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project

2010/11 Provincial Budgets

21 May 2010

10/05/24



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Outline

- **Equitable Share increases**
- **Health Budgets**

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Equitable Share Increases

Province	Year-on-Year ES Increase (Adj. App)	Year-on-Year ES Increase (Revised Spending Estimate)	Year-on-Year ES Increase (With Prov. Debt / roll-over)	Year-on-Year ES Increase (With CPI Inflation)
Eastern Cape	7.56%	0.92%	-5.67%	2.46%
Free State	7.88%	5.59%	7.74%	2.78%
Gauteng	11.81%	2.05%	-0.66%	6.71%
KZN	9.18%	3.69%	-0.91%	4.04%
Limpopo	7.21%	6.14%	5.68%	2.11%
Mpumalanga	8.14%	6.07%	4.93%	3.04%
North West	3.65%	NA	NA	NA
Northern Cape	10.78%	6.27%	5.61%	5.68%
Western Cape	10.4%	9.84%	9.47%	5.30%
Total	9.1%	4.19%	1.38%	4.0%



- **National (or averaged) picture of provincial budgets is largely meaningless**
- **Provincial debts in Eastern Cape, Gauteng and KZN (at least) will affect service delivery this year**
- **Equitable share increase vs. Equitable share *spending* from 2009/2010 below inflation**
- **Ultimately, some provinces being asked to do substantially more with substantially less money**



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Equitable Share Increases

The preliminary outcome shows that in aggregate six provinces have underspent their adjusted budgets by R2.3 billion. This is largely due to capital expenditure and conditional grants which reflect underspending in most provincial departments for 2009/10. However, Eastern Cape, Gauteng and KwaZulu-Natal overspent their adjusted budgets by R3.6 billion in aggregate, largely due to over-expenditure in their education and health departments.



Provincial Health Budgets

Province	2010/2011 Total Health Budget	2009/2010 Total Revised Spending Estimate	2009/2010 Total Health Budget (Adjusted)	2009/2010 Debt Burden (Health)
Eastern Cape	R 13,340,872	R 13,340,680	R 11,773,927	R-1,566,753
Free State	R 6,151,710	R 5,073,256	R 5,512,642	R 439,386
Gauteng	R 20,368,384	R 18,576,985	R 17,510,490	R-1,066,495
KZN	R 21,657,681	R 20,641,179	R 18,329,163	R-2,312,016
Limpopo	R 10,534,963	R 9,327,673	R 9,367,673	R 40,000
Mpumalanga	R 6,420,715	R 6,100,196	R 6,047,714	R-52,482
North West				
Northern Cape	R 2,657,301	R 2,310,267	R 2,301,429	R-8,838
Western Cape	R 11,962,863	R 10,556,102	R 10,463,716	R-92,386
Total	R 93,094,489	R 85,926,338	R 81,306,754	R-4,619,584



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Health Budgets

Provincial Health Budgets

Health expenditure (preliminary outcome) is at R88.6 billion or 102.8 per cent of the R86.2 billion combined health adjusted budgets and is the second largest item (after education) on provincial adjusted budgets (28.4 per cent). The spending pattern reflects an 18.1 per cent or R13.6 billion increase compared with the spending in the 2008/09 financial year.



Provincial Health Budgets

Province	Year-on-Year Increase	Year-on-Year Equitable Share Increase	Year-on-Year Conditional Grant Increase	Year-on-Year Increase (with debt/roll-over)
Eastern Cape	0.0014%	-1.07%	8.23%	-13.32%
Free State	21.26%	18.69%	30.21%	27.30%
Gauteng	9.64%	7.69%	15.30%	-0.04%
KZN	4.92%	2.29%	18.89%	-11.02%
Limpopo	12.94%	11.24%	25.68%	11.74%
Mpumalanga	5.25%	6.86%	-5.50%	5.80%
North West				
Northern Cape	15.02%	9.55%	95.36%	9.14%
Western Cape	17.68%	13.41%	17.07%	12.11%
Total	8.84%	6.48%	16.65%	3.44%



- **Health budgets overall have grown at less than inflation**
- **Eastern Cape and KZN - after paying health debts - have less money this year than spent last year (-11.7% & -6.3%)**
- **Free State Budget**



