

# **BUDGET STATEMENT No.1**

## BUDGET OVERVIEW

### 1. Budget strategy and aggregates

#### 1.1 Introduction

##### Outcome of the Executive Council's Planning Lekgotla

At its Planning Lekgotla held on 29 and 30 October 2003, the Executive Council adopted as point of departure that planning is a dynamic process and that the contents, underlying assumptions and conditions of plans should be reviewed annually and updated to remain relevant and applicable for changing circumstances.

The following goals and objectives under the theme "*Breaking the shackles of Poverty*" were adopted:

- *Socio-economic goal*: The realization and maintenance of an economic growth rate of 6,6% per annum that could place the province on a cycle of integrated and sustainable growth and development.
- *Basic needs goal*: Provision of basic needs by eradicating backlogs and preparing the poor for future growth and development.
- *Strategic goals*:
  - To achieve increased investment
  - To ensure employment creation
  - To facilitate skills development
  - To ensure cooperative governance
- *Strategic objectives*:
  - To promote equal and fair access to opportunities and assets
  - To enhance competitiveness and profitability
  - To ensure sustainable resource usage and environmental impact

The following principles for the 2004/07 Medium Term Expenditure Framework were adopted:

- The Executive Council accepted the challenge to find public investments of approximately R2,1 billion per annum by the year 2012 to achieve its strategic goals.
- It was concluded that the Provincial Government should continually strive towards achieving the following normative balance between competing demands in the province:
  - Provision for recurrent and statutory obligations – not less than 80% of the budget
  - Provision for maintenance and replacement of assets – approximately 5% of the budget
  - Provision for training and research – not less than 1% of the budget
  - Provision for growth and development expenditure – at least 10% of the budget

It was agreed that there are practical challenges and circumstances that do not make it feasible or desirable at this stage to completely mirror the normative framework but that a process should be embarked upon to gradually move in the correct direction.

##### Growth and Development Summit outcomes

The outcomes of the President's Growth and Development Summit are fully endorsed by the Provincial Government. The Summit launched a process for longer-term dialog that that will require Nedlac's Executive Council to continue to focus and engage on, as well as consider, how to address the key challenges and options in hand. The following are central to the dialog process:

- Job creation
- Economic Growth
- Overcoming the massive inequalities left by apartheid

The following national priorities for collaborative action have been identified:

- Promoting and mobilizing investment and creating decent work for all
- Ensuring economic empowerment for all, especially for black people, workers, people with disabilities, women and youth.
- Eradicating poverty and addressing the legacy of under-development
- Strategically engaging globalization to the best advantage of the country

##### Provincial Government's priorities

- *Job creation*, with the emphasis on economic growth and eradicating poverty in the province, remains high on the list of the Provincial Government's priorities. In his *State of the Province Address* on 21 February 2003, the Hon. Premier urged the people of the

province to “roll back the frontiers of poverty” while at the Executive Council’s Planning Lekgotla “*Breaking the shackles of poverty*” was central to the discussions.

- *Physical infrastructure development* is one of the key focus areas of the Provincial Government’s delivery programme. In this regard the Department of Roads and Public Works has placed priority on backlog cases of un-repaired schools and bad provincial roads.
- *Combating crime, clean governance and the fight against corruption.* In his *State of the Province Address*, the Hon. Premier highlighted stock theft and the negative impact it has on the farming community as one of the vexing questions.
- *Combat HIV/AIDS.* In his *State of the Province Address*, the Hon. Premier stated that: “As a province we are determined to do everything in our power to fight HIV/AIDS.”
- *Skills development* and opening the doors of learning and culture is a strategic task of the Provincial Government.

#### Progress with the implementation of provincial priorities

By focusing on the main priorities, the following progress can be reported:

*Job creation:* The province is continually benefiting from the mining sector, and especially from the platinum mines, in the province. During 2002, the mining sector invested over R4 billion and created 3 000 job opportunities. During 2003 a further R70 million investment created 40 job opportunities. Various businesses were also established processing the raw materials produced by the mining sector thereby also creating an unknown number of job opportunities. Through the facilitation of Invest North West R11 million invested by manufacturing businesses created 432 job opportunities. The Department of Economic Affairs and Tourism also assisted women in establishing catering businesses thereby creating new job opportunities. The Department of Economic Affairs and Tourism is also involved in road shows facilitating SMME development and support. Entrepreneurial development for existing and potential entrepreneurs is provided for through training institutions. During 2002, the Department of Developmental Local Government and Housing also created 511 job opportunities through the Rural Development Programme while 823 job opportunities were created through funds provided through the Capital Development Fund.

*Physical infrastructure development:* The Extended Public Works (Community Development Programme) completed 100 projects. The Roads 2000 project completed 44 road upgrading projects thereby creating approximately 4 000 new job opportunities.

Various major road projects were completed which include a portion of road between Pampierstad and Seeding.

Other infrastructure created includes 730 new classrooms, 1 545 new toilets at schools while various electricity and water projects were also completed.

During 2003 an average of 1 492 houses per month were constructed while 7 468 households benefited through the provision of water and electricity. For 2004 the Department of Developmental Local Government and Housing is planning to construct 18 000 houses.

*Combating crime, clean governance and the fight against corruption.* From January 2001 to November 2002 SAPS reported the completion of 443 serious crime investigations. As a result of this process, 403 suspects were arrested, 57 firearms and property to the value of R3,5 million was recovered.

Regarding uprooting corruption within Government, the following steps have been taken:

- Various forensic investigations since 1994
- Anti-corruption hotline
- Provincial Audit Committee

*Combat HIV/AIDS:* The Prevention of Mother to Child Transmission (PMCT) programme has increased from two pilot sites to eighty-nine sites. PMCT was rolled out to all districts and hospitals throughout the province. Additional to the extension of the PMCT programme, 1 800 educators were trained to implement the HIV/AIDS programme and condoms are distributed at approximately 2 100 sites throughout the province.

*Skills development:* To assist learners in rural areas, the Provincial Government introduced a transport scheme for such learners. Klippan Military Base is also being converted into a school with lodging facilities. It is hoped that the facilities will eventually house 600 lodgers and 230 day learners.

The matriculation pass rate in the province increased from 67,8% in 2002 to 70,5% in 2003, an increase of 2,7%. This pass rate also represents a remarkable increase of 20,5% over the last seven years.

A major skills development drive of the Government is the learnership programme. In terms of this programme, qualified individuals are granted the opportunity to obtain experience in

Government that would enable them to find employment. Approximately 20 000 individuals will benefit from this programme.

#### Government's election manifesto

In the 1999 elections, the ANC led Government received an overwhelming mandate from the electorate to pursue the following policy issues:

- Speeding up delivery of basic needs
  - *Social security*: The amount spent on social grants increased from R10 billion in 1994 to R34,8 billion in 2003/04 while the number of recipients increased from 2,6 million to 6,8 million over the same period.
  - *Health care*: Improved health care through primary health care approach and free health care. Spending on HIV/AIDS programmes increased from R30 million in 1994 to an estimated amount of R3,6 billion in 2005.
  - *Education*: Adult literacy rate: Increased from 83% in 1996 to 89% in 2001. Literacy rate for people between 15 and 24 years of age increased from 83% in 1996 to 96% in 2001 while over the same period the matriculation pass rate increased from 54% to 69%.
- Building the economy and creating jobs: The budget deficit reduced from 9,5% of GDP in 1994 to 1% in 2003 while State debt reduced by R24 billion over the same period. Between 1995 and 2002 1,6 million net new jobs were created.
- Combating crime and corruption: All serious crime levels have been reduced since 1994. For example, murder decreased by 30,7%. Conviction rates increased from 78% in 1999 to 81% in 2002. Since 1994 over 80 000 illegal firearms have been destroyed. A Code of Conduct for the Public Service was introduced while the 1999 National Anti-Corruption Summit created a powerful platform for the National Campaign Against Corruption. New legislation to assist in anti-corruption was also introduced.
- Building a better Africa and better world: South Africa's post 1994 success in defining its place in the world is remarkable given our size. This required thoroughly the mission of national security and the principle underlining our international relations as well as transforming our institutions to align them with the new democracy.
- Transforming the State: The State has become a people-centred State. Public service has been transformed while service delivery is on the increase and more integrated.

