	3.4%	4.4%	16 560 450	5.8%
Total	397 354 811	395 539 115	99.5%	76.0%	100.0%	367 775 256	7.5%

5. The preliminary spending outcome on social services was R395.5 billion, or 99.5 per cent of the total provincial social services adjusted budgets for 2016/17.

Education

6. Education adjusted budgets of R213.1 billion comprised 40.6 per cent of total adjusted provincial budgets. Table 3 indicates that the preliminary outcome for education expenditure was R211.6 billion or 99.3 per cent of the total adjusted education budget. This is an increase of 7.3 per cent, or R14.5 billion, on the R197.1 billion spent in 2015/16.
7. Spending by provinces on education ranged from 97.6 per cent in Limpopo and 98.2 per cent in the Free State, to the highest in the Northern Cape at 101.2 per cent, followed by KwaZulu-Natal at 100 per cent.

Table 3: Provincial Education Expenditure as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	30 982 636	30 915 144	99.8%	44.5%	57.5%	28 425 926	8.8%
Free State	12 200 993	11 980 493	98.2%	38.9%	54.1%	11 487 389	4.3%
Gauteng	39 508 650	39 411 321	99.8%	37.5%	48.2%	36 296 522	8.6%
KwaZulu-Natal	45 653 119	45 665 525	100.0%	41.6%	53.4%	42 887 911	6.5%
Limpopo	27 591 674	26 929 022	97.6%	46.6%	59.0%	25 118 174	7.2%
Mpumalanga	17 937 287	17 813 615	99.3%	43.1%	60.0%	17 096 326	4.2%
Northern Cape	5 447 610	5 512 837	101.2%	36.3%	52.0%	5 101 117	8.1%
North West	14 241 900	14 092 982	99.0%	39.3%	56.1%	13 090 365	7.7%
Western Cape	19 530 682	19 297 313	98.8%	34.8%	46.7%	17 637 342	9.4%
Total	213 094 551	211 618 252	99.3%	40.7%	53.5%	197 141 072	7.3%

8. The preliminary outcome on goods and services (including learner and teacher support materials) in education was R18.7 billion, or 96.8 per cent of the budgeted amount of R19.3 billion.
9. The bulk of education expenditure (77.9 per cent) was on personnel, amounting to R164.8 billion, or 99.6 per cent, of the R165.5 billion budgeted for personnel. Spending by provinces on personnel in education ranged from 97.9 per cent in the Eastern Cape and 98.2 per cent in the North West, to 103 per cent in the Northern Cape and 102.3 per cent in the Free State.

Table 4: Provincial Personnel Expenditure: Education as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	24 390 314	23 875 599	97.9%	54.2%	77.2%	22 635 463	5.5%
Free State	9 367 355	9 579 917	102.3%	51.1%	80.0%	9 181 185	4.3%
Gauteng	28 367 460	28 660 416	101.0%	49.5%	72.7%	25 981 867	10.3%
KwaZulu-Natal	37 902 801	37 611 260	99.2%	55.5%	82.4%	34 527 080	8.9%
Limpopo	22 165 917	21 792 087	98.3%	54.5%	80.9%	20 721 591	5.2%
Mpumalanga	14 031 000	14 247 301	101.5%	57.9%	80.0%	13 211 476	7.8%
Northern Cape	4 166 077	4 289 315	103.0%	50.4%	77.8%	3 911 368	9.7%
North West	10 812 713	10 616 661	98.2%	51.7%	75.3%	9 908 828	7.1%
Western Cape	14 324 996	14 133 774	98.7%	48.0%	73.2%	13 117 244	7.7%
Total	165 528 633	164 806 330	99.6%	52.9%	77.9%	153 196 102	7.6%

10. The preliminary outcome for education capital spending was R11.3 billion, or 96.2 per cent, of the R11.8 billion adjusted budget. This is higher than the spending in the previous financial year by 5.7 per cent. Education capital expenditure is lowest in the Free State at 65.8 per cent and Mpumalanga at 80.7 per cent and highest in the North West at 111.4 per cent and the Eastern Cape at 108.8 per cent.

