



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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**2005/06 Provincial Budgets
4th Quarter Year to Date Provincial Budget Report
(Preliminary Outcome)**

SUMMARY:

1. The fourth quarter provincial budget statement of receipts and payments published by the National Treasury on 28 April 2006 is the first estimate of spending outcomes for the 2005/06 financial year, which commenced on 1 April 2005 and ended on 31 March 2006. These figures may be revised as national and provincial departments finalise (and reconcile) their financial statements by 31 May 2006 for submission to the Auditor-General.
2. The figures in this fourth quarter report include the additional funds totalling R547,3 million allocated to provinces for conditional grants in the 2005 Adjusted Estimates of National Expenditure. Provinces have also contributed additional funding of almost R5,0 billion to their initial budget figures, which includes roll-overs from the previous financial year. This report also includes a comparative spending analysis over the 2004/05 financial year. Data for the 2004/05 financial year are extracted from the provincial audited annual financial statements.
3. Initial observations from the fourth quarter statement indicate the following trends:
4. In aggregate, provinces have spent 98,0 per cent or R214,8 billion of their adjusted budgets of R219,2 billion in 2005/06. This represents a significant spending increase year-on-year of 13,5 per cent or R25,5 billion over the audited R189,2 billion spent in 2004/05. Spending varies between the lowest share of 94,4 per cent in Free State and 95,8 per cent in North West to the highest at 99,8 per cent in KwaZulu-Natal and 98,6 per cent in Western Cape.
5. The year-end under expenditure of R4,4 billion or 2,0 per cent of adjusted provincial budgets in aggregate by provinces for the 2005/06 financial year is largely due to under expenditure in capital and conditional grants, in particular the social assistance transfers conditional grant.
6. Education expenditure totalled R72,0 billion or 99,6 per cent of the R72,3 billion total adjusted budget for education, and remains the largest item on provincial budgets.

The spending pattern reflects a R7,5 billion or 11,7 per cent increase compared with the audited spending in 2004/05.

7. Health expenditure totalled R46,9 billion or 99,5 per cent of the R47,2 billion total adjusted budget for health, and is the third largest item (after education and social development) on provincial budgets. The spending pattern reflects a 16,6 per cent or R6,7 billion increase compared with the audited spending in 2004/05.
8. The preliminary outcome for provincial social development departments indicates that provinces have underspent by almost R2,0 billion on their adjusted budgets, which appears to be the result of key initiatives introduced to address weaknesses in the grant administration system, with a specific focus on the disability grant, to stabilise the social development budgets.
9. In aggregate, provinces spent 94,0 per cent or R13,1 billion of their almost R14,0 billion adjusted capital budget between the various sectors. This is an improvement of 26,8 per cent over the previous financial year, exceeding the audited R10,4 billion spent in 2004/05 by R2,8 billion.
10. Due to the anticipated underspending on capital, R91,0 million of the Health Revitalisation conditional grant was re-allocated between provinces during the 2005 Adjusted Estimates process. Further, R746,7 million of the provincial infrastructure conditional grant has been withheld with Free State (R51,4 million), Gauteng (R277,3 million), Limpopo (R318,9 million), Mpumalanga (R57,1 million) and Northern Cape (R42,0 million) being the affected provinces.
11. Education provincial departments spent relatively low on capital at 83,0 per cent or R2,8 billion of their R3,4 billion adjusted budgets, which is 18,5 per cent or R436,7 million more than spending over the previous financial year.
12. Health provincial departments, year-on-year, significantly improved on spending on capital with a preliminary outcome of 92,4 per cent or R3,8 billion against their R4,1 billion adjusted health capital budgets, which is 53,0 per cent or R1,3 billion more than the previous financial year.
13. The highest share of provincial adjusted capital budgets is for public works, roads and transport departments at 34,3 per cent. The sector spent 106,4 per cent or R5,1 billion against its combined capital adjusted budgets of R4,8 billion for the 2005/06 financial year.
14. Total personnel expenditure in aggregate is 99,0 per cent or R95,7 billion of the R96,7 billion adjusted personnel budget. Both provincial education and health departments, in aggregate, underspent on their personnel budgets in 2005/06, with the exception of Limpopo which overspent by R532,5 million in education personnel.
15. Provincial own revenue collected is 19,7 per cent more than the adjusted forecast of R6,1 billion at R7,2 billion. National government transferred R134,7 billion in the form of the equitable share grant and R73,4 billion in conditional grants for the 2005/06 financial year.

DETAILED ANALYSIS OF THE 2005/06 BUDGET (PRELIMINARY OUTCOME):

16. The budgeted figures are based on the adjusted estimates of provinces, which were tabled in their provincial legislatures during November 2005 and also cater for amendments made to the adjusted estimates in the case of Eastern Cape and KwaZulu-Natal (approved by their legislatures on 20th February and 29th March 2006, respectively).

17. This analysis is based on the statement of receipts and payments, published by the National Treasury on 28 April 2006 and is available on the treasury website www.treasury.gov.za. The information is based on the Section 40(4) PFMA reports signed by each head of provincial department to their provincial treasury by the 13th April 2006, and submitted to the National Treasury on the 21st April 2006. Queries on spending or budget numbers should therefore, in the first instance, be referred to the relevant head official of the provincial department, and in the second instance to the head official of the provincial treasury. Queries on conditional grants may also be referred to the relevant head official of the administering national department.
18. The analysis presented here is restricted to financial information only, but provincial departments should be in a position to provide complementary non-financial performance information, in some cases, to at least up to the third quarter (as such information comes with a longer lag of 2 to 4 months) relative to the targets set in their Strategic and Performance Plans tabled in provincial legislatures. Such information is necessary to measure outputs and performance and to assess value for money. This preliminary assessment will provide a valuable basis for determining any possible overspending pressures or underspending risks after provinces have tabled their adjusted estimates.
19. Except for social development, where figures on beneficiaries are published, no other sector is publishing non-financial data at this stage. However, work is under way to extend reporting on service delivery in other departments.

