



MEDIA STATEMENT

Provincial Budgets: 2017/18 Financial Year Fourth Quarter Year to Date Provincial Budgets and Expenditure Report (Preliminary Outcome)

SUMMARY

Overall Expenditure Trends – Preliminary Outcomes

1. In aggregate, provinces spent R555.6 billion, or 98.9 per cent, of their adjusted budgets of R561.8 billion in 2017/18. This represents a spending increase of 6.8 per cent or R35.3 billion compared to the 2016/17 financial year when provinces spent R520.3 billion.
2. The preliminary outcome for education expenditure is R225.2 billion or 99.5 per cent of the R226.3 billion combined education adjusted budgets, an increase of 6.4 per cent or R13.6 billion on the previous financial year. It remains the largest item on provincial budgets (40.3 per cent).
3. Health expenditure totalled R180.7 billion, or 99.3 per cent, of the R181.9 billion combined health adjusted budgets and is the second largest item on provincial budgets (32.4 per cent). This is 8.8 per cent or R14.6 billion more than the 2016/17 financial year.
4. Social development expenditure is R18.8 billion or 97.5 per cent of the R19.2 billion social development adjusted budgets.
5. Personnel expenditure (compensation of employees) is in aggregate R334.3 billion or 99.8 per cent of the budgeted R334.8 billion.
6. In aggregate, provinces spent R39.1 billion or 93.2 per cent of their R42 billion combined capital (payments for capital assets) adjusted budgets. This is an increase of R5 billion or 14.6 per cent on the 2016/17 financial year.
7. Provincial education departments spent R10.3 billion or 93.1 per cent of the budgeted R11 billion for capital expenditure. This is R618.4 million or 5.7 per cent less than the previous financial year.
8. Provincial health departments spent R8.3 billion or 86.4 per cent of the budgeted R9.6 billion for capital expenditure, which is R909.3 million or 12.3 per cent more than the outcome for 2016/17.
9. The biggest share of provincial capital adjusted budgets was for public works, roads and transport departments (29.1 per cent), which spent R12.2 billion or 99.6 per cent of their combined capital adjusted budgets of R12.2 billion.
10. Provincial own revenue collected was R19.5 billion or 109.5 per cent of the budgeted own revenue of R17.8 billion. National government transferred R441.3 billion of the equitable share and R97.2 billion of conditional grants to provinces.
11. 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 2017/18 financial year (1 April 2017 to 31 March 2018). The statement is available on the National Treasury website (www.treasury.gov.za). **These figures may be revised as provincial departments have**

until 31 May 2018 to finalise (and reconcile) their financial statements before they are submitted to the provincial Auditors-General.

12. 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.
13. The budgeted figures take account of revisions effected in the *2017 Adjusted Estimates of Provincial Revenue and Expenditure* by provinces, which were presented to their provincial legislatures during November 2017. It includes the adjustments from national government to provinces of R49.8 million allocated through the *Adjustments Appropriation Act, 2017 and Division of Revenue Amendment Act, 2017*.
14. There were no adjustments made to the provincial equitable share. Conditional grant additions include an additional R19.8 million allocated towards the Comprehensive HIV, AIDS and TB grant, as well as the conversion of the indirect National Health Insurance grant to the direct Health Facility Revitalisation grant amounting to R30 million. Details for the additions, conversions of allocations were published as part of the *Division of Revenue Amendment Bill, 2017*.
15. An additional gazette was published on 26 January 2018 in terms of Section 20 of the Division of Revenue Act, 2017, as amended. This gazette revised the allocations of the Human Settlements Development grant between provinces. Another gazette published on 27 March 2018 provided for the conversion of indirect allocation (School Infrastructure Backlogs grant) to direct allocations of the Education Infrastructure grant. Only two provinces, KwaZulu-Natal and Limpopo, received additional allocations in this regard amounting to R340 million and R81.7 million respectively.
16. These allocations and others were tabled in second and third adjusted budgets during March 2018.
17. In addition to the national adjustments of R471.5 million, provinces increased their main budgets by R9.4 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 2016/17 financial year. In light of the above, in aggregate, provinces increased their main budgets (expenditure side) by R9.9 billion with the bulk to health (R4 billion); education (R2.4 billion); and public works, roads and transport (R1.9 billion).
18. In aggregate, provinces reduced their compensation of employees' main budget by R1.2 billion; goods and services main budget revised upwards by R8 billion; and transfers and subsidies main budget decreased by R3.6 billion.
19. Payments for capital assets' main budget have been revised upwards by R6.7 billion. However, under-expenditure in respect of capital amounted to R2.4 billion in six provinces for the 2016/17 financial year. Currently, the preliminary outcome on capital expenditure shows an under-expenditure of R2.8 billion in all provinces.

A more detailed analysis of the provincial preliminary outcome for the 2017/18 financial year is set out in Annexure A.