Table 5: Provincial Capital Expenditure: Education as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	1 614 345	1 756 245	108.8%	36.9%	5.7%	1 015 714	72.9%
Free State	709 535	467 046	65.8%	20.4%	3.9%	647 682	-27.9%
Gauteng	2 752 663	2 633 847	95.7%	44.5%	6.7%	2 150 749	22.5%
KwaZulu-Natal	2 199 915	2 218 413	100.8%	28.9%	4.9%	2 440 909	-9.1%
Limpopo	1 107 689	1 043 813	94.2%	49.5%	3.9%	1 087 701	-4.0%
Mpumalanga	906 912	731 913	80.7%	25.3%	4.1%	979 573	-25.3%
Northern Cape	439 250	433 050	98.6%	33.6%	7.9%	360 122	20.3%
North West	919 441	1 024 480	111.4%	46.4%	7.3%	908 134	12.8%
Western Cape	1 116 471	1 011 759	90.6%	20.6%	5.2%	1 121 089	-9.8%
Total	11 766 221	11 320 566	96.2%	33.2%	5.3%	10 711 673	5.7%

Health

11. Health adjusted budgets (R166.4 billion), comprised 31.7 per cent of total adjusted provincial budgets.

Table 6: Provincial Health Expenditure as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	20 648 269	20 478 727	99.2%	29.5%	38.1%	18 943 943	8.1%
Free State	9 042 105	9 079 854	100.4%	29.5%	41.0%	8 693 972	4.4%
Gauteng	37 656 857	38 055 478	101.1%	36.2%	46.6%	34 864 555	9.2%
KwaZulu-Natal	37 039 000	37 136 749	100.3%	33.9%	43.4%	34 110 724	8.9%
Limpopo	17 098 722	17 055 407	99.7%	29.5%	37.4%	15 432 088	10.5%
Mpumalanga	10 606 328	10 508 146	99.1%	25.4%	35.4%	10 080 392	4.2%
Northern Cape	4 494 185	4 368 919	97.2%	28.8%	41.2%	4 168 265	4.8%
North West	9 675 937	9 684 277	100.1%	27.0%	38.5%	9 042 677	7.1%
Western Cape	20 144 545	20 030 795	99.4%	36.2%	48.5%	18 737 118	6.9%
Total	166 405 948	166 398 352	100.0%	32.0%	42.1%	154 073 734	8.0%

12. Table 6 indicates that, at R166.4 billion or 100 per cent of the total health adjusted budget, health expenditure increased by 8 per cent or R12.3 billion on the 2015/16 financial year.

13. Spending by provinces on health range from 97.2 per cent in the Northern Cape and 99.1 per cent in Mpumalanga, to the highest in Gauteng at 101.1 per cent, followed by the Free State at 100.4 per cent.

14. Table 7 indicates that the preliminary spending on health personnel was R104.8 billion, or 100.3 per cent, of the adjusted budget, an increase of R8.1 billion, or 8.4 per cent, on the R96.7 billion spent in 2015/16.

Table 7: Provincial Personnel Expenditure: Health as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	13 504 099	13 443 239	99.5%	30.5%	65.6%	12 562 282	7.0%
Free State	5 836 570	5 814 798	99.6%	31.0%	64.0%	5 539 464	5.0%
Gauteng	22 361 591	23 289 020	104.1%	40.3%	61.2%	20 648 000	12.8%
KwaZulu-Natal	23 486 647	23 361 561	99.5%	34.5%	62.9%	21 793 160	7.2%
Limpopo	12 338 382	12 086 357	98.0%	30.2%	70.9%	11 352 270	6.5%
Mpumalanga	6 722 932	6 619 389	98.5%	26.9%	63.0%	6 102 017	8.5%
Northern Cape	2 273 017	2 322 355	102.2%	27.3%	53.2%	2 150 712	8.0%
North West	6 187 037	6 052 422	97.8%	29.5%	62.5%	5 609 901	7.9%
Western Cape	11 848 746	11 833 788	99.9%	40.2%	59.1%	10 949 652	8.1%
Total	104 559 021	104 822 929	100.3%	33.7%	63.0%	96 707 458	8.4%

15. Non-personnel non-capital items, including medicines, drugs and other current expenditure, were R54.2 billion, or 101.7 per cent, of the R53.3 billion adjusted budget.