Total Expenditure

20. The preliminary outcomes indicate that provinces have spent 98,0 per cent or R214,8 billion of their adjusted budgets of R219,2 billion for the 2005/06 financial year. Spending is at a similar level in percentage terms against spending over the 2004/05 financial year, however, in nominal terms, spending is 13,5 per cent or R25,5 billion higher than last year when provinces recorded audited spending of R189,2 billion.
21. Among provinces, spending ranges from the lowest share of 94,4 per cent in Free State and 95,8 per cent in North West to the highest at 99,8 per cent in KwaZulu-Natal and 98,6 per cent in Western Cape.

Table 1: Provincial Aggregated Budgets and Expenditure as at March 2006 (Preliminary Outcome)

R thousand	Adjusted budget 2005/06				Actual as at March 2006				Actual as % of adj budget	2004/05: Audited Outcome as at March 2005
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total		
Eastern Cape	19 805 031	13 072 304	1 649 020	34 526 355	19 602 045	12 892 511	1 538 225	34 032 781	98,6%	30 953 002
Free State	9 211 277	5 165 651	685 190	15 062 118	8 914 803	4 726 242	577 778	14 218 823	94,4%	12 929 998
Gauteng	20 939 788	11 359 715	2 084 116	34 383 619	20 226 449	10 850 799	2 421 329	33 498 577	97,4%	30 362 447
KwaZulu-Natal	27 070 314	15 283 168	3 538 331	45 891 813	27 347 521	15 088 619	3 366 709	45 802 849	99,8%	39 104 314
Limpopo	17 910 953	9 174 298	1 596 161	28 681 412	17 832 949	9 057 761	1 344 737	28 235 447	98,4%	24 952 202
Mpumalanga	9 862 175	4 709 498	1 311 057	15 882 730	9 733 272	4 570 718	1 082 460	15 386 450	96,9%	13 170 695
Northern Cape	3 217 107	1 754 211	348 561	5 319 879	3 227 047	1 676 084	314 939	5 218 070	98,1%	4 459 371
North West	10 847 352	6 169 465	1 215 597	18 232 414	10 635 544	5 829 038	1 000 341	17 464 923	95,8%	15 043 722
Western Cape	13 129 217	6 540 285	1 541 817	21 211 319	12 796 251	6 642 197	1 479 235	20 917 683	98,6%	18 252 602
Total	131 993 214	73 228 595	13 969 850	219 191 659	130 315 880	71 333 969	13 125 753	214 775 602	98,0%	189 228 353

Social Services

22. Social services adjusted budgets total R179,4 billion, and comprise 81,9 per cent of the total R219,2 billion combined provincial adjusted budgets in 2005/06. Table 2 indicates that provinces have spent 98,6 per cent or R176,9 billion of the adjusted R179,4 billion budget for the three social services (education, health and social development). This is 13,7 per cent or R21,3 billion more than the audited spending over the same period in 2004/05.

Table 2: Provincial Social Services Expenditure as at March 2006 (Preliminary Outcome)

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Education	72 251 414	71 972 237	99,6%	33,5%	64 430 425	11,7%
Health	47 162 132	46 927 993	99,5%	21,8%	40 246 203	16,6%
Social Development	60 013 355	58 036 309	96,7%	27,0%	50 989 029	13,8%
Total	179 426 901	176 936 539	98,6%	82,4%	155 665 657	13,7%

Education

23. Education adjusted budgets of R72,3 billion comprise 33,0 per cent of total provincial adjusted budgets. Table 3 indicates that education expenditure is at 99,6 per cent or R72,0 billion of the total adjusted education budgets, an increase of 11,7 per cent or R7,5 billion compared to the audited R64,4 billion spent in 2004/05.
24. Spending between provinces for education ranges from the lowest rate in Gauteng at 96,3 per cent and Mpumalanga at 97,0 per cent to the highest in Limpopo and KwaZulu-Natal at 102,9 per cent and 101,5 per cent, respectively.

Table 3: Provincial Education Expenditure as at March 2006 (Preliminary Outcome)

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Education to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	11 557 189	11 528 827	99,8%	33,9%	10 654 446	8,2%
Free State	5 056 634	4 943 961	97,8%	34,8%	4 399 506	12,4%
Gauteng	10 807 411	10 412 115	96,3%	31,1%	9 834 976	5,9%
KwaZulu-Natal	14 750 350	14 978 768	101,5%	32,7%	13 033 271	14,9%
Limpopo	10 067 553	10 363 376	102,9%	36,7%	9 609 942	7,8%
Mpumalanga	5 964 056	5 785 606	97,0%	37,6%	4 870 716	18,8%
Northern Cape	1 566 994	1 563 600	99,8%	30,0%	1 397 085	11,9%
North West	5 976 568	5 941 120	99,4%	34,0%	5 179 111	14,7%
Western Cape	6 504 659	6 454 864	99,2%	30,9%	5 451 372	18,4%
Total	72 251 414	71 972 237	99,6%	33,5%	64 430 425	11,7%

25. Spending on goods and services (mostly learner support material) in education is recorded at 98,8 per cent of the R7 248 million adjusted budget which comprises

approximately 10,0 per cent of total provincial education budget. It is a national priority to increase both the level and share of this item.

Table 4: Provincial Personnel Expenditure: Education as at March 2006 (Preliminary Outcome)

R thousand	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Education Personnel to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
Eastern Cape	9 924 616	9 917 721	99,9%	29,1%	9 305 739	6,6%
Free State	4 016 135	3 899 506	97,1%	27,4%	3 598 313	8,4%
Gauteng	8 605 541	8 277 883	96,2%	24,7%	7 699 078	7,5%
KwaZulu-Natal	11 916 246	11 878 134	99,7%	25,9%	10 884 419	9,1%
Limpopo	8 226 640	8 759 180	106,5%	31,0%	7 857 673	11,5%
Mpumalanga	4 349 632	4 325 406	99,4%	28,1%	3 874 837	11,6%
Northern Cape	1 230 506	1 233 569	100,2%	23,6%	1 155 335	6,8%
North West	4 907 215	4 929 935	100,5%	28,2%	4 474 032	10,2%
Western Cape	5 074 938	4 961 967	97,8%	23,7%	4 567 683	8,6%
Total	58 251 469	58 183 301	99,9%	27,1%	53 417 109	8,9%

26. The bulk of education expenditure is on personnel (80,8 per cent), amounting to 99,9 per cent or almost R58,2 billion of the adjusted education personnel budgets of R58,3 billion. It appears that adequate provision was made for pay progression and incentives targeted at school-based educators in provincial education budgets. Spending between provinces ranges from the lowest in Gauteng and Free State at 96,2 per cent and 97,1 per cent to the highest in Limpopo and North West at 106,5 per cent and 100,5 per cent respectively.

