



BUDGET STATEMENT NUMBER 1

BUDGET OVERVIEW



1. BUDGET STRATEGY AND AGGREGATES

1.1 Introduction

The policy framework for determining strategic objectives and priorities of the government is provided by:

- The Reconstruction and Development Program (RDP)
- The Growth Employment and Redistribution Program (GEAR)
- The Five Year Key Provincial Strategic Priorities.

The Reconstruction and Development Program (RDP) is the policy framework in which national government has set South Africa's society equity objectives. It calls for the building of the economy, sustainable accelerated growth and a redistribution of income and opportunities. The macroeconomic dimensions of realising RDP commitments are set out in GEAR. It set out policy objectives for reintegration into the global economy, reprioritisation of government spending on expansion of infrastructure investment, encouragement of industrial development labour market stability, skills development and restructuring of state assets, within the context of a sound fiscal and financial framework.

The overachieving objective of fiscal policy is to contribute to long-term growth, employment creation and an equitable distribution of income.

The Northern Cape Provincial Government is committed to achieving the sustained economic growth and development, and it will play its part in achieving the national objectives.

The Northern Cape Provincial Strategic Priorities that informed the 20003/04 Budget Process are:

- **Job Creation** - this is to be achieved through rural access roads, implementation of preferential procurement system, etc.
- **Investment Creation** - this can be achieved through the strengthening of SMME's policy of affirmative procurement, etc.
- **Rural/Urban Development** - this is to be achieved through resettlement of families on their ancestral lands, promote an implementation of the 5-Year Strategic Policy of the Northern Cape, etc.
- **Infrastructure Development** - this involves building, rehabilitation and maintenance of social and economic infrastructure (e.g. school, hospitals, parks, water supply, roads, energy, etc.)
- **Combating Crime** - this is to be achieved by enforcing code of conduct for Public Servants, preventing gangsterism, drug and violence at schools, etc.
- **Skills Development** - this evolves skills development, training, capacity building, etc.
- **Combating the impact of HIV/AIDS** - to be achieved through a review of cost of medical treatment and hospitalization, institutional as home-based care, education/information/awareness campaigns, selected social security grants and welfare projects/institutions, nutrition schemes, etc.
- **And other such as target Group, Information Technology, Role of State.**
- **Poverty Alleviation** - Job Creation has an impact on Poverty Alleviation, Infrastructure Development or Investment in Infrastructure and /or Investment Creation has an impact on Job Creation.

The Provincial Priorities Closely reflect the priorities of the National Government.

In preparing the budget, choices and trade-off need to be made between objectives and goals, as available resources are always insufficient given the unlimited needs.

This Province like other Provinces faces three difficult tasks in allocating resources/or funds. It must limit total spending by denying some demands for public money; it must channel resources to programmes that promote its social and economic objectives; and it must finance services and operations.

Balancing these functions through conventional budget process is difficult, especially in the light of entrenched poverty and backlog of development needs. Contemporary efforts to harmonise the three tasks are central in the concept of Medium-Term Expenditure Framework (MTEF), an approach which seeks to transfer budgeting from process that focus on single financial year to one that considered the longer term impact of spending decision.

Budgeting is inherently an allocation process but making effective allocations one of its hardest tasks. Budget allocations are effective when they are made in accord with government priorities and are based on evidence concerning the effectiveness of programmes

Budget finances the services and operation of government. Efficiency is the vehicle public services are provided greatly affects the well being of citizens in the province. Services are connectors between citizen and the government; they define what people get from government and interact with it.

Improving services and operation is one of the drives of innovations in contemporary public expenditure management.

Some Expenditure Priorities

This section briefly deals with some expenditure categories. Focus is given to major challengers, budget issues and major objectives.

Education

While significant progress has been made, tremendous challenges still remains in attaining most of the objectives in a comprehensive way. Policy area tying with the provincial include the following:

- Roll out of Information, Communication Technology (ICT).
- Institute for higher Education;
- Increasing ABET provision
- Investment in Early Childhood Development (ECD)
- HIV/AIDS and life skill Education
- Combating Crime, drug use and abuse and violence in school
- Inclusive Education

Northern Cape Province is committed to provide facilities at institution of learning to enhance the culture of learning, teaching and service Provision had been made over the MTEF to address backlogs in classrooms, toilets, specialist rooms and administration blocks. This will be augmented by Provincial Infrastructure Grant from national.

Health

High priorities is given to primary healthcare emergency medical Services, district hospitals, communicable diseases such as HIV/AIDS and TB strengthening of personnel health at management and operational level, giving attention to primary health clinics and hospitals and districts. The pharmaceutical services are being established with the department and the department will be solely responsible for the management of pharmaceutical stocks.

Planning for the upgrading and construction of new hospitals and clinics id n progress. The following new hospitals and clinics will be constructed during the MTEF period:

Colesburg Hospital, Calvinia Hospital, Psychiatric Hospital, Gordonia Hospital; and clinics, two in Galeshewe and two in Noupourt rehabilitation????

Social Services and Population Development

The province registered 45 900 on their system for child support grant at December 2003 which is 80,5% of the projected total of 57000 in the 2002/03 financial year. Major policy initiatives are social assistance Grant norms and standards and Child Justice Bill of Social welfare services, the phasing in of Child Support Grant for children of 7-14 years.

The Department has committed itself to continue to lunch the home base care facilities for those infected and affected by HIV/AIDS pandemics, increase funding on day care centers and embarking of food security programme.

Housing and local government

The department has committed itself to construct 3 600 housing units, bulk and connector sand internal infrastructure for these houses. The other area with backlogs is the eradication of 2000-bucket toilets system.

Agriculture, land reforms, Environment and Conservation

The department has committed itself to continue with its Orange River Farmer Settlement programme, which aims to broaden access to irrigation agriculture by PDI's. The following project will be implemented:

Congregational church land 282 ha

Pella 7465 ha

Sanddrift 450 ha

This implies that a total of 1477 ha of water rights will be used for the development above areas. The province has set aside R10 million for 2003/04 financial year to address the water shortages in the Karoo region.

1.2 Summary of Budget Aggregate

Table 1.2 present the economic classification of Provincial actual expenditure for the 2000/01 and 2001/02 financial year, estimated actual expenditure for the 2002/03 financial year and estimated expenditure for the 2003/04 to 2005/06 MTEF period. The annual growth rate in total revenue and expenditure between 2002/03 and 2003/04 is estimated at 13.5 per cent and 11.9 per cent respectively. The capital growth rate for the same period is 22.2 per cent. The accumulated surplus for the 2003/04 - 2005/06 MTEF period is as a result of the provision of debt redemption strategy. The net estimated deficit in 2002/03 financial year is mainly due to unavoidable over-expenditure by the Department of Social Services and Population Development. The Province is, however, expected to finance the deficit from unspent funds which include amounts reserved for the Provincial debt reduction.

Table 1.1: Provincial Budget Summary

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
National transfers	2,515,300	2,805,978	3,270,086	3,841,025	4,233,346	4,603,264
Equitable share	2,302,133	2,559,623	3,000,498	3,455,244	3,768,943	4,066,049
Conditional grants	213,167	246,355	269,588	385,781	464,403	537,215
Own revenue	89,031	106,623	87,187	93,000	93,000	95,781
Financing	30,941	78,464	107,623	-	-	-
Total revenue	2,635,272	2,991,065	3,464,896	3,934,025	4,326,346	4,699,045
Current outlays	2,465,180	2,674,526	3,172,950	3,477,153	3,829,589	4,172,889
Current outlays	1,741,361	1,930,357	2,158,573	2,501,313	2,744,906	2,978,314
Current transfer	723,819	744,169	1,014,377	975,840	1,084,683	1,194,575
Capital outlays	187,649	269,368	305,525	373,404	398,848	425,955
Capital outlays	107,682	180,727	219,064	234,620	247,192	267,266
Capital transfer	79,967	88,641	86,461	138,784	151,656	158,689
Statutory amount	11,693	13,424	15,341	17,645	19,048	20,090
Expenditure	2,664,522	2,957,318	3,493,816	3,868,202	4,247,485	4,618,934
Contingency Reserves :	-	-	-	22,601	35,639	36,889
HIV/AIDS	-	-	-	10,000	10,000	11,000
Unforeseeable and Unavoidable and Disaster	-	-	-	12,601	25,639	25,889
Total Amount Available	2,664,522	2,957,318	3,493,816	3,890,803	4,283,124	4,655,823
Surplus (deficit)	(29,250)	33,747	(28,920)	43,222	43,222	43,222

1.2 Financing

In MTEF, that is 2003/04 to 2005/06 a surplus of R43 222 million is projected each year and this will finance the accumulated overdraft as a result of over expenditure by the department of Health, Education, and Welfare in previous financial years.

1.3 Extra - budgetary institution

Extra-budgetary institutions are "agencies that are controlled by the government and that receive a significant proportion of their funding from it". Tables 1.2 and 1.3 provide information and indication of the amounts transferred to extra-budgetary institutions within the Province.

Table 1.2 : Transfers to Public Entities

Department	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Economic Affairs and Tourism	2,000	2,000	2,000	2,000	2,000	2,000
Total	2,000	2,000	2,000	2,000	2,000	2,000

Table 1.3 : Transfer to Municipalities

Categories	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Category B	3,690	5,333	5,729	21,094	27,101	26,528
Category C	2,628	687	228	74,578	87,580	64,919
Other	0	0	2,404	4,000	4,040	4,282
Total	6,318	6,020	8,361	99,672	118,721	95,729

2. BUDGET PROCESS AND MEDIUM TERM EXPENDITURE FRAMEWORK.

Section 215 of the Constitution provides for national legislation to prescribe budget formats for national, provincial and local government. This is given effect in Chapter 4, Section 27 (3) of the Public Finance Management Act, 1999, as amended by Act No. 29 of 1999 (PFMA).

