

BUDGET OVERVIEW

1. BUDGET STRATEGY AND AGGREGATES

The Medium Term Budget Policy Statement 2002 "reasserts Government's commitment to the progressive realization of social and economic rights envisaged in our Constitution, within a sound fiscal and budgetary framework. The foundations of budget policies are firmly embedded in the bedrock of our democratic and economic order:

- *The Reconstruction and Development Programme informs public spending priorities and Government's broader social and developmental policy agenda.*
- *The Constitution provides a division of functions between all spheres of government and serves as the point of departure for co-operative arrangements between the spheres.*
- *Organising economic principles include active promotion of human rights, an open, competitive economy, empowerment of historically disadvantaged individuals and communities".*

The Gauteng Executive Council, in their strategic planning retreats, critically evaluated progress on work to date, which give effect to the provincial strategic priorities set in June 1999. These strategic priorities are in the areas of economic growth, infrastructure investment and job creation; quality social service delivery and good governance. Substantial progress has been made in fulfilling government's mandate and in creating a better life for the people of Gauteng.

Moving forward to the 2003/04 Budget and the Medium Term Expenditure Framework (MTEF), it is important to consider the political context within which the Budget is tabled. The Gauteng Executive Council has reiterated its commitment to working together with all sectors of society in order to achieve key provincial strategic priorities which have been defined as follows:

- Economic Development – creating an enabling infrastructure that will act as a catalyst for economic growth and the creation of sustainable jobs through: the Blue IQ portfolio of projects and local economic development and regeneration.
- Addressing poverty – utilizing labour intensive construction methodologies in delivering infrastructure and the Zivuseni programme that utilizes communities in the maintenance of social infrastructure
- Protecting the most vulnerable through increasing access for social grants and primary school feeding scheme.
- Building sustainable communities through delivery of infrastructure, integrated development planning, integrated public transport, accelerating the provision of housing and urban regeneration.
- Developing human capital – through improved access and quality of education with an increased emphasis on maths and science, a focus on primary health care and improving the service at institutions and the response to the HIV/Aids epidemic; and the focus on women including empowerment and addressing violence against women and children
- Good governance and making the GPG public service work better – by ensuring better planning, budgeting, monitoring and evaluation. And through training and capacity building, employment equity, gender mainstreaming and improving access for people for people with disabilities.

Despite the significant progress and major successes made by the Gauteng provincial Government in social transformation, extending coverage and improving the quality of service delivery to the people of Gauteng, GPG still faces considerable growth and development challenges. These challenges among others include the HIV/Aids epidemic, large disparities in income levels and unemployment, poverty and slow growth significantly affect the ability of the province to provide better services.

Gauteng's decisions on policy and expenditure priorities and commitments in the previous budgets forms the basis for the 2003 medium term expenditure period. The key features of the 2003 MTEF include:

- Completing what we can achieve
- Making sure our initiatives deliver results to our people
- Prioritisation of expenditure towards infrastructure development and increased allocations towards health, education and welfare

- Reprioritization of projects that do not have high impact and expand projects that are successful
- Build capacity of government to deliver
- Begin planning for 2014

Initiatives begun in previous years that are ongoing and continue to form a key component of the special projects designed to impact on the objectives of the GPG are:

- Blue IQ
- Gautengonline.com
- Zivuseni
- Gauteng Shared Services Centre
- Alexandra Urban Renewal Project
- Elimination of the backlog in water and sanitation services
- Environmental management and waste minimization

These are special projects that are designed to supplement the core focus of improving social service delivery especially in the areas of health education and welfare.

Cross Cutting Issues - Gender, HIV/AIDS and children

Gender issues

In 2002 the Province adopted an approach to gender which emphasizes the mainstreaming of gender issues and look at:

- all aspects of women lives including productive and reproductive work
- empowerment taking into account historical issues that have brought about gender inequalities in our society and focusing of the provision of education and skills
- changing power relations between women and men;
- improving the economic status of women, including getting them to participate actively in the economy.

Departments are encouraged in the policy to ensure that they have outcomes and outputs which:

- Specifically target women and girls such as victim support centres, educating the girl child, women-contractor programmes;
- Benefit women or promote women equality although they may be used by men and women such as child support grants.
- Benefit women employees within GPG such as training and mentoring programmes aimed at women.

To give effect to this all GPG departments were requested to add a further section to their Budget Statement Two indicating which of their outcomes and outputs in terms of the above mentioned categories. They were also asked to indicate the gender breakdown of their employees and targets in terms of procurement from women owned businesses.

Some departments have done this and the GPG sees this as an incremental process. Next year, departments should be able to report on progress made in terms of their identified outcomes and outputs. In due course, we are aiming to announce a fully fledged gender budget.

HIV/AIDS

The GPG has an integrated and comprehensive strategy to combat the HIV/AIDs pandemic. The nerve centre of our initiatives is the Inter-Departmental Unit located in the Department of Health. However all GPG departments have a responsibility to run HIV/AIDS programmes for the public as well as their own employees and have received funding in this regard.

An independent assessment carried out at the end of 2001 evaluated the GPG programme as world class. This year saw the ongoing implementation of our programme as well as initiatives to address some of the recommendations of the report such as improving monitoring and evaluation and a greater focus on HIV/AIDS orphans.

Some of our key achievements for the 2002/3 period are:

- An 83% reduction in the syphilis prevalence rate since 1999. This is due partly to an extensive prevention

programme with STD management offered in 89% of health institutions.

- Within one year, we have extended the Prevention of Mother to Child Transmission Programme (PMTCT) to all public hospitals and 75% of community health centres.
- We have 57 home based care projects and nine People Living with Aids support groups have been funded to provide home based care and related support.
- 200 hospice beds and funded and more than 1 000 beds are funded for TB patients which is the most commonest serious opportunistic infection experienced by people with HIV/AIDS.
- Post-exposure prophylaxis for survivors of sexual assault is provided in 16 crisis or victim support centres.
- The holding of a HIV/AIDs summit in October attended by 400 delegates from the three spheres of government and over 15 civil society sectors.
- The participation of over 10 000 volunteers in the two-week door-to-door campaign as part of World AIDS Day awareness raising.

The key areas of focus for 2003/4 are the following:

- Ongoing social mobilization, communication and prevention to ensure a reduction in new HIV infection rates especially in youth under 20 years of age and babies.
- Extension of the Prevention of Mother to Child Transmission Programme (PMTCT) to every clinic with a maternity service
- Implementation of Post Exposure Prophylaxis (PEP) programme for sexual assault in all facilities.
- Reducing the incidence of sexually transmitted diseases.
- Developing comprehensive care and support for people living with HIV/AIDS, care givers and affected children.
- Strengthening HIV/AIDS organization including ensuring effective monitoring and evaluation.

Children

"A province fit for children" is GPG slogan in respect of children's rights. A number of GPG departments contribute to achieving this goal.

Some of our key initiatives programmes aimed at children include:

- Nutrition: The Primary School Nutrition Programme feeds 244 970 learners in 1047 schools and the Crèche Feeding Schemes reaches 90 133 pre-school children in 1244 crèches. The Department of Health also runs a Vitamin A supplementation programme.
- Social grants: There has been a 49% increase in the number of beneficiaries receiving social grants from 1 April 2001 to 1 April 2002. At June 2002,
 - 181 864 children were benefiting from child support grants;
 - 9 287 children benefiting from foster care grants; and
 - 4973 children with disabilities benefiting from care-dependency grants.
- Immunisation: The immunization coverage for children under one year of age has increased from 72.4% in 1998 to 76% for the past year. Gauteng was declared polio-free during 2002.
- Education: Approximately 98% of children in Gauteng are in school. No learner is excluded from a public school because a family cannot afford to pay. We continue to ensure that public schools remain viable, and that resources for learning are more equitably spread.
- Youth services: 23 clinics in the province that offer adolescent friendly services. Attention is also placed on addressing teenage pregnancy.

In the 2003/4 financial year we seek to continue to improve the quality of education of our children, their quality of life and to protect them from abuse and neglect. Some of our key initiatives in this regard include:

- Ensuring that every eligible child has access to the child support grant.
- Focus on improving maths, science and technology teaching and learning in schools, particularly in relation to the girl child.
- Rolling out Grade R to all public schools.
- Implementing inclusive education which will benefit children with disabilities as well as increasing funding for spectacles, hearing devises etc.
- Improving the service offered to children who have been subject to abuse or neglect and strengthening Adopt-a-Cop and other school based prevention and life skills programmes.

Summary Budget Aggregates

The budget tabled projects a surplus of R193 million for the financial year 2003/04, compared with a budgeted surplus of R236 million and a projected actual of R454 million for 2002/03. It is a deliberate policy of the provincial government to provide for approximately 1% of total estimated revenue to be set aside as a surplus so as to be able to deal with unforeseen and unavoidable expenditure that may arise during the financial year.

Financing

Table 1.1 Provincial Budget Summary

Rand '000m	2000-01 Audited	2001-02 Audited	2002-03 Prelim. Outcome	2003-04 Voted	2004-05 MTEF	2005-06 MTEF
National Transfers	17,653	19,790	22,413	25,794	28,237	30,476
Equitable Share	14,517	16,028	18,844	21,876	23,862	25,743
Conditional Grants	3,136	3,762	3,569	3,918	4,375	4,733
Own Revenue	1,168	1,335	1,523	1,668	1,785	1,897
Plus: Fin. Adjustment from surplus	-	-	1,094	-	-	-
Less: Direct charges(commission)	-	28	146	209	225	241
Direct charges (Public Office B)	-	-	27	30	33	37
TOTAL REVENUE	18,821	21,097	24,857	27,223	29,764	32,095
Current Outlays	15,680	16,631	15,127	15,955	17,528	18,808
Capital Outlays	1,278	2,413	3,756	5,022	5,549	6,803
Transfer payments	990	1,279	5,520	6,053	6,619	7,392
TOTAL EXPENDITURE	17,948	20,323	24,403	27,030	29,696	33,003
Net Lending	-	-	-	-	-	-
Surplus(Deficit)	873	774	454	193	68	-908

With the projected surpluses of R193 million in 2003/04 and from previous financial years, the province will invest these surplus funds in the short-term money market to optimise provincial revenue in line with good cash management practices. These surpluses are provided for the deal with unforeseen and avoidable expenditure that might incur during the course of the financial year.