Province	2010/2011 Budget	2009/2010 Estimate	Year-on-Year Increase	Addition/Withdraw
Eastern Cape (total)	R 741,283	R 564,725	31.26%	R 84,568
Conditional Grant	R 690,940	R 493,702	39.95%	R 91,975
Equitable Share	R 50,343	R 71,023	-29.12%	R-7,407
Free State (total)	R 478,855	R 315,807	51.63%	R 40,886
Conditional Grant	R 433,583	R 298,931	45.04%	R 63,139
Equitable Share	R 45,272	R 16,876	168.26%	R-22,253
Gauteng (total)	R 1,512,782	R 1,064,318	42.14%	R 131,669
Conditional Grant	R 1,277,683	R 889,683	43.61%	R 128,804
Equitable Share	R 235,099	R 174,635	34.62%	R 2,865
KZN (total)	R 1,930,006	R 1,521,982	26.81%	R 67,176
Conditional Grant	R 1,498,811	R 1,121,575	33.63%	R 240,916
Equitable Share	R 431,195	R 400,407	7.69%	R-173,740
Limpopo (total)	R 524,896	R 412,353	27.29%	R 110,879
Conditional Grant	R 514,896	R 402,133	28.04%	R 110,659
Equitable Share	R 10,000	R 10,220	-2.15%	R 220
Mpumalanga (total)	R 398,824	R 281,136	41.86%	R 24,734
Conditional Grant	R 383,646	R 296,430	29.42%	R 96,204
Equitable Share	R 15,178	R 0	NA	R-71,470
Northern Cape (total)	R 216,981	R 157,828	37.48%	R 12,560
Conditional Grant	R 182,306	R 113,703	60.34%	R 0
Equitable Share	R 34,675	R 44,125	-21.42%	R 12,560
Western Cape (total)	554054	383538	44.46%	R 73,525
Conditional Grant	R 554,054	R 383,538	44.46%	R 73,525
Equitable Share	R 0	R 0	NA	R 0
Total (total)	R 6,357,681	R 4,701,687	37.48%	R 545,997
Conditional Grant	R 5,535,919	R 3,999,695	38.41%	R 805,222
Equitable Share	R 821,762	R 717,286	14.57%	R-259,225



- **Substantially more money thanks to Conditional Grant (+R1.65 billion)**
- **Some provinces (EC, FS, KZN, MP) used CG top-up in adjustment budget to withdraw ES funding to HIV programmes**
- **Mpumalanga underspent HIV budget by ~R90 million**



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Hospital Revitalisation Grant

Province	Total Available (with roll-over)	Total Received	Total Payments (unaudited)	Debt/surplus	% Unspent
Eastern Cape	R 282,987	R 238,611	R 204,112	R 78,875	27.87%
Free State	R 282,024	R 181,018	R 180,119	R 101,905	36.13%
Gauteng	R 755,190	R 755,190	R 712,849	R 42,341	5.61%
KZN	R 449,558	R 288,862	R 224,128	R 225,430	50.14%
Limpopo	R 212,360	R 206,931	R 172,085	R 40,275	18.97%
Mpumalanga	R 498,159	R 304,441	R 289,702	R 208,457	41.85%
North West	R 254,644	R 254,644	R 253,413	R 1,231	0.48%
Northern Cape	R 340,197	R 340,197	R 268,223	R 71,974	21.16%
Western Cape	R 420,060	R 419,245	R 376,934	R 43,126	10.27%
Total	R 3,495,179	R 2,989,139	R 2,681,565	R 813,614	23.28%



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Hospital Revitalisation Grant

- **Underspent by 23%**
- **Mostly in KZN, Mpumalanga & Free State**
- **2008/2009 Financial Year - Grant also underspent by ~16% (R473 million)**



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Questions?

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Equitable Share

Province	2010/2011 Equitable Share %	2009/2010 Revised Estimate as % of ES	2009/2010 % allocated (adjustment)	2009/2010 Spending vs Allocation	2010/2011 Available after debt
Eastern Cape					
Health	27.56%	29.96%	26.29%	3.67%	24.14%
Education	51.90%	54.70%	52.95%	1.75%	50.27%
Free State					
Health	26.88%	24.43%	26.54%	-2.10%	28.83%
Education	47.88%	50.37%	50.37%	0.00%	47.88%
Gauteng					
Health	32.94%	34.20%	31.56%	2.64%	30.58%
Education	46.08%	48.67%	48.18%	0.49%	45.64%
KZN					
Health	31.31%	33.41%	28.96%	4.45%	27.23%
Education	46.60%	47.97%	47.56%	0.41%	47.15%
Limpopo					
Health	27.12%	26.14%	26.27%	-0.13%	27.24%
Education	51.11%	53.28%	52.60%	0.67%	46.23%
Mpumalanga					
Health	24.99%	25.29%	25.02%	0.27%	24.74%
Education	48.72%	51.62%	51.01%	0.61%	48.15%
Northern Cape					
Health	33.37%	33.74%	33.60%	0.14%	33.24%
Education	45.13%	48.17%	47.15%	1.02%	44.21%
Western Cape					
Health	33.62%	32.72%	32.30%	0.42%	33.23%
Education	45.45%	47.04%	47.04%	0.00%	45.45%
Total					
Health	29.87%	30.60%	28.56%	2.04%	28.00%
Education	48.10%	50.35%	49.70%	0.65%	47.51%