**Issued by National Treasury
Date: 31 May 2018**

DETAILED ANALYSIS OF THE 2017/18 FINANCIAL YEAR (PRELIMINARY OUTCOME)

- The budgeted figures for provinces are based on the 2017/18 adjusted estimates of provincial revenue and expenditure documents (adjusted budgets) tabled in the provincial legislatures during November 2017. The budgeted figures also take account of revisions effected in tabled second and third adjusted estimates for some provinces during March 2018.

Total Expenditure

- Table 1 indicates that in the 2017/18 financial year provinces spent R555.6 billion (preliminary outcome) or 98.9 per cent of the budgeted expenditure of R561.8 billion. Spending against adjusted budgets is lower in percentage terms compared to the 2016/17 financial year, when it stood at 99.1 per cent. Spending in nominal terms was 6.8 per cent or R35.3 billion more than last year's R520.3 billion.
- Among provinces, spending was lowest in the North West (97.9 per cent of the adjusted budget) and Gauteng (98.6 per cent) and highest in the Free State at 99.6 per cent and KwaZulu-Natal at 99.4 per cent.

Table 1: Provincial Aggregated Budgets and Expenditure as at 31 March 2018

R thousand	Adjusted budget 2017/18					Preliminary outcome as at 31 March 2018					Preliminary outcome as % of adjusted budget	2016/17: Outcome as at 31 March 2017	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	61 769 132	8 541 222	5 034 120	–	75 344 473	60 766 370	9 132 823	4 686 750	8 256	74 594 199	99.0%	69 486 989	7.3%
Free State	26 051 846	4 766 966	2 335 005	7 745	33 161 562	26 190 426	4 685 390	2 138 713	12 613	33 027 142	99.6%	30 891 779	6.9%
Gauteng	86 661 247	15 091 455	10 695 655	11 036	112 459 393	85 944 652	14 989 074	9 864 784	45 745	110 844 255	98.6%	104 354 606	6.2%
KwaZulu-Natal	96 401 429	11 988 499	8 410 636	140 412	116 940 976	95 665 145	12 435 276	7 983 017	152 944	116 236 382	99.4%	109 592 657	6.1%
Limpopo	52 264 492	7 928 478	2 400 978	22 176	62 616 124	51 718 966	7 959 621	2 085 723	22 452	61 786 762	98.7%	57 903 403	6.7%
Mpumalanga	35 902 177	5 374 600	3 833 221	94	45 110 092	35 595 067	5 406 757	3 623 134	198	44 625 156	98.9%	41 407 657	7.8%
Northern Cape	13 193 973	1 796 237	1 754 250	–	16 744 460	13 380 799	1 697 488	1 454 283	103	16 532 673	98.7%	15 175 908	8.9%
North West	31 106 592	5 776 812	2 708 390	–	39 591 794	30 452 209	5 701 168	2 599 536	4 386	38 757 299	97.9%	35 972 557	7.7%
Western Cape	45 211 537	9 825 752	4 802 459	17 513	59 857 261	44 503 057	9 915 795	4 703 394	28 184	59 150 430	98.8%	55 510 192	6.6%
Total	448 562 425	71 090 021	41 974 714	198 976	561 826 135	444 216 691	71 923 393	39 139 334	274 881	555 554 298	98.9%	520 295 747	6.8%

Social Services

- Provinces had budgeted R427.4 billion for social services, including education, health and social development.

Table 2: Provincial Social Services Expenditure as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of total provincial expenditure	% share of total Social Services expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Education	226 313 482	225 222 063	99.5%	40.5%	53.0%	211 668 385	6.4%
Health	181 879 872	180 696 602	99.3%	32.5%	42.5%	166 061 566	8.8%
Social Development	19 231 150	18 753 707	97.5%	3.4%	4.4%	17 539 325	6.9%
Total	427 424 504	424 672 372	99.4%	76.4%	100.0%	395 269 276	7.4%

- The preliminary spending outcome on social services was R424.7 billion, or 99.4 per cent of the total provincial social services adjusted budgets for 2017/18.

Education

6. Education adjusted budgets of R226.3 billion comprised 40.3 per cent of total adjusted provincial budgets. Table 3 indicates that the preliminary outcome for education expenditure was R225.2 billion or 99.5 per cent of the total adjusted education budget. This is an increase of 6.4 per cent, or R13.6 billion, on the R211.7 billion spent in 2016/17.
7. Spending by provinces on education ranged from 98.5 per cent in Mpumalanga and 98.7 per cent in the North West, to the highest in the Northern Cape at 101.9 per cent, followed by the Free State at 100.2 per cent.