A deficit of R908 million is projected in 2005/06 financial year. This deficit is largely the result of the financing required for the Gautrain Rapid Rail Link project under the Blue IQ banner. Discussions are underway with the relevant National departments for contributions from the National sphere to this project given its magnitude and importance in respect of integrate transport planning. Should these discussions not prove successful the deficit, is intended to be financed by the reserves accumulated from the previous years surpluses. The net surplus estimated at the end of the 2002/03 financial year after providing for the funding of the unauthorized expenditure is R950 million

Provincial Transfers

The tables below provide detail information on transfers,in terms of grants or subsidies, that are made by individual provincial departments to local government, public entities, institutions and some NGOs.

Table 1: Transfers to Local Government

Category	Municipalities	2000/01 Actual	2001/02 Actual	2002/03 Estimated Actual	2003/04 Voted	2004/05	2005/06
		R'000	R'000	R'000	R'000	Forward estimates R'000	R'000
DFEA - Blue IQ							
Alberton and Germiston		29,750	11,279	37,450	24,900	14,038	-
JDA, JRA & MTC		61,060	168,507	243,637	256,863	217,875	138,747
Health							
District Municipalities	West Rand District Council	17,888	21,107	28,954	31,300	32,880	34,530
	Sedibeng District Council	126	18,510	41,472	44,850	47,100	49,460
	Metsweding District Council	7,361	-	8,746	9,550	10,040	10,550
Local Municipalities	Johannesburg City Metro	54,046	26,848	83,386	90,050	94,550	99,280
	Ekurhuleni	68,725	31,430	105,706	121,090	123,760	130,040
	City of Tshwane Metro	14,791	10,717	40,965	44,260	46,480	48,810
EMS	All	104,616	128,053	-	-	-	-
Development Planning							
Local government support							
grants	Various			945	2,040	2,027	-
Water & Sanitation	Various			43,000	31,500	46,500	13,750
Economic regeneration	Sedibeng, West Rand & Metsweding			-	54,000	7,000	4,000
Sports							
Transfers (CAPEX)	Lesedi	-	500	-	3,950	8,000	4,000
	Ekurhuleni	6,990	3,050	5,600	9,100	14,000	11,500
	Westonaria	175	581	-	950	1,000	800
	Merafong	500	590	-	120	-	-
	Randfontein	3,252	436	-	3,225	-	6,244
	Johannesburg	8,553	7,497	11,000	8,250	9,100	6,170
	Tshwane	2,765	1,940	4,000	13,148	10,019	12,746
	Mogale	2,389	360	3,600	3,100	3,000	6,457
	Emfuleni	7,262	2,450	-	1,000	2,000	-
	Kungwini	320	440	-	-	-	-
	Nokaneng Tsa Taemane	-	-	3,000	200	1,000	-
Transfers (for computer equipments)	Various	750	-	817	833	830	838

Agriculture							
West Rand District Council	-	659	150	100	125	150	
Tshwane Metropolitan Council	202	260	728	100	125	150	
Sedibeng				100	125	150	
Ekurhuleni Metro Council	-	-	570	100	125	150	
Johannesburg Metropolitan Council	-	-	3,460	100	125	150	
Mogale City Council	-	-	527				
Randfontein Local Council	-	-	90				
Emfuleni Local Municipality	-	-	190				
Merafong City Council	-	-	227				
Westonaria Town Council	-	-	227				
Kungwini Local Council	-	-	228				
Nokeng Tsa Teamane	-	-	227				
Lesedi Local Council	-	-	227				
Metsweding District Council	-	-	150	100	125	150	
Midvaal District Council	-	-	187				
Umfeleni Local Municipality			137				
Total: Transfers to Local Government		391,521	435,214	669,603	754,879	691,949	578,822

Table 2: Transfers to Public Entities

Name of Public Entity	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Estimated Actual R'000	2003/04 Voted R'000	2004/05 2005/06	
					Forward estimates R'000	estimates R'000
Finance and Economic Affairs						
Gauteng Economic development Agency (GEDA)	3,800	3,900	28,900	28,900	28,900	28,900
Gauteng Tourism Agency	13,800	28,300	28,800	28,800	28,800	28,800
Gauteng Gambling Board	6,000					
Blue IQ:						
DACEL TA, Gautrans, GEDA	-	22281	132555	277835	152124	111544
AIDC, Innovation hub company & SPDC	35,700	21,630	142,605	174,489	129,600	90,019
SANRAL & GauMAC	-	45,998	32,656	14,050	-	-
Health						
Lifecare-Mental hospitals	131,552	124,933	134,500	155,000	165,500	173,770
Lifecare-Tuberculosis hospitals	-	-	28,380	31,250	33,100	35,100
SANTA-Tuberculosis hospitals	31,782	39,914	26,300	28,200	29,900	31,650
Alexandra Health Care Centre	-	-	17,000	19,000	20,000	21,000
Witkoppen Clinic	-	-	1,100	1,300	1,400	1,500
Phillip Moyo Clinic	-	-	5,800	6,160	6,520	6,890
Other	35	172	-	-	-	-
Agriculture						
Gauteng Institute of Curriculum Development	252	390	822	-	-	-
National Department of Agriculture	600	400	-	-	-	-
National Department of Water Affairs & Forestry	437	-	-	-	-	-
Rand Water Board	1,320	1,300	2,163	-	-	-
Johannesburg Development Agency	-	-	1,200	-	-	-
Gauteng Department of Education Schools	-	-	420	-	-	-
Department of Water affairs and Forestry	-	-	1,300	-	-	-
Department of Transport and Public works	-	-	200	-	-	-
Department of Agriculture Western Cape	-	-	-	228	240	-
Total: Transfers to Public Entities	225,278	289,218	584,701	765,212	596,084	529,173

Table 3: Donations and Subsidies to Institutions

Institution	2000/01 Actual	2001/02 Actual	2002/03 Estimated Actual	2003/04 Voted	2004/05	2005/06
					Forward estimates	
	R'000	R'000	R'000	R'000	R'000	R'000
Health						
NGO's-AIDS	17,444	24,210	29,900	29,117	30,020	35,300
NGO's-Integrated Nutrition Programme	46,676	46,729	49,227	54,673	58,000	61,300
NGO's-Mental Health	11,568	13,358	17,300	20,095	21,250	22,400
University Support	391	416	450	550	600	650
Other	9,332	-	-	-	-	-
Education						
Section 21 Schools	91 617	187 347	318 099	305 099	333 567	350 974
Independent Schools	117 126	102 104	105 359	116 127	116 127	116 127
Public Special Schools	56 334	67 186	67 000	67 000	67 000	67 000
Futher Education and Training Colleges	4 967	4 386	18 000	18 000	18 000	18 000
Teacher Colleges	5 500	7 607	-	-	-	-
Public Ordinary Schools (HIV/AIDS grant)	1 059	1 629	4 326	10 824	-	-
Johannesburg College of Education (Exams)	1 177	1 246	6 102	5 612	5 949	6 306
Gauteng Institute of Curriculum Development	-	33 000	-	-	-	-
Gauteng Education Development Trust	-	57 000	-	-	-	-
Gauteng Institute of Education Development	5 000	5 000	6 000	6 000	6 000	6 000
Science Education Trust	2 000	1 000	1 000	1 000	1 000	1 000
Social Services						
Child and family care			105,017	100,113	108,199	116,854
Care of older persons			99,119	91,000	98,280	106,142
Care of the disabled			52,289	61,980	66,938	72,293
Drug-dependant care			12,690	15,224	16,442	17,757
Dyambu & Care of offenders			17,568	17,000	18,360	19,829
Shelters for the homeless			15,801	9,980	10,701	11,558
Social Securitt Grants-Individuals			3,297,569	3,524,443	4,312,337	5,211,245
Poverty Alleviation			15,657	23,500	25,000	25,000
HIV/AIDS			11,285	4,591	3,484	3,877
GPAC & Special Projects			4,395	3,380	3,381	3,381
Sports						
Arts, Culture, Heritage development and promotion	2,399	1,482	2,578	2,000	1,993	2,012
Sports Federations and clubs	974	578	900	918	915	923
Youth Development (Training programmes)	-	-	600	-	-	-
Department of Works (Upgrading & maintenance of Youth Centre)	-	521	950	-	-	-
Sibikwa	-	150	-	-	-	-
Gauteng Cricket Board (Upgrading sport facilities)	-	-	1,500	-	-	-
Transport and Public works CSIR			3,300	4,400	4,500	5,100
Community Development Projects						
Ekurhuleni/Lesedi Area			-	10,046	-	-
Sedibeng/Emfuleni Area				6,500		
Tshwane/Kungwini/Mestwedding Area				8,500		

JHB Metro/Merafong/Mogale/ Randfontein				12,954		
Transportation management			544	1,601	1,864	1,885
Regional Launches for community			-	1,000	1,000	1,000
Agriculture						
Tswaing Crater Museum Nature Reserve	-	-	112	-	-	-
Gauteng North Schools	-	-	35	-	-	-
Gauteng West Schools	-	-	35	-	-	-
Tshwane North Schools	-	-	35	-	-	-
Tshwane South Schools	-	-	75	-	-	-
Ekurhuleni East Schools	-	-	55	-	-	-
Ekurhuleni West Schools	-	-	35	-	-	-
Sedibeng East Schools	-	-	35	-	-	-
Sedibeng West Schools	-	-	35	-	-	-
Johannesburg East Schools	-	-	35	-	-	-
Johannesburg North Schools	-	-	115	-	-	-
Johannesburg South Schools	-	-	35	-	-	-
Johannesburg West Schools	-	-	35	-	-	-
Total: Donation and Subsidies	373,564	554,949	4,265,197	4,533,227	5,330,907	6,283,913

2. BUDGET PROCESS and THE MEDIUM TERM EXPENDITURE FRAMEWORK

Gauteng continues to maintain the publication of the budget statements with Budget Statement 1 providing the overview of the budget, Budget Statement 2 dealing with the departmental estimates and Budget Statement 3 outlining the details on capital spending by the province.

