

FOREWORD BY HON. M.J. KUSCUS, MEC FOR FINANCE

1. Background

When I submitted the budget last year, I reported that we have reached an important milestone in budget reform. We successfully submitted the Government Financial Statistical (GFS) classification of expenditure with the traditional Standard Item classification for the 2002/03 budget. This year sees the completion of the budget reform process, which conforms to requirements of the Public Finance Management Act, Act 1 of 1999 as amended, we have now done away with the traditional Standard Item classification and are only submitting the GFS classification of expenditure for 2003/04.

However, we have changed the format of the GFS classification to make it more user friendly so that more information than the minimum requirements is presented. This change in the GFS classification makes the financial information in the budget more informative and easier to understand.

In line with the requirements of section 27(3) of the PFMA I have the pleasure of submitting the 2003/04 MTEF Provincial Budget containing the following information:

- *Estimates of revenue.*
- *Estimates of expenditure per vote (department) and per main division (programme) within the votes.*
- *Estimates of debt servicing charges and the repayment of debt.*
- *Estimates of capital expenditure per vote and main divisions within the votes for the 2003/04 financial year and the projected financial implications for two future financial years.*
- *Estimates of revenue excluded from the revenue fund (if any).*
- *Estimates of all direct charges against the Revenue Fund (Statutory Appropriations) and standing appropriations.*
- *An indication of intentions regarding borrowing or any other form of public liability that will create a public debt in future years (if any).*
- *The projected:*
 - *Revenue for the previous financial year;*
 - *Expenditure per vote and per main divisions within the votes for the previous financial year; and*
 - *Borrowings, if any, for the previous financial year.*

- *Any other information prescribed in section 27(3) of the PFMA.*

2. The budget process

This is the first year that the development of departmental strategic plans formed an integral part of the budget process. Departmental strategic plans that will be submitted to the Legislature were developed simultaneously with the preparation of the departmental budgets. The following process was followed to ensure that departmental strategic plans were developed during the budget process:

- *With the first budget inputs submitted to the provincial treasury in August 2002, accounting officers had to submit a letter of intent. The letter of intent contained information of proposed changes to the departmental strategic plans of the previous financial year.*
- *Departments had to submit their draft strategic plans to the provincial treasury when the draft budgets were submitted in January 2003. The provincial treasury provided departments with comments that should be taken into consideration with the preparation of the final strategic plans.*

I am of the opinion that the process followed with the budget preparation will improve the quality of strategic plans and will also ensure that the departmental budgets are the outcome of an ongoing planning process. We intend following the same process in future years and I am convinced that the link between planning and budgeting will improve in future.

A second aspect that we concentrated on in preparing this budget is the quality of measurable outputs. Although I am satisfied that the departmental outputs are more measurable than in previous years, I am also convinced that we still have room for improvement.

3. Budget statements

The budget consists of the following budget statements:

- *Budget Statement No. 1: Budget Overview; and*
- *Budget Statement No. 2: Departmental Estimates.*

4. Basis for compiling the budget

In our quest to achieve social justice, equity and a better life for all, the provincial Government was, as in the past, guided by its policy priorities when compiling the budget. This year, however, the Government has made a concerted effort to address the needs resulting from our historical backlogs. Within the limits of the available resources, the following key challenges will be addressed over the next three years:

- *We have increased non-personnel and non-capital expenditure in the Department of Education. Additional allocations were provided to the Department of Education for other expenditure over the MTEF period. This initiative will improve the personnel/other expenditure ratio and will be to the benefit of our learners.*
- *We have provided additional funds that will enable the Department of Health to increase the number of professional medical staff. This initiative will be to the benefit of all our people and especially the poor living in the rural areas.*
- *Capital development funds have been increased from R250 million in the previous financial year to R342 million in 2003/04. The additional funding will mainly be utilized for addressing backlogs in classrooms, clinics, roads and the maintenance of our infrastructure.*

5. Conclusion

The Provincial Government regards the budget as a vehicle to address community needs, create an appropriate climate for investments and the imbalances of the past. I would therefore like to thank my colleagues, the Members of the Executive Council, and heads of department for their constructive participation in compiling the 2003/04 MTEF Provincial Budget. Without their active and constructive participation it would not have been possible to realize the product that we are presenting.