Table 5: Provincial Capital Expenditure: Education as at March 2006 (Preliminary Outcome)

R thousand	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Education Capital to total Capital expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
Eastern Cape	353 620	339 631	96,0%	22,1%	316 339	7,4%
Free State	84 448	63 114	74,7%	10,9%	109 879	-42,6%
Gauteng	585 590	516 273	88,2%	21,3%	685 087	-24,6%
KwaZulu-Natal	880 983	737 851	83,8%	21,9%	485 145	52,1%
Limpopo	491 815	378 898	77,0%	28,2%	457 672	-17,2%
Mpumalanga	342 078	179 031	52,3%	16,5%	135 062	32,6%
Northern Cape	31 745	32 799	103,3%	10,4%	16 886	94,2%
North West	269 886	261 754	97,0%	26,2%	135 001	93,9%
Western Cape	335 703	294 166	87,6%	19,9%	25 748	1042,5%
Total	3 375 868	2 803 517	83,0%	21,4%	2 366 819	18,5%

27. Education capital expenditure is lower at 83,0 per cent or R2,8 billion of the R3,4 billion adjusted budget. However, this is significantly higher by 18,5 per cent or R436,7 million than the audited spending on capital over the same period last year. Capital spending for education between provinces ranges from the lowest in Mpumalanga at 52,3 per cent and Free State at 74,7 per cent to the highest in Northern Cape at 103,3 per cent and North West at 97,0 per cent.

Health

28. Health adjusted budgets totalling R47,2 billion comprise 21,5 per cent of the total provincial adjusted budget. Table 6 indicates that health expenditure is at 99,5 per cent or R46,9 billion of the total health adjusted budget, representing an increase of 16,6 per cent or R6,7 billion compared to the audited spending of the previous financial year.
29. Limpopo and Eastern Cape have spent the lowest share of their adjusted health budgets at 94,0 per cent and 98,3 per cent respectively. The highest shares are recorded in Northern Cape at 105,8 per cent and Gauteng at 101,3 per cent respectively.

Table 6: Provincial Health Expenditure as at March 2006 (Preliminary Outcome)

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Health to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	6 226 910	6 122 430	98,3%	18,0%	5 180 217	18,2%
Free State	3 118 328	3 098 719	99,4%	21,8%	2 794 911	10,9%
Gauteng	9 840 640	9 972 970	101,3%	29,8%	8 575 286	16,3%
KwaZulu-Natal	10 424 516	10 517 450	100,9%	23,0%	8 950 609	17,5%
Limpopo	5 097 869	4 789 626	94,0%	17,0%	4 168 612	14,9%
Mpumalanga	2 652 522	2 664 264	100,4%	17,3%	2 266 821	17,5%
Northern Cape	1 037 813	1 098 176	105,8%	21,0%	836 022	31,4%
North West	2 986 712	2 957 403	99,0%	16,9%	2 592 990	14,1%
Western Cape	5 776 822	5 706 955	98,8%	27,3%	4 880 735	16,9%
Total	47 162 132	46 927 993	99,5%	21,8%	40 246 203	16,6%

30. Table 7 indicates that health personnel expenditure is R25,4 billion or 99,4 per cent of the adjusted health personnel budget, an increase of R2,0 billion or 8,5 per cent compared to the audited R23,4 billion spent in 2004/05. Four provinces (Eastern Cape, Free State, Mpumalanga and North West) recorded overspending in health personnel budgets while the remaining five provinces recorded a total saving of R343,3 million with Gauteng and Western Cape the largest at R177,3 million and R136,4 million respectively.

Table 7: Provincial Personnel Expenditure: Health as at March 2006 (Preliminary Outcome)

R thousand	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Health Personnel to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
Eastern Cape	3 445 128	3 449 078	100,1%	10,1%	3 230 051	6,8%
Free State	1 802 047	1 848 896	102,6%	13,0%	1 680 574	10,0%
Gauteng	4 870 199	4 692 940	96,4%	14,0%	4 453 088	5,4%
KwaZulu-Natal	5 885 619	5 869 380	99,7%	12,8%	5 332 177	10,1%
Limpopo	2 862 882	2 854 728	99,7%	10,1%	2 613 983	9,2%
Mpumalanga	1 378 726	1 449 949	105,2%	9,4%	1 266 443	14,5%
Northern Cape	528 014	522 747	99,0%	10,0%	471 357	10,9%
North West	1 705 342	1 765 621	103,5%	10,1%	1 585 684	11,3%
Western Cape	3 111 282	2 974 886	95,6%	14,2%	2 799 467	6,3%
Total	25 589 239	25 428 225	99,4%	11,8%	23 432 824	8,5%

31. Spending on non-personnel non-capital items in health, which includes medicines, drugs and other current expenditure is recorded at 101,3 per cent or R17,7 billion of the R17,5 billion adjusted budget, an increase of 23,6 per cent or R3,4 billion compared to the audited R14,4 billion spent in 2004/05. Like education, the level and share of this allocation is regarded as critical for better health outcomes.