Implementation of the Public Finance Management Act (PFMA) in the province has led to significant reform of public sector financial management and budgeting practices. Medium-term budgeting is the basis of these budget reform initiatives. It re-inforces the link between provincial policy choices, its budget and the delivery of services, which serves to strengthen political decision-making and accountability. Policy choices and trade-offs are made explicit, spending decisions are kept affordable in the medium term, and there is better management of public finances over time.

The effective translation of provincial expenditures into expenditure outcomes has depended critically on institutional arrangements through effecting incentives that govern allocation and use of budgetary resources and trade offs. Institutional arrangements has influenced the quality of the outcomes on three levels:

- fiscal discipline – effective control of the budgetary aggregates
- allocative efficiency - resource allocation and use based on strategic priorities and;
- operational efficiency - efficiency and effectiveness of programs and service delivery.

Reforms within the budget process for the Gauteng Provincial Government are on going. The province's commitment to improving service delivery calls for transformation across various functions and systems covering among others financial management and the budget.

As the province continue to implement budget reforms, in the 2003 Budget and the MTEF emphasis has been on the integration of the budget compilation into the strategic planning process. Closely linking planning, policy and budgeting is one of the most important factors contributing to desirable budgetary outcomes. The other area of focus which is on going is the presentation of measurable outputs, results and outcomes to assess performance and progress in service delivery. Better information on service delivery shows how public money is being spent. This is good practice in terms of transparency and accountability. It informs departmental managers, policy- and decision-makers and the public about what progress departments are making towards their objectives. It helps departments plan, budget and manage programmes better. It improves accountability and control. And it assists provincial policy- and decision-makers direct funds to where they are needed most and to where they will best meet provincial priorities.

In the 2003 Budget, Provincial Treasury implemented a Cabinet decision of introducing bilateral discussions (Budget Interaction Sessions) on departmental budgets to ensure there is an improvement in the alignment between the provincial priorities and departmental strategic objectives and budgets and also to determine whether the reprioritization process within the MTEF baseline by departments has been undertaken in the context of allocative efficiency. It is also important that departments submit and confirm information on

policy and spending plans to ensure credibility and certainty of budget planning for the province.

At the end of these sessions Provincial Treasury got a sense on what are the spending pressures and how can these pressures be financed within the available limited resources.

Critical areas where additional allocations have been made available over and above their MTEF allocations(adjusted for inflation) are as follows:

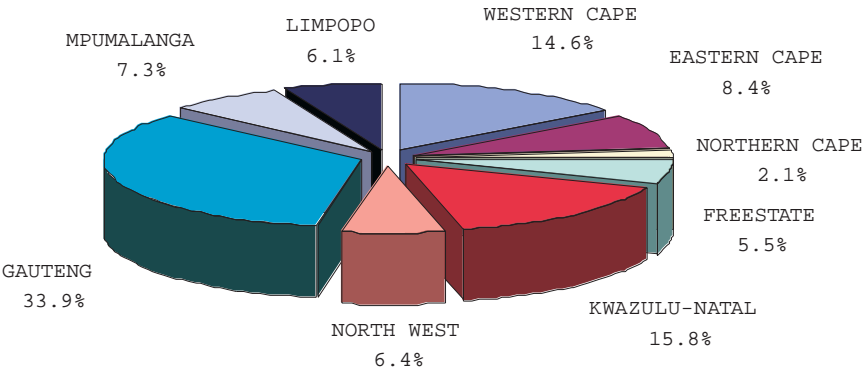
- The budget for Health has an additional R375 million to finance programmes that strengthen the provincial HIV/Aids programme and enhance response with regards to direct resources towards preventative interventions in communities and towards hospital treatment and community care.
- An additional R1.2 billion for social grants due to the increase in the take up rate especially on the Child Support Grant and the Disability Grant
- An additional R593 million for learners support material to ensure that sufficient textbooks, stationery and other inputs are available to support effective teaching and learning
- Increased allocation on infrastructure will help reinforce further acceleration of infrastructure delivery

3. ENVIRONMENTAL SCAN

Gross Geographic Product

Gauteng's Gross Geographic Product (GGP) amounted to R333 billion in 2001, or R218 billion in constant 1995 prices. The province contributed around 33.9% of the total Gross Domestic Product (GDP) of the country. This is more than double the contribution of the next highest provincial contribution, that of KwaZulu-Natal at 15.5%. The province therefore remains the dominant economic region of South Africa, in spite of being geographically the smallest province. The relative contribution of the province has increased somewhat since 1995, from 32.6% in that year. This reflects the increased concentration of economic activity towards metropolises, as well as the large investment projects undertaken in Gauteng province over this period.

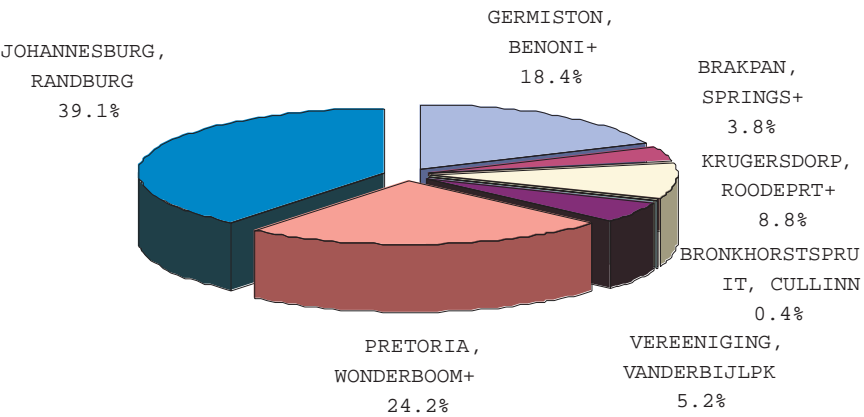
Chart 1: Provincial contribution to GDP Source: Statistics South Africa estimates Nov 2002



Sub-regional contribution

The largest contributor by far to the economic output of the province is the Johannesburg-Randburg statistical region, which includes Sandton, with a contribution of around 39% in 2001. This is followed by the Pretoria-Wonderboom statistical region with a contribution of 24%, and Germiston-Benoni (Ekhuruleni) statistical region of 18%. The Krugersdorp-Roodepoort (8.7%) and Vereeniging-Vanderbijl Park (5.2%) statistical regions are also significant but smaller contributors.

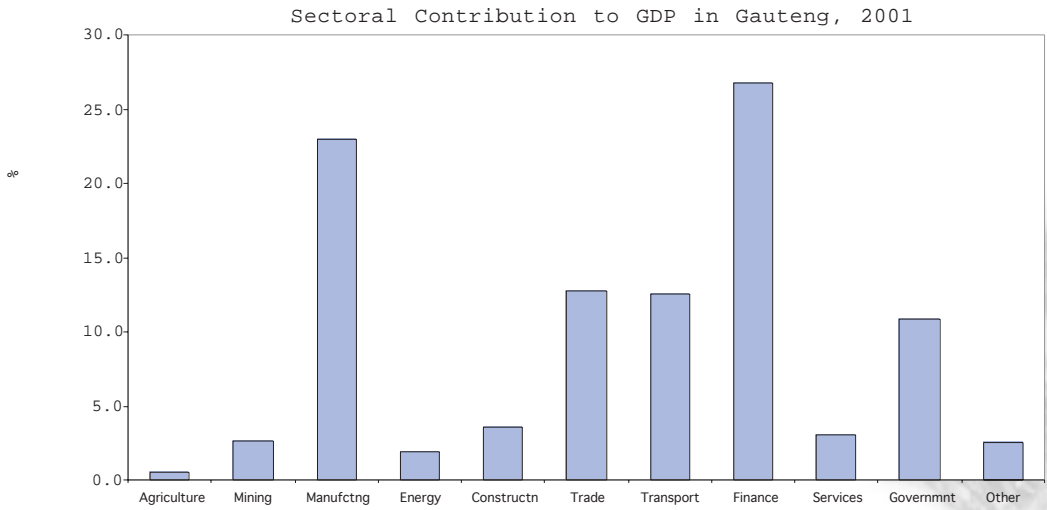
Chart 2: Subregion contribution to provincial GDP Source: Econometrix estimates Dec 2002



Sectoral breakdown

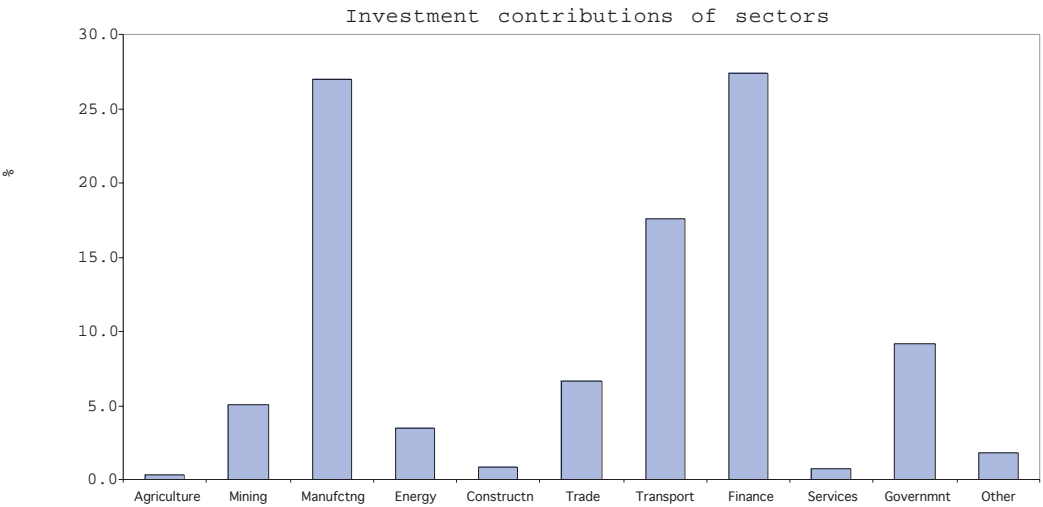
Accounting for approximately 60% of the value added within Gauteng are the Manufacturing (20.5%), Trade (14%) and Financial services (24.7%) sectors. These sectors are more dominant in the province than in the country as a whole, accounting for 52% of South Africa's total value added. Community and social services contributes only 4% to the Gross Geographic Product (GGP), which, compared with 2.9% for South Africa as a whole, exhibits this sector's relative strength within the region. Currently, the electricity, gas and water sector contributes only 1.4% of Gauteng's value added, around half of its national contribution of 2.7%, exhibiting its relative regional weakness. Over the past 5 years the average growth rate for the province as a whole was 2.4%. Average sectoral growth rates of 1.5% for Manufacturing, 1.5% for Trade and 5.3% for the Financial sector were recorded. The Transport and communication sector, which accounts for just under 10% of Gauteng's value added, recorded the strongest average growth (5.8%). According to figures for 2001, within the manufacturing sector the Iron and steel subsector contributes the greatest percentage to value added, followed by Other industries, Fabricated metals, Motor vehicles and parts and Industrial chemicals.