Table 3: Provincial Education Expenditure as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Education to total provincial expenditure	% share of Education to total Social Services expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	33 021 044	32 806 981	99.4%	44.0%	57.0%	30 966 951	5.9%
Free State	12 959 696	12 990 846	100.2%	39.3%	54.3%	12 093 904	7.4%
Gauteng	41 671 840	41 424 301	99.4%	37.4%	47.1%	39 409 926	5.1%
KwaZulu-Natal	48 240 089	48 322 338	100.2%	41.6%	53.0%	45 662 557	5.8%
Limpopo	29 030 494	28 831 176	99.3%	46.7%	58.8%	26 826 203	7.5%
Mpumalanga	19 497 078	19 198 851	98.5%	43.0%	58.6%	17 809 481	7.8%
Northern Cape	5 896 119	6 006 425	101.9%	36.3%	52.6%	5 511 818	9.0%
North West	15 274 429	15 078 594	98.7%	38.9%	56.1%	14 086 368	7.0%
Western Cape	20 722 693	20 562 551	99.2%	34.8%	46.6%	19 301 177	6.5%
Total	226 313 482	225 222 063	99.5%	40.5%	53.0%	211 668 385	6.4%

8. The preliminary outcome on goods and services (including learner and teacher support materials) in education was R20.1 billion, or 92.3 per cent of the budgeted amount of R21.8 billion.
9. The bulk of education expenditure (78.8 per cent) was on personnel, amounting to R177.5 billion, or 100.6 per cent, of the R176.5 billion budgeted for personnel. Spending by provinces on personnel in education ranged from 99.2 per cent in Mpumalanga and 99.4 per cent in the North West, to 103.1 per cent in Gauteng and 102.2 per cent in the Northern Cape.

Table 4: Provincial Personnel Expenditure: Education as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Education Personnel to total personnel expenditure	% share of Education Personnel to total Education expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	25 894 880	25 833 133	99.8%	54.4%	78.7%	23 871 773	8.2%
Free State	10 110 393	10 299 359	101.9%	51.1%	79.3%	9 698 929	6.2%
Gauteng	30 484 223	31 439 074	103.1%	50.0%	75.9%	28 660 401	9.7%
KwaZulu-Natal	39 991 963	40 067 052	100.2%	55.9%	82.9%	37 608 395	6.5%
Limpopo	23 156 846	23 187 676	100.1%	54.5%	80.4%	21 743 507	6.6%
Mpumalanga	15 436 570	15 309 614	99.2%	57.6%	79.7%	14 246 863	7.5%
Northern Cape	4 510 503	4 609 348	102.2%	50.0%	76.7%	4 289 234	7.5%
North West	11 654 548	11 589 120	99.4%	52.3%	76.9%	10 616 401	9.2%
Western Cape	15 263 090	15 179 454	99.5%	48.1%	73.8%	14 133 743	7.4%
Total	176 503 016	177 513 830	100.6%	53.1%	78.8%	164 869 246	7.7%

10. The preliminary outcome for education capital spending was R10.3 billion, or 93.1 per cent, of the R11 billion adjusted budget. This is less than the spending in the previous financial year by 5.7 per cent. Education capital expenditure is lowest in the Eastern Cape at 87.9 per cent and the Northern Cape at 88 per cent and highest in the North West at 101.7 per cent and Gauteng at 97.7 per cent.

Table 5: Provincial Capital Expenditure: Education as at 31 March 2018

	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Education Capital to total capital expenditure	% share of Education Capital to total Education expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
R thousand							
Eastern Cape	1 761 399	1 548 049	87.9%	33.0%	4.7%	1 764 635	-12.3%
Free State	682 691	660 005	96.7%	30.9%	5.1%	391 720	68.5%
Gauteng	1 828 244	1 787 087	97.7%	18.1%	4.3%	2 548 995	-29.9%
KwaZulu-Natal	2 220 901	1 970 156	88.7%	24.7%	4.1%	2 217 809	-11.2%
Limpopo	1 082 940	1 039 944	96.0%	49.9%	3.6%	815 329	27.5%
Mpumalanga	838 738	771 921	92.0%	21.3%	4.0%	703 567	9.7%
Northern Cape	561 298	493 929	88.0%	34.0%	8.2%	432 023	14.3%
North West	1 045 604	1 063 861	101.7%	40.9%	7.1%	1 009 740	5.4%
Western Cape	1 021 249	942 102	92.2%	20.0%	4.6%	1 011 685	-6.9%
Total	11 043 064	10 277 054	93.1%	26.3%	4.6%	10 895 503	-5.7%