16. The preliminary outcome for health capital spending was R7.4 billion, or 86.3 per cent, a decrease of R385.6 million or 5 per cent on the R7.7 billion spent last year.

Table 8: Provincial Capital Expenditure: Health as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	1 397 976	1 271 650	91.0%	26.7%	6.2%	1 280 152	-0.7%
Free State	671 999	708 596	105.4%	30.9%	7.8%	622 213	13.9%
Gauteng	2 290 755	1 588 369	69.3%	26.8%	4.2%	1 481 189	7.2%
KwaZulu-Natal	1 308 327	1 112 477	85.0%	14.5%	3.0%	1 257 629	-11.5%
Limpopo	450 184	434 869	96.6%	20.6%	2.5%	499 136	-12.9%
Mpumalanga	536 532	511 078	95.3%	17.7%	4.9%	595 955	-14.2%
Northern Cape	577 930	381 378	66.0%	29.6%	8.7%	583 256	-34.6%
North West	594 408	563 107	94.7%	25.5%	5.8%	675 411	-16.6%
Western Cape	697 785	784 841	112.5%	16.0%	3.9%	747 064	5.1%
Total	8 525 896	7 356 365	86.3%	21.6%	4.4%	7 742 005	-5.0%

17. Spending by provinces varied, with the lowest rate of health capital expenditure being in the Northern Cape at 66 per cent and Gauteng at 69.3 per cent, to the highest being in the Western Cape and the Free State at 112.5 per cent and 105.4 per cent respectively.

Social Development

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

19. Provinces registered a preliminary expenditure outcome of R17.5 billion, or 98.1 per cent, of the total R17.9 billion adjusted budget. This represents an increase of R962.1 million, or 5.8 per cent, on the R16.6 billion spent last year.

20. There were varying degrees of spending among provinces, the lowest rate of social development expenditure being the Northern Cape at 93.9 per cent and the Free State at

94.8 per cent, while the highest are the Western Cape at 99.8 per cent and Gauteng at 99.7 per cent.

Table 9: Provincial Social Development Expenditure as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome 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 March 2016	Year-on-year growth
R thousand							
Eastern Cape	2 403 619	2 360 360	98.2%	3.4%	4.4%	2 253 881	4.7%
Free State	1 148 413	1 088 385	94.8%	3.5%	4.9%	1 002 691	8.5%
Gauteng	4 271 602	4 256 842	99.7%	4.1%	5.2%	3 942 241	8.0%
KwaZulu-Natal	2 782 299	2 752 355	98.9%	2.5%	3.2%	2 610 357	5.4%
Limpopo	1 679 839	1 649 321	98.2%	2.9%	3.6%	1 585 497	4.0%
Mpumalanga	1 436 091	1 366 612	95.2%	3.3%	4.6%	1 270 653	7.6%
Northern Cape	775 894	728 261	93.9%	4.8%	6.9%	713 793	2.0%
North West	1 392 691	1 361 152	97.7%	3.8%	5.4%	1 289 265	5.6%
Western Cape	1 963 864	1 959 223	99.8%	3.5%	4.7%	1 892 072	3.5%
Total	17 854 312	17 522 511	98.1%	3.4%	4.4%	16 560 450	5.8%

Human Settlements and Local Government

21. At R28.1 billion, the adjusted budget for human settlements and local government comprised 5.4 per cent of total adjusted provincial budgets.