2.1 Budget Reforms and Service Delivery Improvement

Government's commitment to improving service delivery calls for modernisation and transformation across a wide range of public administration functions and systems. Budgetary and financial management reforms are key elements of its challenge. Over the past five years, significant progress has been made.

In the 1998 budget, Government set out the three years rolling spending plans for national and provincial departments under the Medium Term Expenditure Framework - the MTEF. Medium Budgeting reinforces the link between Government's policy choices, its budget and the delivery of service, which serves to strengthen political decision making and accountability.

Steps to deepen the budget process and better align policy, planning and budgeting allow Government to consider policy priorities earlier in the budget cycle. These steps are strengthened by implementation of the Public Finance Management Act in 2000. The Act set out a legislative framework for modernising financial management and

enhancing accountability in the public sector. Managers now have a greater flexibility to manage but are held accountable for the use of public resources to deliver services.

Looking ahead, Government will focus on steps to:

- Align and integrate the planning, budgeting and reporting process.
- Develop and implement strategic and operational plans within agreed medium term allocations and reporting on past performance in published annual reports.
- Present measurable objectives and outputs to assess performance and progress in service delivery.
- Introduce generally recognised accounting practice based on accrual based accounting and best financial practice and procurement reforms across the public sector.

Similarly, provincial budget format reforms have contributed to enhance accountability and transparency for provincial services over the past few years.

The PFMA lays the basis for phasing in a major overhaul of financial management. This includes, amongst other things, the introduction of appropriation control by main division or programmes and accountability arrangements for the management of budgets. As these principles take root, the emphasis will increasingly turn to oversight over the efficiency and effectiveness of programmes and qualitative improvements in financial management practice.

2.2 MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF)

The Medium Term Expenditure Framework provides a firm foundation for the integration of planning and budgeting:

- Policy priorities are set in advance allowing departments to plan and budget for service delivery in line with government's agreed commitments
- Departments plan and spend on programmes according to an agreed three-year expenditure envelope, contributing to certainty and affordability over the medium term.

In turn, aligning policy priorities and implementing strategies with medium term allocations contributes to better budgeting within the MTEF as departments and Provincial Government are able to:

- Accurately programme expenditure in line with policy implementation plans, thereby reducing requests for roll-overs
- Forecast medium to long-term financial implication of existing and new policies
- Implement programmes that achieve service delivery outputs in the most cost effective and efficient manner

- Improve monitoring and evaluation of expenditure programmes in relation to Government's socio-economic policy priorities.

The interdependency of strategic planning and medium-term budgeting is a key feature of the MTEF prioritisation and resources allocation process.

Strategic plans and costing of activities are prepared in line with Government's medium-term policy priorities. These guide preparation of Departmental budget submissions and reprioritisation within 3-year allocations. Departmental budget submissions are evaluated in line with Government's priorities and recommendations on medium-term allocations made to the Provincial Executive Council. Once appropriated by the Provincial Legislature, budget allocations may be spent on activities that achieve specified outputs in support of Government's priorities.

On Budget Day, the Provincial Legislature is presented with a set of three-year spending plans, but is only asked to vote on the budget for the coming year. The three-year spending projections allow the Provincial Legislature, institutions of civil society and particular interest groups to evaluate government's reconstruction and development goals and objectives in relation to envisaged spending plans. While the vigor of public debate will no doubt remain undiminished, its substance and quality is enhanced by the transparency and extent of information government provides in the new approach to expenditure planning.

2.3 DEPARTMENTAL EXPENDITURE PRIORITISATION

Political office-bearers play a leading role in assessing priorities and spending commitments. The Budget Council has devoted considerable attention to strengthening political oversight of the budget process. The MEC Budget Committee (MECBudCom) is intended to enhance the level of political involvement and participation in the process of budgetary prioritisation and policy review. As the executive political office-bearers of the Provincial Government, the Provincial Executive Council has the full responsibility for ensuring that the budget reflects government's social, economic and developmental priorities. Departmental budget submissions include an account of this assessment and an explanation of the impact of shifts in policies and programmes on expenditure projections.

The budget process requires departments to undertake detailed reviews and reprioritisation within their medium-term expenditure allocations each year. Expenditure reprioritisation is closely integrated with the ongoing review of policies and programmes undertaken by spending agencies under the leadership of political heads. The successful implementation of the RDP requires that resources be redirected from lower to higher priority functions and activities. In giving effect to this reprioritisation, departments fully assess the costs of all activities, review their effectiveness in relation to the department's aims and objectives and discard or downscale lower priority activities. Resources are in this way released for new initiatives and high-value functions.

The process to determine the departmental expenditure allocations in the Northern Cape Province was a thorough evaluation process comprising two committees established to consider the budget submissions of departments. The MECBudCom considered departmental MTEF budgets for 2003/04 - 2005/06 and thereafter the Provincial Medium-Term Expenditure Committee (PMTEC), consisting mainly of Treasury officials and the MEC: Finance, as Chairperson, discussed the departmental inputs enabling the MEC to compile recommendations to the Provincial Executive Council. The Provincial Executive Council then thoroughly debated the inputs and eventually decided on the allocations. The accounting officer of each department together with the Chief Financial Officer, programme managers and other relevant financial personnel were invited to appear before the MECBudCom when their departmental inputs were discussed. All departments were informed of their indicative allocations for 2003/04 - 2005/06 and were required to submit MTEF budgets and Budget Statements No. 2 in line with these allocations to the Provincial Treasury. The evaluation and recommendations of the MECBudCom and the PMTEC were based on the MTEF budgets as submitted by the departments to the Provincial Treasury including an indication of the consequences of the indicative MTEF allocations.

The final allocations to each department were, therefore, determined after a thorough process, led by the Executive Council, to ensure that government's policy choices are indeed addressed.

3 NORTHERN CAPE ECONOMIC OVERVIEW

3.1 DEMOGRAPHICS

Northern Cape: Population by Region (Census 1996)

Region	Total Population	Percentage
Diamantveld	346 672	41,3%
Lower Orange	163 350	19,4%
Upper Karoo	128 861	15,3%
Kalahari	86 122	10,3%
Namaqualand	73 313	8,7%
Hantam	42 003	5%
TOTAL	840 321	100%

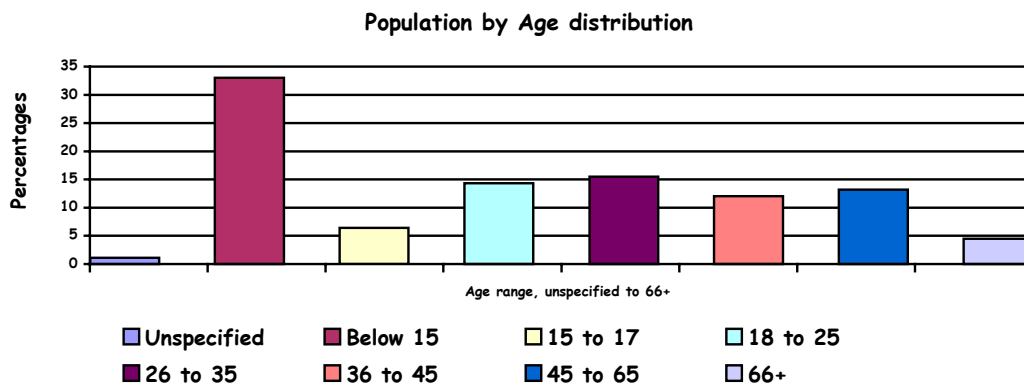
The total population size of the Province is 840 321 according to the 1996 Census, the most populated region being the Diamantveld with 346 672 (41,3%) people and the least is the Hantam region with 42 003 (5%). The Northern Cape is the Province with the smallest population 2,1%, even though it covers the largest proportion of land (361 830km²). The population density is 2,3 people per km². The majority of Northern Cape's people (70,1%) reside in urban areas with about one third (29,9%) in rural areas.

Northern Cape: Population, Gender and Age Distribution (Census 1996)

Age groups	Male	Female	Total	%
Unspecified	4 985	4,230	9 215	1,1
Below 15	139 056	138,168	277 224	33,0
15 to 17	26 758	26,939	53 697	6,4
18 to 25	59 660	60,518	120 178	14,3
26 to 35	63 791	66,014	129 805	15,5
36 to 45	49 047	51,851	100 898	12,0
45 to 65	53 431	57,727	111 158	13,2
66 +	15 954	22,192	38 146	4,5
Total	412 682	427,639	840 321	100,0

In terms of gender, Northern Cape's population is fairly evenly distributed, with 50,9% female and 50,1% male. The country as a whole has 51,9% females. The youth, that is those people in the categories 14 to 35 years of age, make up 35% of the population. The category 18 years to 25 years contributes 14,3% (120 178) of the population and annually a large proportion of job seekers come from within this group while the remainder join tertiary institutions

Northern Cape: Educational Qualifications (Census 1996)



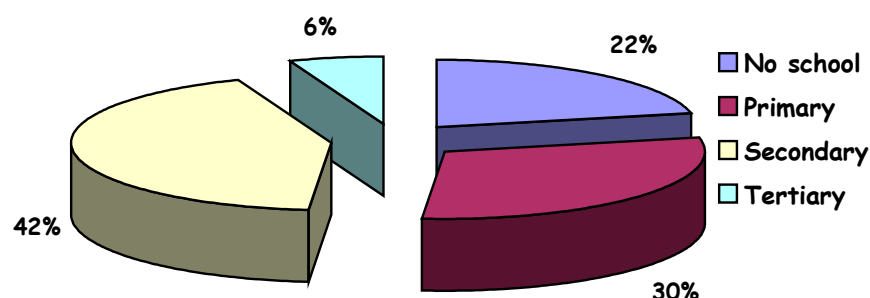
The province has a high rate of illiteracy, currently at 22% according to Census 1996. The figures indicate a fairly high proportion, 42%, with secondary education, but not all of them completed secondary education successfully. Those who completed Matric are only 12%. Members of the population with tertiary education are the smallest group at 6%, while those with just primary education to their credit are 30% of the population.