Even with the limited example of achievements quoted above, it is clear that, despite much work still to be done, the Government has delivered on its mandate.

For the 2004 elections, the ANC led Government is seeking a new mandate from the citizens of our country on the following policy issues:

#### **A growing economy:**

- Ensure lower interest and inflation rates as well as low government debt
- Invest more than R100 billion in improving roads, rail and air transport as well as telecommunications and energy
- Spend over R1,5 billion to facilitate broad-based Black Economic Empowerment
- Take more people through learnerships
- Encourage labour-intensive methods in sectors of the economy
- Conduct research into the full impact of casualisation of labour and outsourcing

#### **Sustainable livelihoods:**

- Create 1 million job opportunities through the Expanded Public Works Programme
- Access to credit for the establishment of small businesses
- Intensify assistance to youth agencies to provide skills training
- Complete the land distribution programme and speed up land reform
- Ensure the involvement of communities in local economic development initiatives
- Intensify efforts aimed at building a spirit of community, good citizenship, social activism, moral regeneration and solidarity at local level

#### **Access to services:**

- Speed up programmes to provide water and sanitation, electricity and telephone services
- Build more subsidized housing
- Improve services in health facilities
- Insure better education facilities and expand the school nutritional programme
- Realise Batho Pele principles and improve government services

#### **Comprehensive social security:**

- Ensure that people eligible for social grants receive such grants
- Improve the functioning of the Unemployment Insurance Fund
- Introduce a national health insurance system

- Speed up the programme to provide free basic water and electricity
- Speed up the extension of free health services to persons with disabilities

#### **Crime and corruption:**

- Deploy more than 150 000 police on active duty
- Strengthen the prosecution system and SCORPIONS
- Improve protection of borders
- Ensure efficient functioning of all anti-corruption structures and systems

#### **Constitutional rights and governance**

- Improve interaction between government and the people
- Ensure better cooperation between national, provincial and local governments
- Ensure quicker and more effective intervention in local governments
- Fully integrate the institution of traditional leadership into democratic governance and development
- Improve access to government information
- Strengthen all institutions of democracy

#### **Africa and the world**

- Working with others, speed up economic integration in Southern Africa and strengthen democracy, peace, stability as well as economic growth and development
- Ensure realization of the Constitutive Act of the Africa Union and implementation of the New Partnership for Africa's Development (NEPAD)
- Improve cooperation amongst countries of the South
- Strengthen economic and other relations with industrialized countries
- Promote a collective multilateral approach to global challenges

## **1.2 Summary of budget aggregates**

**Table 1.1 Provincial budget summary**

Item (R'000)	Provincial Summary of Receipts and Payments					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
<b>Provincial receipts:</b>						
Transfer receipts from national	9,632,686	11,118,763	13,079,917	<b>14,861,539</b>	16,492,948	17,926,763
Equitable share	9,030,606	10,327,837	12,017,580	<b>13,270,464</b>	14,409,922	15,436,497
Conditional grants	602,080	790,926	1,062,337	<b>1,591,075</b>	2,083,026	2,490,266
Provincial own receipts	343,862	506,464	592,583	<b>371,066</b>	406,738	416,124
<b>Total provincial receipts</b>	<b>9,976,548</b>	<b>11,625,227</b>	<b>13,672,500</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>
<b>Provincial payments:</b>						
Current payments	6,994,633	7,655,240	9,768,568	<b>9,594,948</b>	10,499,512	11,127,928
Transfers and subsidies	2,509,812	3,254,769	4,138,223	<b>4,822,956</b>	5,541,258	6,302,046
Payments for capital assets	396,734	624,743	697,048	<b>757,174</b>	812,148	872,373
Unallocated contingency reserve	4,650	5,700	14,758	<b>57,527</b>	46,768	40,540
Unauthorised expenditure approved			(946,097)			
<b>Total provincial payments</b>	<b>9,905,829</b>	<b>11,540,452</b>	<b>13,672,500</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>
Lending						
<b>Surplus/deficit</b>	<b>70,719</b>	<b>84,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The province managed small budget surpluses for the period reflected in Table 1.1. However, these surpluses do not reflect the rollover of funds, which are only affected in the next financial year. In the table above the surpluses have been included as own revenue to fund the expenditure of the next financial year. The surpluses therefore reflect the accumulated surpluses over the period under discussion.

The small surpluses in previous financial years also mean that the province has always been able to fund provincial payments (expenditure) without having to borrow money.

## **1.3 Financing**

As in the past, the Provincial Government is submitting a balanced budget and therefore no financing of a deficit is provided for.

The Provincial Government has to date not taken up any loans and no loans are foreseen for the next MTEF period. Furthermore, SARS debt, that amounted to R157,9 million was repaid

over a five-year period with the last installment during the current financial year. The Provincial Government also has no overdraft commitments.

Although the Provincial Government has not incurred any debt that has to be repaid, the former Bophuthatswana guaranteed loans from the Public Investment Commissioner (PIC) for public entities. These loans are payable and the PIC has called on the Provincial Government to repay these loans. Although no final agreement has been reached regarding the repayment of the loans, the Provincial Government regards the debt as a contingent liability. Details of the loans are as follows:

**Table 1.2: Contingent liabilities**

Name of institution	Guaranteed Amount	Interest Rate	Outstanding debt		
			Capitalized Interest	Amount Due	Maturity Date
North West Housing Corporation	10,000,000	16,25%	8,284,647	18,284,647	30.9.94
	50,000,000	15%	42,452,833	92,452,833	30.11.03
<b>TOTAL: NW Housing Corporation</b>	<b>60,000,000</b>		<b>50,737,480</b>	<b>110,737,480</b>	
North West Transport Investment	20,000,000	Prime less 5%	13,846,827	33,846,827	30.9.01
<b>TOTAL: NW Transport Investment</b>	<b>20,000,000</b>		<b>13,846,827</b>	<b>33,846,827</b>	
Signal Development	5,000,000	15%	9,883,750	14,883,750	1.6.95
	3,000,000	15%	5,930,250	8,930,250	1.5.94
<b>TOTAL: Signal Development</b>	<b>8,000,000</b>		<b>15,814,000</b>	<b>23,814,000</b>	
<b>TOTAL CONTINGENT LIABILITY</b>	<b>88,000,000</b>		<b>80,398,307</b>	<b>168,398,307</b>	

## 2. Budget process and the Medium Term Expenditure Framework

### 2.1 The budget process

Historically there has been a constant and deliberate neglect of the majority of the people in our country, resulting in many diverse needs and backlogs that have to be addressed. In the quest to achieve social justice, equity and a better life for all our people, the Provincial Government is guided by its policy priorities when compiling the budget. The Budget was therefore arrived at after due consideration was given to the needs of the people as embodied in the Provincial Government's policy priorities.

Extensive deliberations take place firstly between provincial departments and the provincial treasury. During these bilateral discussions the funding of the Provincial Government's policies and priorities are discussed.

However, due to limited resources, choices had to be made to accommodate policy priorities within the available resource envelope. These choices are deliberated by the Executive Council and directed upon.

The budget process is also guided by the outcomes of the Executive Council's Planning Lekgotla. As accepted by the Executive Council at the Lekgotla, it is not possible at this stage to completely mirror the normative framework endorsed by the Executive Council and a process would be embarked upon to gradually move in the agreed to direction.

Statutory obligations, and especially the payment of social benefits, are restricting the Provincial Government's ability to address other priorities. The increase in social benefits can be directly related to the increase in HIV/AIDS affected people in the province.

With the 2003/04 Budget the following priorities were addressed over the MTEF period:

- Increase in the non-personnel and non-capital spending in the Department of Education.
- Increase in medical professional staff in rural areas.
- Increase in the rehabilitation and construction of roads, especially in rural areas.

In this Budget and for the Medium Term Expenditure Framework contained in this Budget, the Provincial Government is continuing to fund the priorities although no additional funds could be made available to expedite service delivery on these priorities.

In this Budget, the following additional priorities are addressed:

- Increase in the projected intake of social beneficiaries.
- Support to emerging farmers.
- Transport for learners in rural areas.