Health

11. Health adjusted budgets (R181.9 billion), comprised 32.4 per cent of total adjusted provincial budgets.

Table 6: Provincial Health Expenditure as at 31 March 2018

	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Health to total provincial expenditure	% share of Health to total Social Services expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
R thousand							
Eastern Cape	22 336 581	22 233 827	99.5%	29.8%	38.6%	20 506 179	8.4%
Free State	9 736 916	9 808 460	100.7%	29.7%	41.0%	9 076 855	8.1%
Gauteng	42 192 834	41 988 068	99.5%	37.9%	47.8%	37 440 067	12.1%
KwaZulu-Natal	39 930 478	39 902 070	99.9%	34.3%	43.8%	37 026 397	7.8%
Limpopo	18 606 039	18 369 405	98.7%	29.7%	37.5%	17 217 613	6.7%
Mpumalanga	12 160 053	12 073 999	99.3%	27.1%	36.9%	10 579 880	14.1%
Northern Cape	4 630 292	4 569 488	98.7%	27.6%	40.0%	4 369 138	4.6%
North West	10 600 197	10 307 023	97.2%	26.6%	38.4%	9 767 254	5.5%
Western Cape	21 686 482	21 444 262	98.9%	36.3%	48.6%	20 078 184	6.8%
Total	181 879 872	180 696 602	99.3%	32.5%	42.5%	166 061 566	8.8%

12. Table 6 indicates that, at R180.7 billion or 99.3 per cent of the total health adjusted budget, health expenditure increased by 8.8 per cent or R14.6 billion on the 2016/17 financial year.

13. Spending by provinces on health range from 97.2 per cent in the North West and 98.7 per cent in both the Northern Cape and Limpopo, to the highest in the Free State at 100.7 per cent, followed by KwaZulu-Natal at 99.9 per cent.

14. Table 7 indicates that the preliminary spending on health personnel was R112.4 billion, or 99.4 per cent, of the adjusted budget, an increase of R7.4 billion, or 7 per cent, on the R105 billion spent in 2016/17.

Table 7: Provincial Personnel Expenditure: Health as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Health Personnel to total personnel expenditure	% share of Health Personnel to total Health expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	14 670 661	14 563 993	99.3%	30.7%	65.5%	13 454 333	8.2%
Free State	6 379 299	6 262 963	98.2%	31.0%	63.9%	5 814 798	7.7%
Gauteng	24 965 403	25 085 114	100.5%	39.9%	59.7%	23 289 574	7.7%
KwaZulu-Natal	24 962 432	24 637 324	98.7%	34.4%	61.7%	23 354 896	5.5%
Limpopo	13 024 160	12 976 375	99.6%	30.5%	70.6%	12 218 485	6.2%
Mpumalanga	7 245 617	7 212 993	99.5%	27.1%	59.7%	6 686 678	7.9%
Northern Cape	2 500 141	2 573 190	102.9%	27.9%	56.3%	2 322 039	10.8%
North West	6 551 995	6 415 629	97.9%	29.0%	62.2%	6 051 077	6.0%
Western Cape	12 742 984	12 659 506	99.3%	40.1%	59.0%	11 833 864	7.0%
Total	113 042 692	112 387 087	99.4%	33.6%	62.2%	105 025 744	7.0%

15. Non-personnel non-capital items, including medicines, drugs, transfers and subsidies, and other current expenditure, were R60 billion, or 101.3 per cent, of the R59.2 billion adjusted budget. Part of the overspending can be attributed to the "Transfers to Households" category, due to payments of Medico Legal claims.

16. The preliminary outcome for health capital spending was R8.3 billion, or 86.4 per cent, an increase of R909.3 million or 12.3 per cent on the R7.4 billion spent last year.

Table 8: Provincial Capital Expenditure: Health as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Health Capital to total capital expenditure	% share of Health Capital to total Health expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	1 308 473	1 168 397	89.3%	24.9%	5.3%	1 277 587	-8.5%
Free State	765 563	666 288	87.0%	31.2%	6.8%	714 398	-6.7%
Gauteng	2 080 269	1 567 887	75.4%	15.9%	3.7%	1 582 158	-0.9%
KwaZulu-Natal	1 579 473	1 592 145	100.8%	19.9%	4.0%	1 106 314	43.9%
Limpopo	591 713	459 947	77.7%	22.1%	2.5%	421 876	9.0%
Mpumalanga	1 167 158	1 061 420	90.9%	29.3%	8.8%	509 496	108.3%
Northern Cape	660 169	369 825	56.0%	25.4%	8.1%	395 290	-6.4%
North West	714 845	663 533	92.8%	25.5%	6.4%	600 349	10.5%
Western Cape	739 375	751 898	101.7%	16.0%	3.5%	784 560	-4.2%
Total	9 607 038	8 301 340	86.4%	21.2%	4.6%	7 392 028	12.3%

17. Spending by provinces varied, with the lowest rate of health capital expenditure being in the Northern Cape at 56 per cent and Gauteng at 75.4 per cent, to the highest being in the Western Cape and KwaZulu-Natal at 101.7 per cent and 100.8 per cent respectively.

Social Development

18. At R19.2 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 R18.8 billion, or 97.5 per cent, of the total R19.2 billion adjusted budget. This represents an increase of R1.2 billion, or 6.9 per cent, on the R17.5 billion spent last year.
20. There were varying degrees of spending among provinces, the lowest rate of social development expenditure being the Eastern Cape at 95.1 per cent and the Free State at 95.3 per cent, while the highest are the Western Cape at 99.7 per cent and Mpumalanga at 99.5 per cent.