Chart 3



Capital Investment Contribution by Sector

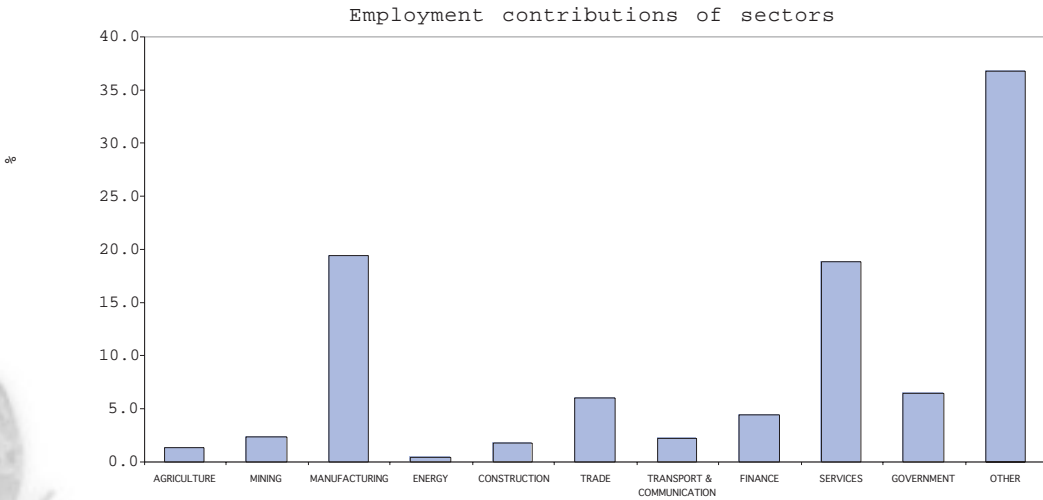
Chart 4



Collectively accounting for 72% of new capital investment in Gauteng are the Manufacturing (26.9%), Financial services (27.4%) and Transport and communication (17.6%) sectors. These sectors are more dominant in the province than the country as a whole, accounting for 64% of South Africa's capital investment. All major sectors recorded positive, although mild, average growth rates over the last five years, except for the Agriculture and Construction sectors, both of which recorded negative growth. Within the manufacturing sector the Iron and steel subsector makes the greatest contribution to investment, followed by Food and food products, Industrial chemicals, Other industries and Motor vehicles and parts.

Employment Contribution of Sectors

Chart 5



In 2001, the Manufacturing and Community and social services sectors employed 38.3% of those employed in Gauteng. Although originally a mining region, Mining accounted for only 2.3% of employment in 2001 and growth in employment within the Mining sector has declined by -3.7% over the last five years. The Government and Agriculture sectors respectively account for 6.5 and 1.3% of employment. These figures emphasise that Gauteng is a distinctly industry and business driven region. Employment in Gauteng as a

province has fallen on average by -0.2% per annum over the last five years. Sectors which recorded positive growth in employment during this time were the Transport and communications sector (3.5%), mostly attributable to the Communication sector, the Finance sector (2.7%) and the Retail trade sector (0.1%). Negative employment growth was recorded for all other major industrial sectors.

Economic Growth

Gauteng's average annual growth rate between 1996 and 2001 was 2.4%. Growth is expected to accelerate to 3.6% on average over the next five years. Construction is expected to show the strongest growth. Gauteng's growth will be driven by the Financial services, Trade and Manufacturing sectors, which jointly account for around 60% of the provinces GGP. Gauteng's long term sustainable growth prospects will depend largely on the extent to which growth can absorb labour and create employment. Gauteng's performance will be influenced by developments in the external environment, as it is the largest province in economic terms and is highly integrated with the global economy. It will be exposed to the risks of international economic and financial shocks, which transcend national borders and are difficult to predict. The province is closely tied into the progress of the South African economy as a whole.

Inflation

Gauteng's consumer price inflation rate for 2002 was 10.6%. This was slightly higher than the consumer price inflation rate for the country at 10.2%. In 2000, Gauteng's inflation rate of 5.2% was slightly lower than the national average of 5.4%. In general, the inflation rate for the province follows the national average fairly closely. The consumer price index for Gauteng in 2002 was 116.9 and for the country 117.1, indicating that over the last seven years inflation rates in Gauteng have kept in line with the national average. Food, housing and household operation costs have been the main contributors to the acceleration of the inflation rate over 2002.

4. REVENUE

Table 4.1 Summary of Provincial Revenue

Summary of Provincial Own Revenues

	2000-01 Actual R'000	2001-02 Actual R'000	2002-03 Preliminary Outcome R'000	2003-04 Budget R'000	2004-05 MTEF R'000	2005-06 R'000
National Payments						
Equitable Share	14,517,182	16,028,350	18,844,038	21,875,885	23,861,973	25,743,013
Conditional grants	3,135,590	3,761,888	3,568,603	3,918,543	4,374,652	4,732,589
Total National Payments	17,652,772	19,790,238	22,412,641	25,794,428	28,236,625	30,475,602
Own revenue						
Tax revenue	868,314	892,610	1,148,394	1,312,132	1,399,590	1,489,055
Casino taxes	224,043	229,294	269,885	283,379	294,715	303,555
Horseracing	67,367	63,692	47,041	49,393	51,369	52,909
Motor vehicle licences	559,013	579,003	811,000	963,505	1,036,174	1,114,220
Other taxes	17,891	20,621	20,468	15,855	17,332	18,371
Non tax revenue	298,366	438,884	372,550	353,403	383,352	404,969
Interest	77,864	189,144	171,605	144,424	156,974	159,175
Health patient fees	70,969	107,019	112,340	117,222	124,166	137,134
Rent	12,681	17,033	13,491	15,015	15,734	17,149
Fines and forfeiture	7,062	7,466	7,187	7,800	8,465	9,174
Other revenue	129,790	118,222	67,927	68,942	78,013	82,338
Capital revenue	1,054	3,069	2,727	2,767	2,064	3,016
Sale of land, buildings						
Sale of stock, livestock etc.	1,054	3,069	2,727	2,767	2,064	3,016
Sub Total Own Revenue	1,167,734	1,334,563	1,523,672	1,668,302	1,785,006	1,897,040
Less: Direct charges						
Motor vehicle licences		3,119	131,200	192,701	207,235	222,844
Gambling taxes		25,078	14,633	16,639	17,304	17,823
Total Own Revenue	1,167,734	1,306,366	1,377,839	1,458,963	1,560,467	1,656,373
Plus: financing of adjustment from surplus			1,093,690			
Total Provincial Own Revenue	18,820,506	21,096,604	24,884,170	27,253,391	29,797,092	32,131,975
Less: Direct charges provided for by the remunerations of Public Office Bearers Act, No. 20 of 1998			27,149	30,212	33,216	36,518
Grand total Provincial revenue	18,820,506	21,096,604	24,857,021	27,223,179	29,763,876	32,095,457

4.1 Overall position

The total revenue available to the Gauteng province amounts to R27,2 billion. From this amount, R25b will be transferred to the province from National government in the form of equitable share and conditional grants. R1,4b will be generated from own revenue and represent 5% of the total provincial revenue.

The estimated actual for 2002/03 financial year is higher than the original budget by R720m. This amount was allocated during the adjustment estimates and is largely due to the better than projected economy of the country.

The equitable share is projected to increase from R18, 8b in 2002/3 to R22b in 2003/4 and to R26b in 2005/06 financial year. This is noteworthy since the province relies on transfers to finance the bulk of expenditure and to accelerate delivery of quality services.

4.2 Details of Provincial Own Revenue

As alluded to above, own revenue contributes 5% to the provincial revenue. Although fairly small, they are an important source of revenue, with motor vehicle license fees, gambling taxes, interest income and patient fees being the major contributors in the province. The estimated actual for 2002/03 financial year is higher than the voted budget by R273m and is attributable to measures taken by departments to maximize revenue collection. Over the medium term own revenue is projected to increase by 7% in 2004/5 and 6% in 2005/6 financial years.

An amount of R209m will be paid to the Gambling Board and municipalities in the form of a direct charge in the coming financial year.

Motor vehicle license fees

Motor vehicle license fees remain the largest contributor to the provincial revenue. These fees in 2001/02 generated R579m and the collection for 2002/3 is estimated to be slightly above R800m. The budget for 2003/4 amounts to R963m and represents a 19% increase over the estimated actual for 2002/03 financial year. The collection for the ensuing financial years is expected to grow by 8 %. This impressive growth is due to the introduction of the best practice model, which has already been implemented across the province. The implementation in Johannesburg has already been completed and it is in various stages in other parts of the province. An allocation has been made for 2003/4 financial year.

In addition to the above-mentioned initiative, the revenue model which takes into account factors that contributes to revenue were used to come up with a credible budget.

Gambling taxes

Gambling taxes comprises of income derived from casinos and horseracing. The estimated collection for 2002/03 amounts to R316m. The horseracing collection has been declining since the introduction of casinos and national lottery in the country. Although the estimated actual for 2002/03 shows a decline, the collection for the medium term is expected to increase marginally. Casinos on the other hand are expected to grow by 4%, and 3% in 2004/05 and 2005/6 respectively.

Patient fees

The estimated patient fee collection for 2002/3 amounts to R112m and exceed the voted budget by R30m. The collection for 2003/4 amounts to R117m. For 2004/05 and 2005/6 financial year, the budget is expected to grow by 6% and 10% respectively. The increase is a result of the introduction of incentive scheme by provincial Treasury and Uniform Patient fee Schedule by National Department of Health. The department of Health has also introduced measures to improve revenue collection such as the upgrading of billing systems, providing training to institutions, introducing a Shared Debt Management Centre and Folate Differentiated Amenities.