Table 10: Provincial Human Settlements and Local Government Expenditure as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome as % of adjusted budget	% share of HS and LG to total provincial expenditure	% share of HSD Grant to total HS and LG expenditure	2015/16: Outcome as at 31 March 2016	Year-on-year growth
R thousand							
Eastern Cape	3 371 699	3 307 789	98.1%	4.8%	60.3%	3 768 340	-12.2%
Free State	1 733 069	1 746 499	100.8%	5.7%	62.9%	1 598 641	9.2%
Gauteng	6 565 129	6 384 731	97.3%	6.1%	78.2%	5 116 214	24.8%
KwaZulu-Natal	5 146 445	5 133 765	99.8%	4.7%	60.9%	5 649 113	-9.1%
Limpopo	2 813 814	2 662 895	94.6%	4.6%	57.0%	2 185 684	21.8%
Mpumalanga	2 596 458	2 581 330	99.4%	6.2%	50.5%	2 178 709	18.5%
Northern Cape	705 996	693 422	98.2%	4.6%	53.2%	811 110	-14.5%
North West	2 690 451	2 440 803	90.7%	6.8%	79.9%	2 612 189	-6.6%
Western Cape	2 483 171	2 479 355	99.8%	4.5%	80.7%	2 423 733	2.3%
Total	28 106 232	27 430 589	97.6%	5.3%	66.9%	26 343 733	4.1%

22. Spending by human settlements and local government was R27.4 billion or 97.6 per cent of the R28.1 billion adjusted budget. This represents an increase of R1.1 billion or 4.1 per cent on the R26.3 billion spent in 2015/16.

Human Settlements Development Conditional Grant

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

24. Table 11 indicates that provinces spent R18.4 billion, or 98.2 per cent, of the R18.7 billion Human Settlements Development grant adjusted budget. These spending figures are R166.8 million or 0.9 per cent more than the outcome for last year.

25. Spending levels by provinces varied, with the lowest being the North West at 90.7 per cent and Limpopo at 94.6 per cent while the highest spenders were the Eastern Cape at 100 per cent and both KwaZulu-Natal and the Western Cape at 100 per cent.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2015/16: Outcome as at 31 March 2016	Year-on-year growth
R thousand							
Eastern Cape	1 995 643	1 995 643	100.0%	2.9%	10.9%	2 458 180	-18.8%
Free State	1 101 195	1 099 349	99.8%	3.6%	6.0%	1 059 326	3.8%
Gauteng	5 022 669	4 994 243	99.4%	4.8%	27.2%	4 048 078	23.4%
KwaZulu-Natal	3 124 702	3 124 702	100.0%	2.8%	17.0%	3 543 852	-11.8%
Limpopo	1 603 212	1 517 405	94.6%	2.6%	8.3%	1 128 309	34.5%
Mpumalanga	1 314 645	1 302 757	99.1%	3.2%	7.1%	1 335 486	-2.5%
Northern Cape	374 930	368 740	98.3%	2.4%	2.0%	476 559	-22.6%
North West	2 151 817	1 951 247	90.7%	5.4%	10.6%	2 163 129	-9.8%
Western Cape	2 000 811	2 000 783	100.0%	3.6%	10.9%	1 975 122	1.3%
Total	18 689 624	18 354 869	98.2%	3.5%	100.0%	18 188 041	0.9%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the 2016/17 financial year was R311.4 billion, or 99.5 per cent, of the combined adjusted budget of R312.9 billion.

Table 12: Provincial Personnel Expenditure as at 31 March 2017

	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2015/16: Outcome as at 31 March 2016	Year-on-year growth
R thousand							
Eastern Cape	44 804 465	44 013 587	98.2%	63.4%	14.1%	41 560 053	5.9%
Free State	18 528 618	18 738 177	101.1%	60.9%	6.0%	17 800 536	5.3%
Gauteng	56 802 000	57 845 767	101.8%	55.1%	18.6%	51 980 437	11.3%
KwaZulu-Natal	68 337 411	67 772 425	99.2%	61.8%	21.8%	62 713 156	8.1%
Limpopo	40 789 080	39 962 387	98.0%	69.2%	12.8%	37 753 175	5.9%
Mpumalanga	24 577 989	24 611 617	100.1%	59.5%	7.9%	22 836 905	7.8%
Northern Cape	8 385 795	8 508 132	101.5%	56.1%	2.7%	7 805 407	9.0%
North West	20 953 809	20 518 201	97.9%	57.1%	6.6%	19 082 609	7.5%
Western Cape	29 713 076	29 441 020	99.1%	53.1%	9.5%	27 289 124	7.9%
Total	312 892 243	311 411 313	99.5%	59.8%	100.0%	288 821 401	7.8%

27. The preliminary outcome is R22.6 billion more or 7.8 per cent higher than the R288.8 billion spent in the 2015/16 financial year.