## **2.2 Changes to the budget structure**

Budget reform is an ongoing process and the provincial treasury is aiming to make the budget as transparent and user friendly as possible. With this in mind, minor changes have been affected to the budget structure if it is compared to the current financial year's budget. Budget Statement No.1 contains more background information than before while the information presented in Budget Statement No.2 was also increased to make the departmental budgets more user friendly.

However, the main change that took place was in the terminology used in this Budget. Previously the terms "revenue" and "expenditure" were used. These two terms, however, refer to accrual accounting not yet introduced in the public sector. To indicate that the public sector is still using a cash accounting system, the terminology was changed to "receipts" and "payments".

## **2.3 The roles of departments and the provincial treasury in the budget process**

The provincial treasury is responsible to ensure that the budget is ready for submission to the Provincial Legislature on a date determined by the MEC for Finance. To achieve that, the provincial treasury must ensure that departments are informed on time regarding the timetable for the completion of the Provincial Budget as well as any changes to the budget structure that must be implemented. It is also the responsibility of the provincial treasury to ensure that provincial priorities are addressed in the Budget and therefore the provincial treasury advises the Executive Council on the allocation of funds to departments according to the available revenue envelope.

The provincial treasury is also responsible for the credibility of the Provincial Budget. Credibility refers mainly to the provision of sufficient funding by departments for priorities, fixed commitments and statutory obligations.

The role of the treasury in compiling the Provincial Budget does not reduce the responsibilities of accounting officers in departments. It remains the responsibility of the accounting officers to ensure that their budgets are credible, that departmental priorities are addressed and that statutory obligations and fixed commitments are fully funded. It is therefore a policy of the provincial treasury **not** to change any departmental budget but to refer it back to the relevant department if its credibility is questionable.

## **2.4 The Legislative process of the budget**

It is the responsibility of the MEC for Finance to table the Provincial Budget in the Legislature. The Legislature then refers the Provincial Budget to the Finance Portfolio Committee who conducts public hearings on the Provincial Budget. Any member of the public has the right to comment publicly on the Budget or to comment in writing. Relevant Executive Authorities table departmental budgets in the Legislature and the Legislature then refers the departmental budgets to the various portfolio committees. Only after the various portfolio committees have conducted public hearings are the departmental budgets, and finally the Provincial Budget, debated and approved by the Legislature.

Although a multi-year budget is submitted to the Legislature, the Legislature only approves the first year of the multi-year budget. The Provincial Budget is approved as an Appropriation Act.

## **3. Socio-economic outlook (Based on the 2001 Census)**

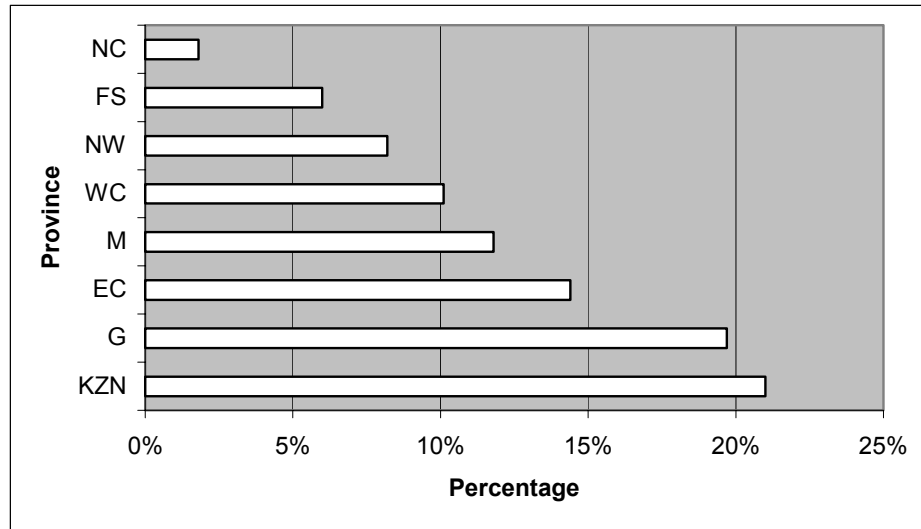
Most local authorities in our province have responded positively in providing basic services to the people.

- *Provision of water:* According to the latest information, 2 million of our people have access to 6kl free water. Municipalities are also subsidizing rural communities to purchase diesel for water pumping engines.
- *Energy supply:* Since 1994 to 2002, 497 005 electricity connections have been made in the province. Six major lighting projects have been completed benefiting approximately 153 000 people.
- *Housing and municipal services:* Since 1994 125,276 units have been constructed in the province.

- *Health care:* Since 1994 seven hospitals and 26 clinics were renovated and upgraded. Twelve new gateway clinics have been built at 12 provincial hospitals.
- *Basic Education:* Since 1994 the provincial government erected 2,533 classrooms at 356 schools. During the same time 423 specialized function rooms, 104 administrative blocks and 3,844 toilets were constructed.

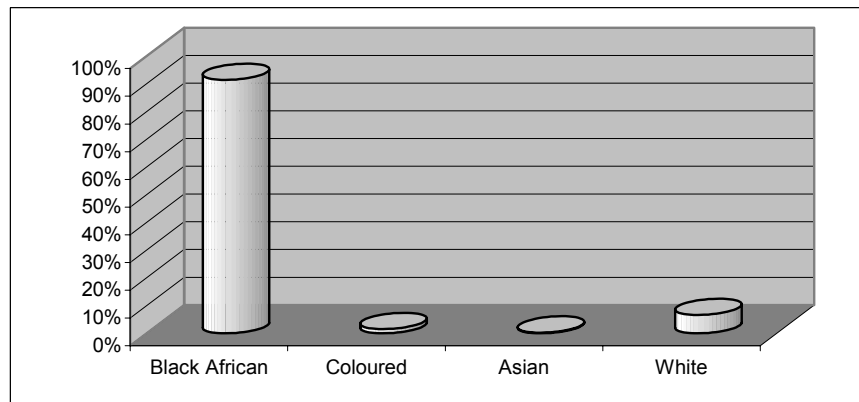
### 3.1 Demographic profile

**Graph 1.1: Percentage population distribution in South Africa per province**



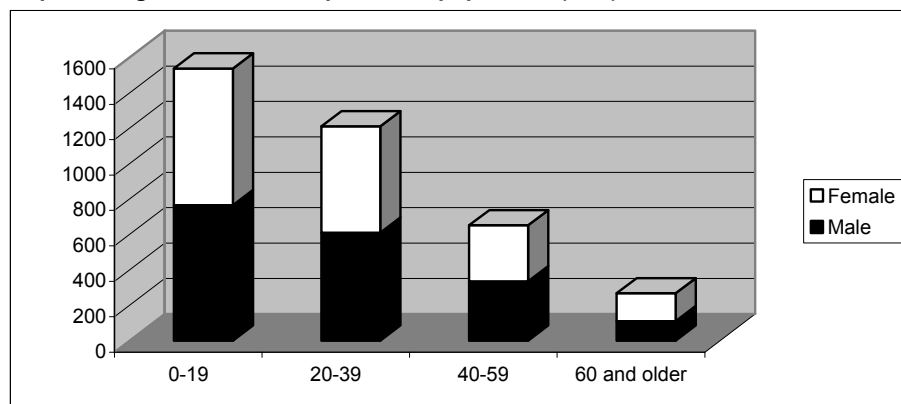
North West Province has a population of 3 669 349 or 8,2% of the population of South Africa. Of the provincial population, 50,4% are female and 49,6% are male.