Interest income

Interest income comprises largely interest generated from investments of excess funds in the short-term money market. The excess funds are usually made up of allocations from National Treasury as well as surpluses accumulated from previous financial years.

What resulted in the estimated interest collection of R170m is primarily the increase in the short term money markets due to an annual increase of 4% in the prime lending rate. This meant that the interest paid out by banks increased as well. There is a direct relationship between the prime rate and the investment rate. The last year was categorized by the market anticipating the prime increase before it happened, and thus the investment rates were higher for a longer period than the prime rate, causing the higher interest payouts by the banks on investments.

Even though in the outer years interest is projected to decline, this should not be a great concern as the primary role of GPG is not to generate interest, but to deliver services from the funds that are allocated to it.

4.3 Equitable Share

In accordance with the Constitution, revenue raised nationally has to be shared equitable among the national, provincial and local spheres of government. This process involves consultations with all the three spheres and should take into account any recommendations by the Financial and Fiscal Commission and the allocation criteria stipulated in section 214(2) of the Constitution.

It is often not feasible for each level of government to have its own revenue mainly due to the fact that the main revenue bases used by government are unevenly distributed in geographic space and assigning them to the different spheres would result in an inequitable distribution of the ability to raise revenue by the provincial and local governments. Furthermore, a number of the main revenue sources are most efficiently collected at national level. This therefore calls for the equitable sharing of the nationally raised revenue through a revenue sharing formula to enable all spheres of government to provide the services and functions assigned to them as per the Constitution. The process is taken further by dividing the provincial equitable share pool between the nine provinces using a formula, which is applied after extensive consultations of all the affected stakeholders (National government, FFC and provinces).

The equitable share is divided among provinces by means of a redistributive formula, comprising seven components which are as follows:

- An education share (41 percent) based on the size of the school-age population (ages 6—17) and the average number of learners enrolled in public ordinary schools for the past three years.
- A health share (19 percent) based on the proportion of the population without medical aid or health insurance.
- A social security component (18 percent) based on the estimated number of people entitled to social security grants-the elderly, disabled and children- weighted using a poverty index derived from the Income and Expenditure Survey.
- A basic share (7 percent) derived from each province's share of the total population of the country.
- A backlog component (3 percent) based on the distribution of capital needs as captured in the schools register of needs, audit of hospital facilities and the share of the rural population.
- An economic output component (7 percent) based on the distribution of total remuneration in the country.
- An institutional component (5 percent) divided equally among the provinces.

In light of the phasing-in of the 1996 Census data which is going to be completed in the financial year 2003/04 and the impending results of 2001 Census, the structure of the equitable share formula has been retained for the 2003 budget, with no changes to the weighting of the components. Enrolment data used in education component has, however, been updated. National Treasury has indicated that a comprehensive review of the formula is envisaged for the 2004 Budget, after publication of the 2001 Census data.

For the financial year 2003/04 an amount of R 21,876 million has been allocated and this represents an 16% increase over the current years allocation. For the rest of the MTEF period, the expected allocation for Gauteng will be R23,862 million and R25,743 for the years 2004/05 and 2005/06 respectively.

4.4 Conditional Grants

Table 4.4a : Conditional Grants – Implementing department and name of grants (implemented)

Vote	2000/01			2001/02			2002/03		
	Budget	Actual transfer	Actual Exp	Budget	Actual transfer	Actual Exp	Budget	Actual transfer	Est Actual Exp
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Vote 3: Finance and Economic Affairs	322,358	327,025	0	303,511	303,511	303,178	4,877	0	3,210
Supplementary allocation	322,358	322,358		298,511	298,511	298,511			
Adjustment allocation grant									
Financial & Personnel									
Management Support									
Implementation of PFMA		3,000		5,000	5,000	4,667	4,877		3,210
Vulindlela Rollout		1,667					1,667		1,667
Vote 4: Health	2,108,673	2,113,673	2,099,139	2,356,476	2,358,606	2,392,590	2,528,638	2,515,229	2,528,638
National Tertiary Services	1,492,868	1,492,868	1,492,868	1,568,945	1,568,945	1,568,945	1,629,313	1,629,313	1,629,313
Health Professions Training									
Development	503,646	503,646	503,646	529,186	529,186	529,186	528,137	528,137	528,137
Hospital Revitalisation	55,000	55,000	47,414	102,000	102,000	142,199	135,000	135,000	135,000
Integrated Nutrition									
Programme	54,673	54,673	47,667	54,673	54,673	51,980	65,968	56,269	65,968
HIV/AIDS	2,486	2,486	2,544	3,500	5,630	4,474	32,249	31,093	32,249
Pretoria Academic Hospital				50,000	50,000	50,188	70,000	70,000	70,000
Provincial Infrastructure				16,172	16,172	16,172	31,417	31,417	31,417
Hospital Management and									
Quality Improvement		5,000	5,000	32,000	32,000	29,446	36,554	34,000	36,554
Vote 5: Education	25,912	25,912	38,400	68,936	68,936	61,766	122,317	115,147	122,317
Financial Management and									
Quality Enhancement	23,616	23,616	36,106	26,199	26,199	23,375	30,907	28,083	30,907
HIV/AIDS	2,296	2,296	2,294	7,810	7,810	6,332	19,190	17,712	19,190
Early Childhood									
Development				2,583	2,583	51	9,051	6,519	9,051
Provincial Infrastructure				32,344	32,344	32,008	63,169	62,833	63,169
Vote 6: Social Services & Population Development	3,831	3,831	3,005	1,642	194,315	2,707	200,841	8,183	200,694
Child Support	1,000	1,000	905						
Financial Management &									
Social Security System	2,724	2,724	1,993	642	642	1,000	1,352	1,200	1,352
HIV/AIDS				1,000	1,000	1,540	6,983	6,983	6,836
Women Flagship	107	107	107		167	167			
Social grant arrears					192,506		192,506		192,506

Vote 7: Housing	726,804	656,804	626,900	708,931	794,976	563,342	1,263,566	838,466	1,263,566
Housing Fund	718,904	638,904	610,481	681,831	767,876	560,140	1,215,018	815,018	1,215,018
Human Settlement	3,500	3,500	2,019	26,000	26,000	2,102	48,548	23,448	48,548
Capacity Building	1,400	1,400	1,400	1,100	1,100	1,100			
Resettlement :Doornkop	3,000	3,000	3,000						
Disaster Related		10,000	10,000						
Vote 8: Development Planning & Local Government	0	8,345	8,345	0	8,200	8,200	28,744	28,744	26,084
Local Government Support		8,345	8,345		8,200	8,200	9,450	9,450	9,450
Consolidated municipal infrastructure							19,294	19,294	16,634
Vote 9: Transport and Public Works	0	0	0	33,344	33,344	32,158	64,020	62,834	62,918
Provincial Infrastructure				32,344	32,344	31,158	64,020	62,834	62,918
National Land Transport Transition Act				1,000	1,000	1,000			
Total	3,187,578	3,135,590	2,775,789	3,472,840	3,761,888	3,363,941	4,213,003	3,568,603	4,207,427

Table 4.4b Conditional Grants over the MTEF

Vote	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Vote 4: Health	2,599,153	2,697,588	2,815,312
National Tertiary Services (programme 5)	1,679,760	1,727,736	1,760,465
Health Professions Training			
Development (programme 5)	539,330	560,778	554,039
Hospital Revitalisation (programme 7)	87,939	155,126	232,871
Integrated Nutrition Programme (programme 2)	74,273	87,293	95,662
HIV/AIDS (programme 2)	55,275	87,629	91,844
Pretoria Academic Hospital (programme 7)	92,356		
Provincial Infrastructure (programme 7)	47,160	58,250	61,921
Hospital Management and Quality Improvement (programme 1)	23,060	20,776	18,510
Vote 5: Education	148,796	162,878	173,004
Financial Management and Quality Enhancement (programme 2)	28,833	30,563	32,397
HIV/AIDS (programme 2)	14,818	15,816	16,765
Early Childhood Development (programme 7)	10,824		
Provincial Infrastructure (programme 2)	94,321	116,499	123,842
Vote 6: Social Services & Population Development	104,043	232,034	398,447
HIV/AIDS (programme 4)	9,690	10,315	10,934
Child Support Grant Extension (programme 2)	66,449	193,815	359,609
Food Security (programme 4)	27,904	27,904	27,904
Vote 7: Housing	944,892	1,139,723	1,215,949
Housing Fund (programme 3 & 5)	923,892	1,117,463	1,185,357
Human Settlement (programme 4)	21,000	22,260	30,592
Vote 8: Development planning and Local Government	25,738	25,930	6,035
Local Government Capacity Building Fund (programme 1)	20,399	20,266	
Consolidated Municipal Infrastructure Programme (programme 2)	5,339	5,664	6,035
Vote 9: Transport and Public Works	94,321	116,499	123,842
Provincial Infrastructure (programme 3)	94,321	116,499	123,842
Vote 12: Agriculture,Conservation and Conservation	1,600		
Poverty Relief and Infrastructure Development (programme 2)	1,600		
	3,918,543	4,374,652	4,732,590

Conditional Grants

Conditional grants are transfers from national government and represent 15% of the total national transfers in 2003/04. They are included in the department’s budgets, each grant has a purpose and specific conditions to be met by the receiving department.

The total budget for the current year amounts to R3,9 billion and the Department of Health continues to administer most of the grants with a budget of R2, 5 b. National tertiary services and health professional grants comprises 57% of the total grants to be received by the province in the current financial year. Included in this year’s budget is an allocation for poverty relief and infrastructure development grant, which will be managed by the Department of Agriculture, Conservation, Environment and Land Affairs. The province will also receive the child support grant extension to children up to 13years of age and food grant

The budget for conditional grant is projected to increase by 12% and 8% in 2004/05 and 2005/06 financial years.