28. Spending ranged from 97.9 per cent in the North West and 98 per cent in Limpopo, to a high of 101.8 per cent in Gauteng and 101.5 per cent in the Northern Cape.

Overall Capital Budgets and Expenditure

29. Provinces spent R34.1 billion or 93.9 per cent of the capital (payments for capital assets) adjusted budget of R36.3 billion. This is a decrease of 6.2 per cent compared to the 2015/16 financial year.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 March 2017

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2017	Preliminary outcome as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2015/16: Outcome as at 31 March 2016	Year-on-year growth
Eastern Cape	4 822 356	4 765 588	98.8%	6.9%	14.0%	3 868 512	23.2%
Free State	2 554 631	2 292 073	89.7%	7.4%	6.7%	2 466 007	-7.1%
Gauteng	6 793 773	5 921 030	87.2%	5.6%	17.4%	6 126 862	-3.4%
KwaZulu-Natal	7 654 263	7 686 563	100.4%	7.0%	22.6%	8 640 098	-11.0%
Limpopo	2 349 319	2 107 588	89.7%	3.6%	6.2%	2 096 691	0.5%
Mpumalanga	3 455 094	2 894 833	83.8%	7.0%	8.5%	3 571 421	-18.9%
Northern Cape	1 534 214	1 289 825	84.1%	8.5%	3.8%	1 364 863	-5.5%
North West	2 234 301	2 207 930	98.8%	6.1%	6.5%	3 184 366	-30.7%
Western Cape	4 891 544	4 910 036	100.4%	8.9%	14.4%	5 021 119	-2.2%
Total	36 289 494	34 075 466	93.9%	6.5%	100.0%	36 339 939	-6.2%

30. Table 13 provides capital spending information by province and shows low rates of spending in Mpumalanga at 83.8 per cent and the Northern Cape at 84.1 per cent, and high rates in both KwaZulu-Natal and the Western Cape at 100.4 per cent and the Eastern Cape at 98.8 per cent. However, in absolute terms, KwaZulu-Natal has spent the most, with total spending of R7.7 billion followed by Gauteng at R5.9 billion and the Western Cape at R4.9 billion.

31. Provincial education departments spent R11.3 billion, or 96.2 per cent, of their capital adjusted budgets of R11.8 billion. This is an increase of R608.9 million or 5.7 per cent compared to spending in the previous financial year.

32. Provincial health departments spent R7.4 billion, or 86.3 per cent, of their capital adjusted budgets of R8.5 billion, which is R385.6 million or 5 per cent less than the 2015/16 financial year.

33. At 33.9 per cent, the public works, roads and transport departments had the highest share of the provincial capital adjusted budgets. The sector spent R12.1 billion or 97.9 per cent against its combined capital adjusted budgets of R12.3 billion.

Conditional Grants

34. The adjusted total for conditional grants was R90.7 billion (including provincial roll-overs), with health making up the bulk at R34.2 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant adjusted allocations as at 31 March 2017 (preliminary outcome). It includes conditional grant roll-overs from the 2015/16 financial year and other provincial adjustments, and excludes spending on Schedule 4, Part A and Schedule 7, Part A grants.