3.2 SOCIO-ECONOMIC INDICATORS (CENSUS 1996)

Certain elements were selected from the census data to give an indication of the quality of life for the households of the Northern Cape, for example, the number of households living in a brick structure on a separate stand as opposed to a shack or an informal dwelling. The proportion of households with specified elements was obtained for the province and compared with the average for the whole country. The following elements were used:

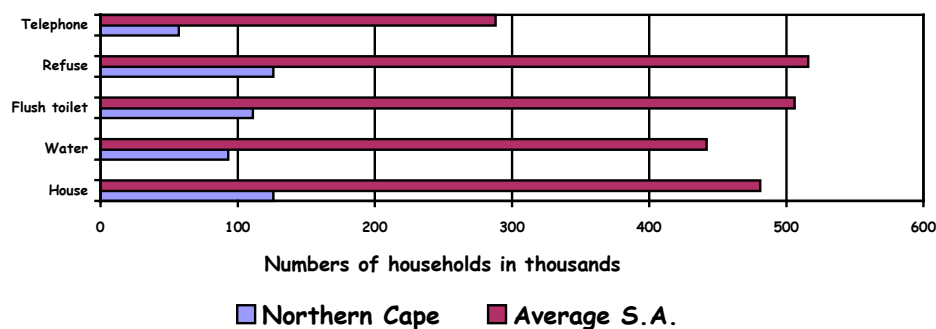
- House or brick structure on a separate stand or yard (represented by House on graph below)
- Piped water in the dwelling (Water)
- Flush toilet or chemical toilet (Flush toilet)
- Refuse removal by local authority at least once a week (Refuse)

Educational qualifications of the people older than twenty years.



- Telephone in the dwelling/cellular phone (Telephone)

(Note: Population of the Northern Cape is only 2,1% of the total population)



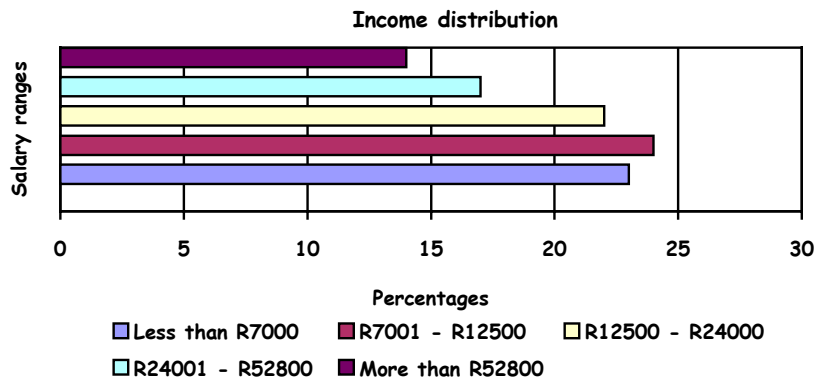
About 75% of the population live in formal dwellings on a separate stand, of which 84% are supplied with piped water and 72% with electricity.

3.3 ECONOMIC INDICATORS (CENSUS 1996)

Northern Cape: Income Distribution

Annual Income per Household	Percentage of Households
Less than R7 000	23,0
R7000 to R12 500	24,0
R12 501 to R24 000	22,0
R24 001 to R52 800	17,0

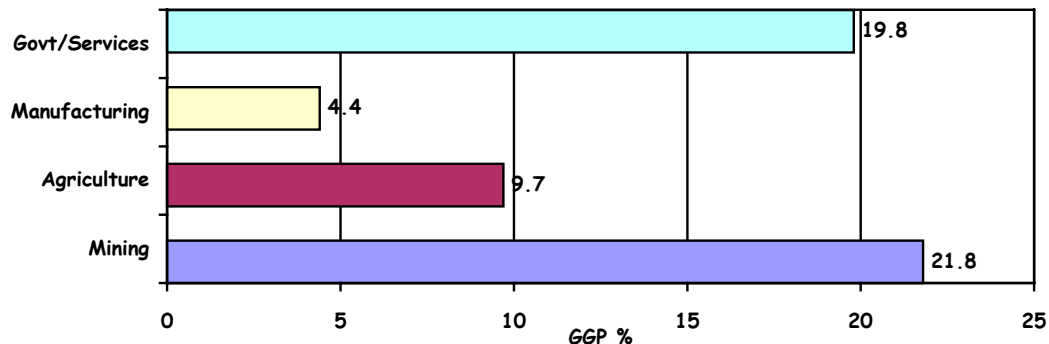
More than R52 800	14,0
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Employment by economic sector (1996)

Economic Sector	Number	%
Agriculture, & Fisheries	55,820	25.9
Mining & Quarrying	21,337	9.9
Manufacturing	10,130	4.7
Electricity, & Water	2,802	1.3
Construction	11,854	5.5
Trade - Wholesale, Retail & Accommodation	26,509	12.3
Transport, Storage & Communication	11,423	5.3
Financial, Insurance, Real estate & Business Services	8,836	4.1
Government & Community Services	35,992	16.7
Private households	30,820	14.3
TOTAL	215,523	100.0

Northern Cape: Gross Geographic Product by Sector (1995)

Sector	%
Mining and Quarrying	21,8
Agriculture and Fisheries	9,7
Manufacturing	4,4
Electricity and water	3,7
Construction	2,1
Trade: Wholesale, Retail and accommodation	15,3
Transport, Storage and Communication	11,3
Finance, Insurance, Real Estate and Business services	10,1
Government and community services	19,8
Other	1,8
TOTAL	100,0

GDP by Sector (1995)

The GGP of the Northern Cape accounted for 2.1% of South Africa's GDP. The economy of the Northern Cape is dominated by the primary sector. In 1995 Mining and Agriculture accounted for 31.5% of total value-added - the Gross Geographic Product (GGP). When considering the dominance of the primary sector within the provincial economy, it becomes apparent that ample opportunity exists within this sector. New figures suggest an upward trend. By 2002 GDP increased to 2,3 percent.

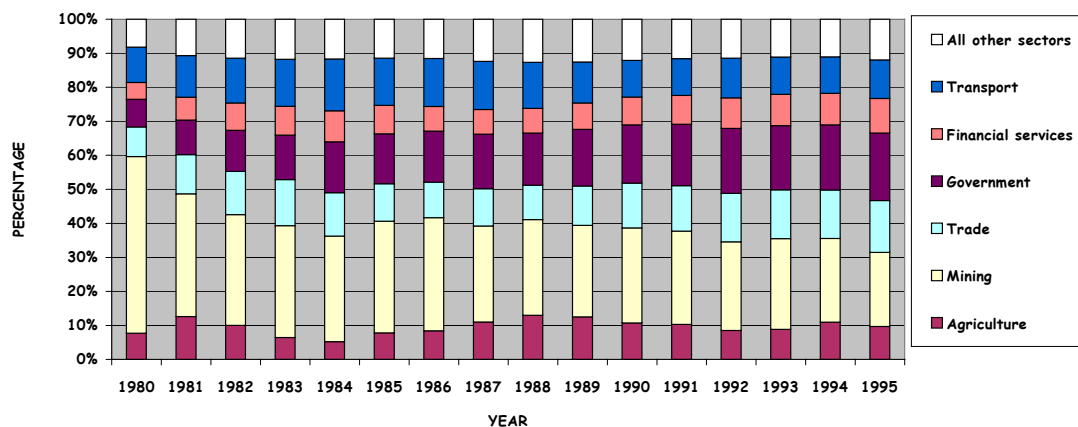
Agriculture covers a range of activities, from household food production to capital intensive irrigated farming along the Orange & Vaal Rivers and extensive livestock production. Game farming is an emergent activity, both for hunting and food production.

Diamonds, manganese, iron ore and zinc dominate the mining sector. Large-scale mining predominates, with small-scale mining accounting for about one fifth of total output (undersea mining accounts for about 97% of small scale mining output). The Province contains the world's largest deposits of manganese (about 25% of world reserves) as well as vast deposits of iron ore. Beneficiation of these and other minerals could stimulate economic development and job creation in the Northern Cape.

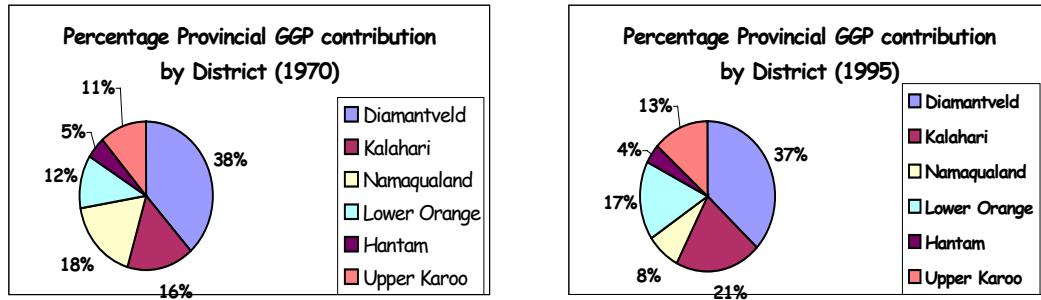
The Manufacturing sector in the Northern Cape, concentrated mostly around the provincial capital, Kimberley, is a sector that is under-developed. It contributes only 4.4% towards the provincial GGP. Research indicates that a significant percentage of inputs required by the manufacturing sector is sourced from outside the Province, whilst most manufactured goods are consumed locally. Given the significant mineral and agricultural outputs in the Northern Cape, the potential for increased manufacturing opportunities and exports are self-evident. On the other hand, value-adding to most of the Northern Cape's raw materials takes place outside the provincial boundaries. If the value-adding processes were to take place within the Province, it would lead to more jobs being created as well as a higher contribution to GGP by the manufacturing sector.