**Graph 1.2: Percentage per population group**

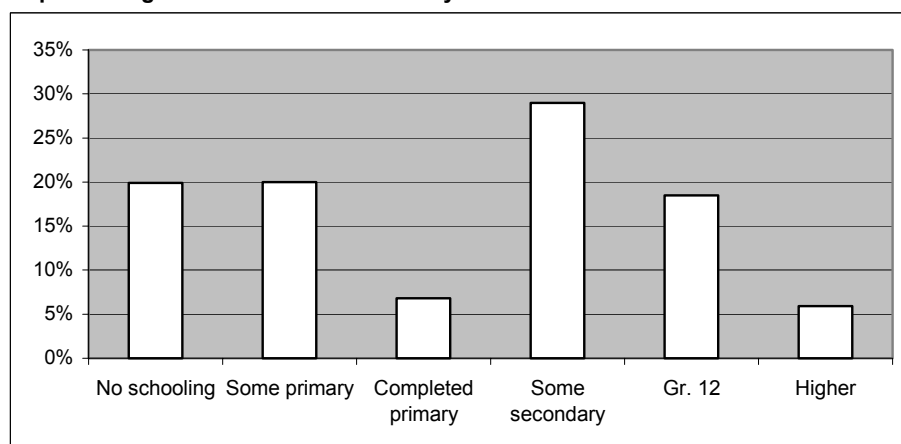




**Graph 1.3: Age distribution of provincial population ('000)**

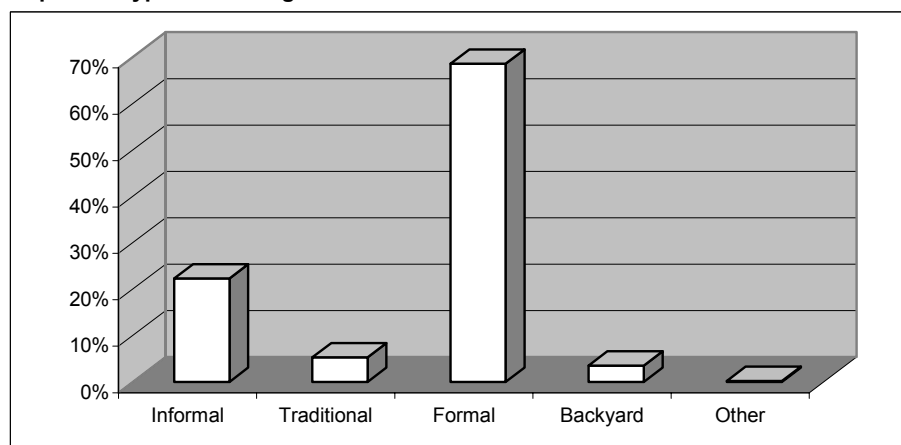


**Graph 1.4: Highest level of education: 20 years and older**

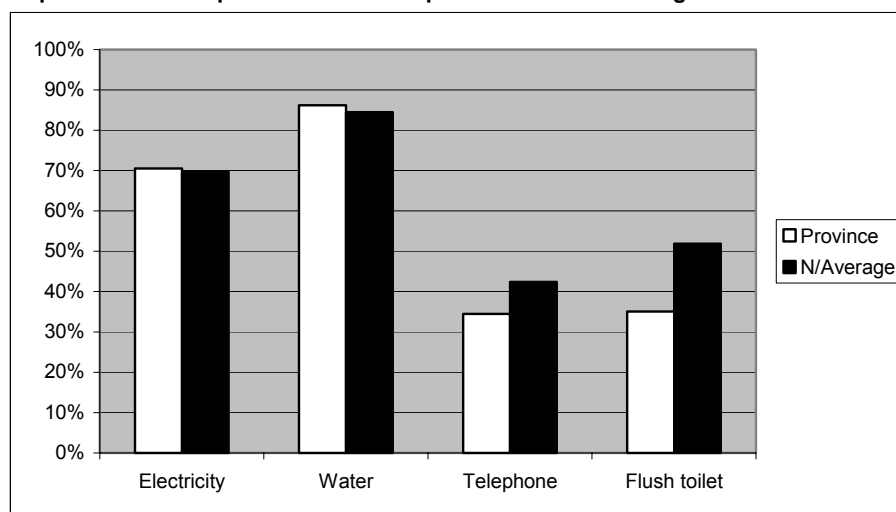


### 3.2 Socio-economic indicators

**Graph 1.5: Type of dwelling**



**Graph 1.6: Services per household compared to national average**



Much progress has been made in providing basic services to the people in the province. However, the burden of poverty still falls disproportionately on women, especially those in rural areas and much still needs to be done to address this challenge.

### 3.3 Economic indicators

#### 3.3.1 Introduction

The provincial economy benefits mainly from the strength of the mining sector. However, national indications are that South Africa has the highest growing tourism industry in the world.

Figures from Stats SA and Global Insight show that the real *per capita* income has been rising steadily in the province since 1994.

#### 3.3.2 Economic challenges

The main economic challenges facing the province are inequality and job creation coupled with economic growth and the structure of the North West economy.

- **Physical infrastructure.** The physical infrastructure in the province is deteriorating rapidly. According to the Department of Roads and Public Works, approximately R2,000 million is required over the next three years to bring the physical infrastructure up to an acceptable standard. Currently the funds for maintenance are to a large extent being crowded-out by social infrastructure and personnel expenditure.
- **Tourism.** Historically, tourism in the North West Province was built around gambling, which only benefited a privileged few. This was a great advantage to the province but it was also contrary to the national ideal on equal distribution of economic benefits, economic opportunities and the distribution of wealth to all the people of South Africa. The North West Province has now positioned itself as a destination with a unique offering of both cultural and national heritage. According to available statistics, international tourists visiting the province have increased from 293 516 in 1994 to 347 242 in 2001, a growth of 18%. There is, however, still room for improvement.
- **Manufacturing.** Manufacturing is almost exclusively dependent on the performance of a few sectors (fabricated materials – 51%, food sector – 18% and non-metallic metals – 21%). Approximately 94% of all industries are low capital/labour ratio industries. Some potential for rural industrialization is evident and should be exploited. Assistance and support in removing blockages experienced and creating attractive investment opportunities is urgently required. Latest indications are that the manufacturing sector is showing a steady increase. The challenge is to increase the growth rate in manufacturing.

#### 3.3.3 Economic indicators

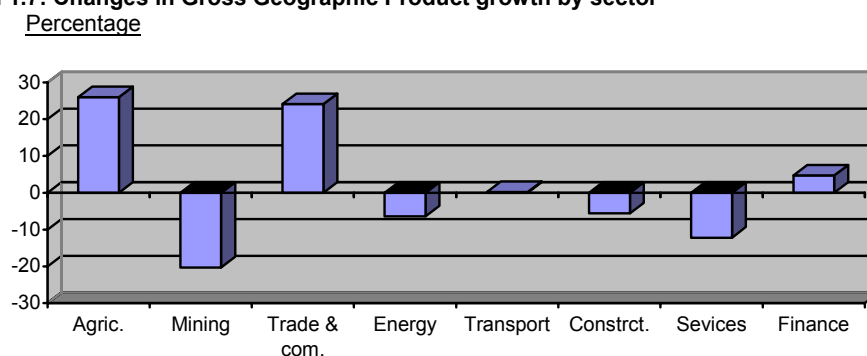
According to the latest available statistics, the per capita Gross Geographical Product in the North West Province is R3,964 compared to the national average of R6,498. Although it could

be argued that the North West Province is not ideally situated for the establishment of large industry, labour productivity in the North West Province, as measured by the Gross Geographical Product per worker is R20,616, which is well below the national average of R33,873.

**Table 1.3: Changes in Gross Geographic Product growth by sector**

<u>Sector</u>	<u>Percentage</u>
Agriculture	26,1
Mining	-20,3
Manufacturing	24,1
Trade and Commerce	-6,4
Energy	0,2
Transport	-5,6
Construction	-12,2
Services	4,7
Finance	1,2

**Graph 1.7: Changes in Gross Geographic Product growth by sector**



Up to date information on economic indicators are not available for the province. STATS SA released a discussion paper: "Gross Domestic Product per Region, Annual Estimates, 1995 to 2001". However, this discussion paper was so flawed that it was withdrawn for them to revisit the accuracy of the information. A revised version was supposed to have been published in November 2003 but nothing has been received as yet.