Table 8: Provincial Capital Expenditure: Health as at March 2006 (Preliminary Outcome)

R thousand	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Health Capital to total Capital expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
Eastern Cape	458 944	357 390	77,9%	23,2%	370 668	-3,6%
Free State	255 248	212 336	83,2%	36,8%	176 798	20,1%
Gauteng	847 096	969 148	114,4%	40,0%	367 998	163,4%
KwaZulu-Natal	1 031 952	943 216	91,4%	28,0%	587 493	60,5%
Limpopo	506 089	392 442	77,5%	29,2%	395 410	-0,8%
Mpumalanga	265 398	255 542	96,3%	23,6%	185 340	37,9%
Northern Cape	155 117	117 080	75,5%	37,2%	83 765	39,8%
North West	207 090	181 175	87,5%	18,1%	192 718	-6,0%
Western Cape	352 748	343 082	97,3%	23,2%	105 586	224,9%
Total	4 079 682	3 771 411	92,4%	28,7%	2 465 776	53,0%

32. Capital expenditure in the health sector is slightly lower at 92,4 per cent or R3,8 billion. However, this is significantly higher by 53,0 per cent or R1,3 billion more than the R2,5 billion spent for the same period last year (table 8). Between provinces, the lowest rate of spending is in Northern Cape at 75,5 per cent and Limpopo at 77,5 per cent with Gauteng and Western Cape recording the highest rate of spending at 114,4 per cent and 97,3 per cent respectively.

Social Development

33. Social development adjusted budgets of R60,0 billion comprise 27,4 per cent of total provincial adjusted budgets.
34. Provincial social development expenditure for the 2005/06 financial year is recorded at 96,7 per cent or R58,0 billion of the R60,0 billion adjusted budgets. This represents an increase of 13,8 per cent or R7,0 billion above the audited R51,0 billion spent last year.
35. Table 9 further indicates that, in aggregate, provincial social development departments underspent on their 2005/06 adjusted budgets by approximately R2,0 billion. All provinces recorded an underspending with Free State and Gauteng reflecting the largest at R464,2 million and R424,1 million respectively.
36. Among provinces, there are varying degrees of year-on-year growth in spending with Mpumalanga spending 19,5 per cent and Limpopo spending 16,0 per cent more while Free State and Eastern Cape reflect the lowest increases of 11,4 per cent and 11,6 per cent respectively.

Table 9: Provincial Social Development Expenditure as at March 2006 (Preliminary Outcome)

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Soc Dev to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	11 140 314	10 921 469	98,0%	32,1%	9 785 791	11,6%
Free State	4 387 154	3 923 001	89,4%	27,6%	3 520 811	11,4%
Gauteng	7 663 665	7 239 548	94,5%	21,6%	6 374 785	13,6%
KwaZulu-Natal	13 480 529	13 316 669	98,8%	29,1%	11 627 297	14,5%
Limpopo	7 712 515	7 638 795	99,0%	27,1%	6 585 845	16,0%
Mpumalanga	4 110 839	4 006 715	97,5%	26,0%	3 353 603	19,5%
Northern Cape	1 517 842	1 443 316	95,1%	27,7%	1 280 328	12,7%
North West	5 067 066	4 713 130	93,0%	27,0%	4 198 957	12,2%
Western Cape	4 933 431	4 833 666	98,0%	23,1%	4 261 612	13,4%
Total	60 013 355	58 036 309	96,7%	27,0%	50 989 029	13,8%

37. Table 10 indicates that provinces spent 97,1 per cent or R53,8 billion of the R55,4 billion adjusted budget on Programme 2: Social Assistance. This has resulted in an underspending of R1,6 billion with none of the nine provinces reporting an overspending. The largest underspending is recorded in Free State and Gauteng at R417,7 million and R381,2 million respectively. The spending trend is very similar to that of provincial social development spending as programme 2 accounts for 92,7 per cent of total social development expenditure and 25,0 per cent of total provincial expenditure.

Table 10: Provincial Social Grants Expenditure (Programme 2) as at March 2006 (Preliminary Outcome)

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Soc Grants to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	10 596 869	10 407 374	98,2%	30,6%	9 366 619	11,1%
Free State	3 958 736	3 541 031	89,4%	24,9%	3 230 143	9,6%
Gauteng	6 804 145	6 422 905	94,4%	19,2%	5 587 112	15,0%
KwaZulu-Natal	12 577 752	12 541 254	99,7%	27,4%	11 084 869	13,1%
Limpopo	7 314 594	7 282 404	99,6%	25,8%	6 229 276	16,9%
Mpumalanga	3 855 630	3 756 927	97,4%	24,4%	3 144 557	19,5%
Northern Cape	1 327 079	1 267 937	95,5%	24,3%	1 141 708	11,1%
North West	4 703 297	4 393 306	93,4%	25,2%	3 937 073	11,6%
Western Cape	4 238 905	4 180 232	98,6%	20,0%	3 632 005	15,1%
Total	55 377 007	53 793 370	97,1%	25,0%	47 353 362	13,6%

38. Table 11 reflects social grants beneficiary numbers by type of grant and by province over the twelve month period ending March 2006. There is a steady average monthly growth in beneficiary numbers of 1,9 per cent over the twelve month period rising from 8,8 million in April 2005 to 10,9 million in March 2006.

Table 11: Social grants beneficiary numbers by type of grant, April to March 2006