Information on the tourism sector is not easily identified in the national accounts and thus in the above statistics. The Northern Cape has experienced a significant growth in the number of tourists (both international & domestic) visiting the Province. Opportunities are abound to upgrade and develop the untapped tourism potential of the Northern Cape.

Percentage contribution towards GGP - 1980 to 1995



In analysing the sectoral contributions to the provincial GGP it has become clear that the Northern Cape economy is moving towards a more service orientated economy. This trend is confirmed by a decreased contribution of the primary sector and an increased contribution by the tertiary sector towards the provincial GGP. In 1980 the primary sector contributed 59.7% towards the provincial GGP, compared to 32.2% by the tertiary sector. By 1995 the primary sector's contribution had decreased to 31.5% and that of the tertiary sector had increased to 56.5%.



This structural shift has also become evident within the GGP contributions of the six regions within the Province. The Diamantveld's contribution has shown a 1% drop over a period of 25 years. However, during this period the Diamantveld region has reduced its reliance on the primary mining sector and has diversified its economic base. The significant downscaling of mining activity in the Namaqualand region is the main reason for its declining contribution towards the provincial GGP.

4. Revenue

4.1 Overall position

Revenue estimates for 2003/04 are based upon National Government's Equitable Share, Conditional Grants and forecasts of various provincial own revenues using economic growth parameters generated by the Provincial Treasury and estimated actual collections for 2002/03. The total estimated revenue for the 2003/04 financial year is R3,934,025 million. The amount to be derived from national sources, both the equitable share and conditional grants for the Northern Cape Province amounts to R3,841,025 million for 2003/04, which is 97% of the Province's total revenue. Provincial sourced revenue is estimated to be R93,000 million for 2003/04, which is 3% of the province's total revenue.

Table 1.4 provides a summary of the composition and comparison of actual receipts for 1999/00 and 2000/01 as well as budgeted and estimated actual receipts for 2001/02 and budgeted receipts for 2002/03 to 2004/05.

Table 1.4 : Summary of Provincial Revenue

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est. Actual	Voted	MTEF	MTEF
	R'000	R'000	R'000	R'000	R'000	R'000
National Payments						
Equitable Share	2 290 440	2 559 623	3 000 498	3 455 244	3 768 943	4 066 049
Conditional Grants	249 988	246 355	269 588	385 781	464 403	537 215
Total National Payments	2 540 428	2 805 978	3 270 086	3 841 025	4 233 346	4 603 264
Provincial own Revenue	89 031	106 623	87 187	93 000	93 000	95 781
Current revenue						
Tax revenue	50 182	46 149	60 215	62 396	63 764	69 097
Casino taxes	2 430	2 316	6 305	6 562	6 537	7 465
Motor vehicle licences	47 519	43 614	53 680	54 861	56 229	60 597
Horseracing	9	7	8	225	229	235
Other taxes (Bookmakers)	144	136	141	480	489	400
Totalisator	80	76	81	268	280	400
Non-tax revenue	38 849	33 848	26 972	30 604	29 236	26 684
Interest	10 205	2 500	2 600	2 700	2 800	2 968
Health patient fees	7 208	8 781	9 484	14 500	15 700	16 340
Reimbursements						
Other sales						
Other revenue	21 436	22 567	14 888	13 404	10 736	7 376
Capital revenue	-	26 626	-	-	-	-
sales of land and buildings		26 626				
sales of stock, livestock, etc.						
Other Capital revenue						
Total Own sourced revenue	89 031	106 623	87 187	93 000	93 000	95 781
Financing	30 941	78 464	107 623			
Total provincial revenue	2 660 400	2 991 065	3 464 896	3 934 025	4 326 346	4 699 045

4.2 Equitable Share

The Equitable Share is the largest of the provincial allocations at 97.6 per cent. The structure of the present equitable share formula has been refined for the 2002 Budget. The formula, however, has been adjusted to reflect shifts in spending on social services in provinces and a new data. Firstly the weighting of the social service components reflects expenditure on these services in recent years.

Although the formula has components for education, health and welfare, these elements are not earmarked funding allocations, but broad indications of relative need. Provincial Executive Council have discretion regarding the provincial allocation for each function.

The provincial equitable share formula (with latest updates) comprises the following components, with the weights of each component shown in brackets:

- An education share (41 per cent) 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 per cent) based on the proportion of the population without medical aid or health insurance.
- A social security component (18 per cent) based on the estimated number of people entitled to social security grant - the elderly, disabled and children - weighted using a poverty index derived from the Income and Expenditure survey
- A basic share (7 per cent) derived from each province's share of the total population of the country
- A backlog component (3 per cent) based on the distribution of capital needs as captured in the school register of needs, the audit of hospital facilities and the share of the rural population
- An economic output component (7 per cent) based on the distribution of total remuneration in the country and
- An institutional component (5 per cent) divided equally among the provinces.

The target data of 2003/04 for phasing-in the impact of upgrading the demographic data with the final result of the 1996 Census is retained. The 2003 Budget will mark the fourth year of the phased approach to the application of the equitable share formula. The phased approach was developed as a response to differences between the data on which the formula was originally based and the data contained in the 1996 Census. The phasing avoided unmanageable disruptions in provinces where the target share differs substantially from the initial allocation of resources.

The Northern Cape Province's share of the total equitable share is **R3,455,244 million**. The equitable share also excludes other unconditional and conditional grants to the provinces from the national share.

4.3 Conditional Grants

Conditional grants are transfers to provinces to implement specific national priorities in provincial budgets, and constitutes about 10% of total transfer to provinces. The 2003 Budget marks the fourth year since conditional grants were introduced in the intergovernmental fiscal framework. The 2003 Division of Revenue Act built on the foundation laid in the first three acts and continue introduce measures aimed at strengthening the conditional grant system and clarifying lines of reporting and accountability, thus, enhancing transparency while contributing to better planning and budgeting for conditional grants. These measures include:

- Publication of the three-year allocations for grants, including all grants to municipalities Publication of statement of purpose, outputs, conditions and criteria for allocating each grant.
- Alignment of reporting requirements for conditional grants with the requirement of the Public Finance Management Act.

The health grants are by far the biggest, and probably the most complex. Apart from the integrated nutrition programme, all grants administered by the department of health are predominantly aimed at hospitals particularly the funding of tertiary health services and training.

Health Professional Training and Development has a new component to employ specified number of registrars and medical specialist trainers in provinces with the most severe shortage of medical specialists.

Hospital Rehabilitation Grant renamed the Hospital Rehabilitation Grant Funds major upgrading and replacement in large strategic projects. New component introduced into revitalization grant for 2003 MTEF is aimed at improving systems for medical equipment and facilitating adoption of modern technology.

Another significant change in the conditional grant is the introduction of Child Support Extension Grant, for the extension of means tested child support grant to children up to 13 years of age and Food relief Grant, which provides funding for emergency food relief to individuals and household that were identifies as facing risk of starvation.

Government started implementing an integrated strategy for HIV/Aids through the social service departments (Education, Health and Welfare) in the 2001 Budget. The strategy focuses on care and support for children and youth affected and infected by HIV/Aids. These grants aim to strengthen home and community-based care, support voluntary counseling and testing, provides for the rollout of the mother to child transmission prevention programme and strengthen life skills programmes in schools.

Further strengthening of the budgetary response to HIV/Aids is made to implement Government's decision on post-exposure prophylaxis for victims of sexual abuse, the rollout of mother-to-child transmission prevention, strengthening programmes combating sexually transmitted diseases, targeted interventions for commercial sex workers, voluntary counseling and testing.

The conditional grants included in the Province's Estimate of Expenditure 2003/04 amount to **R385,781 million** and are for:-

- Support for Health Professional Training and Development (**R30,007 million**);
- The Integrated Nutrition Programme to feed primary school children as well as for nutrition education and health promotion (**R21,617 million**) an increase of 108% compare to 2002/03 financial year;
- The funding of the Rehabilitation of Hospitals (**R54,939 million**) an increase of 119.8% compare to 2002/03 financial year;
- The funding of the National Tertiary Health Services, for provinces that do not currently provide tertiary health services, in order to reduce referrals to the central hospitals (**R32,892 million**) an increase of 34.5% compare to 2002/03 financial year;

- The implementation of Hospital Management Improvement (**R10,906 million**) an increase of 48.7% compare to 2002/03 financial year;
- The Provincial Infrastructure Grant to fund infrastructure such as roads, school buildings and hospitals/clinics (**R72,394 million**) an increase of 36.6% compare to 2002/03 financial year;
- Support to Financial Management and Quality Enhancement in Education (**R4,454 million**);
- Early Childhood Development to provide quality education care programmes to children eligible to the reception year (**R1,672 million**) an increase of 66% compare to 2002/03 financial year;
- The South African Housing Fund to finance capital housing programmes (**R85,973 million**);
- The Human Settlement Redevelopment Programme (**R3,000 million**); and
- HIV/Aids programmes for Health, Education and Social Service and Population Development (**R17,248 million**) an increase of 32.1% compare to 2002/03 financial year;
- Poverty relief and infrastructure development for Agriculture (**R1,800 million**) an increase of 38.5% compare to 2002/03 financial year;
- Consolidated Municipal Infrastructure Programme (**R1,737 million**)
- Municipal Support Grant (**R17,473 million**)
- Food Security Grant (**R9,998 million**)
- Child support grant extension (**R19,671 million**)

Tables 1.4 and 1.5 reflect the Conditional Grants per national government department and provincial government department, respectively