We trust that we will succeed in improving the quality of life of our people with this budget and that the results of our planning, as contained in this document, will be of assistance to all concerned.

*MJ Kuscus
MEC for Finance*

2003/04 BUDGET INDEX

<u>BUDGET STATEMENT NO. 1</u>	PAGE
BUDGET STRATEGY AND AGGREGATES	
1. Introduction	2
2. The provincial government's strategic plans	2
3. Other policy initiatives	3
4. New initiatives for 2003 onwards	4
4.1 Integrated planning and budgeting	4
4.2 Inter-governmental planning and budgeting	4
4.3 Increase non-personnel and non-capital expenditure in the department of education	4
4.4 Increase the number of professional staff and non-capital expenditure in the department of health	4
4.5 Infrastructure plans	4
5. Provincial government's contribution to national mandated programs	5
6. Government's vision	5
7. The budget process	7
8. Macro-economic overview	8
8.1 Introduction	8
8.2 A South African outlook	8
8.3 Conclusion	8
9. Provincial perspective	9
9.1 Introduction	9
9.2 Provision of basic services	9
9.3 Economic challenges	9
9.4 The population of the North West Province	10
9.5 Socio-economic indicators	11
9.6 Economic indicators	12
10. Medium term expenditure framework	13
11. Expenditure	15
11.1 Estimates of expenditure by economic function	15
 <u>BUDGET STATEMENT NO. 2</u>	
DEPARTMENTAL ESTIMATES	
1.1 Summary of estimates of expenditure by department	19
1.2 Expenditure according to economic classification (GFS)	20
 VOTE 1: OFFICE OF THE PREMIER	21
Departmental summary according to programmes	24
Departmental summary according to economic classification	24
Programme 1: Provincial Management & Administration Support	25
Programme 2: Corporate Support Services	27
Programme 3: Legal Services	29
Programme 4: Communications	31
Programme 5: Governance and Special Programmes	33
Programme 6: Provincial Policy Management	36
VOTE 2: PROVINCIAL LEGISLATURE	40
Departmental summary according to programmes	42
Departmental summary according to economic classification	43
Programme 1: Administration	43
Programme 2: Member's Salaries (Statutory)	45
Programme 3: Parliamentary Operations	47

VOTE 3: DEPARTMENT OF HEALTH	51
Departmental summary according to programmes	56
Departmental summary according to economic classification	57
Programme 1: Administration	57
Programme 2: District Health Services	60
Programme 3: Emergency Medical Services	64
Programme 4: Provincial Hospital Services	66
Programme 5: Central Hospital Services	68
Programme 6: Health Sciences	68
Programme 7: Health Care Support Services	71
Programme 8: Health Facilities Management	73
VOTE 5: DEPARTMENT OF SAFETY & LIAISON	78
Departmental summary according to programmes	81
Departmental summary according to economic classification	81
Programme 1: Ministerial Services	82
Programme 2: Office of the DDG	84
Programme 3: Chief Directorate Operational & Support Programmes	86
Programme 4: Liaison and Community Safety	87
Programme 5: Monitoring and Evaluation	89
Programme 6: Corporate Services	91
VOTE 6: DEPARTMENT OF ECONOMIC DEVELOPMENT & TOURISM	95
Departmental summary according to programmes	101
Departmental summary according to economic classification	101
Programme 1: MEC's Office	102
Programme 2: Management and Administration	104
Programme 3: SMME Support	106
Programme 4: Economic Promotion Services	108
Programme 5: Tourism Development	110
Programme 6: Regulatory Services	112
Programme 7: Project Development	113
Programme 8: Planning & Coordination	115
Programme 9: Parks and Tourism	117
Programme 10: Invest North West	119
Programme 11: Gambling Board	121
Programme 12: MIDZ Board	123
VOTE 7: DEPARTMENT OF FINANCE	127
Departmental summary according to programmes	130
Departmental summary according to economic classification	131
Programme 1: Administration	131
Programme 2: Provincial Accounting	133
Programme 3: Budget Planning & Implementation	135
Programme 4: Resource Control	137
Programme 5: Revenue Control and Cash Flow Management	139
Programme 6: Forensic Accounting	140
Programme 7: Tender Board Administration	142
Programme 8: Internal Audit	144
Programme 9: Information Technology	145
Programme 10: Macro Financial Management	148
Programme 11: Departmental Financial Management	149
Programme 12: Statutory Payments	151
VOTE 8: DEPARTMENT OF EDUCATION	155
Departmental summary according to programmes	158
Departmental summary according to economic classification	159
Programme 1: Administration	159
Programme 2: Public Ordinary School Education	161
Programme 3: Independent Secondary Schools	164
Programme 4: Special School Education	166
Programme 5: Further Education and Training	168
Programme 6: Adult Basic Education and Training	170