Table 9: Provincial Social Development Expenditure as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Soc Dev to total provincial expenditure	% share of Soc Dev to total Social Services expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	2 642 011	2 511 614	95.1%	3.4%	4.4%	2 360 311	6.4%
Free State	1 197 009	1 141 089	95.3%	3.5%	4.8%	1 090 754	4.6%
Gauteng	4 586 319	4 487 813	97.9%	4.0%	5.1%	4 251 803	5.6%
KwaZulu-Natal	2 986 364	2 917 227	97.7%	2.5%	3.2%	2 754 077	5.9%
Limpopo	1 828 816	1 804 453	98.7%	2.9%	3.7%	1 662 209	8.6%
Mpumalanga	1 484 438	1 476 788	99.5%	3.3%	4.5%	1 369 843	7.8%
Northern Cape	870 316	838 948	96.4%	5.1%	7.3%	729 776	15.0%
North West	1 525 356	1 472 401	96.5%	3.8%	5.5%	1 360 559	8.2%
Western Cape	2 110 521	2 103 374	99.7%	3.6%	4.8%	1 959 993	7.3%
Total	19 231 150	18 753 707	97.5%	3.4%	4.4%	17 539 325	6.9%

Human Settlements and Cooperative Governance

21. At R29.3 billion, the adjusted budget for human settlements and cooperative governance comprised 5.2 per cent of total adjusted provincial budgets.

Table 10: Provincial Human Settlements and Cooperative Governance Expenditure as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	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	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	3 885 113	3 831 397	98.6%	5.1%	61.1%	3 315 831	15.5%
Free State	1 841 933	1 806 463	98.1%	5.5%	66.0%	1 747 228	3.4%
Gauteng	6 584 598	6 396 930	97.1%	5.8%	82.9%	6 413 559	-0.3%
KwaZulu-Natal	5 653 460	5 604 107	99.1%	4.8%	65.6%	5 132 368	9.2%
Limpopo	2 467 839	2 420 042	98.1%	3.9%	51.8%	2 679 638	-9.7%
Mpumalanga	2 355 032	2 354 825	100.0%	5.3%	64.0%	2 580 592	-8.7%
Northern Cape	834 405	743 192	89.1%	4.5%	64.4%	691 313	7.5%
North West	2 582 772	2 545 514	98.6%	6.6%	80.6%	2 440 933	4.3%
Western Cape	3 053 031	3 026 602	99.1%	5.1%	76.9%	2 479 357	22.1%
Total	29 258 183	28 729 073	98.2%	5.2%	70.1%	27 480 819	4.5%

22. Spending by human settlements and cooperative governance was R28.7 billion or 98.2 per cent of the R29.3 billion adjusted budget. This represents an increase of R1.2 billion or 4.5 per cent on the R27.5 billion spent in 2016/17.

Human Settlements Development Conditional Grant

23. Most of the human settlements and cooperative governance expenditure comes from the Human Settlements Development conditional grant.
24. Table 11 indicates that provinces spent R20.1 billion, or 99.1 per cent, of the R20.3 billion Human Settlements Development grant adjusted budget. These spending figures are R1.8 billion or 9.8 per cent more than the outcome for last year.
25. Spending levels by provinces varied, with the lowest being the Northern Cape at 93.6 per cent, Gauteng at 97.8 per cent and the North West at 98.7 per cent while the remaining provinces have fully spent their Human Settlements Development grant adjusted budgets.

Table 11: Provincial Human Settlements Development Grant Expenditure as at 31 March 2018

	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of grant to total provincial expenditure	% share of grant to total grant expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
R thousand							
Eastern Cape	2 339 316	2 339 315	100.0%	3.1%	11.6%	1 995 643	17.2%
Free State	1 193 038	1 192 716	100.0%	3.6%	5.9%	1 099 349	8.5%
Gauteng	5 421 755	5 302 694	97.8%	4.8%	26.3%	4 978 964	6.5%
KwaZulu-Natal	3 678 939	3 678 939	100.0%	3.2%	18.3%	3 123 330	17.8%
Limpopo	1 254 461	1 254 461	100.0%	2.0%	6.2%	1 518 244	-17.4%
Mpumalanga	1 507 662	1 507 662	100.0%	3.4%	7.5%	1 302 757	15.7%
Northern Cape	511 641	478 927	93.6%	2.9%	2.4%	365 954	30.9%
North West	2 078 788	2 051 947	98.7%	5.3%	10.2%	1 951 247	5.2%
Western Cape	2 326 758	2 326 758	100.0%	3.9%	11.6%	2 000 811	16.3%
Total	20 312 358	20 133 419	99.1%	3.6%	100.0%	18 336 299	9.8%

Personnel expenditure

26. Personnel expenditure (compensation of employees) for the 2017/18 financial year was R334.3 billion, or 99.8 per cent, of the combined adjusted budget of R334.8 billion.