Table 1.4: Conditional grants :Implementing Department and name of grant implemented

	2000/01			2001/02			2002/03		
	Budget	Actual transfer	Actual exp.	Budget	Actual transfer	Actual exp.	Budget	Actual transfer	Est. Actual
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Vote 4: Education	4,368	5,115	3,399	17,653	16,640	17,653	29,083	29,083	29,083
Financial management and quality enhancement	3,468	3,648	3,235	4,047	3,036	4,047	4,338	4,338	4,338
Provincial Infrastructure grant				12,000	12,000	12,000	21,000	21,000	21,000
Early childhood development	900			399	399	399	1,007	1,007	1,007
HIV/Aids		1,467	164	1,207	1,205	1,207	2,738	2,738	2,738
Vote: 5 Transport	0	0	0	13,000	13,000	13,000	21,000	21,000	21,000
Provincial Infrastructure grant				12,000	12,000	12,000	21,000	21,000	21,000
Provincial Legislature building									
National Transport Transition Act.				1,000	1,000	1,000			
Vote 8:Provincial Treasury	58,476	56,476	52,002	59,588	59,588	59,588	0	0	0
Supplementary Allocation	51,809	51,809	51,809	47,588	47,588	47,588			
Financial and personnel management support	5,000	3,000	193	5,000	5,000	5,000			
Financial management Vulindlela/Logis	1,667	1,667							
Flood Relief				7,000	7,000	7,000			
Vote 9: Provincial Housing and Local government	81,171	74,481	69,841	83,786	83,986	83,786	104,193	104,193	104,193
Local government support grant	14,056	14,056	10,680	14,700	14,900	14,700	17,050	17,050	17,050
SA Housing Fund	64,815	58,125	58,125	65,475	65,475	65,475	77,090	77,090	77,090
Human settlement Redevelopment Programme	1,200	1,200		1,000	1,000	1,000	2,547	2,547	2,547
Provincial Infrastructure grant				1,411	1,411	1,411	3,997	3,997	3,997
CMIP							3,509	3,509	3,509
Capacity Building	1,100	1,100	1,036	1,200	1,200	1,200			
Vote 10: Health	60,034	69,284	64,036	70,838	65,663	70,838	110,152	110,152	110,152
Health Training and Research	23,480	23,480	23,480	24,377	24,377	24,377	28,313	28,313	28,313
Financial Management enhancement	2,000	2,000	2,000	1,000		1,000	7,334	7,334	7,334
Hospital Rehabilitation	8,000	6,451	1,937	10,000	10,000	10,000	25,000	25,000	25,000
Intengrated Nutrition Programme	10,096	10,096	10,096	10,096	10,096	10,096	10,390	10,390	10,390
Provincial Infrastructure grant				4,000	4,000	4,000	7,000	7,000	7,000
Redistribution of Socialised Health Services	16,458	26,431	25,284	16,700	12,525	16,700	24,458	24,458	24,458
HIV/Aids		826	1,239	4,665	4,665	4,665	7,657	7,657	7,657
Vote 11: Welfare	3,343	3,871	2,152	2,302	2,302	2,302	3,860	3,860	3,860
Financial management and social security system	893	1,421	1,004	642	642	642	1,200	1,200	1,200
Child Support grant	900	900	148						
Flagship	550	550		160	160	160			
Criminal Justice system									
Victim Empowerment Programme									
HIV/Aids	1,000	1,000	1,000	1,500	1,500	1,500	2,660	2,660	2,660
Vote 12: Agriculture	1,836	1,377	0	500	500	500	1,300	1,300	1,300
Poverty relief and Infrastructure	1,836	1,377		500	500	500	1,300	1,300	1,300
Land care Project				459	459	459			
Provincial Total	209,228	210,604	191,430	247,667	241,679	247,667	269,588	269,588	269,588

Table 1.5: Conditional grants over the MTEF

	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
Vote 4: Education	37,600	40,348	41,858
Financial management and quality enhancement	4,454	4,722	5,004
Provincial Infrastructure grant	29,185	33,183	34,265
Early childhood development	1,672		
HIV/Aids	2,289	2,443	2,589
Vote: 5 Transport	29,185	33,183	34,265
Provincial Infrastructure grant	29,185	33,183	34,265
Vote 9: Provincial Housing and Local government	112,142	114,995	104,429
Local government support grant	17,473	16,044	
SA Housing Fund	85,973	89,442	94,877
Human settlement Redevelopment Programme	3,000	3,180	2,449
CMIP	1,737	1,843	1,963
Provincial Infrastructure grant	3,959	4,486	5,140
Vote 10: Health	171,694	198,409	221,079
Health Professional	30,007	34,444	41,069
Hospital Management Improvement	10,906	10,490	10,083
Provincial Infrastructure grant	10,065	11,510	11,993
Hospital Rehabilitation	54,939	57,135	59,421
Intergrated Nutrition Programme	21,617	25,407	27,842
National Tertiary Services	32,892	42,105	51,747
HIV/Aids	11,268	17,318	18,924
Vote 11: Welfare	33,360	77,468	135,584
Child Support grant Extension	19,671	63,540	121,421
Food Security	9,998	9,998	9,998
HIV/Aids	3,691	3,930	4,165
Vote 12: Agriculture	1,800	0	0
Poverty relief and Infrastructure	1,800		
Provincial Total	385,781	464,403	537,215

4.4 Provincial Own Revenue

The Northern Cape Province expects to collect an amount of **R93,000 million** from own provincial revenue for the 2003/04 financial year, which is only **2.4%** of the total revenue. This represent a growth of **6.7%** compared to **7.4%** in 2002/03 financial year, thus a decrease by **0.7%** and a decrease of **0.6%** as a percentage of total budget.

With the limited sources of revenue available to provinces, there is also not much room to increase the revenue base to be able to render more services. The Province is basically reliant on national revenues to increase before service delivery can be extended and that is why so much effort is being made to ensure that the Province's concerns are addressed in the revenue-sharing formula.

The biggest source of revenue in the Northern Cape Province, are motor vehicle licenses, and hospital fees. In the light of the budget constraints facing the Province, attempts have been made to take full advantage of the limited revenue sources and ensuring that the taxes are being collected efficiently and effectively. Steps are being taken to improve the collection of own revenue, as this will also enhance the Province's ability to deliver services. A dedicated division within Provincial Treasury in this regard will be established during the coming year.

The main sources of provincial own revenue for the 2003/04 financial year are:

4.4.1 Licenses: Motor vehicles

This is a major provincial revenue source and the Province is heavily reliant on this revenue as it accounts for **59%** of the total provincial own revenue. The expected revenue from this source for the 2003/04 financial year is **R54,861 million** and is an increase of R1,181 million on the estimate for the 2002/03 financial year.

As motor vehicle licenses is by far the biggest contributor to provincial own revenue, it continues to receive the main focus in terms of ensuring that revenue collections from this source is maximised.

4.4.2 Hospital fees

The revenue expected from hospital fees from the 2003/04 financial year is **R14,500 million**, an increase by R5 016 million compare to 2002/03 financial year.

4.4.3 Gambling and Racing

Gambling taxes will mostly be derived from the casino operations as well as from betting and totalisators from the horse-racing industry. The estimated revenue from this source for the 2003/04 financial year amounts to **R6,562 million**.

4.4.4 Interest on Investments

The Province receives its equitable share of national revenue on a weekly basis in equal installments. The equitable share and conditional grants, which constitute a major share of the provincial revenue, enable the Provincial Revenue Fund to generate interest on a daily balance. However, the tendency of departmental expenditure continuously exceeding the cash flow requisitions result in a consistent overdraft and as such in the Province being deprived of the interest receivable. An amount of **R2,700 million** is the most reasonable estimate for 2003/04. This is based on and coupled **with the envisaged and projected unfavorable closing balance at the bank**, which will be phased out during the course of the MTEF period, i.e. 2003/04 - 2005/06 financial years.

5. Expenditure

5.1 Overall position

Total outlays for provincial programmes are budgeted at:

Financial year 2003/04: R 3,890,803 million

Financial year 2004/05: R 4,283,124 million

Financial year 2005/06: R 4,655,823 million

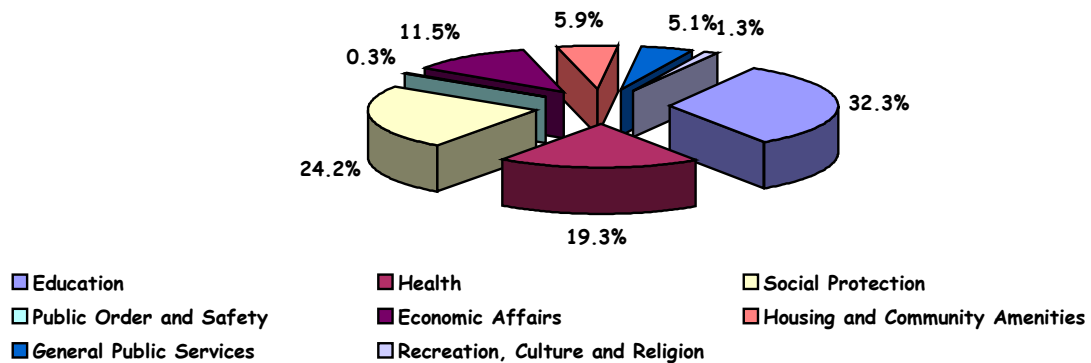
5.2 Expenditure by Policy Area

Table 1.6 indicates the growth in expenditure by policy area and *Chart 1.8* provides a graphic illustration of expenditure by policy area.