PURPOSE OF CONDITIONAL GRANTS

Departments	Purpose
Vote 4: Health	
National Tertiary Services Grant	To fund tertiary health services in order to ensure equitable access by all citizens.
Professional training and Development	To support the training and development of health professionals.
Hospital Revitalisation	To transform and modernise hospitals in line with the national planning framework.
Integrated Nutrition Programme	To feed primary school children, facilitate nutrition education and health promotion.
HIV/AIDS	To expand access to voluntary HIV counselling and testing, home based care, prevention of mother to child transmission programmes and other HIV/AIDS related matters.
Pretoria Academic	To fund the construction and development of the Pretoria Academic Hospital.
Provincial Infrastructure	To fund provincial infrastructure like health facilities.
Hospital Management and Quality Improvement	To improve management in hospitals and support quality of care interventions
Vote 5: Education	
Financial Management and Quality Enhancement	To support financial management and quality-enhancing initiatives in school education
HIV/AIDS	To promote HIV/AIDS education in primary and secondary schools
Early Childhood Development	To provide quality education care to poor children eligible for the reception year.
Provincial Infrastructure	To fund provincial infrastructure like school buildings
Vote 6: Social Services & Population Development	
HIV/AIDS	To advance the development of community based care (CBC) programmes in communities
Child Support Grant Extension	To provide for the phased extension of child support grant
Food Security	To provide food relief to individuals and households facing the risk of starvation
Vote 7: Housing	
Housing Fund	To finance subsidies under the national housing programmes.
Human Settlement	To fund projects aimed at improving the quality of the environment in urban communities

Vote 8: Development planning and Local Government Local Government Support (programme 1)	To assist municipalities experiencing severe financial problems to restructure their financial positions and organisations
Consolidated municipal infrastructure programme (programme 2)	To provide support to manage CMIP effectively and to build the capacity of municipalities to ensure the sustainability of CMIP projects
Vote 9: Transport and Public Works Provincial Infrastructure	To fund provincial infrastructure like roads and buildings
Vote 11: Agriculture, Conservation and Environmental Affairs Poverty Relief and Infrastructure Development (programme 2)	To address the degradation problems of natural resources and improve the socio-economic status of rural communities

5. EXPENDITURE

Total outlays for provincial programmes are budgeted at:

- Financial Year 2003/2004: R 27 029 716
- Financial Year 2004/2005: R 29 696 336
- Financial Year 2005/2006: R 33 002 996

Table 5.1: Expenditure by Policy Area

Function	2000- 2001 Audited R'000	2001- 2002 Audited R'000	2002-2003 Est. Actual R'000	2003- 2004 Voted R'000	2004-2005 MTEF R'000	2005-2006 MTEF R'000
General Public Services	911 281	1 328 079	1 852 605	2 979 623	3 245 315	4 359 951
Public Oder and Safety	30 477	22 351	26 054	33 920	35 400	36 820
Education	6 814 520	7 268 490	8 158 253	8 848 840	9 345 005	9 792 747
Health	5 942 208	6 837 576	7 592 990	8 111 763	8 680 599	9 120 862
Social Security & Welfare	2 624 983	3 017 507	4 077 983	4 588 515	5 606 693	6 754 026
Housing & Community Affairs	713 335	917 135	1 480 357	1 174 025	1 425 927	1 526 405
Recreational & Cultural Affairs	92 502	83 058	102 690	127 578	137 203	142 489
Agriculture Forestry & Fisheries	116 489	110 684	231 444	212 123	222 239	230 286
Transport & Communications	701 892	737 574	880 405	953 329	997 955	1 039 410
Total Expenditure	17 947 687	20 322 454	24 402 781	27 029 716	29 696 336	33 002 996

Chart 5.1: Expenditure by Policy Areas

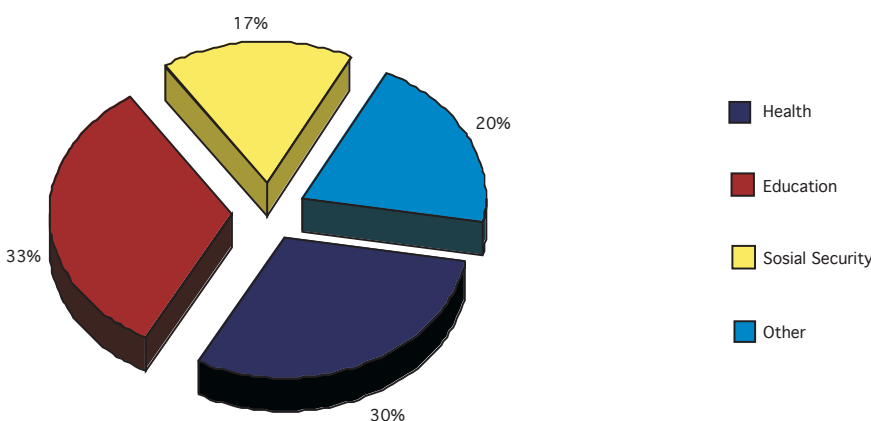
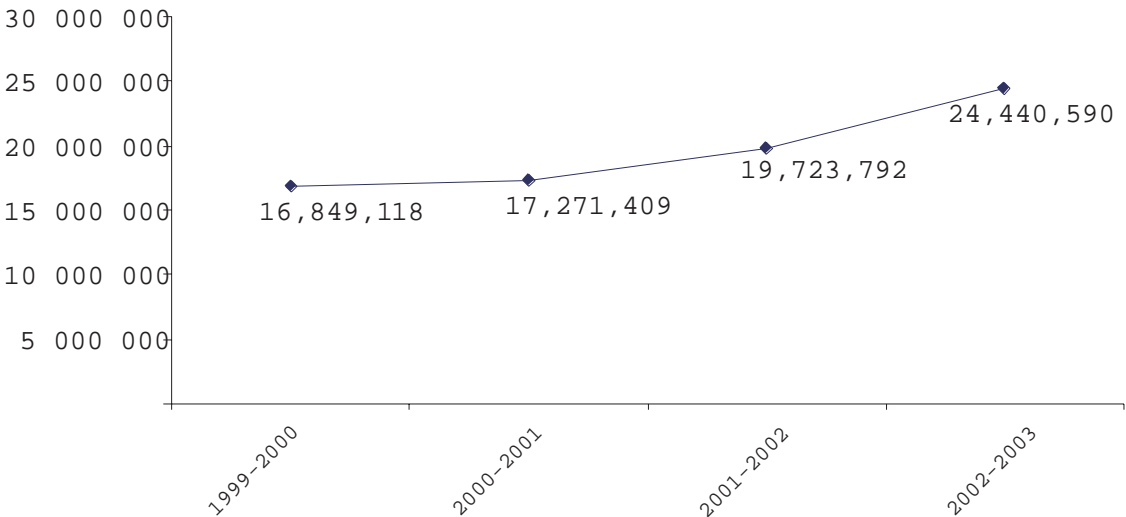


Table 5.1 and Chart 5.1 above indicate the level of expenditure by policy area for financial year 2000/01 to financial year 2005/06. Total expenditure is reflecting an average increase of 13% per annum. Gauteng has continued to maintain the allocation of resources on social sector at about 80% of total expenditure. As compared with the previous financial year the average share of social sector expenditure is projected to decline from 82% to 80% in the financial year 2003/04. However due to the expansion of the available fiscus the slight declining share in expenditure for social sectors in relation to the total provincial budget did not prohibit real growth.

33% of the budget goes to Education with an additional allocation to improve on the learner support material per learner. 30% goes to Health where the main focus is on shifting towards primary health care, effective health services and value for money. 17% goes to Social Security, which caters for the increasing number of beneficiaries mainly on Disability and Child Support Grant.

The year on year increase on actual expenditure

The graph below indicates that the actual expenditure by Gauteng Provincial Government has grown from R16.6 billion in 1999/2000 to R24 billion in 2002/03. This represents an average growth rate of 12.4% per annum. A significant growth from 12% to 23% occurred between 2001/02 and 2002/03 due to increase in expenditure for the Department of Social Services, Health and the establishment of the Gauteng Shared Services Centre.



EXPENDITURE SUMMARY BY POLICY AREA

FUNCTION	CATEGORY	DEPARTMENT	PROGRAMME
General Public Services	Executive & Legislative	Office of the Premier	Executive Council Security and Risk Management State Law Advice
		Provincial Legislature	Political Representation Office of the Speaker & Secretary Parliamentary Operations Institutional Support Services Operational Support Information and Liaison Management
		Finance and Economic Affairs	Support Services Provincial Treasury Economic Affairs Blue IQ
		Gauteng Shared Services	Internal Audit Services Human Resources Services Procurement Services Finance Services Technology Support Services
	Financial & Fiscal Affairs	Office of the Premier	Government Communication and Information Services Policy Development and Co-ordination Financial Management Human Resources and Auxiliary Services
			Transformed Local Quality Services Delivery Integrated Development Planning Democratic and Co-Operative Governance Effective Business Process
			Maintenance & Community Based Public Works Professional Services
			Management and Administration Community Police Relation Crime Prevention Monitoring and Evaluation Communication
	General Services	Development Planning and Local Government Government	
		Transport and Public Works	
Public Order and Safety	Police Services	Public Safety & Liaison	

Education Affairs & Services	Pre-primary, Primary & Secondary Education	Education	Administration Public Ordinary School Education Independent School Subsidies Public Special School Education Further Education and Training Adult Basic Education and Training Early Childhood Development
	Subsidiary Services to education	Education	Auxiliary and Associated Services
Health Affairs & Services	Health & Clinic Service	Health	Administration District Health Services Emergency Medical Services Provincial Hospital Services Central Hospital Services Health Training and Sciences Health Care Support Services Health Facilities Management
	Social Security Services	Social Services & Population Development	Social Assistance Grants
	Welfare Services	Social Services & Population Development	Administration Social Welfare Service Development & Support Services Population Development and Demographic Trends Management &
Housing & Community Affairs Administration	Housing Affairs Services	Housing	Strategic Intervention Housing Development
Agency			Urban Regeneration Agency Gauteng Partnership Agency
Recreation & Cultural Affairs	Sports & Re-creation Affairs	Sports, Recreation, Arts & Culture	Sports & Recreation
	Cultural Affairs	Sports, Recreation, Arts & Culture	Management Support Arts, Culture & Heritage Facilities development Library and Information Services Region Co-ordination and Implementation Financial Management Youth Development