Programme 7: Early Childhood Education	171
Programme 8: Auxiliary and Associated Services	174
Departmental capital expenditure & maintenance (Annexure A)	178
VOTE 9: DEPARTMENT OF DEVELOPMENTAL LOCAL GOVERNMENT & HOUSING	180
Departmental summary according to programmes	182
Departmental summary according to economic classification	183
Programme 1: Administration	183
Programme 2: Development, Planning & Infrastructure Services	185
Programme 3: Housing	187
Programme 4: Rural Development	190
Programme 5: Local Government	192
Programme 6: Premier's Funded Projects	194
VOTE 10: DEPARTMENT OF TRANSPORT	198
Departmental summary according to programmes	200
Departmental summary according to economic classification	201
Programme 1: Administration	201
Programme 2: Management Services	203
Programme 3: Revenue Project	205
Programme 4: Road Safety	207
Programme 5: Traffic	209
Programme 6: Government Fleet	210
Programme 7: Air Transport Services	212
Programme 8: Land Transport Services	214
Programme 9: Community Based Programme	216
VOTE 11: DEPARTMENT OF ROADS & PUBLIC WORKS	221
Departmental summary according to programmes	224
Departmental summary according to economic classification	225
Programme 1: Administration	225
Programme 2: Financial Management	227
Programme 3: Corporate Services	229
Programme 4: Building Services	231
Programme 5: Roads	233
Programme 6: Property and Assets Management	235
Programme 7: Community Based Programme	237
Programme 8: External Funded Programme	238
Programme 9: Operational Support	240
Departmental capital expenditure & maintenance (Annexure A)	242
VOTE 12: DEPARTMENT OF SOCIAL SERVICES, ARTS, CULTURE & SPORT	244
Departmental summary according to programmes	246
Departmental summary according to economic classification	247
Social Development	248
Programme 1: Management and Administration	249
Programme 2: District & Service Office Coordination	251
Programme 3: Social Security	253
Programme 4: Social Welfare Services	255
Programme 5: Social Development and Support	257
Programme 6: Development and Maintenance	260
Arts, Culture and Sport	262
Programme 1: Arts, Culture, Libraries and Archives	263
Programme 2: Sport and Recreation	265
Annexure A – Basic Service Indicators	270
VOTE 13: DEPARTMENT OF AGRICULTURE, CONSERVATION AND ENVIRONMENT	271
Departmental summary according to programmes	274
Departmental summary according to economic classification	275
Programme 1: Administration	276
Programme 2: Human Resource Management	278
Programme 3: Professional Services	279

Programme 4: Development Field Services	283
Programme 5: Regulatory Services	285
VOTE 14: CONTINGENCY RESERVE	291
Departmental summary according to programmes	292
Departmental summary according to economic classification	293