Table 1.6 : Summary of Expenditure by Policy Area

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
General Public Services	158,742	215,856	210,220	195,545	223,462	236,510
Public Order and Safety	3,943	5,794	8,479	11,208	11,981	13,128
Economic Affairs	285,682	355,697	438,938	438,938	497,616	526,449
Housing and Community Amenities	111,735	122,910	225,156	225,156	244,035	241,854
Health	468,017	515,895	737,246	737,246	809,749	889,832
Recreation, Culture and Religion	21,242	28,209	56,301	51,058	56,301	59,666
Education	964,621	1,024,330	1,137,571	1,235,566	1,305,714	1,190,287
Social Protection	654,446	698,417	926,056	926,056	1,032,408	1,132,811
Total Expenditure	2,668,428	2,967,108	3,739,967	3,820,773	4,181,266	4,290,537

Chart 1.8 - 2003/04 Expenditure by Policy Area



FUNCTION	CATEGORY	DEPARTMENT	PROGRAMME
Education	Pre-primary, Primary Secondary education Subsidiary service to education Education not definable by level	Education	Pre-primary Primary Secondary Provision of subsidiary ABET
Social Protection	Social security services	Social Service & Population Development	Administration Social Security Social Assistance Social Welfare Services Social Development Population Development Management services

Policy Area Summary

FUNCTION	CATEGORY	DEPARTMENT	PROGRAMME
General Public Services	Legislative	Premier Provincial Legislature	Administration Management services Administration National Council of Provinces Management services
	Financial and fiscal affairs	Finance	Administration Financial Planning and Resource Management Financial Management Procurement Management services
Public Order and Safety	Police Services	Provincial Safety & Liaison	Administration
Economic Affairs	General Economic affairs	Economic Affairs	Administration Trade, Industry and Tourism Development Economic and Development Services Consumer Protection and Inspectorate Services Management services
	Agriculture	Agriculture, Land Reform, Environment and Conservation	Administration Agricultural Development & Research Veterinary Services Conservation Management Environmental Management Specialist Environmental Services Management services
	Transport	Transport, Roads and Works	Roads Road traffic and law enforcement Transport
	Communication	Tourism	Tourism
Environmental Protection	Environmental Protection		Conservation Management Environmental Management Specialist Environmental Services
Housing and Community Amenities	Housing development	Housing and Local Government	Technical service Planning and development
Health	Outpatient service	Health	District Health Services Primary nutrition programme
	R & D health (CS)		Health Science
	Hospital services		Provincial Hospital Services Specialised hospital services
Recreation, Culture and Religion	Recreational and sporting services	Sport, Arts & Culture	Sport and recreation
	Cultural services		Art, culture and heritage Facility development

Table 1.7 reflects the detail of expenditure by Policy Area 2003/04 - 2005/06.

Table 1.7 : Detail of Expenditure by Policy Area

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
General Public Services						
Executive and Legislative Organs						
Premier	46,037	44,658	60,944	69,076	73,845	79,236
Legislature	29,252	33,616	39,204	39,398	43,561	46,254
RDP	51,325	79,367	0	0	0	0
Total : Executive and Legislature	126,614	157,641	100,148	108,474	117,406	125,490
Financial and Fiscal Services						
Department of Finance	32,128	58,215	110,072	87,071	106,056	111,020
Total: Financial and Fiscal Services	32,128	58,215	110,072	87,071	106,056	111,020
Total: General Public Services	158,742	215,856	210,220	195,545	223,462	236,510
Public Order and Safety						
Provincial Safety and Liaison	3,943	5,794	8,479	11,208	11,981	13,128
Total: Public Order and Safety	3,943	5,794	8,479	11,208	11,981	13,128
Total: Public Order and Safety	3,943	5,794	8,479	11,208	11,981	13,128
Sub-total	162,685	221,650	218,699	206,753	235,443	249,638

Table 1.7 continues

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est. Actual	Voted	MTEF	MTEF
	R'000	R'000	R'000	R'000	R'000	R'000
Economic Affairs						
General Economic, Commercial and Labour Affairs						
Economic Affairs and Tourism	15,392	18,308	39,051	50,124	58,973	64,068
Total category Economic Affairs and Tourism	15,392	18,308	39,051	50,124	58,973	64,068
Agriculture						
Agriculture, Land Reform, Environment and conservation	60,404	53,063	69,363	91,271	98,713	106,479
Total: Agriculture	60,404	53,063	69,363	91,271	98,713	106,479
Transport						
Transport, Roads and Works	209,886	284,326	320,107	297,543	339,930	355,902
Total: Transport	209,886	284,326	320,107	297,543	339,930	355,902
Total: Economic Affairs	285,682	355,697	428,521	438,938	497,616	526,449
Environmental Protection						
Environmental Protection						
Total: Environmental Protection						
Housing and Community Amenities						
Housing development						
Housing and Local Government	111,735	122,910	172,483	225,156	244,035	241,854
Total: Housing and Community Amenities	111,735	122,910	172,483	225,156	244,035	241,854
Health affairs and services						
Health						
Outpatient services						
R&D health (CS)						
Hospital service						
Health	468,017	515,895	613,799	737,246	809,749	889,832
Total: Health	468,017	515,895	613,799	737,246	809,749	889,832
Recreation, Culture and Religion						
Sporting and recreational affairs						
Sport, Arts and Culture	21,242	28,209	34,744	51,058	56,301	59,666
Total category Recreational and Sporting Services	21,242	28,209	34,744	51,058	56,301	59,666
Total: Sports and Recreation	21,242	28,209	34,744	51,058	56,301	59,666
Education						
Pre-primary and Primary phases						
Education	530,542	563,382	625,664	679,561	718,143	622,008
Total: Pre-primary and Primary phases	530,542	563,382	625,664	679,561	718,143	622,008
Secondary Education phase						
Education	341,577	343,668	339,362	348,658	339,401	518,903
Total: Secondary Education phase	341,577	343,668	339,362	348,658	339,401	518,903
Post Secondary Non-Tertiary Education						
Education	4,269	5,207	9,124	9,383	9,965	49,376
Total: Non-Tertiary Education	4,269	5,207	9,124	9,383	9,965	49,376
Tertiary Education						
Education	26,475	28,249	32,297	41,368	52,375	
Total: Tertiary Education	26,475	28,249	32,297	41,368	52,375	
Subsidiary services to education						
Education	61,758	83,824	131,124	156,596	185,830	
Total: Subsidiary Services to Education	61,758	83,824	131,124	156,596	185,830	
Total: Education	964,621	1,024,330	1,137,571	1,235,566	1,305,714	1,190,287
Function: Social Protection						
Social security service						
Social Service and Population Development	654,446	698,417	881,983	926,056	1,032,408	1,132,811
Total Social Protection	654,446	698,417	881,983	926,056	1,032,408	1,132,811
Total All Functions	2,668,428	2,967,108	3,487,800	3,820,773	4,181,266	4,290,537

5.2 Capital Expenditure

Total estimated capital expenditure for the 2003/04 financial year is R373,404 million, which is a increase of R67,879 million or 22,2% compared to the estimated actual expenditure for the 2002/03 financial year. However the total capital expenditure in respect of 2002/03 includes capital rollovers in respect of legislature building conditional grant and other once off capital payments. Therefore, in real term there is an increase of 57% compared to the 2002/03 estimated actual expenditure. Of the estimated expenditure, R85,973 million is capital transfers for the capital housing programme. The remainder of the estimated expenditure is mainly for road construction and maintenance, general capital works as well as hospital revitalisation.

The priorities of the capital expenditure budget for the MTEF period 2003/04 – 2005/06 are to maintain the Province's infrastructure, including the road network, for the benefit of the communities in the Province of the Northern Cape. The provision and maintenance of the infrastructure will facilitate socio-economic development, capacity building and the empowering of communities in the Province. The capital expenditure budget helps to ensure that the objectives of job creation, the creation and maintenance of assets, education and training as well as capacity building is achieved.

To increase the capital expenditure budget remains a high priority of the Provincial Government of the Northern Cape. For the rest of the MTEF period i.e. 2004/05 and 2005/06, capital expenditure is estimated to be R398,848 million and R425,955 million, respectively. It is expected that the increase in capital expenditure will create a substantial number of new job opportunities, although it is not possible to estimate the exact numbers in that respect at this point in time.

5.2.1 Infrastructure

Major projects for Health will be the construction of new hospital and clinics; these include Colesburg, Calvinia, Psychiatric, Gordonia Hospitals and the building of community health care centers and clinics two in Galeshewe and two in Noupoot. A total amount of **R57,939 million** for 2003/04 financial year has been provided for this purpose.

Major projects identified in Housing and Local Government is to intensify the eradication of bucket toilets system. An amount of **R30 million** in the 2003/4 financial year had been set aside for this purpose.

Sports, Arts and Culture identified one major project, Mayibuye Multi Purpose Cultural Center. The total amount of the project is **R43 million**, and an amount of R10 million each year, over the MTEF period had been allocated in this regard.

Major projects for Transport Road and Public Works are rehabilitation and reconstruction of roads. This include the upgrading of gravel roads, local access roads at Kommagas Gravel Road in the District of Namakwa at the Nama Koi Municipality at an amount of **R27,920 million** in 2003/04.

The details of the above matters are elaborated on in the annexure attached at the end of Budget Statement 1. In total amount of approximately R234,024 million had been set aside for infrastructure.

5.3 Expenditure by Economic Classification

Tables 1.8 indicate the growth in expenditure by economic classification according to the GFS.