Agriculture, Forestry & Fishing	Agriculture Affairs	Agriculture, Nature Conservation & Environmental Affairs	Management Agriculture Veterinary Services Natural Resource Management Conservation Environmental Planning and Assessment Waste and Pollution Abatement World Heritage Side Dinokeng Legal Compliance and Enforcement Management Information system Communication and Awareness Human Resources General Administration Financial Management Management Services Strategic Planning Transportation Infrastructure Transportation Management
Transportation	Transport	Transport and Public Works	

ESTIMATES OF EXPENDITURE 2003/04 – 2005/06

FUNCTION	2000-01 Actual Rand' 000	2001-02 Actual Rand' 000	2002-03 Est. Actual Rand' 000	2003-04 Voted Rand' 000	2004-05 MTEF Rand' 000	2005-06 MTEF Rand' 000
Function General Public Services						
Executive & Legislative						
Office of the Premier	3,198	2,611	15,133	18,264	19,380	20,931
Provincial Legislature	70,290	80,869	64,418	73,871	79,822	85,707
Total category Executive & Legislature	73,488	83,480	79,551	92,135	99,202	106,638
Financial & Fiscal Services						
Finance & Economic Affairs	300,344	628,499	965,116	1,654,261	1,853,101	3,082,983
Gauteng Shared Services Centre	0	158,357	167,829	397,865	391,272	419,987
Total category Financial & Fiscal Services	300,344	786,856	1,132,945	2,052,126	2,244,373	3,502,970
General Services						
Office of the Premier	106,480	75,550	77,406	79,989	84,132	88,407
Development Planning and Local Government	70,640	86,036	156,304	244,120	248,640	162,968
Transport and Public Works	360,329	296,157	406,399	511,253	568,968	498,968
Total General Services	537,449	457,743	640,109	835,362	901,740	750,343
Total General Public Services	911,281	1,328,079	1,852,605	2,979,623	3,245,315	4,359,951
Function Public Order & Safety						
Police Services						
Public Safety & Liaison	30,477	22,351	26,054	33,920	35,400	36,820
Total Public Order and Safety	30,477	22,351	26,054	33,920	35,400	36,820
Function Education Affairs & Services						
Pre-primary , primary & secondary education						
Education	6,632,600	7,056,009	7,864,305	8,569,228	9,065,056	9,512,441
Total Pre-primary,Primary & Secondary Education	6,632,600	7,056,009	7,864,305	8,569,228	9,065,056	9,512,441
Subsidiary services to education						
Education	181,920	212,481	293,948	279,612	279,949	280,306
Total Subsidiary services to Ed	181,920	212,481	293,948	279,612	279,949	280,306
Grand Total Education Affairs & Services.	6,814,520	7,268,490	8,158,253	8,848,840	9,345,005	9,792,747
Function Health Affairs & Services						
Health & Clinic Services						
Health	5,942,208	6,837,576	7,592,990	8,111,763	8,680,599	9,120,862
Total Health & Clinic Services	5,942,208	6,837,576	7,592,990	8,111,763	8,680,599	9,120,862
Function Social Security & Welfare						
Social Security Services						
Social Services & Pop. Development	2,141,452	2,461,516	3,458,890	3,824,645	4,770,644	5,856,949
Total Social Security Services	2,141,452	2,461,516	3,458,890	3,824,645	4,770,644	5,856,949
Welfare Services						
Social Services & Pop. Development	483,531	555,991	619,093	763,870	836,049	897,077
Total Welfare Services	483,531	555,991	619,093	763,870	836,049	897,077
Grand Total Social Security	2,624,983	3,017,507	4,077,983	4,588,515	5,606,693	6,754,026

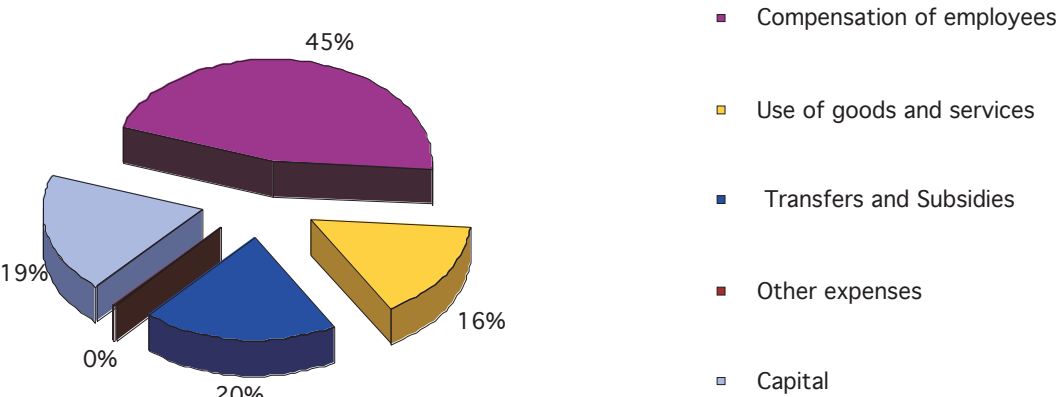
Function Housing						
Housing Affairs & Services						
Housing	713,335	917,135	1,480,357	1,174,025	1,425,927	1,526,405
Total Housing	713,335	917,135	1,480,357	1,174,025	1,425,927	1,526,405
Function Recreation & Cultural Affairs						
Sporting & Recreational Affairs						
Sports, Recreation, Arts & Culture	7,625	3,914	5,394	9,997	10,743	11,649
Total Sporting & Recreation Affairs	7,625	3,914	5,394	9,997	10,743	11,649
Cultural Affairs						
Sports, Recreation, Arts & Culture	84,877	79,144	97,296	117,581	126,460	130,840
Total Cultural Affairs	84,877	79,144	97,296	117,581	126,460	130,840
Total Recreational & Cultural, Affairs	92,502	83,058	102,690	127,578	137,203	142,489
Function Agriulture						
Agricultural Affairs						
Agriculture , Conservation & Environment	116,489	110,684	231,444	212,123	222,239	230,286
Total Agriculture	116,489	110,684	231,444	212,123	222,239	230,286
Function Transport						
Transport & services						
Transport & Public Works	701,892	737,574	880,405	953,329	997,955	1,039,410
Total Public Transport & Public Affairs	701,892	737,574	880,405	953,329	997,955	1,039,410
Total All Policy Areas	17,947,687	20,322,454	24,402,781	27,029,716	29,696,336	33,002,996

EXPENDITURE BY ECONOMIC SECTOR

GFS Classification	2000-2001 Actual R 000	2001-2002 Actual R 000	2002-2003 Est. Actual R 000	2003-2004 Voted R 000	'2004-2005 MTEF R 000	2005-2006 MTEF R 000
CURRENT						
Compensation of employees	10 297 800	10 596 095	11 396 506	12 129 358	12 917 406	13 691 676
Use of goods and services	3 148 319	3 593 489	4 276 882	4 356 278	4 674 702	4 782 230
Recurrent maintenance						
Property expenses	34 341	63 031	66 869	87 284	98 871	110 266
Consumption of fixed assets	24 722					
Subsidies	133 728	32 502	58 802	57 958	57 990	58 025
Grants	4 123	2 548	3 300	4 400	4 500	5 100
Social benefits	2 318 802	2 636 736	3 661 862	4 079 945	5 042 450	6 143 062
Transfers to Local government	702 786	972 668	1 110 261	1 277 749	1 335 522	1 392 439
Other expenses	5 029	12 659	72 753	14 720	15 685	17 170
Total Current	16 669 650	17 909 727	20 647 235	22 007 692	24 147 126	26 199 968
CAPITAL						
NEW CAPITAL WORKS	1 264 485	2 401 032	3 683 030	4 371 550	4 752 397	6 067 653
Compensation of employees			3 446	4 724	5 055	5 358
Use of goods and services		24 797	414	15 475	508	508
Non financial assets	477 840	930 994	1 366 433	1 682 560	1 642 933	1 709 865
Buildings and structures	101 036	452 084	534 973	405 649	309 422	331 422
Machinery and equipment	376 804	478 910	831 460	1 276 911	1 333 511	1 378 443
Capital Transfers to:	153 274	331 274	685 845	1 591 337	1 775 207	2 923 460
Local Government		179 786	201 939	407 263	330 413	202 247
Other Capital Transfers	153 274	151 488	483 906	1 184 074	1 444 794	2 721 213
Other Assets	633 325	1 113 837	1 604 955	1 077 454	1 328 694	1 428 462
Work in Progress	633 325	1 113 837	1 604 955	1 077 454	1 328 694	1 428 462
Inventories						
Non Financial assets	46	130	21 937			
Financial assets						
REHABILITATION/ UPGRADING	13 552	11 695	72 516	327 099	399 949	338 417
Compensation of employees						
Use of goods and services						
Non financial assets	1 258					
Buildings and structures	1 258					
Machinery and equipment						
Capital Transfers to:	12 294	11 695	2 516	24 343	25 549	34 017
Local Government						
Other Capital Transfers	12 294	11 695	2 516	24 343	25 549	34 017
Other Assets			70 000	302 756	374 400	304 400
Work in Progress			70 000	302 756	374 400	304 400
Inventories						
Non Financial assets						
Financial assets						

CAPITAL MAINTENANCE				323 315	396 864	396 958
Compensation of employees				1 843	1 972	2 090
Use of goods and services						
Non financial assets				60 940	60 942	60 918
Buildings and structures				60 940	60 942	60 918
Machinery and equipment						
Capital Transfers to:						
Local Government						
Other Capital Transfers						
Other Assets				260 532	333 950	333 950
Work in Progress				260 532	333 950	333 950
Inventories						
Non Financial assets						
Financial assets						
Total Capital	1 278 037	2 412 727	3 755 546	5 021 964	5 549 210	6 803 028
Total GFS Classification	17 947 687	20 322 454	24 402 781	27 029 656	29 696 336	33 002 996

Chart 5.2 Expenditure by Economic Sector



The personnel cost for the financial year 2003/04 accounts for 45% of the budget. The baseline allocation for personnel continues to show a reduction in personnel allocation from the previous years. This reflects that the province is now moving towards a direction where current expenditure is controlled and any future growth is driven mainly by non- personnel expenditure in the social services and by spending on infrastructure. The Capital allocation for 2003/04 financial year is R5.021 billion which represents 19% of the total budget.