Type of grant	April 2005	May 2005	June 2005	July 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	% growth (average)
Old age	2 066 736	2 137 086	2 105 744	2 106 724	2 107 722	2 112 902	2 126 525	2 124 910	2 128 861	2 144 610	2 135 404	2 140 460	0,3%
War veterans	3 306	3 314	3 235	3 180	3 136	3 093	3 034	2 996	2 955	2 921	2 864	2 833	-1,4%
Disability	1 292 489	1 320 261	1 304 983	1 299 974	1 278 809	1 263 719	1 291 516	1 296 949	1 302 581	1 322 690	1 304 736	1 309 918	0,1%
Foster care	248 676	250 139	268 108	262 370	268 368	266 816	277 203	281 402	264 535	272 624	285 161	275 508	0,9%
Care dependency	84 563	85 986	85 719	86 397	86 914	87 536	88 307	88 486	88 429	89 975	89 621	90 362	0,6%
Child support	5 126 208	6 091 636	5 752 545	5 886 865	5 999 303	6 189 898	6 388 672	6 565 863	6 703 324	6 842 350	7 008 995	7 037 587	2,9%
Total	8 821 978	9 888 422	9 520 334	9 645 510	9 744 252	9 923 964	10 175 257	10 360 606	10 490 685	10 675 171	10 826 781	10 856 668	1,9%
Province													
Eastern Cape	1 747 424	1 749 513	1 771 116	1 806 211	1 841 305	1 876 401	1 911 495	1 946 590	1 981 684	2 016 780	2 051 872	2 086 969	1,6%
Free State	599 269	599 240	619 727	635 393	643 942	650 804	656 127	665 756	666 235	667 378	673 587	679 691	1,2%
Gauteng	1 162 682	1 164 122	1 160 968	1 173 485	1 186 588	1 236 814	1 246 288	1 272 255	1 287 134	1 295 035	1 308 084	1 291 461	1,0%
KwaZulu-Natal	2 153 013	2 153 838	2 166 785	2 195 885	2 193 123	2 231 790	2 289 108	2 337 540	2 375 166	2 427 593	2 451 442	2 485 473	1,3%
Limpopo	1 412 608	1 413 469	1 435 879	1 450 551	1 455 811	1 478 880	1 506 151	1 536 655	1 544 186	1 593 851	1 611 274	1 626 248	1,3%
Mpumalanga	264 294	1 143 559	735 687	740 843	756 871	767 486	792 408	796 983	808 651	828 276	825 091	834 390	11,0%
Northern Cape	188 641	188 274	198 508	198 508	201 026	202 490	204 683	206 758	211 392	208 554	211 258	206 669	0,8%
North West	628 668	808 491	755 721	757 682	766 451	769 923	853 140	877 558	897 231	900 432	917 583	937 870	3,7%
Western Cape	665 379	667 916	675 943	686 952	699 135	709 376	715 857	720 511	719 006	737 272	776 590	707 897	0,6%
Total	8 821 978	9 888 422	9 520 334	9 645 510	9 744 252	9 923 964	10 175 257	10 360 606	10 490 685	10 675 171	10 826 781	10 856 668	1,9%

1 Excludes "Social Relief of Distress" which is included in the overall Social Assistance Transfers Grant.

2 The Old Age Grant includes "Grant-in-aid".

39. The bulk of beneficiaries as at end of March 2006 are for the Child Support Grant (7,0 million) and Old Age Grant (2,1 million) which includes Grant-in-aid. Beneficiaries of the Child Support Grant have the highest monthly average growth of 2,9 per cent.

40. Between provinces, KwaZulu-Natal and Eastern Cape have the highest number of recorded beneficiaries at approximately 2,5 million and 2,1 million beneficiaries respectively followed by Limpopo at 1,6 million. Mpumalanga has the most volatile fluctuation in beneficiary numbers rising sharply in May 2005 and then stabilising over June 2005 through March 2006. As a result, Mpumalanga reflects the highest average monthly growth of 11,0 per cent over the twelve month period, however, it is hugely influenced by the large increase in May 2005.

41. Table 12 reflects social grant payments by type of grant and by province over the twelve month period ending March 2006. Grant payments have also experienced a lower and steady average monthly growth in grant payments of 1,1 per cent over the twelve month period rising from under R4,0 billion in April 2005 to R4,5 billion in March 2006. This declining trend in social grant payments is the result of a decline of social grant payments from December 2005 to March 2006.

Table 12: Social grants payments by type of grant, April to March 2006

	April 2005	May 2005	June 2005	July 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	% growth (average)
R thousand													
Type of grant													
Old age	1 607 503	1 547 986	1 682 866	1 764 360	1 649 576	1 845 535	1 613 501	1 356 241	1 771 997	1 758 152	1 670 775	1 567 394	-0,2%
War veterans	2 556	2 052	2 962	2 964	2 411	(38 220)	52 839	2 375	(7 897)	2 839	2 230	1 923	-2,6%
Disability	1 058 462	1 034 788	1 091 687	1 147 955	1 075 357	1 112 217	982 967	1 168 324	1 197 229	1 135 090	1 101 410	1 214 681	1,3%
Foster care	152 882	149 582	160 671	173 948	170 308	172 471	147 700	205 417	223 580	182 164	178 089	200 909	2,5%
Care dependency	70 159	68 532	70 762	73 965	72 715	82 753	81 722	81 090	63 548	76 133	74 515	80 495	1,3%
Child support	1 090 224	986 396	995 225	1 101 758	1 089 435	1 262 133	1 137 102	1 416 857	1 370 551	1 336 660	1 277 425	1 404 576	2,3%
Total	3 981 785	3 789 335	4 004 173	4 264 950	4 059 802	4 436 889	4 015 830	4 230 303	4 619 008	4 491 039	4 304 445	4 469 978	1,1%
Province													
Eastern Cape	793 813	788 885	793 128	781 983	790 273	798 562	806 852	815 141	823 432	831 721	840 010	848 299	0,6%
Free State	272 504	263 356	275 573	281 073	281 497	281 539	279 773	278 466	284 356	281 381	280 176	286 101	0,4%
Gauteng	409 982	374 625	552 712	738 521	480 098	636 510	224 474	624 535	634 834	616 623	466 835	574 029	3,1%
KwaZulu-Natal	902 844	896 351	918 153	938 629	939 699	981 269	1 161 434	932 571	1 155 162	1 018 798	1 026 694	1 034 274	1,2%
Limpopo	543 088	523 040	527 287	531 307	532 391	536 691	543 020	549 835	625 624	635 117	590 338	598 697	0,9%
Mpumalanga	317 071	197 733	182 775	234 176	263 492	422 029	211 547	236 154	303 997	292 403	296 311	300 358	-0,5%
Northern Cape	89 744	94 064	104 992	98 492	97 413	97 905	96 152	99 279	99 667	98 406	100 887	100 960	1,1%
North West	328 570	334 146	329 590	334 568	346 505	352 112	365 619	377 440	359 228	385 464	370 521	394 070	1,7%
Western Cape	324 169	317 135	319 963	326 201	328 434	330 272	326 959	316 882	332 708	331 126	332 673	333 190	0,2%
Total	3 981 785	3 789 335	4 004 173	4 264 950	4 059 802	4 436 889	4 015 830	4 230 303	4 619 008	4 491 039	4 304 445	4 469 978	1,1%