Table 14: Provincial Conditional Grants Expenditure as at 31 March 2017

	Division of Revenue Act, 2016	Division of Revenue Amendment Act, 2016	Provincial roll- overs	Total available 2016/17	Transferred from National to provinces	Preliminary outcome as at 31 March 2017 (excluding Schedules 4A, 7A grants)	Preliminary outcome as % of total available (excluding Schedules 4A, 7A grants)
R thousand							
Agriculture, Forestry and Fisheries	2 202 452	–	7 839	2 210 291	2 202 452	2 172 540	98.3%
Comprehensive Agricultural Support Programme Grant	1 641 824	–	7 667	1 649 491	1 641 824	1 622 652	98.4%
Ilima/Letsema Projects Grant	491 363	–	172	491 535	491 363	480 991	97.9%
Land Care Programme Grant: Poverty Relief and Infrastructure Development	69 265	–	–	69 265	69 265	68 897	99.5%
Arts and Culture	1 357 132	–	92 109	1 449 241	1 357 132	1 352 304	93.3%
Community Library Services Grant	1 357 132	–	92 109	1 449 241	1 357 132	1 352 304	93.3%
Basic Education	16 212 997	373 233	200 948	16 787 178	16 586 230	6 387 542	95.4%
1. Education Infrastructure Grant	9 613 692	319 590	161 749	10 095 031	9 933 282		
HIV and Aids (Life Skills Education) Grant	230 849	–	557	231 406	230 849	219 035	94.7%
Maths, Science and Technology Grant	362 444	–	18 239	380 683	362 444	373 771	98.2%
National School Nutrition Programme Grant	6 006 012	53 643	20 403	6 080 058	6 059 655	5 794 736	95.3%
Cooperative Governance and Traditional Affairs	–	–	–	–	–		
2. Provincial Disaster Grant	–	–	–	–	–		
Health	33 972 012	9 000	259 338	34 240 350	33 981 012	20 539 153	98.4%
Comprehensive HIV and Aids Grant	15 290 603	–	42 187	15 332 790	15 290 603	15 301 417	99.8%
Health Facility Revitalisation Grant	5 272 680	–	153 901	5 426 581	5 272 680	5 141 465	94.7%
1. Health Professions Training and Development Grant	2 476 724	–	827	2 477 551	2 476 724		
National Health Insurance Grant	85 227	9 000	11 993	106 220	94 227	96 271	90.6%
1. National Tertiary Services Grant	10 846 778	–	50 430	10 897 208	10 846 778		
Human Settlements	18 283 991	–	405 633	18 689 624	18 283 991	18 354 869	98.2%
Human Settlements Development Grant	18 283 991	–	405 633	18 689 624	18 283 991	18 354 869	98.2%
Public Works	761 671	–	1 447	763 118	761 671	742 208	97.3%
Expanded Public Works Programme Integrated Grant for Provinces	402 009	–	1 447	403 456	402 009	381 672	94.6%
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	359 662	–	–	359 662	359 662	360 536	100.2%
Social Development	85 500	–	11 000	96 500	85 500	16 391	17.0%
Substance Abuse Treatment Grant	85 500	–	11 000	96 500	85 500	16 391	17.0%
Sport and Recreation South Africa	555 708	–	5 631	561 339	555 708	555 781	99.0%
Mass Participation and Sport Development Grant	555 708	–	5 631	561 339	555 708	555 781	99.0%
Transport	15 602 795	275 691	59 383	15 937 869	15 878 486		
1. Provincial Roads Maintenance Grant	10 202 503	275 691	26 611	10 504 805	10 478 194		
1. Public Transport Operations Grant	5 400 292	–	32 772	5 433 064	5 400 292		
Total	89 034 258	657 924	1 043 328	90 735 510	89 692 182		
Total excluding Schedules 4A and 7A grants	50 494 269	62 643	770 939	51 327 851	50 556 912	50 120 788	97.6%

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.

36. Schedule 4, Part A grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. The Provincial Disaster grant (Schedule 7, Part A grant) specifies funds that are available to provinces that may be released to provinces to fund disaster response.
37. Against the total adjusted allocation of R51.3 billion (which excludes Schedules 4, Part A and Schedule 7, Part A grants), the preliminary spending outcome for conditional grants amounted to R50.1 billion, or 97.6 per cent.
38. Specific grants that show low rates of spending for the 2016/17 financial year include:
- Substance Abuse Treatment (17 per cent)
 - National Health Insurance Grant (90.6 per cent)
 - Community Library Services (93.3 per cent)
39. Table 15 indicates selected conditional grant spending rates as at 31 March 2017 (preliminary outcome).