6. NON FINANCIAL DATA FOR SOCIAL SECTORS

Department of Education

Description	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Estimated actual	Voted	Forward estimates	
Number of schools (All public institutions)	2 247	2 283	2 287	2 290	2 293	2 296
Number of educators (In all public institutions)	46 917	47 000	47 500	48 000	48 000	48 000
Number of learners (In all public institutions)	1 565 498	1 596 027	1 632 199	1 664 843	1 698 140	1 732 103
Grade 12 pass rate	67,5	73,7	80	81	82	83
Repeaters (Grades 1-11 Public Ordinary Schools only)	105 702	68 197	50 000	49 000	48 020	47 060
Dropouts	31 824	37 638	36 885	36 148	35 425	34 716
Learner/educator ratio						
(For all institutions)	35	35	38	<40	<40	<40
Learner/ classroom ratio	41	40	39	<40	<40	<40
Learners passing Maths HG in Grade 12 (Total numbers)	5 661	6 200	6 696	7 232	7 810	8 435
Learners passing Maths SG in Grade 12 (Total numbers)	16 037	13 044	14 088	15 215	16 432	17 746
Learners passing Science HG in Grade 12 (Total numbers)	6 267	7 178	7 752	8 372	9 042	9 766
Learners passing Science SG in Grade 12 (Total numbers)	12 142	9 358	10 107	10 915	11 788	12 731
Number of CS-educators receiving in-service training		2 448	2 644	2 855	3 084	3 330
Numbers of Schools and learners receiving subsidy:						
- Schools	2 036	2 039	2 044	2 047	2 050	2 053
- Learners	1 607 179	1 625 745	1 669 131	1 702 514	1 736 564	1 771 295
Total Expenditure per learner	4 353	4 554	4 998	5 273	5 459	5 610
LSM per learner	70	51	124	164	176	192
Non personnel non-capex spend per learner (R/learner)	479	587	670	712	719	712

There are about 1.5 million learners in all public institutions in Gauteng per annum. This number, which grows at a rate of 2% annually from 2000/1 to 2005/6, translates to approximately 2 300 public schools.

Some of the key strategic objectives for the Department of Education include improving educational quality, focusing on black learners in disadvantaged communities particularly African learners and township schools, schools with focused learning and education interventions for quality. A critical important component of the Norms and Standards funding categories is Learner Support Material (LSM) which includes textbooks, stationery and teaching aids. Expenditure on these is crucial to a productive and efficient learning environment. The province has allocated more funding on LSM with an aim of achieving a target above R200 per learner in the medium term.

Linked to the expenditure on LSM is the non-personnel non-capex expenditure within the education department as this indicates expenditure on component of the departmental budget for items that create a functional learning environment.

Department of Health

Hospital data

a)- District Hospitals

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Number of Hospitals	6	6	8
Hospital beds	858	858	1257
Admissions	71123	71123	98586
Admissions per 1000 uninsured	13,7	13,7	20
Outpatients	329906	329906	400000
PDE's	327821.7	327821.7	445070
Cost per PDE	R1016	R1016	R 600
Bed Occupancy	69,9%	70%	75%
Length of stay	3,1	3 days	3 days

b)-General Hospitals

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Number of Hospitals	13	13	11
Hospital beds	6767	6767	6368
Admissions	215579	303261	335798
Admissions per 1000 uninsured	39,6	66,8	61,7
Outpatients	1103453	1103453	998866
PDE's	2094254.7	2094254.7	1966854
Cost per PDE	R432.8	R432.8	R 439.3
Bed Occupancy	69,6%	70%	75%
Length of stay	4,8	4.3	4

Verified figures**

c)- Other Specialised Hospitals (Sizwe hospital)

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Number of Hospitals	1	1	1
Hospital beds	220	220	220
Admissions	1660	1660	1660
Admissions per 1000 uninsured	0,3	0,3	0,3
Outpatients	5694	5694	5694
PDEs	75571	75571	75571
Cost per PDE	R 408	R 408	R 408
Bed Occupancy	89%	89%	89%
Length of stay	28	28	20

NB: exclude private aided and contracted hospitals

d)- Psychiatric Hospitals

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Number of Hospitals	4	4	4
Hospital beds	2367	2367	3300
Admissions	7283	7283	7283
Admissions per 1000 uninsured	1,3	1,3	1,3
Outpatients	770 224	770 224	770 224
PDE's	718017,3	718017,3	718017,3
Cost per PDE	R 373	R 307.53	R 307.53
Bed Occupancy	80,3%	80,14%	80,14%
Length of stay – Acute	65	65	65
Length of stay – Acute and Chronic	190	190	190
Length of stay – Acute/Chronic/Forensic	317	317	317

NB: exclude private aided and contracted hospitals

e)- Academic Dental

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Number of Hospitals	3	3	3
Hospital beds	N/A	N/A	N/A
Admissions	Data still being verified		
Admissions per 1000 uninsured	N/A	N/A	N/A
Outpatients	32 000	32 000	38 000
PDE's	Data still being verified		
Cost per PDE	Data still being verified		
Bed Occupancy	N/A	N/A	N/A
Length of stay	N/A	N/A	N/A

f)- Central Hospitals

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Number of Hospitals	4	4	4
Hospital beds	6532	6532	4791
Admissions	276054	276054	276882
Admissions per 1000 uninsured	50,8	50,8	50.9
Outpatients	1703723	1703723	1362178
PDE's	2303140.7	2303140.7	2100050
Cost per PDE	R 1343	R 1343	R1347
Bed Occupancy	74,7%	74,7%	75%
Length of stay	7.5**	7.5**	7

Verified figures**

g)- Summary Table

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
Summary			
Number of Hospitals	31	31	31
Hospital beds	16744	16744	171660
Admissions	719381	719381	720209
Admissions per 1000 uninsured	132,3	132,3	132,4
Outpatients	3160732	3160732	3533962
PDE's	5518805.3	5518805.3	6122566
Cost per PDE	R 790	R 790	R 848
Bed Occupancy	73,1%	73,1%	75%
Length of stay	6,2	6	5.5
Hospital deliveries	116505	154380	146632

Ps: we have included statistics from chronic Hospitals & Mental Health as well as private hospitals

h) - Selected primary care indicators

INDICATOR	Actual 2001/02	Projected 2002/03	Planned 2003/04
PHC headcounts	10 088 739	12 000 000	13 000 000
PHC head per capita uninsured	1,6	1,6	1,6
Cost per headcount	R 33.01	R 33.01	R 78
Immunisation coverage at 1 year	76%	76%	80%
Proportion of Essential drugs out of stock at PHC facilities	2%	2%	2%
TB cure rate	68%	68%	70%
Antenatal sero-prevalence	29.8%	29.9%	29.95%
Number of school children fed through PSNP	244580	293 457	320 000
Number of PHC deliveries	16 959	17 000	17500

i) - Emergency ambulance indicators

INDICATOR	Actual 2001/02 2001/02	Projected 2002/03 2002/03	Planned 2003/04 2003/04
Number of vehicles	287	287	271
Number of vehicles replaced per year	24	20	100
Total kilometers traveled per year	13 778 161	14 000 000	14 500 000
Number of patients transported	355 281	400 000	450 000
Proportion P1 patients responded to within 15 minutes	92.3%	82.5%	80%
Cost per kilometer	R14.38	R15.49	R18.56
Cost per patient transported	R555.89	R550	R600

j) - Training outputs

INDICATOR	Actual 2001/02 2001/02	Projected 2002/03 2002/03	Planned 2003/04 2003/04
Nursing students all years	4602	4602	4728
Nursing graduates	2558	2558	3171
Cost per nursing graduate	R 50 594	R 55 244	R59 588
Registrars all years	-	-	-

NB: Questions on the above tables should be directed to the Department of Health

There are at least 31 hospitals (with a minimum of 16 700 beds) in Gauteng. This number comprises of a minimum of 11 general hospitals, 6 district hospitals, 4 central hospitals, 4 psychiatric hospitals, 3 academic dental hospitals and 1 specialized hospital.

In aggregate, these hospitals admitted around 719 300 patients and treated about 3.2 million outpatients in 2001/2. This level of productivity is projected to remain unchanged in 2002/3.

The Cost per Patient Day Equivalent, which is defined as total hospital expenditure divided by Patient Day Equivalent, translates to the amount spent on PDEs in Gauteng. Therefore a rise of 7% in the cost per Patient Day Equivalent from R790 to R848 shows that the increased productivity will be achieved at a higher cost.

The district health system is the vehicle for facilitating the implementation of Primary Health Care services, which Gauteng has adopted (in line with national health policy) as the main strategy for developing and promoting the health of our communities. It is important to note that growth in utilization and access to Primary Health Care has increased with more than 10 million annual visits made to primary health care facilities.

Department of Social Services and Population Development

	2000/1	2001/2	2002/3	2003/4	2004/5	2005/6
Number of Beneficiaries						
Old Age Grant	226,479	228,840	243,343	251,426	259,260	267,874
War Veterans Grant	1,514	1,281	1,131	981	831	681
Disability Grant	63,683	68,615	104,582	115,220	128,720	142,300
Parent Allowance	4,357		PHASED	OUT		
Child Grant	9,125		PHASED	OUT		
Foster Care Grant	8,056	9,395	12,575	18,011	23,389	29,789
Care-dependency Grant	3,048	4,264	7,733	12,094	18,894	26,794
Child Support Grant (beneficiaries)	101,281	154,187	255,937	319,257	484,888	708,554
TOTAL	417,543	466,582	625,301	716,989	915,982	1,175,992

Social grants have been the most important and direct instrument for poverty alleviation efforts since 1994. The average growth of beneficiaries from the financial year 2000/01 is around 24% with a significant increase starting during the financial year 2002/03 at a rate of 33%. This increase in beneficiaries is mainly attributed to two social grants and that is the Child Support Grant and Disability Grant growing at 64% and 52% respectively. Given the growth reflected on the number of beneficiaries projected into the medium term we are realizing an increase in expenditure from the financial year 2002/03 of 28%, which is well above inflation. This trend will continue into the MTEF period.