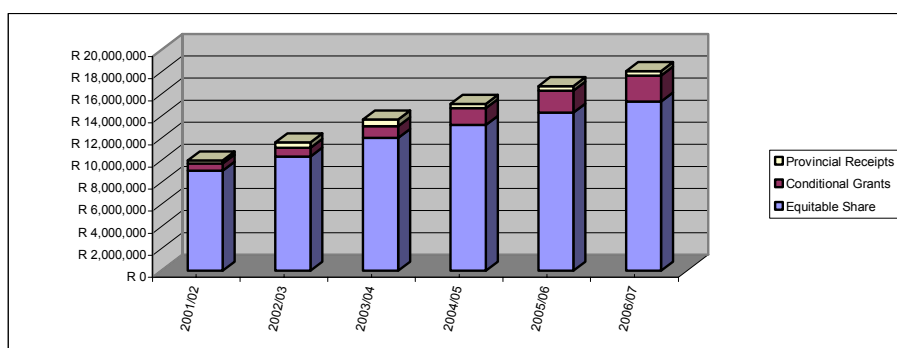
## 4 Receipts

### 4.1 Overall position

**Table 1.4 Summary of provincial receipts**

<u>Item (R'000)</u>	<u>Provincial Summary of Receipts</u>					
	<u>2001/ 2002 Audited</u>	<u>2002/ 2003 Audited</u>	<u>2003/ 2004 Adj Estimate</u>	<u>2004/ 2005 MTEF</u>	<u>2005/ 2006 MTEF</u>	<u>2006/ 2007 MTEF</u>
<b>Transfer receipts from national:</b>						
Equitable share	9,030,606	10,327,837	12,017,580	<b>13,270,464</b>	14,409,922	15,436,497
Conditional grants	602,080	790,926	1,062,337	<b>1,591,075</b>	2,083,026	2,490,266
<b>Total transfer receipts from national</b>	<b>9,632,686</b>	<b>11,118,763</b>	<b>13,079,917</b>	<b>14,861,539</b>	<b>16,492,948</b>	<b>17,926,763</b>
<b>Provincial own receipts:</b>						
Tax receipts	112,741	123,973	143,693	<b>160,409</b>	193,176	206,856
Non-tax receipts	150,873	184,255	195,368	<b>187,877</b>	185,722	193,268
Sale of goods and services (non-capital)	126,324	148,210	171,010	<b>158,483</b>	156,289	162,346
Fines and penalties	-	-	-	-	-	-
Interest, dividends and rent on land	24,549	36,045	24,358	<b>29,394</b>	29,433	30,922
Transfers received	124	567	294	-	-	-
Sale of capital assets	-	-	3,180	<b>22,780</b>	27,840	16,000
Financial transactions	80,124	197,669	250,048	-	-	-
<b>Total provincial own receipts</b>	<b>343,862</b>	<b>506,464</b>	<b>592,583</b>	<b>371,066</b>	<b>406,738</b>	<b>416,124</b>
<b>Total provincial receipts</b>	<b>9,976,548</b>	<b>11,625,227</b>	<b>13,672,500</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>

**Graph 1.8: Increase in provincial receipts**



The annual average growth in transfers from the national government is 9,7% for the period 2003/04 to 2006/07. Provincial own revenue grows at approximately 10% per annum over the same period.

#### 4.2 Equitable Share and Conditional Grants

The Medium Term Expenditure Framework outlines the government's fiscal framework and expenditure plans. Although government retains responsibility and accountability for budget decisions, all stakeholders have a right to be heard in the budget process. The three-year fiscal framework provides that opportunity to stakeholders.

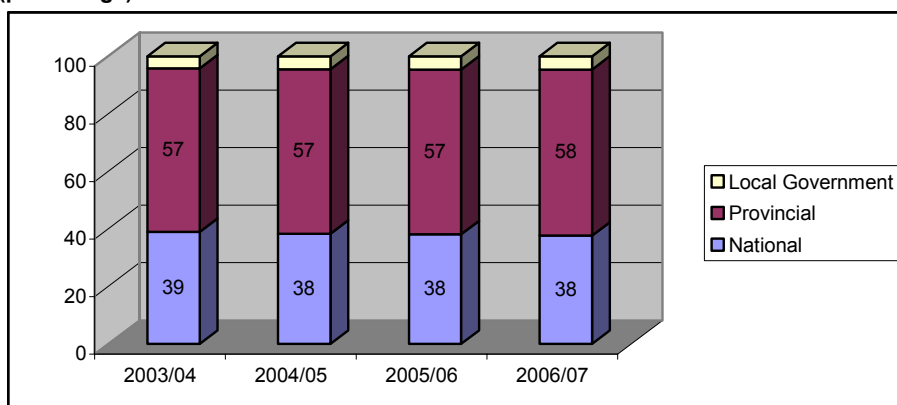
The Medium Term Expenditure Framework also provides more certainty to provinces and departments regarding the allocation of funds over a three-year period. The certainty enables provinces and departments to plan expenditure over a three-year period instead of only one year as in the past.

The total national available funds are firstly divided between the three spheres of government as follows:

National Government: 38%  
Provinces: 57%  
Local Governments: 5%

The allocation of funds for the 2004/05 MTEF period, divided in terms of section 214(2) of the Constitution, is as follows for the different spheres of government:

**Graph 1.9: Allocation of funds between the spheres of Government (percentage)**



The funds received from the national government consist firstly of the provinces equitable share. The equitable share is determined by province based on various variables of which population and level of development are the main contributors.

The second portion of receipts received from the national government is in the form of conditional grants. The equitable share are discretionary funds that can be used by the province in terms of

priorities and policies while the conditional grants are earmarked for a specific purpose with specific conditionalities attached to it.

The following conditional grants were received or will be received over the 2004/05 MTEF period:

**Table 1.5: Summary of Conditional grant**

Grant (R'000)	Actual 2001/02	Actual 2002/03	Estimated Actual 2003/04	MTEF		
				2004/05	2005/06	2006/07
<b>Agriculture</b>	<b>5,000</b>	<b>3,000</b>	<b>6,500</b>	<b>31,875</b>	<b>38,594</b>	<b>45,813</b>
Land Care	395	-	-	5,000	5,000	5,500
Agriculture Support Programme	-	-	-	26,875	33,594	40,313
Poverty Relief & Infrastructure	4,605	3,000	6,500	-	-	-
<b>Health</b>	<b>168,407</b>	<b>204,691</b>	<b>280,317</b>	<b>303,344</b>	<b>358,515</b>	<b>424,023</b>
National Tertiary Services	34,200	34,750	35,000	35,109	34,822	36,911
HIV/AIDS	4,640	17,419	32,891	70,981	100,921	142,316
Hospital Revitalization	56,000	53,000	59,939	92,845	98,998	110,832
Medico Legal Grant	-	-	1,000	-	-	-
Integrated Nutritional Programme	39,390	39,390	71,967	9,987	10,981	-
Hospital Management & Quality	-	8,334	12,730	12,713	12,642	13,400
Poverty Alleviation	-	-	1,019	-	-	-
Health Professions Training	24,377	32,898	37,144	46,351	62,564	62,564
Provincial Infrastructure	9,800	18,900	28,627	35,358	37,587	58,000
<b>Education</b>	<b>51,800</b>	<b>88,026</b>	<b>116,231</b>	<b>192,619</b>	<b>217,379</b>	<b>239,798</b>
School Nutritional Programme	-	-	-	72,401	79,357	95,529
Provincial infrastructure	28,000	54,000	80,800	110,189	127,391	133,000
Early Childhood Development	1,680	4,240	7,040	-	-	-
Financial Management & Quality	17,040	18,266	18,753	-	-	-
HIV/AIDS (Life skills development)	5,080	11,520	9,638	10,029	10,631	11,269
<b>Housing</b>	<b>300,137</b>	<b>313,050</b>	<b>355,974</b>	<b>429,858</b>	<b>470,237</b>	<b>498,451</b>
Housing Subsidy	292,037	306,930	347,974	421,378	458,406	485,910
Housing Capacity Building	1,100	-	-	-	-	-
Human Resettlement	7,000	6,120	8,000	8,480	11,831	12,541
<b>Local Government</b>	<b>31,958</b>	<b>26,150</b>	<b>34,949</b>	<b>38,842</b>	<b>18,650</b>	<b>19,655</b>
Local Government Capacity	-	-	-	21,250	-	-
R293 Towns	5,758	-	-	-	-	-
Disaster Management	6,000	-	-	-	-	-
Local Government Support	16,000	18,050	20,372	-	-	-
Provincial infrastructure	4,200	8,100	12,268	15,153	16,108	16,961
CMI Programme	-	-	2,309	2,439	2,542	2,694
<b>Social Development</b>	<b>2,442</b>	<b>101,923</b>	<b>185,582</b>	<b>466,871</b>	<b>839,602</b>	<b>1,116,114</b>
HIV/AIDS (Life skills development)	1,500	5,463	7,580	8,070	8,554	9,067
Social Security	-	1,200	-	-	-	-
Financial Management & Quality	642	-	-	-	-	-
Women Flagship	300	-	-	-	-	-
Sport and Recreation	-	-	-	1,000	2,670	4,340
Arrear Social pension Payments	-	95,260	-	-	-	-
Capacity Building	-	-	-	-	-	-
Food Relief	-	-	41,615	41,615	41,615	44,112
Child Support Extension Grant	-	-	136,387	416,186	786,763	1,058,595
<b>Roads &amp; Public Works</b>	<b>32,536</b>	<b>54,086</b>	<b>82,784</b>	<b>127,666</b>	<b>140,049</b>	<b>146,412</b>
Disaster Management	5,000	-	-	-	-	-
Provincial infrastructure	27,536	54,086	82,784	127,666	140,049	146,412
<b>Finance</b>	<b>8,800</b>	-	-	-	-	-
Financial Management Grant	7,000	-	-	-	-	-
<b>Transport</b>	<b>1,000</b>	-	-	-	-	-
NLTTA	1,000	-	-	-	-	-
<b>TOTAL</b>	<b>602,080</b>	<b>790,926</b>	<b>1,062,337</b>	<b>1,591,075</b>	<b>2,083,026</b>	<b>2,490,266</b>