Table 15: Selected Conditional Grants Spending Rates as at 31 March 2017

	Number of provinces spent less than 90%	Number of provinces spent between 90% and 95% (inclusive)	Number of provinces spent more than 95%
Agriculture, Forestry and Fisheries			
Ilima/Letsema Projects Grant		2 LIM, NC	7 EC, FS, GT, KZN, MPU, NW, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development			9 EC, FS, GT, KZN, LIM, MPU, NC, NW, WC
Arts and Culture			
Community Library Services Grant	3 GT, NC, NW	2 KZN, MPU	4 EC, FS, LIM, WC
Basic Education			
Education Infrastructure Grant	2 FS, MPU	2 LIM, WC	5 EC, GT, KZN, NC, NW
Maths, Science And Technology Grant	1 LIM	2 FS, NW	6 EC, GT, KZN, MPU, NC, WC
HIV and Aids (Life Skills Education) Grant	1 LIM	1 FS	7 EC, GT, KZN, MPU, NC, NW, WC
National School Nutrition Programme Grant		3 EC, GT, KZN	6 FS, LIM, MPU, NC, NW, WC
Health			
Comprehensive HIV and Aids Grant		1 EC	8 FS, GT, KZN, LIM, MPU, NC, NW, WC
Health Facility Revitalisation Grant	2 GT, NC	2 EC, NW	5 FS, KZN, LIM, MPU, WC
National Health Insurance Grant	4 EC, MPU, NC, NW	1 WC	4 FS, GT, KZN, LIM
Human Settlements			
Human Settlements Development Grant		2 LIM, NW	7 EC, FS, GT, KZN, MPU, NC, WC
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	3 FS, LIM, MPU	2 GT, KZN	4 EC, NC, NW, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	1 NC		8 EC, FS, GT, KZN, LIM, MPU, NW, WC
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	1 NW		8 EC, FS, GT, KZN, LIM, MPU, NC, WC

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

40. The table further indicates that three or more provinces have spent less than 90 per cent on the Community Library Services grant, the National Health Insurance grant and the Expanded Public Works Programme Integrated grant to provinces.

Provincial Revenue

41. The total provincial revenue transferred from national government and collected by provinces for 2016/17 was R519 billion, or 100.2 per cent, of total adjusted revenue of R518.1 billion. This included equitable share allocations of R410.7 billion, allocated conditional grants of R89.7 billion (excluding provincial roll-overs) and own revenue of R18.7 billion.
42. National government transferred R410.7 billion or 100 per cent of the equitable share, and R89.7 billion or 100 per cent in conditional grants to provinces.
43. Provinces collected R18.7 billion or 105.1 per cent of the budgeted own revenue of R17.7 billion, which was R1.4 billion or 8 per cent more than the previous financial year.
44. The collection rate varied from 88.9 per cent in KwaZulu-Natal and 95.9 per cent in the Free State, to a high of 122.2 per cent in the Western Cape and 120.6 per cent in Mpumalanga.

Table 16: Provincial Own Revenue Collection as at 31 March 2017

	Adjusted budget	Actual collection as at 31 March 2017	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 March 2016	Year-on- year growth
R thousand							
Eastern Cape	1 614 167	1 747 150	108.2%	2.5%	9.4%	1 641 317	6.4%
Free State	1 011 333	969 762	95.9%	3.2%	5.2%	924 054	4.9%
Gauteng	5 320 447	5 728 604	107.7%	5.5%	30.7%	5 421 604	5.7%
KwaZulu-Natal	3 573 289	3 176 646	88.9%	2.9%	17.0%	2 994 889	6.1%
Limpopo	1 455 068	1 443 935	99.2%	2.5%	7.7%	1 260 143	14.6%
Mpumalanga	864 798	1 042 816	120.6%	2.5%	5.6%	828 646	25.8%
Northern Cape	315 679	341 025	108.0%	2.3%	1.8%	330 946	3.0%
North West	1 098 617	1 153 287	105.0%	3.2%	6.2%	998 894	15.5%
Western Cape	2 494 163	3 047 862	122.2%	5.5%	16.3%	2 876 452	6.0%
Total	17 747 561	18 651 087	105.1%	3.6%	100.0%	17 276 945	8.0%