1 Excludes "Social Relief of Distress" which is included in the overall Social Assistance Transfers Grant.

2 The Old Age Grant includes "Grant-in-aid".

Overall capital budgets and expenditure

42. Provinces have spent 94,0 per cent or R13,1 billion of their almost R14,0 billion adjusted capital budgets ("payment for capital assets"). This is significantly higher by 26,8 per cent or R2,8 billion more than the audited R10,4 billion spent over the same period last year. However, provinces in aggregate underspent by R844,1 million with only Gauteng overspending by R337,2 million by the end of the 2005/06 financial year.

43. Table 13 provides total capital spending information by province, which indicates significantly low rates of spending in North West at 82,3 per cent and Mpumalanga at 82,6 per cent to the highest in Gauteng at 116,2 per cent and Western Cape at 95,9 per cent. In absolute terms, KwaZulu-Natal has spent the most at R3,4 billion followed by Gauteng and Eastern Cape at R2,4 billion and R1,5 billion respectively. It

should be noted that the Integrated Housing and Human Settlement Development grant (formally the housing subsidy grant) is now classified under transfers and subsidies, and not capital.

Table 13: Provincial Capital (Payments for Capital Assets) Expenditure as at March 2006

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Capital to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	1 649 020	1 538 225	93,3%	4,5%	1 635 088	-5,9%
Free State	685 190	577 778	84,3%	4,1%	531 112	8,8%
Gauteng	2 084 116	2 421 329	116,2%	7,2%	1 885 387	28,4%
KwaZulu-Natal	3 538 331	3 366 709	95,1%	7,4%	2 360 157	42,6%
Limpopo	1 596 161	1 344 737	84,2%	4,8%	1 312 330	2,5%
Mpumalanga	1 311 057	1 082 460	82,6%	7,0%	752 867	43,8%
Northern Cape	348 561	314 939	90,4%	6,0%	220 734	42,7%
North West	1 215 597	1 000 341	82,3%	5,7%	597 177	67,5%
Western Cape	1 541 817	1 479 235	95,9%	7,1%	1 057 786	39,8%
Total	13 969 850	13 125 753	94,0%	6,1%	10 352 638	26,8%

44. The biggest adjusted capital budgets in provinces are in public works, roads and transport departments at 34,3 per cent or R4,8 billion of the total provincial capital adjusted budget of R14,0 billion. Spending for these departments is relatively higher than in other sectors at 106,4 per cent or R5,1 billion which is higher by 12,3 per cent or R560,1 million more than the audited R4,5 billion spent last year over the same period.

45. Between provinces, the lowest rate of spending is recorded in Free State at 77,0 per cent and Limpopo at 88,8 per cent, whilst Gauteng and KwaZulu-Natal recorded the highest rates of spending at 185,7 per cent and 105,4 per cent, respectively. The high spending rate against adjusted budget in Gauteng may be due to public works capital expenditure including some health and education capital spending or due to economic misclassification.

Table 14: Provincial Capital Expenditure: Public Works, Roads and Transport as at March 2006

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of PWRT Capital to total Capital expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	709 006	739 740	104,3%	48,1%	908 215	-18,6%
Free State	214 701	165 403	77,0%	28,6%	169 171	-2,2%
Gauteng	407 179	756 010	185,7%	31,2%	726 728	4,0%
KwaZulu-Natal	1 376 321	1 450 772	105,4%	43,1%	1 135 909	27,7%
Limpopo	179 804	159 706	88,8%	11,9%	97 666	63,5%
Mpumalanga	518 235	504 358	97,3%	46,6%	370 335	36,2%
Northern Cape	109 863	110 807	100,9%	35,2%	101 480	9,2%
North West	522 406	465 305	89,1%	46,5%	198 963	133,9%
Western Cape	753 560	747 453	99,2%	50,5%	831 022	-10,1%
Total	4 791 075	5 099 554	106,4%	38,9%	4 539 489	12,3%

Housing and other conditional grants

46. Table 15 indicates that provinces spent 102,9 per cent or almost R5,0 billion of their R4,8 billion housing conditional grant. These spending figures are a significant improvement compared to last year with audited spending increasing by 14,9 per cent or R646,0 million from R4,3 billion spent over the same period last year.

Table 15: Provincial Integrated Housing and Human Settlement Development Grant Expenditure

R thousand	Division of Revenue Act, 2005 (Act No. 1 of 2005)	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of grant to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
Eastern Cape	581 218	607 692	104,6%	1,8%	578 347	5,1%
Free State	398 618	355 561	89,2%	2,5%	462 709	-23,2%
Gauteng	1 340 675	1 349 125	100,6%	4,0%	1 010 107	33,6%
KwaZulu-Natal	799 659	810 354	101,3%	1,8%	660 099	22,8%
Limpopo	397 650	372 940	93,8%	1,3%	318 715	17,0%
Mpumalanga	321 123	262 057	81,6%	1,7%	304 994	-14,1%
Northern Cape	79 917	79 917	100,0%	1,5%	105 143	-24,0%
North West	467 880	615 411	131,5%	3,5%	381 345	61,4%
Western Cape	456 740	533 249	116,8%	2,5%	518 830	2,8%
Total	4 843 480	4 986 306	102,9%	2,3%	4 340 289	14,9%

47. Table 16 reflects spending on 2005/06 conditional grant allocations as at 31 March 2006 for all provinces. It excludes conditional grants roll-overs from the 2004/05 financial year and spending on general purpose conditional grants (Schedule 4 grants) like National Tertiary Services, Hospital Professions Training and Development, and the Provincial Infrastructure grants, as reporting against these grants cannot be separated from the province's health and capital budgets.