Table 12: Provincial Personnel Expenditure as at 31 March 2018

	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Personnel to total provincial expenditure	% share of Personnel to total Personnel expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
R thousand							
Eastern Cape	47 807 959	47 502 262	99.4%	63.7%	14.2%	44 009 316	7.9%
Free State	20 100 311	20 172 040	100.4%	61.1%	6.0%	18 872 623	6.9%
Gauteng	61 990 771	62 928 044	101.5%	56.8%	18.8%	57 845 225	8.8%
KwaZulu-Natal	72 125 115	71 625 440	99.3%	61.6%	21.4%	67 722 227	5.8%
Limpopo	42 705 014	42 569 181	99.7%	68.9%	12.7%	40 107 849	6.1%
Mpumalanga	26 775 108	26 582 800	99.3%	59.6%	8.0%	24 674 958	7.7%
Northern Cape	9 123 280	9 224 271	101.1%	55.8%	2.8%	8 507 428	8.4%
North West	22 429 340	22 160 733	98.8%	57.2%	6.6%	20 510 416	8.0%
Western Cape	31 786 046	31 546 866	99.2%	53.3%	9.4%	29 440 715	7.2%
Total	334 842 945	334 311 636	99.8%	60.2%	100.0%	311 690 757	7.3%

27. The preliminary outcome is R22.6 billion more or 7.3 per cent higher than the R311.7 billion spent in the 2016/17 financial year.

28. Spending ranged from 98.8 per cent in the North West and 99.2 per cent in the Western Cape, to a high of 101.5 per cent in Gauteng and 101.1 per cent in the Northern Cape.

Overall Capital Budgets and Expenditure

29. Provinces spent R39.1 billion or 93.2 per cent of the capital (payments for capital assets) adjusted budget of R42 billion. This is an increase of 14.6 per cent compared to the 2016/17 financial year.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at 31 March 2018

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2018	Preliminary outcome as % of adjusted budget	% share of Capital to total provincial expenditure	% share of Capital to total Capital expenditure	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	5 034 120	4 686 750	93.1%	6.3%	12.0%	4 775 463	-1.9%
Free State	2 335 005	2 138 713	91.6%	6.5%	5.5%	2 300 325	-7.0%
Gauteng	10 695 655	9 864 784	92.2%	8.9%	25.2%	5 882 142	67.7%
KwaZulu-Natal	8 410 636	7 983 017	94.9%	6.9%	20.4%	7 869 191	1.4%
Limpopo	2 400 978	2 085 723	86.9%	3.4%	5.3%	1 865 460	11.8%
Mpumalanga	3 833 221	3 623 134	94.5%	8.1%	9.3%	2 947 236	22.9%
Northern Cape	1 754 250	1 454 283	82.9%	8.8%	3.7%	1 329 628	9.4%
North West	2 708 390	2 599 536	96.0%	6.7%	6.6%	2 281 472	13.9%
Western Cape	4 802 459	4 703 394	97.9%	8.0%	12.0%	4 916 382	-4.3%
Total	41 974 714	39 139 334	93.2%	7.0%	100.0%	34 167 299	14.6%

30. Table 13 provides capital spending information by province and shows low rates of spending in the Northern Cape at 82.9 per cent and Limpopo at 86.9 per cent, and high rates in the Western Cape at 97.9 per cent and the North West at 96 per cent. However, in absolute terms, Gauteng has spent the most, with total spending of R9.9 billion followed by KwaZulu-Natal at R8 billion and the Western Cape at R4.7 billion.

31. Provincial education departments spent R10.3 billion, or 93.1 per cent, of their capital adjusted budgets of R11 billion. This is a decrease of R618.4 million or 5.7 per cent compared to spending in the previous financial year.

32. Provincial health departments spent R8.3 billion, or 86.4 per cent, of their capital adjusted budgets of R9.6 billion, which is R909.3 million or 12.3 per cent more than the 2016/17 financial year.

33. At 29.1 per cent, the public works, roads and transport departments had the highest share of the provincial capital adjusted budgets. The sector spent R12.2 billion or 99.6 per cent against its combined capital adjusted budgets of R12.2 billion.

Conditional Grants

34. The adjusted total for conditional grants was R98.7 billion (including provincial roll-overs), with health making up the bulk at R37.9 billion.