Table 1.8: Summary of expenditure and estimates GFS classification

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
CURRENT						
Compensation of employees:	1 321 628	1 412 661	1 551 120	1 795 416	1 933 004	2 079 044
Salaries & Wages	1 321 628	1 412 661	1 551 120	1 795 416	1 933 004	2 079 044
Other remuneration	0	0	0	0	0	0
Use of goods and services	428 254	539 004	658 222	746 143	866 589	956 249
Interest Paid	0	0	0	0	0	0
Transfer payments to:	723 819	755 940	984 050	975 840	1 084 683	1 194 575
Subsidies to business enterprises	0	0	0	0	0	0
Local Government	62 844	68 685	71 820	96 154	107 038	102 005
Extra - Budgetary Institutions	87 061	84 567	138 388	118 671	132 666	159 325
Households	569 710	598 746	764 842	751 881	834 603	922 869
Non-Profit organisations	4 204	3 942	9 000	9 134	10 376	10 376
Total current	2 473 701	2 707 605	3 193 392	3 517 399	3 884 276	4 229 868
CAPITAL						
Non-Financial assets	110 884	182 905	244 053	234 620	247 192	267 266
Building and Structures	69 255	136 315	174 232	165 868	171 488	188 812
Machinery and Equipment	27 048	31 960	31 715	60 248	69 584	72 621
Non-produced assets	14 581	14 630	38 106	8 504	6 120	5 833
Other assets	0	0	0	0	0	0
Capital transfers	79 967	88 641	81 309	138 784	151 656	158 689
Local Government	1 468	4 940	5 500	48 509	54 308	55 214
Other capital transfers	78 499	83 701	75 809	90 275	97 348	103 475
Total Capital	190 851	271 546	325 362	373 404	398 848	425 955
Total GFS classification	2 664 552	2 979 151	3 518 754	3 890 803	4 283 124	4 655 823

5.3.1 Personnel

Salaries and related costs represent **46,1%** of the total amount to be voted for 2003/04. This reflect an increase by 1.7% compared to **44,4 %** of estimated actual expenditure for 2002/03 financial year.

5.3.2 Current Transfers

Current transfers and subsidies represent **25,1%** of the total estimated expenditure for the 2003/04 financial year and is mainly in respect of social security and transfers to welfare institutions as well as transfers to Section 21 schools and for roads and health subsidies to local authorities.

5.3.3 Other Current Expenditure

Other current goods and services purchased represents **19,2%** of the total estimated expenditure for 2003/04.

5.3.4 Capital Transfers

The capital transfers are mainly in respect of the SA Housing Fund Conditional Grant (capital grant to finance capital housing programmes) and subsidies to local authorities for road building and this represent **3.6%** of the total estimated expenditure for the 2003/04.

5.3.5 Moveable Capital

Moveable capital includes provision for motor vehicles, computers and other equipment and represents **1,6%** of the total estimated expenditure for 2003/04 and **16.1%** of the total estimated capital expenditure.

5.3.6 Fixed Capital

The total fixed capital provided on the Estimates of expenditure for this Province for 2003/04 is R165,868 million, which is **4,3%** of the total estimated expenditure for 2003/04 and **44.4%** of the estimated capital expenditure. This amount includes funding for buildings as well as infrastructure. A coherent policy on private-public financing partnerships (PPP's) is in place to bring together existing initiatives and strengthen the share of infrastructure spending sourced from outside the budget and within a sound financial framework.

6. Summary of service delivery measures and indicators

The following tables give a summary of service delivery indicators from the main service delivery departments such as Education, Health, Housing and Local Government, Social Services and Population Development and Transport, Roads and Works.

6.1 Education

Table 1.9 : Education output measures

	Number of schools				Number of learners			
	2001/02	2002/03	2003/4	2004/05	2001/02	2002/03	2003/04	2004/05
Pre-primary school	144	158	174	192	4,000	4,400	4,840	5,324
Primary school	294	292	286	280	96,134	95,591	93,679	91,806
Secondary school	68	67	66	64	45,598	46,220	45,296	44,390
Teacher training	1	1	0	0	240	264	0	0
Technical college	6	2	2	2	3,000	3,300	3,630	3,993
Non-formal	110	121	133	146	7,100	9,000	9,900	10,890
Combined	120	115	113	110	55,907	56,347	55,220	54,116

6.2 Health

District	Number of Hospitals or clinics	Number of clients			
		2001/02	2002/03	2003/04	2004/05
Namaqualand:					
Hospitals	3	22,142	22,408	22,677	22,949
Doctors	10				
Nurses	33				
Upper Karoo:					
Hospitals	9	47,839	48,413	48,994	49,582
Doctors	17				
Nurses	81				
Lower Orange:					
Hospitals	6	76,210	77,125	78,050	78,987
Doctors	25				
Nurses	99				
Diamond Field:					
Hospitals	6	217,352	219,960	222,600	225,271
Doctors	95				
Nurses	416				
Kalahari:					
Hospitals	1	9,976	10,096	10,217	10,339
Doctors	8				
Nurses	20				
Total: Hospitals/clients	25	373,519	378,002	382,538	387,128

*For clinic information refer to Budget Statement Number 2

6.3 Social Services and Population Development

Table 1.11 : Social security: Projected number of beneficiaries and total estimate/grants

	2002/03		2003/04		2004/05		2005/06	
	Number	Amount R'000	Number	Amount R'000	Number	Amount R'000	Number	Amount R'000
Old age	42,706	324,207	43,570	346,489	44,393	374,426	45,215	403,155
War veterans	217	1,709	176	1,448	131	1,141	86	789
Disability	34,965	282,731	37,051	313,723	38,491	345,668	39,931	379,092
Combination	104	1,088	98	1,099	98	1,190	98	1,280
Foster care	8,709	40,571	7,477	48,673	8,051	56,758	8,645	65,463
Care dependency	1,124	9,320	1,407	12,218	1,669	15,362	1,931	18,781
Child support grant	38,138	71,592	45,864	82,619	45,864	88,520	45,864	94,421
Total	125,963	731,218	135,643	806,269	138,697	883,065	141,770	962,981

6.4 Transport, Roads and Public Works

Table 1.12 : Roads Output Measures

	2002/03	2003/04	2004/05	2005/06
Tarred Roads				
Total km	5,300	5,300	5,300	5,300
Maintenance (km per year)	5,300	5,300	5,300	5,300
Maintenance cost (km per year)	5,000	5,000	5,000	5,000
New Roads (km per year)	0	0	0	0
Construction cost (km per year new roads)	750,000	750,000	750,000	750,000
Gravel roads				
Total km	22,300	22,300	22,300	22,300
Maintenance (km per year)	22,300	22,300	22,300	22,300
Maintenance cost (km per year)	760	760	760	760
New Roads (km per year)	0	0	0	0
Construction cost (km per year)	0	0	0	0
Total: Road maintenance cost	43,448,000	43,448,000	43,448,000	43,448,000
Total: Construction cost	750,000	750,000	750,000	750,000
Total cost: Roads	44,198,000	44,198,000	44,198,000	44,198,000

*For Public Works refer to Budget Statement Number 2

6.4 Housing and Local Government

Table 1.13 : Housing output measures

	2002/03	2003/04	2004/05	2005/06
Number of housing units built	4,066	3,624	3,440	3,330
Total m2/unit	36	36	36	36
Cost per unit	R 18,400	R 23,720	R 25,997	R 28,493
Cost per m2	511	659	722	791
Total cost: Housing	R 75,809,000	R 85,973,000	R 89,442,000	R 94,877,000
	R'000	R'000	R'000	R'000
Sewerage project	12,702	30,000	30,000	30,000
Total cost: Sewerage	9,523	11,702	11,302	13,602
Rural Electrification	2,411	4,997	4,931	5,460
Total Cost : Electrification	2,411	4,997	4,931	5,460
Rudimentary Service(Geleshewe)		10,000	10,000	15,000
Total Cost	11,934	26,699	26,233	34,062

ANNEXURES TO BUDGET STATEMENT 1

Vote 7 : Sports, Arts and Culture

Table 1 : Information relating to Section 5.2 of Budget Statement 1 : Detail of Expenditure for Infrastructure

Categories	Project Name	Location		Programme	Type of Structure	Total Project Cost R'000	Voted 2003/04 R'000	MTEF	
		District	Municipality					2004/05	2005/06
								R'000	R'000
New Constructions	Mayibuye Multi-Purpose Cultural Centre	Frances Baard	Sol Plaatje	2	Building	43,000	10,000	10,000	10,000
Rehabilitation/Upgrading	Bergsig Multi-Purpose Sport Centre	Namakwa	Nama Khoi	2	Building	1,300	600		
Rehabilitation/Upgrading	Sports Complex	Pixly Ka Seme	Umzobomvu (Novelspond)	2	Sports Facility		850		
Upgrading	Complex Highmast	Frances Bard	Sol Plaatje (Greenpoint)	2	Sports Facility		250		
Rehabilitation/Upgrading	Sports Complex	Namakwa	Namakhoei (Steinkopf)	2	Sports Facility			1,000	
Upgrading	Sports Complex	Namakwa	Hantam (Calvinia West)	2	Sports Facility			700	
Rehabilitation/Upgrading	Sports Complex	Frances Baard	Magareng (Warrenton)	2	Sports Facility				1,700
Total						44,300	11,700	11,700	11,700

Vote5: Transport, Roads and Works

Table 2 : Information relating to Section 5.2 of Budget Statement 1: Detail of Expenditure for infrastructure

