



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Enquiries: Communications Unit • Email: media@treasury.gov.za • Tel: (012) 315 5046 • 40 Church Square, PRETORIA, 0002 • www.treasury.gov.za

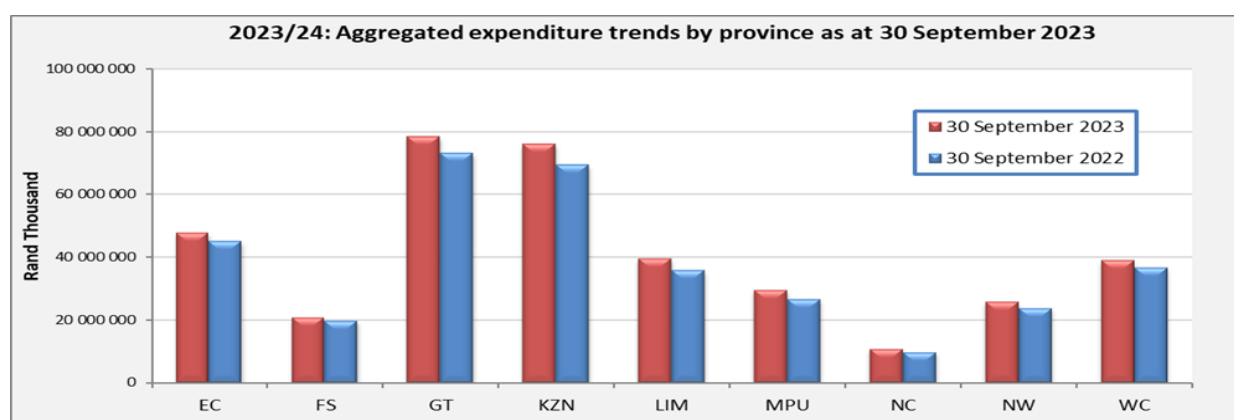
MEDIA STATEMENT

Provincial Budgets: 2023/24 Financial Year Second Quarter Provincial Budgets and Expenditure Report

SUMMARY

Overall Expenditure Trends – Second Quarter: 2023/24 Financial Year

1. In the 2023/24 financial year provinces budgeted to spend R728 billion, and as at 30 September 2023, provinces spent R367 billion or 50.4 per cent against the budget with projected budget pressures of R28 billion. The projected overspending mainly emanates from current payments with compensation of employees and goods and services projecting budget pressures of R16.8 billion and R8 billion respectively.

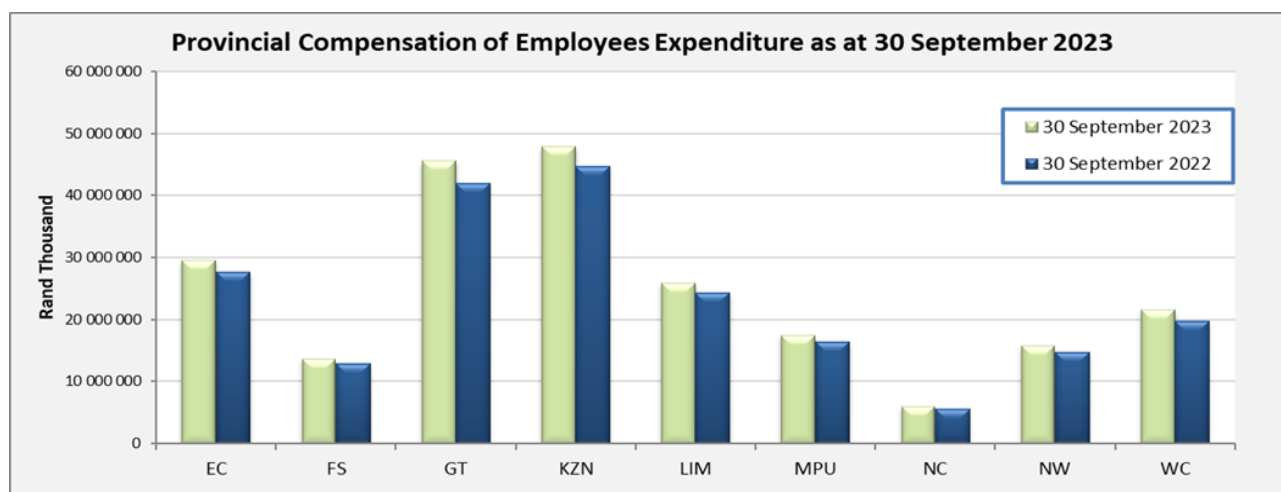


2. Provinces allocated R568.5 billion (78 per cent) towards the delivery of social services, which includes spending on education, health, and social development. Spending on these social services currently amounts to R292 billion or 51.4 per cent of the total provincial social services' main budgets. This spending pattern is 7.4 per cent higher when compared to the same period in the previous financial year. Although provinces are currently spending reasonably in line with the 50 per cent second quarter norm, there is a huge projected overspending of R25.5 billion on provincial social services.
3. The **education** sector spending stands at R153.8 billion or 50.6 per cent of the provincial education main budget of R304 billion. The current year's spending shows an increase of R12 billion (8.7 per cent) when compared to the same period in the previous financial year. The sector is projecting to overspend by R9.4 billion, mainly due to the implementation of circular 20 of 2023 concerning the payment of Improvement in Conditions of Service (ICS) for employees on salary levels 1 to 12 and those covered by Occupation Specific Dispensations (OSDs) from 1 April 2023.