35. Table 14 (overleaf) reflects spending by all provinces on conditional grant adjusted allocations as at 31 March 2018 (preliminary outcome). It includes conditional grant roll-overs from the 2016/17 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 2018

	Division of Revenue Act, 2017	Division of Revenue Amendment Act, 2017	Provincial roll-overs	Total available 2017/18	Transferred from National to provinces	Preliminary outcome as at 31 March 2018 (excluding Schedules 4A, 7A grants)	Preliminary outcome as % of total available (excluding Schedules 4A, 7A grants)
R thousand							
Agriculture, Forestry and Fisheries	2 241 689	-	21 084	2 262 773	2 241 689	2 053 298	90.7%
Comprehensive Agricultural Support Programme Grant	1 645 946	-	17 884	1 663 830	1 645 946	1 496 215	89.9%
Ilima/Letsema Projects Grant	522 139	-	3 200	525 339	522 139	485 290	92.4%
Land Care Programme Grant: Poverty Relief and Infrastructure Dev	73 604	-	-	73 604	73 604	71 793	97.5%
Arts and Culture	1 419 960	-	45 081	1 465 041	1 419 960	1 346 637	91.9%
Community Library Services Grant	1 419 960	-	45 081	1 465 041	1 419 960	1 346 637	91.9%
Basic Education	17 154 328	421 714	458 069	18 034 111	17 570 065	6 937 095	95.2%
1. Education Infrastructure Grant	10 045 562	421 714	280 398	10 747 674	10 467 276		
HIV and Aids (Life Skills Education) Grant	245 308	-	505	245 813	245 308	240 645	97.9%
Learners with Profound Intellectual Disabilities Grant	72 000	-	-	72 000	66 023	48 407	67.2%
Maths, Science and Technology Grant	365 145	-	5 742	370 887	365 145	309 482	83.4%
National School Nutrition Programme Grant	6 426 313	-	171 424	6 597 737	6 426 313	6 338 561	96.1%
Cooperative Governance and Traditional Affairs	123 432	-	-	123 432	40 000		
2. Provincial Disaster Grant	123 432	-	-	123 432	40 000		
Health	37 520 392	49 834	314 315	37 884 541	37 570 226	23 234 667	98.7%
Comprehensive HIV and Aids Grant	17 557 903	19 834	30 160	17 607 897	17 577 737	17 727 439	100.7%
Health Facility Revitalisation Grant	5 654 495	30 000	243 562	5 928 057	5 684 495	5 507 228	92.9%
1. Health Professions Training and Development Grant	2 631 849	-	7 111	2 638 960	2 631 849		
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	-
1. National Tertiary Services Grant	11 676 145	-	33 482	11 709 627	11 676 145		
Human Settlements	19 969 343	-	343 015	20 312 358	19 969 343	20 133 419	99.1%
Human Settlements Development Grant	19 969 343	-	343 015	20 312 358	19 969 343	20 133 419	99.1%
Public Works	781 162	-	1 653	782 815	781 162	774 097	98.9%
Expanded Public Works Programme Integrated Grant for Provinces	395 579	-	1 653	397 232	395 579	383 046	96.4%
Social Sector Expanded Public Works Programme Incentive Grant	385 583	-	-	385 583	385 583	391 052	101.4%
Social Development	556 392	-	81 935	638 327	524 358	332 366	52.1%
Early Childhood Development Grant	317 612	-	-	317 612	317 612	250 975	79.0%
1. Social Workers Employment Grant	181 830	-	-	181 830	181 830		
Substance Abuse Treatment Grant	56 950	-	81 935	138 885	24 916	81 391	58.6%
Sport and Recreation South Africa	585 828	-	2 339	588 167	585 828	514 313	87.4%
Mass Participation and Sport Development Grant	585 828	-	2 339	588 167	585 828	514 313	87.4%
Transport	16 476 535	-	98 912	16 575 447	16 476 533		
1. Provincial Roads Maintenance Grant	10 753 664	-	94 991	10 848 655	10 753 663		
1. Public Transport Operations Grant	5 722 871	-	3 921	5 726 792	5 722 870		
Total	96 829 061	471 548	1 366 403	98 667 012	97 179 164		
Total excluding Schedules 4A and 7A grants	55 693 708	49 834	946 500	56 690 042	55 705 531	55 325 892	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 currently not allocated to specific provinces, that may be released to provinces to fund an immediate response to a disaster.

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 R56.7 billion (which excludes Schedules 4, Part A and Schedule 7, Part A grants), the preliminary spending outcome for conditional grants amounted to R55.3 billion, or 97.6 per cent.
38. Specific grants that show low rates of spending for the 2017/18 financial year include:
- Substance Abuse Treatment (58.6 per cent)
 - Learners with Profound Intellectual Disabilities (67.2 per cent)
 - Early Childhood Development (93.3 per cent)
 - Comprehensive Agriculture Support Programme (89.9 per cent)
39. Table 15 indicates selected conditional grant spending rates as at 31 March 2018 (preliminary outcome).