Categories	Project name	Location		Programme	Type of structure (Unit)	Project cost R'000	Voted 2003/04 R'000	MTEF	
		District	Municipality					2004/05 R'000	2005/06 R'000
CONSTRUCTION									
New Construction									
REHABILITATION/UPGRADING									
Surfaced Roads									
Rehabilitation and Reconstruction									
	Hopetown-Strydenberg-Brakrivier	Karoo	Thembelihle	Programme 3	Tarred roads	21718	890	-	
	Hanover - Britstown	Karoo	Emthanjeni	Programme 3	Tarred roads	25000	3 449	125	
	Roads in Phillipstown area	Karoo	Renosterberg	Programme 3	Tarred roads	6000	4 000	-	
	Road Safety: Kalkwerf Upington	Siyanda	Khara Hais	Programme 3	Tarred roads	5 690	5 300	250	-
	Kakamas Aansluiting (TR71/2)	Siyanda	Khara Hais	Programme 3	Tarred roads	1650	250		
	Widening Upington - Kakamas	Siyanda	Khara Hais	Programme 3	Tarred roads	8543	2 050	2 214	2 391
	Niewoudsville-Calvinia	Namakwa	Hantam	Programme 3	Tarred roads	31294	14 150	16 000	125
	Barkley West - Harts river	Frances Baard	Sol Plaatjie	Programme 3	Tarred roads				
	TR69/1 Niekerkshoop (Urgent repairs)	Karoo	Siyathemba	Programme 3	Tarred roads	300	300		
	Norvals Pont - Colesberg	Karoo	Umsobomvu	Programme 3	Tarred roads	700	200	500	
	Pedestrian Path Warrenton	Frances Baard	Magareng	Programme 3	Tarred roads	700		700	
	Pedestrian Path Hopetown	Karoo	Thembelihle	Programme 3	Tarred roads	600			600
Drainage structures	Augrabies 9 duikers-bridge	Siyanda	Kai I Garib	Programme 3	Tarred roads	1568	38	-	
	Riemvasmaak	Siyanda	Kai I Garib	Programme 3	Gravel roads	22051		3000	19 051
	Cat Walks Upington Area	Siyanda	Khara Hais	Programme 3	Tarred roads	1480	1 200		
	Bridge joints + maintenance	All	All	Programme 3	Tarred roads	7250		3 100	4 150
Gravel road upgrading									
	Teekloof - pass : road safety project	Namakwa	Karoo	Programme 3	Gravel roads	6568	1 000	5 082	125
	Hopetown - Douglas	Karoo	Thembelihle	Programme 3	Gravel roads	5876	200	4 000	250
	Planning: Vosburg-Carnarvon	Karoo	Kareeberg	Programme 3	Gravel roads	3000	1 750	-	-
	Asbestos roads (Kgalagadi)	Kgalagadi	Ga-Segonyana	Programme 3	Gravel roads	3265	1 265	2 000	
	Bouputs DR 3284	Siyanda	Khara Hais	Programme 3	Gravel roads	1275	325	450	500

	Mamatwan Access road	Kgalagadi		Programme 3	Gravel roads	3,600	1,000	2,600	
	Schmitsdrift	Frances Baard		Programme 3	Gravel roads	2,400	200	2,200	
	Kubus/Richtersveld	Siyanda	Khais-Ma	Programme 3	Gravel roads	8,000			8,000
	Andriesvale - Tweerivieren Upgrade	Siyanda	Khais-Ma	Programme 3	Gravel roads	7,245	250	6,270	125
Reseal		Siyanda	Khara Hais		Tarred roads				
	Reseal: Western Region			Programme 3		5528	5,282		
	Reseal: Eastern Region	All	All	Programme 3	Tarred roads	31913		14,380	17,533
	Job Creation: Reseal Augrabies area	Siyanda	Khara Hais	Programme 3	Tarred roads	16000	7,810	250	
	Reseal	All	All	Programme 3	Tarred roads	34125		13,400	20725
OTHER CAPITAL PROJECTS									
	Job Creation: Roadstuds	All	All	Programme 3	Tarred roads	3500	1,000	1,500	
	Roadmarking	All	All	Programme 3	Tarred roads	3006	1450	1647	1810
	Job Creation Rest Areas	All	All	Programme 3	Tarred roads	416	129	138	149
	Job Creation Potadder	Namakwa	Khais-Ma	Programme 3	Tarred roads	553	172	184	197
	Job Creation Brandvlei	Namakwa	Hantam	Programme 3	Tarred roads	586	182	195	209
	Job Creation materials	All	All	Programme 3	Gravel roads	1493	500	243	750
	Job Creation Fencing and gates	All	All	Programme 3		1490	290	600	600
MAINTENANCE									
	Routine maintenance by the Department	All	All	Programme 3	Tarred roads		23,052	24,320	28,458
TRANSFER PAYMENTS									
	Routine maintenance by District Municipalities	All	All	Programme 3	Gravel roads		38440	40554	42785
	Subsidies to municipalities	All	All	Programme 3	Tarred roads		3,070	3,427	2177
TOTAL							111,124	126,760	164,525

Vote 9 : Housing and Local Government

Table 3 : Information relating to Section 5.2 of Budget Statement 1 : Detail of Expenditure for Infrastructure

Categories	Project Name	Location		Programme	Type of Structure	Total Project Cost R'000	Voted 2003/04 R'000	MTEF	
		District	Municipality					2004/05 R'000	2005/06 R'000
New Constructions (Buildings and Infrastructure) Rehabilitation/Upgrading	UPGRADING OF MAIN SUBSTATION PHASE 1	NAMAKWA	SPRINGBOK	Planning and Development	Electrification	3,000	1,757		
	INSTALLATION OF NEW NETWORK	SIYANDA	MIER	Planning and Development	Electrification	3,000	1,000		
	UPGRADE MAIN SUBSTATION AND EXISTING NETWORK	FRANCIS BAARD	SCHMIDSDRIFT	Planning and Development	Electrification	878	878		
	UPGRADING OF MAIN SUBSTATION AND EXISTING NETWORK PHASE 1	KAROO	HOPETOWN	Planning and Development	Electrification	852		852	
	REPLACE EXISTING NETWORK PHASE 1	KAROO	RIHMOND	Planning and Development	Electrification	6,000		2,000	2,000
	UPGRADING OF NETWORK	SIYANDA	OLIPHANTSHOEK	Planning and Development	Electrification	3,000		1,000	1,000
	UPGRADING EXISTING NETWORK	SIYANDA	KENHARDT	Planning and Development	Electrification	500		200	300
	UPGRADING EXISTING NETWORK	NAMAKWA	BRANDVLEI	Planning and Development	Electrification	2,000		234	1,000
	UPGRADING EXISTING NETWORK	KAROO	CARNARVON	Planning and Development	Electrification	3,000			590
	Other Capital Projects								
Maintenance	SANITATION	FRANCIS BAARD		Planning and Development	TOILETS		5,891	5,891	5,891
	SANITATION	NAMAKWA		Planning and Development	TOILETS		5,890	5,890	5,890
	SANITATION	SIYANDA		Planning and Development	TOILETS		5,973	5,973	5,973
	SANITATION	KAROO		Planning and Development	TOILETS		12,125	12,125	12,125
	SANITATION	KGALAGADI		Planning and Development	TOILETS		121	121	121
	RESTITUTION CASES	PROVINCIAL		Planning and Development	RUDIMENTARY		4,302	7,906	8,598
	GALESHEWE URBAN RENEWAL	FRANCIS BAARD	SOL-PLAATJE	Planning and Development	VARIOUS		10,000	15,000	15,900
	NECESSARY OPERATION AND MAINTENANCE	FRANCIS BAARD		Planning and Development	MAINTENANCE		324		
	NECESSARY OPERATION AND MAINTENANCE	FRANCIS BAARD		Planning and Development	MAINTENANCE			40	50
	NECESSARY OPERATION AND MAINTENANCE	NAMAKWA		Planning and Development	MAINTENANCE			40	50
Total	NECESSARY OPERATION AND MAINTENANCE	SIYANDA		Planning and Development	MAINTENANCE			40	50
	NECESSARY OPERATION AND MAINTENANCE	KAROO		Planning and Development	MAINTENANCE			40	50
	NECESSARY OPERATION AND MAINTENANCE	KGALAGADI		Planning and Development	MAINTENANCE			40	50
							48,261	57,392	59,638

* Indicates types of Infrastructure being constructed or improved, e.g. school, clinic, hospital, type of road (i.e. gravel road)

Vote 10 : Health

Table 4 : Information relating to Section 5.3 of Budget Statement 1 : Detail of expenditure for Infrastructure

Categories	Project Name	Location		Programme	Type of	Total	Voted	MTEF	MTEF
		District	Municipality		Structure	Project Cost	2003/04	2004/05	2005/06
						R'000			
New Constructions (Buildings & Infrastructure)	Colesberg Hospital	Karoo	Umsobomvu	Pr7-Health Facilities Management	Hospital	25,500	23,500	-	-
	Calvinia Hospital	Namakwa	Hantam	Pr7-Health Facilities Management	Hospital	25,000	24,000	-	-
	Psychiatric Hospital	Frances Baard	Sol Plaatjie	Pr7-Health Facilities Management	Hospital	75,000	4,739	54,135	16,126
	Gordonia Hospital	Siyanda	//Khara Hais	Pr7-Health Facilities Management	Hospital	200,000	-	7,000	47,295
Rehabilitation & Upgrading	Central Karoo Hospital	Karoo	Emthanjeni	Pr7-Health Facilities Management	Hospital	3,000	3,000		
	Dr Van Niekerk Hospital	Namakwa	Nama Khoi	Pr7-Health Facilities Management	Hospital	2,000	2,000		
Other Capital Projects	Galashewe CHC	Frances Baard	Sol Plaatjie	Pr7-Health Facilities Management	Clinic	3,500	1,500	2,000	
	Galashewe Clinic 1	Frances Baard	Sol Plaatjie	Pr7-Health Facilities Management	Clinic	1,000	1,000		
	Galashewe Clinic 2	Frances Baard	Sol Plaatjie	Pr7-Health Facilities Management	Clinic	1,000	1,000		
	Kuyasa Clinic	Karoo	Umsobomvu	Pr7-Health Facilities Management	Clinic	1,000	1,000		
	Noupoort Clinic 1	Karoo	Umsobomvu	Pr7-Health Facilities Management	Clinic	600	600		
	Noupoort Clinic 2	Karoo	Umsobomvu	Pr7-Health Facilities Management	Clinic	600	600		
						338,200	62,939	63,135	63,421