48. Spending on the Comprehensive Agricultural Support Programme and Integrated Social Development Services Grant (also Schedule 4) is subsumed in a range of programmes across provincial departments and therefore no separate reporting is required in terms of the Division of Revenue Act, 2005 (Act No. 1 of 2005).

49. The total conditional grant allocation for all grants (including additional allocations published in the *Government Gazette* of 7 December 2005) is R75,1 billion (excluding provincial roll-overs) with social development making up the bulk with R55,9 billion.

50. Against the total allocation of R63,5 billion, which excludes provincial roll-overs and Schedule 4 grants, the rate of conditional grants spending amounts to 98,0 per cent or R63,2 billion.

51. Specific grants that show low rates of spending include Forensic Pathology Services (14,9 per cent), Disaster Relief (83,8 per cent) and Hospital Revitalisation (84,2 per cent). This is to be expected due to the late introduction of some of these grants during the 2005 Adjusted Estimates.

Table 16: Provincial Conditional Grants Expenditure as at March 2006 (Preliminary Outcome)

	Division of Revenue Act, No. 1 of 2005	Other Gazetted Amounts	Total available 2005/06 (excluding rollovers)	Transferred from National to province	Actual as at March 2006	Actual as % of budget (<u>excluding provincial rollovers</u>)
R thousand						
Agriculture	290 000	120 000	410 000	409 999	160 214	100,1%
1. Comprehensive Agricultural Support Programme Grant	250 000	–	250 000	249 999		
Land Care Programme Grant: Poverty Relief and Infrastructure	40 000	–	40 000	40 000	47 677	119,2%
Agricultural Disaster Management Grant	–	120 000	120 000	120 000	112 537	93,8%
Education	1 048 444	200 000	1 248 444	1 248 444	1 229 940	98,5%
HIV and Aids (Life Skills Education) Grant	136 293	–	136 293	136 293	182 061	133,6%
National School Nutrition Programme Grant	912 151	200 000	1 112 151	1 112 151	1 047 879	94,2%
DPLG	–	40 700	40 700	40 689	34 111	83,8%
Disaster Relief Grant	–	40 700	40 700	40 689	34 111	83,8%
Health	8 665 835	186 606	8 852 441	8 852 441	2 361 780	90,0%
Comprehensive HIV and Aids Grant	1 135 108	15 000	1 150 108	1 150 108	1 144 136	99,5%
1. Health Professions Training and Development Grant	1 520 180	–	1 520 180	1 520 180		
Hospital Management and Quality Improvement Grant	150 342	–	150 342	150 342	149 605	99,5%
Hospital Revitalisation Grant	1 027 427	78 000	1 105 427	1 105 427	930 642	84,2%
Integrated Nutrition Programme Grant	123 392	–	123 392	123 392	123 450	100,0%
1. National Tertiary Services Grant	4 709 386	–	4 709 386	4 709 386		
Forensic Pathology Services Grant	–	93 606	93 606	93 606	13 947	14,9%
Housing	4 867 876	–	4 867 876	4 867 876	5 036 796	103,5%
Integrated Housing and Human Settlement Development	4 843 480	–	4 843 480	4 843 480	4 986 306	102,9%
Human Settlement and Redevelopment Grant	24 396	–	24 396	24 396	50 490	207,0%
Land Affairs	8 000	–	8 000	8 000		
1. Land Distribution: Alexandra Urban Renewal Project	8 000	–	8 000	8 000		
National Treasury	3 730 773	–	3 730 773	2 984 113		
1. Provincial Infrastructure Grant	3 730 773	–	3 730 773	2 984 113		
Social Development	55 931 759	–	55 931 759	54 942 864	54 393 867	97,9%
HIV and Aids (Community-Based Care) Grant	138 391	–	138 391	138 391	139 697	100,9%
1. Integrated Social Development Services Grant	388 000	–	388 000	388 000		
Social Assistance Administration Grant	3 382 055	–	3 382 055	3 382 055	3 162 421	93,5%
Social Assistance Transfers Grant	52 023 313	–	52 023 313	51 034 418	51 091 749	98,2%
Sport and Recreation South Africa	24 000	–	24 000	24 000	23 280	97,0%
Mass Sport and Recreation Participation Programme	24 000	–	24 000	24 000	23 280	97,0%
Total	74 566 687	547 306	75 113 993	73 378 426	63 239 988	98,0%

1. Spending of these grants is subsumed in the spending of a range of programmes across provincial departments and therefore no reporting is required on these grants.

52. Provincial roll-overs, as submitted by provinces in their In-Year Management, Monitoring and Reporting Model, amount to R1,4 billion which includes roll-overs for Integrated Housing and Human Settlement Development of R393,7 million, Provincial Infrastructure of R199,0 million, Social Assistance Transfers grant of R138,0 million, Hospital Revitalisation of R126,9 million and National School Nutrition Programme of R113,2 million amongst others, which are excluded from the table, but were available for spending during the 2005/06 financial year. If the provincial roll-overs, which are at the disposal of provinces, are taken into consideration, the rate at which conditional grants are being spent changes from 98,0 per cent to 94,4 per cent which also includes spending, in aggregate, on Schedule 4 grants.
53. Table 17 indicates that provinces have significantly improved their rates of conditional grant spending, excluding the Schedule 4 conditional grants, with only one grant i.e. Hospital Revitalisation grant having five or more provinces spending less than 90,0 per cent of their grant budget. The majority of grants fall over the 95,0 per cent spending range with the only a few between the 90,0 per cent and 95,0 per cent spending range. On the face of it, these spending trends exhibit a marked improvement in conditional grant spending as compared to previous financial years.