### 4.3 Total provincial departmental receipts

Table 1.6 Summary of provincial own receipts by Vote

Vote (Department)	Provincial Summary of Receipts by Vote					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
1. Office of the Premier	1,740	557	554	520	480	530
2. Legislature	44	76	40	40	40	40
3. Health	19,542	21,592	21,174	27,786	27,377	28,763
5. Safety and Liaison	63	36	12	10	5	-
6. Economic Development and Tourism	31,045	32,048	32,490	32,044	35,065	36,175
7. Finance	42,651	52,516	40,358	52,358	52,358	53,826
8. Education	2,779	8,164	5,396	3,966	4,045	3,969
9. Local Government and Housing	560	580	500	494	533	572
10. Transport	153,888	175,779	222,514	214,857	242,101	258,882
11. Roads and Public Works	6,100	6,630	9,554	28,467	33,893	22,456
12. Social Services, Arts, Culture & Sport	1,212	1,725	1,866	2,160	2,270	2,340
13. Agriculture	3,990	8,525	7,783	8,364	8,571	8,571
14. Contingency Reserve						
<b>Total provincial own receipts by Vote</b>	<b>263,614</b>	<b>308,228</b>	<b>342,241</b>	<b>371,066</b>	<b>406,738</b>	<b>416,124</b>

## 5 Payments

### 5.1 Overall position

The payments provided for in the Budget over the next three years are as follows:

- 2004/05: R15 231,605 million
- 2005/06: R16 897,016 million
- 2006/07: R18 338,546 million

The following new priorities are addressed over the MTEF period:

- Social Grants: The child support grant is extended to children who are thirteen years old over the MTEF period while provision is also made to increase the number of recipients of the various grant categories.
- Education: Provision was made in the Budget to increase the per capita spending on learners from R to R.
- Post resettlement support for farmers: Funds were provided in the Budget to assist new and emerging farmers after being resettled on farmland.
- Roads: Additional funds have been provided in the budget to expedite the rehabilitation of the roads in our province.
- Combat HIV/AIDS: Funds were provided in the budget to roll-out the Prevention from Mother to Child Transmission to all districts and hospitals throughout the province.
- Skills development: To assist learners in rural areas, the Provincial Government introduced a transport scheme for such learners. The Klippan Military Base will also be converted into a school with lodging facilities.

## 5.2 Payments by vote

Table 1.7 Summary of provincial payments and estimates by Vote

Vote (Department)	Provincial Summary of Payments and Estimates by Vote					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
1. Office of the Premier	104,996	132,206	138,015	144,536	148,125	154,928
2. Legislature	35,988	40,215	57,492	85,111	75,918	81,439
3. Health	1,698,992	2,012,396	2,518,861	2,598,644	2,986,677	3,180,380
5. Safety and Liaison	7,087	9,675	19,559	19,862	21,136	22,215
6. Economic Development and Tourism	95,939	109,755	177,519	187,441	191,043	202,468
7. Finance	222,449	181,421	411,751	211,877	233,727	237,391
8. Education	3,972,100	4,377,385	5,426,722	5,331,228	5,691,258	5,972,868
9. Local Government and Housing	476,338	509,225	519,747	583,377	620,285	664,957
10. Transport	452,194	589,290	612,963	596,999	569,626	591,880
11. Roads and Public Works	531,004	611,795	833,282	838,986	890,523	950,215
12. Social Services, Arts, Culture & Sport	2,041,815	2,672,100	3,556,632	4,183,014	4,994,022	5,768,205
13. Agriculture	262,277	289,289	331,296	394,003	430,578	475,401
14. Contingency Reserve	4,650	5,700	14,758	57,527	46,768	40,540
<b>Total provincial pay'ts/estimates by Vote</b>	<b>9,905,829</b>	<b>11,540,452</b>	<b>14,618,597</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>

The Provincial Legislature approved unauthorized expenditure to the amount of R946,097 during the 2003/04 financial year.

## 5.3 Payments by economic classification

Table 1.8 Summary of provincial payments and estimates by economic classification

Classification (R'000)	Provincial Summary of Payments and Estimates					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
<b>Current payments:</b>	6,994,633	7,655,240	9,768,568	9,622,948	10,530,512	11,147,928
Compensation of employees:	5,729,602	6,216,470	7,004,126	7,530,168	8,029,798	8,504,828
Goods and services	1,265,031	1,438,770	1,818,345	2,092,780	2,500,714	2,643,100
Interest and rent on land	-	-	-	-	-	-
Financial transactions	-	-	-	-	-	-
Unauthorised expenditure	-	-	946,097	-	-	-
<b>Transfer and subsidies to:</b>	2,509,812	3,254,769	4,138,223	4,822,956	5,541,258	6,302,046
Provinces and municipalities	88,121	64,883	75,209	67,901	55,760	67,025
Departmental agencies and accounts	99,143	115,168	165,610	201,126	206,029	239,375
Universities and technikons	-	-	-	-	-	-
Public corporations and private enterprises	295,876	403,389	386,274	400,618	395,260	396,096
Foreign governments and international organisations	-	-	-	-	-	-
Non-profit institutions	23,875	24,467	89,016	80,016	103,420	105,538
Households	2,002,797	2,646,862	3,422,114	4,073,295	4,780,789	5,494,012
<b>Payments for capital assets</b>	401,384	630,443	711,806	786,701	827,916	892,913
Buildings and other fixed structures	285,094	489,146	514,923	605,581	603,381	637,988
Machinery and equipment	116,290	140,607	196,383	180,120	223,507	253,871
Cultivated assets	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-
Land and subsoil assets	-	690	500	1,000	1,028	1,054
<b>TOTAL ECONOMIC CLASSIFICATION</b>	<b>9,905,829</b>	<b>11,540,452</b>	<b>14,618,597</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>

## 5.4 Payments by policy area

**Table 1.9 Summary of provincial payments and estimates by policy area**

Policy Area	Provincial Summary of Payments and Estimates by policy area					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
General Public Services	990,411	1,075,481	1,543,168	<b>1,432,229</b>	1,480,491	1,564,260
Public Order and Safety	7,087	9,675	19,559	<b>19,862</b>	21,136	22,215
Economic Affairs	810,410	988,334	1,121,778	<b>1,178,443</b>	1,191,247	1,269,749
Environmental protection	-	-	-	-	-	-
Housing and Community Amenities	385,014	405,082	431,878	<b>489,185</b>	534,855	565,210
Health	1,698,992	2,012,396	2,518,861	<b>2,598,644</b>	2,986,677	3,180,380
Recreational, Cultural and Religion	66,169	56,457	77,518	<b>137,007</b>	155,058	174,505
Education	3,972,100	4,377,385	5,426,722	<b>5,331,228</b>	5,691,258	5,972,868
Social Protection	1,975,646	2,615,643	3,479,114	<b>4,046,007</b>	4,838,964	5,593,700
<b>Total provincial payments and estimates by policy area</b>	<b>9,905,829</b>	<b>11,540,452</b>	<b>14,618,597</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>