MEDIA STATEMENT

4. The health sector has a total appropriation amounting to R242.9 billion in the current financial year. The sector spending is at 52.6 per cent or R127.7 billion and projects to overspend by R15.7 billion or 6.5 per cent against the main appropriation at the end of the financial year. The total projected pressure is mainly under current payments with compensation of employees (CoE) being the main contributor to the overall projected overspending by R8.5 billion or 5.6 per cent.
5. With regards to Social Development, the spending rate is recorded at 49.6 per cent or R10.7 billion main budget of R21.6 billion. This represents an increase of 3.7 per cent or R384 million compared to 2022/23. Despite the spending being in line with the 50 per cent norm, provinces overall are projecting to overspend by R428 million mainly on compensation of employees.
6. The province allocated an amount of R438 billion towards the provincial wage bill for the 2023/24 financial year. This resulted in a provincial wage bill translating into 60.2 per cent of the total provincial budget allocation. Social sector departments account for R391.7 billion or 89.4 per cent of the provincial personnel budget, while the non-social sector departments account for 10.6 per cent.
7. The overall compensation of employees (CoE) reported spending of R223.6 billion or 51 per cent at the end of September 2023. CoE is projecting pressures of R16.8 billion mainly emanating from Education and Health as mentioned above. This overspending is largely due to the implementation of the Improvement in Conditions of Service (ICS).

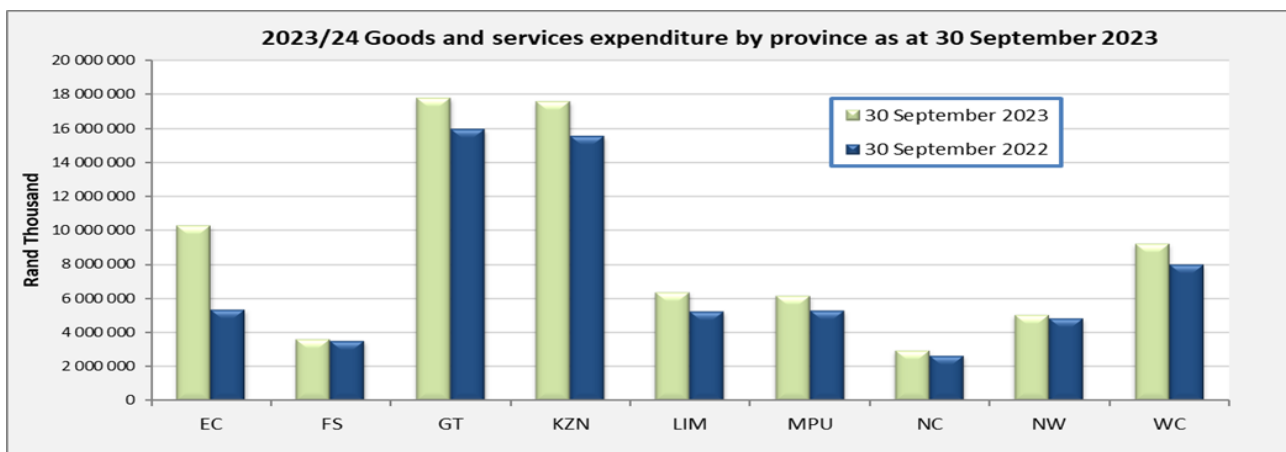


8. Provinces budgeted R154.9 billion for goods and services which amounts to 21 per cent of the total provincial main budgets.