Table 15: Selected Conditional Grants Spending Rates as at 31 March 2018

	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			
Comprehensive Agricultural Support Programme Grant	3 FS, GT, KZN,	1 NC,	5 EC, LIM, MPU, NW, WC
Ilima/Letsema Projects Grant	3 FS, GT, KZN,	1 LIM,	5 EC, MPU, NC, NW, WC
Land Care Programme Grant: Poverty Relief and Infrastructure Development	1 NC,		8 EC, FS, GT, KZN, LIM, MPU, NW, WC
Arts and Culture			
Community Library Services Grant	2 GT, NC,	3 FS, LIM, NW,	4 EC, KZN, MPU, WC
Basic Education			
HIV and AIDS (Life Skills Education) Grant	2 LIM, NW,		7 EC, FS, GT, KZN, MPU, NC, WC
Learners with Profound Intellectual Disabilities Grant	6 EC, FS, KZN, LIM, MPU, NC,	1 GT,	2 NW, WC
Maths, Science and Technology Grant	5 EC, FS, GT, LIM, NW,	1 KZN,	3 MPU, NC, WC
National School Nutrition Programme Grant		2 KZN, LIM,	7 EC, FS, GT, MPU, NC, NW, WC
Health			
Comprehensive HIV, AIDS and TB Grant			9 EC, FS, GT, KZN, LIM, MPU, NC, NW, 1
Health Facility Revitalisation Grant	3 LIM, MPU, WC	4 EC, FS, GT, NW,	2 KZN, NC,
Health Professionals Training And Development Grant	4 GT, KZN, MPU, NC,		5 EC, FS, LIM, NW, WC
Human Settlements			
Human Settlements Development Grant		1 NC,	8 EC, FS, GT, KZN, LIM, MPU, NW, WC
Public Works			
Expanded Public Works Programme Integrated Grant for Provinces	2 NC, NW,		7 EC, FS, GT, KZN, LIM, MPU, WC
Social Sector Expanded Public Works Programme Incentive Grant for Provinces			9 EC, FS, GT, KZN, LIM, MPU, NC, NW, 1
Social Development			
Early Childhood Development Grant	5 EC, FS, KZN, LIM, NW,	1 GT,	3 MPU, NC, WC
Social Workers Employment Grant	6 EC, FS, GT, KZN, NC, NW,		3 LIM, MPU, WC
Sport and Recreation South Africa			
Mass Participation and Sport Development Grant	1 FS,	3 EC, GT, NW,	5 KZN, LIM, MPU, NC, WC

Note: Percentages represent actual expenditure against allocations as per the Division of Revenue Amendment Act, 2017 including other relevant government gazettes.

40. The table further indicates that four or more provinces have spent less than 90 per cent on the Learners with Profound Intellectual Disabilities grant, Maths, Science and Technology grant, Health Professionals Training and Development grant, Early Childhood Development grant and the Social Workers Employment grant to provinces.

Provincial Revenue

41. The total provincial revenue transferred from national government and collected by provinces for 2017/18 was R558 billion, or 100.3 per cent, of total adjusted revenue of R556.5 billion. This included equitable share allocations of R441.3 billion, allocated conditional grants of R97.2 billion (excluding provincial roll-overs) and own revenue of R17.8 billion.
42. National government transferred R441.3 billion or 100 per cent of the equitable share, and R97.2 billion or 99.96 per cent in conditional grants to provinces.
43. Provinces collected R19.5 billion or 109.5 per cent of the budgeted own revenue of R17.8 billion, which was R439 million or 2.3 per cent more than the previous financial year.
44. The collection rate varied from 101 per cent in Limpopo and 101.4 per cent in the Free State, to a high of 128.1 per cent in the Eastern Cape and 116.2 per cent in the Western Cape.

Table 16: Provincial Own Revenue Collection as at 31 March 2018

R thousand	Adjusted budget	Actual collection as at 31 March 2018	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	2016/17: Outcome as at 31 March 2017	Year-on-year growth
Eastern Cape	1 337 843	1 713 346	128.1%	2.3%	8.8%	1 964 700	-12.8%
Free State	1 047 477	1 062 377	101.4%	3.2%	5.4%	983 352	8.0%
Gauteng	5 751 175	6 087 032	105.8%	5.4%	31.2%	5 731 554	6.2%
KwaZulu-Natal	3 038 627	3 322 246	109.3%	2.9%	17.0%	3 200 700	3.8%
Limpopo	1 295 487	1 308 253	101.0%	2.1%	6.7%	1 468 965	-10.9%
Mpumalanga	1 180 946	1 328 475	112.5%	3.0%	6.8%	1 159 322	14.6%
Northern Cape	339 831	351 801	103.5%	2.1%	1.8%	346 439	1.5%
North West	1 157 276	1 228 797	106.2%	3.2%	6.3%	1 155 830	6.3%
Western Cape	2 676 644	3 110 766	116.2%	5.2%	15.9%	3 063 230	1.6%
Total	17 825 306	19 513 093	109.5%	3.5%	100.0%	19 074 092	2.3%