## 5.5 Infrastructure payments

**Table 1.10 Summary of provincial infrastructure payments and estimates by Vote**

Vote (Department)	Provincial Summary of Infrastructure Payments and Estimates by Vote					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
1. Office of the Premier	-	-	-	-	-	-
2. Legislature	-	-	7,500	<b>15,706</b>	1,160	-
3. Health	65,381	158,270	118,235	<b>133,721</b>	136,585	148,690
5. Safety and Liaison	-	-	-	-	-	-
6. Economic Development and Tourism	-	-	-	-	-	-
7. Finance	-	-	-	-	-	-
8. Education	40,589	118,740	110,800	<b>150,189</b>	167,391	173,000
9. Local Government and Housing	54,032	33,844	8,915	<b>20,775</b>	18,730	20,456
10. Transport	-	-	21,500	<b>17,880</b>	-	-
11. Roads and Public Works	124,458	175,574	232,038	<b>223,693</b>	244,775	256,356
12. Social Services, Arts, Culture & Sport	634	-	10,000	<b>15,000</b>	20,000	20,000
13. Agriculture	-	-	-	<b>90</b>	-	-
14. Contingency Reserve	-	3,408	6,435	<b>29,527</b>	15,768	20,540
<b>Total provincial infrastructure payments and estimates by Vote</b>	<b>285,094</b>	<b>489,836</b>	<b>515,423</b>	<b>606,581</b>	<b>604,409</b>	<b>639,042</b>



## 5.6 Transfers to public entities

**Table 1.11 Summary of provincial transfers to public entities**

Vote (Department)	Provincial Summary of Transfer Payments to Public Entities					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
1. Office of the Premier	9,224	8,135	500	500	500	500
2. Legislature	-	-	-	-	-	-
3. Health	-	-	10,000	10,000	10,000	10,800
5. Safety and Liaison	-	-	-	-	-	-
6. Economic Development and Tourism	51,224	63,873	91,810	91,114	78,620	83,935
7. Finance	-	-	-	-	-	-
8. Education	-	-	-	-	-	-
9. Local Government and Housing	-	-	20,000	-	-	-
10. Transport	-	-	-	-	-	-
11. Roads and Public Works	-	-	-	-	-	-
12. Social Services, Arts, Culture & Sport	21,710	25,565	22,765	26,415	27,915	29,415
13. Agriculture	16,985	17,595	20,535	73,097	88,994	114,725
14. Contingency Reserve						
<b>Total provincial transfers to public entities</b>	<b>99,143</b>	<b>115,168</b>	<b>165,610</b>	<b>201,126</b>	<b>206,029</b>	<b>239,375</b>

## 5.7 Personnel numbers and cost

**Table 1.12 Summary of personnel numbers and costs by Vote**

Vote (Department)	Provincial Summary of Personnel Numbers and Costs by Vote					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
1. Office of the Premier	485	507	590	692	692	692
2. Legislature	64	67	72	81	85	90
3. Health	15,255	16,555	17,848	17,473	17,707	17,838
5. Safety and Liaison	43	39	63	76	76	76
6. Economic Development and Tourism	166	178	194	215	215	215
7. Finance	340	432	491	549	559	561
8. Education	40,393	38,915	39,017	39,669	41,173	42,497
9. Local Government and Housing	520	529	539	539	539	539
10. Transport	985	1,123	1,181	1,217	1,227	1,233
11. Roads and Public Works	-	4,967	4,853	4,918	4,818	4,718
12. Social Services, Arts, Culture & Sport	1,330	1,412	1,578	1,754	1,878	1,992
13. Agriculture	2,301	2,301	2,301	2,223	2,294	2,365
14. Contingency Reserve						
<b>Total personnel numbers</b>	<b>61,882</b>	<b>67,025</b>	<b>68,727</b>	<b>69,406</b>	<b>71,263</b>	<b>72,816</b>
<b>Total personnel cost (R'000)</b>	<b>5,729,602</b>	<b>6,216,470</b>	<b>7,004,126</b>	<b>7,530,168</b>	<b>8,029,798</b>	<b>8,504,828</b>
<b>Unit cost (R'000)</b>	<b>92.59</b>	<b>92.75</b>	<b>101.91</b>	<b>108.49</b>	<b>112.68</b>	<b>116.80</b>

\* Full-time equivalent

## 5.8 Payments on training

**Table 1.13 Summary of provincial expenditure on training by Vote**

Vote (Department)	Provincial Summary of Training Expenditure by Vote					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
1. Office of the Premier	600	677	870	<b>961</b>	1,025	1,084
2. Legislature	110	265	850	<b>910</b>	974	1,042
3. Health	3,146	1,721	7,997	<b>20,646</b>	22,790	27,861
5. Safety and Liaison	22	25	322	<b>350</b>	360	280
6. Economic Development and Tourism	411	231	231	<b>664</b>	669	690
7. Finance	1,463	1,563	1,569	<b>1,768</b>	1,806	1,881
8. Education	450	6,000	6,000	<b>6,500</b>	7,000	9,000
9. Local Government and Housing	781	789	977	<b>1,125</b>	1,207	1,345
10. Transport	1,731	1,277	1,330	<b>1,377</b>	1,415	1,488
11. Roads and Public Works	4,353	4,476	5,279	<b>5,401</b>	5,748	6,169
12. Social Services, Arts, Culture & Sport	2,349	3,731	2,246	<b>2,401</b>	2,940	3,347
13. Agriculture	700	1,300	1,400	<b>1,800</b>	1,900	1,950
14. Contingency Reserve						
<b>Total provincial expenditure on training</b>	<b>16,116</b>	<b>22,055</b>	<b>29,070</b>	<b>43,904</b>	<b>47,834</b>	<b>56,136</b>