Table 17: Selected Conditional Grants Spending Rate as at March 2006 (Preliminary Outcome)

	Number of provinces spent less than 90%	Number of provinces spent between 90% and 95% (inclusive)	Number of provinces spent more than 95%
Agriculture			
Land Care Programme Grant: Poverty F	1 NW	-	8 EC, FS, GT, KZN, LIM, MPU, NC, WC
Education			
Hiv And Aids (Life Skills Education)	2 LIM, NC	-	7 EC, FS, GT, KZN, MPU, NW, WC
National School Nutrition Programme	2 KZN, MPU	3 FS, GT, LIM	4 EC, NC, NW, WC
Health			
Comprehensive Hiv And Aids	2 FS, LIM	-	7 EC, GT, KZN, MPU, NC, NW, WC
Hospital Revitalisation	5 EC, FS, KZN, LIM, WC	-	4 GT, MPU, NC, NW
Integrated Nutrition Programme	3 FS, GT, NC	1 EC	5 KZN, LIM, MPU, NW, WC
Hospital Management And Quality Impr	2 GT, KZN	1 LIM	6 EC, FS, MPU, NC, NW, WC
Housing			
Integrated Housing And Human Settlem	2 FS, MPU	1 LIM	6 EC, GT, KZN, NC, NW, WC
Human Settlement And Redevelopment	-	-	4 FS, GT, LIM, WC
Land Affairs			
Land Distribution: Alexandra Urban Ren	-	-	1 GT
Social Development			
Social Assistance Administration	3 FS, GT, MPU	3 KZN, LIM, NW	3 EC, NC, WC
Social Assistance Transfers	1 FS	1 GT	7 EC, KZN, LIM, MPU, NC, NW, WC
Hiv And Aids (Community-Based Care)	1 LIM	1 KZN	7 EC, FS, GT, MPU, NC, NW, WC
Sport and Recreation South Africa			
Mass Sport And Recreation Participatio	1 GT	3 FS, NC, NW	5 EC, KZN, LIM, MPU, WC

1. Percentages represent actual expenditure of main budget as published in the Division or Revenue Act, 2005 (Act No.1 of 2005) and the Adjusted Estimates Gazette dated 07 December 2005 but excludes provincial roll-overs.

Personnel Expenditure

54. Personnel expenditure (“compensation of employees”) is at 99,0 per cent or R95,7 billion of the R96,7 billion adjusted personnel budgets (table 18). Spending to date is 8,9 per cent or R7,8 billion higher than the audited R87,9 billion spent last year. Gauteng and Western Cape recorded the lowest rates of personnel spending at 96,1 per cent and 96,3 per cent respectively while Limpopo, North West and Mpumalanga recorded the highest rates at 103,4 per cent, 99,9 per cent and 99,6 per cent respectively.

Table 18: Provincial Personnel Expenditure as at March 2006 (Preliminary Outcome)

	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Personnel to total provincial expenditure	2004/05: Audited Outcome as at March 2005	Year-on-year growth
R thousand						
Eastern Cape	15 358 797	15 260 150	99,4%	44,8%	14 361 645	6,3%
Free State	6 941 330	6 764 450	97,5%	47,6%	6 225 785	8,7%
Gauteng	14 972 917	14 388 446	96,1%	43,0%	13 388 655	7,5%
KwaZulu-Natal	19 799 703	19 665 521	99,3%	42,9%	17 962 504	9,5%
Limpopo	13 314 031	13 765 345	103,4%	48,8%	12 466 295	10,4%
Mpumalanga	6 798 023	6 771 660	99,6%	44,0%	6 010 413	12,7%
Northern Cape	2 205 411	2 159 490	97,9%	41,4%	1 967 833	9,7%
North West	8 035 654	8 026 834	99,9%	46,0%	7 301 594	9,9%
Western Cape	9 272 057	8 928 025	96,3%	42,7%	8 219 679	8,6%
Total	96 697 923	95 729 920	99,0%	44,6%	87 904 403	8,9%

Provincial Revenue

55. Provincial Revenue includes budgeted equitable share allocations of R134,7 billion, conditional grants of R75,1 billion and own revenue of R6,1 billion (post adjustments).

56. National government transferred all of the R134,7 billion of the equitable share, and 97,7 per cent or R73,4 billion in conditional grants, to provinces by the end of March 2006.

57. Preliminary outcomes suggest that provinces have collected 119,7 per cent or R7,2 billion of their adjusted own revenue budget of R6,1 billion.

58. The total provincial revenue received and collected to date is recorded at 99,7 per cent or R215,3 billion of total adjusted revenue budget of R215,9 billion.

Table 19: Provincial Own Revenue Collection as at March 2006 (Preliminary Outcome)

R thousand	Adjusted budget	Actual as at March 2006	Preliminary Outcome as % of adj budget	% share of Own Revenue to total provincial revenue	2004/05: Audited Outcome as at March 2005	Year-on-year growth
Eastern Cape	453 550	674 553	148,7%	1,9%	353 313	90,9%
Free State	390 000	436 600	111,9%	3,1%	415 639	5,0%
Gauteng	1 514 492	1 844 477	121,8%	5,5%	1 701 115	8,4%
KwaZulu-Natal	1 124 029	1 205 737	107,3%	2,6%	1 051 334	14,7%
Limpopo	391 975	457 199	116,6%	1,6%	416 471	9,8%
Mpumalanga	278 639	358 606	128,7%	2,4%	338 176	6,0%
Northern Cape	105 000	103 366	98,4%	2,0%	114 035	-9,4%
North West	413 030	501 445	121,4%	2,9%	377 860	32,7%
Western Cape	1 382 401	1 663 427	120,3%	8,1%	1 470 765	13,1%
Total	6 053 116	7 245 409	119,7%	3,4%	6 238 708	16,1%

59. Table 19 indicates that the R6,1 billion adjusted budget amount is almost identical to the audited R6,2 billion own revenue collection for the entire 2004/05 financial year. The R7,2 billion collected to date is 16,1 per cent or R1,0 billion more than own revenue collected for the previous financial year. The collection rate varies from 98,4 per cent in Northern Cape and 107,3 per cent in KwaZulu-Natal, to a high of 148,7 per cent in Eastern Cape and 128,7 per cent in Mpumalanga. This is not necessarily as a result of efficiencies in the own revenue collection process but rather a result of lower revenue forecasts.