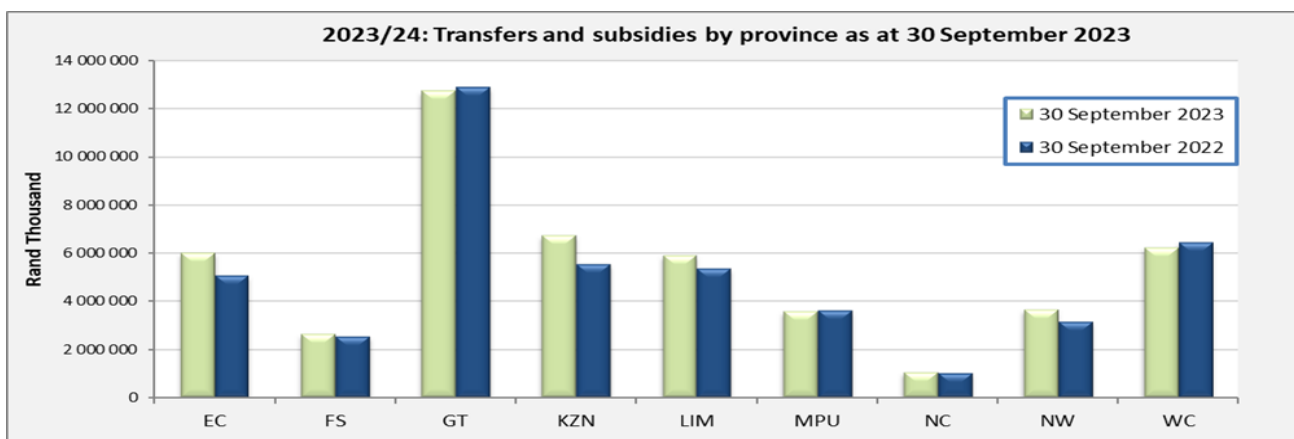


MEDIA STATEMENT

9. As at the end of September 2023 goods and services spending stands at R79 billion or 51.2 per cent of the tabled budget. Although the current spending is slightly above the second quarter norm of 50 per cent, provinces are projecting huge overspending of R8 billion. The budget pressures in provinces are mainly due to the payment of the previous year accruals. The current spending translates to a 19.2 per cent or R12.7 billion increase compared to the R66.5 billion spent over the same period in 2022/23.



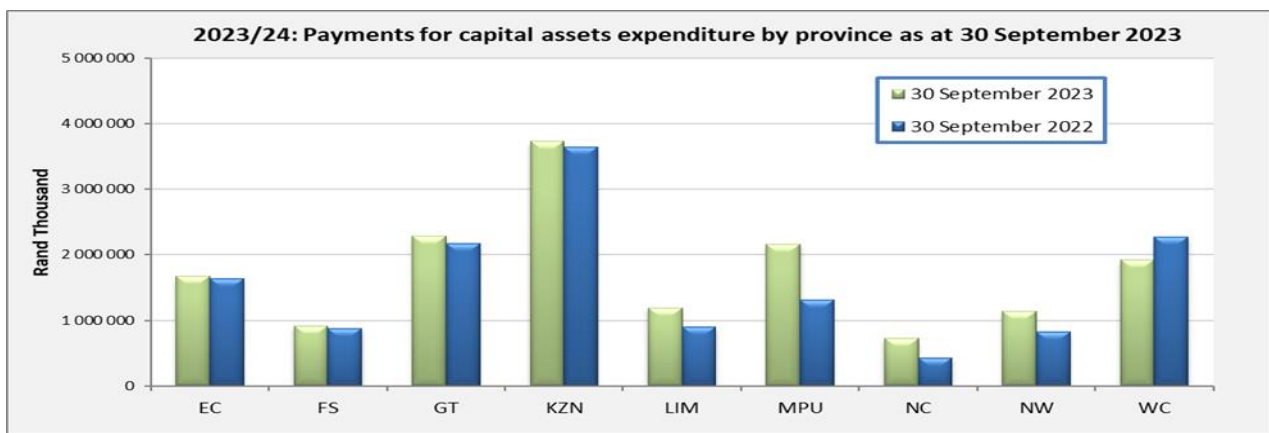
10. Provinces tabled a main budget of R94.2 billion for transfers and subsidies, and R48.5 billion or 51.5 per cent of this budget was spent by end of the second quarter. The current spending rate shows an increase of 6.4 per cent when compared to 2022/23 in the same period.
11. At the end of the second quarter provinces are projecting to overspend their transfers budget by R2.8 billion. The main reason for the huge projected overspending is payments for claims against the state (Medico-legal claims).





MEDIA STATEMENT

12. Payments for capital assets (capital) spending amounts to R15.7 billion or 38.5 per cent of the R40.9 billion main budget. Provinces are currently projecting to overspend by R581 million at the end of the year. However, most provinces are spending below the 50 per cent second quarter norm. Therefore, the projected budget pressures might not be realised.



13. Provincial own revenue collected R11.5 billion or 50.2 per cent of the R22.9 billion main budget by the end of the second quarter of the current financial year. Provinces are projecting to over collect a total of R1.8 billion. This collection trend shows an improvement of 3.6 per cent when compared to the previous year's collections.
14. The budgeted figures for the second quarter of 2023/24 are based on the 2023 Estimates of Provincial Revenue and Expenditure documents, which were presented to the Provincial Legislatures in March 2023.



MEDIA STATEMENT

Notes to editors

- 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 second quarter (April 2023 to September 2023) of the 2023/24 financial year. The statement is also available on the Treasury website at www.treasury.gov.za.
- The information in the statement comes from Section 40(4) PFMA reports submitted by heads of provincial departments to provincial treasuries, who in turn, submitted the information to the National Treasury. These figures are unaudited first estimates and will be revised after all provincial departments and entities audited annual reports are tabled in their legislatures. Queries on spending or budget numbers should in the first instance be referred to the heads of the relevant provincial departments, and in the second instance to the head of the relevant provincial treasury. Queries on conditional grants should be referred to the head of the national department that administers the grant.
- The budget figures in this publication take into account the *2023 Estimates of Provincial Revenue and Expenditure* documents of provinces, which were presented to their respective provincial legislatures during March 2023. It includes the amounts allocated through the *Appropriation Act, 2023 and the Division of Revenue Act, 2023*.

Issued by National Treasury

Date: 14 November 2023