## ANNEXURE TO BUDGET STATEMENT 1

**Table A1: Details of information on conditional grants**

Grant (R'000)	Actual 2001/02	Actual 2002/03	Estimated Actual 2003/04	MTEF		
				2004/05	2005/06	2006/07
<b>Agriculture</b>	<b>5,000</b>	<b>3,000</b>	<b>6,500</b>	<b>31,875</b>	<b>38,594</b>	<b>45,813</b>
Land Care	395	-	-	5,000	5,000	5,500
Agriculture Support Programme	-	-	-	26,875	33,594	40,313
Poverty Relief & Infrastructure	4,605	3,000	6,500	-	-	-
<b>Health</b>	<b>168,407</b>	<b>204,691</b>	<b>280,317</b>	<b>303,344</b>	<b>358,515</b>	<b>424,023</b>
National Tertiary Services	34,200	34,750	35,000	35,109	34,822	36,911
HIV/AIDS	4,640	17,419	32,891	70,981	100,921	142,316
Hospital Revitalization	56,000	53,000	59,939	92,845	98,998	110,832
Medico Legal Grant	-	-	1,000	-	-	-
Integrated Nutritional Programme	39,390	39,390	71,967	9,987	10,981	-
Hospital Management & Quality	-	8,334	12,730	12,713	12,642	13,400
Poverty Alleviation	-	-	1,019	-	-	-
Health Professions Training	24,377	32,898	37,144	46,351	62,564	62,564
Provincial Infrastructure	9,800	18,900	28,627	35,358	37,587	58,000
<b>Education</b>	<b>51,800</b>	<b>88,026</b>	<b>116,231</b>	<b>192,619</b>	<b>217,379</b>	<b>239,798</b>
School Nutritional Programme	-	-	-	72,401	79,357	95,529
Provincial infrastructure	28,000	54,000	80,800	110,189	127,391	133,000
Early Childhood Development	1,680	4,240	7,040	-	-	-
Financial Management & Quality	17,040	18,266	18,753	-	-	-
HIV/AIDS (Life skills development)	5,080	11,520	9,638	10,029	10,631	11,269
<b>Housing</b>	<b>300,137</b>	<b>313,050</b>	<b>355,974</b>	<b>429,858</b>	<b>470,237</b>	<b>498,451</b>
Housing Subsidy	292,037	306,930	347,974	421,378	458,406	485,910
Housing Capacity Building	1,100	-	-	-	-	-
Human Resettlement	7,000	6,120	8,000	8,480	11,831	12,541
<b>Local Government</b>	<b>31,958</b>	<b>26,150</b>	<b>34,949</b>	<b>38,842</b>	<b>18,650</b>	<b>19,655</b>
Local Government Capacity	-	-	-	21,250	-	-
R293 Towns	5,758	-	-	-	-	-
Disaster Management	6,000	-	-	-	-	-
Local Government Support	16,000	18,050	20,372	-	-	-
Provincial infrastructure	4,200	8,100	12,268	15,153	16,108	16,961
CMI Programme	-	-	2,309	2,439	2,542	2,694
<b>Social Development</b>	<b>2,442</b>	<b>101,923</b>	<b>185,582</b>	<b>466,871</b>	<b>839,602</b>	<b>1,116,114</b>
HIV/AIDS (Life skills development)	1,500	5,463	7,580	8,070	8,554	9,067
Social Security	-	1,200	-	-	-	-
Financial Management & Quality	642	-	-	-	-	-
Women Flagship	300	-	-	-	-	-
Sport and Recreation	-	-	-	1,000	2,670	4,340
Arrear Social pension Payments	-	95,260	-	-	-	-
Capacity Building	-	-	-	-	-	-
Food Relief	-	-	41,615	41,615	41,615	44,112
Child Support Extension Grant	-	-	136,387	416,186	786,763	1,058,595
<b>Roads &amp; Public Works</b>	<b>32,536</b>	<b>54,086</b>	<b>82,784</b>	<b>127,666</b>	<b>140,049</b>	<b>146,412</b>
Disaster Management	5,000	-	-	-	-	-
Provincial infrastructure	27,536	54,086	82,784	127,666	140,049	146,412
<b>Finance</b>	<b>8,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Management Grant	7,000	-	-	-	-	-
<b>Transport</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NLTTA	1,000	-	-	-	-	-
<b>TOTAL</b>	<b>602,080</b>	<b>790,926</b>	<b>1,062,337</b>	<b>1,591,075</b>	<b>2,083,026</b>	<b>2,490,266</b>

Table A.2: Details of information on provincial own receipts

Classification (R'000)	Provincial own receipts					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
<b>Tax receipts</b>	112,741	123,973	143,693	<b>160,409</b>	193,176	206,856
Casino taxes	29,494	30,381	24,000	<b>21,840</b>	24,024	25,025
Motor vehicle licenses	83,247	93,592	115,954	<b>131,901</b>	161,816	174,467
Horseracing	-	-	2,800	<b>5,720</b>	6,292	6,302
Other taxes	-	-	939	<b>948</b>	1,044	1,062
<b>Non-tax receipts</b>	150,873	184,255	195,368	<b>187,877</b>	185,722	193,268
Sale of goods & services (non-capital):	126,324	148,210	171,010	<b>158,483</b>	156,289	162,346
Sale of goods and services produced by the province						
Sales by market establishments						
Administrative fees	9,191	10,170	11,000	<b>23,000</b>	23,000	23,000
Other sales, of which	-	-	-	-	-	-
Rentals	8,952	8,905	4,592	<b>7,841</b>	8,853	9,395
Hospital fees	15,514	17,994	16,460	<b>19,221</b>	21,821	23,121
Debt collection	6,766	17,965	36,439	<b>21,276</b>	6,458	6,408
Fines/permits/registration	20,001	27,122	29,109	<b>27,061</b>	29,621	30,979
Kilometer monies	52,193	51,000	56,250	<b>49,523</b>	54,750	57,603
Sale of goods	4,331	4,974	4,741	<b>6,071</b>	7,084	7,121
Other	7,487	7,773	7,270	<b>2,465</b>	2,677	2,694
Sale of scrap & other current goods	1,889	2,307	5,149	<b>2,025</b>	2,025	2,025
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends & rent on land:	24,549	36,045	24,358	<b>29,394</b>	29,433	30,922
Interest	24,549	36,045	24,000	<b>29,000</b>	29,000	30,450
Dividends	-	-	-	-	-	-
Rent on land	-	-	358	<b>394</b>	433	472
<b>Transfers received from:</b>	-	-	-	-	-	-
Other governmental units						
Universities and technikons						
Foreign governments						
International organisations						
Public corporations & private enterprises						
Households and non-profit institutions						
<b>Sale of capital assets</b>	-	-	3,180	<b>22,780</b>	27,840	16,000
Land and subsoil assets	-	-	-	-	-	-
Other capital assets	-	-	3,180	<b>22,780</b>	27,840	16,000
<b>Financial transactions</b>	-	-	-	-	-	-
<b>TOTAL PROVINCIAL OWN RECEIPTS</b>	263,614	308,228	342,241	<b>371,066</b>	406,738	416,124

Table A.3: Details of information on provincial payments and estimates by economic classification

Classification (R'000)	Provincial Payments and Estimates					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
<b>CURRENT PAYMENTS</b>	9,504,445	10,910,009	13,906,791	<b>14,445,904</b>	16,071,770	17,449,974
Compensation of employees	5,729,602	6,216,470	7,004,126	<b>7,530,168</b>	8,029,798	8,504,828
Salaries & related costs	4,853,070	5,282,931	5,770,036	<b>6,162,888</b>	6,635,347	7,087,654
Social contributions	876,532	933,539	1,234,090	<b>1,367,280</b>	1,394,451	1,417,174
Goods and services, of which	1,265,031	1,438,770	1,818,345	<b>2,092,780</b>	2,500,714	2,643,100
Administrative expenditure	232,621	261,441	278,794	<b>358,272</b>	406,994	431,857
Rental of equipment	50,243	43,653	41,421	<b>39,410</b>	40,341	45,463
Stores	424,554	463,535	618,605	<b>711,503</b>	893,424	908,602
Rental of buildings	39,223	52,129	68,168	<b>77,029</b>	81,680	83,002
Professional & special services	384,316	474,831	556,139	<b>647,806</b>	795,787	880,813
Maintenance & repairs	12,263	76,292	130,730	<b>112,944</b>	121,807	131,907
Other	121,811	66,889	124,488	<b>145,816</b>	160,681	161,456

Interest and rent on land	-	-	-	-	-	-
Interest						
Rent on land						
Financial transactions in assets and liabilities						
Unauthorised expenditure	-	-	946,097	-	-	-
<b>Transfers and subsidies to:</b>	<b>2,509,812</b>	<b>3,254,769</b>	<b>4,138,223</b>	<b>4,822,956</b>	<b>5,541,258</b>	<b>6,302,046</b>
Provinces and municipalites	88,121	64,883	75,209	<b>67,901</b>	55,760	67,025
Provinces						
Provincial revenue funds						
Provincial agencies and funds						
Municipalities						
Municipalities	88,121	64,883	75,209	<b>67,901</b>	55,760	67,025
Municipal agencies and funds						
Departmental agencies and accounts	99,143	115,168	165,610	<b>201,126</b>	206,029	239,375
Social security funds						
Other	99,143	115,168	165,610	<b>201,126</b>	206,029	239,375
Universities and technikons						
Public corporations and private enterprises	295,876	403,389	386,274	<b>400,618</b>	395,260	396,096
Public corporations						
Subsidies on production						
Other transfers						
Private enterprises						
Subsidies on production	295,876	403,389	386,274	<b>400,618</b>	395,260	396,096
Other transfers						
Foreign governments and international org.						
Non-profit institutions	23,875	24,467	89,016	<b>80,016</b>	103,420	105,538
Households	2,002,797	2,646,862	3,422,114	<b>4,073,295</b>	4,780,789	5,494,012
Social benefits	1,726,996	2,280,913	3,051,673	<b>3,589,131</b>	4,256,196	4,941,658
Other transfers to households	275,801	365,949	370,441	<b>484,164</b>	524,593	552,354
<b>PAYMENTS FOR CAPITAL ASSETS</b>	<b>401,384</b>	<b>630,443</b>	<b>711,806</b>	<b>786,701</b>	<b>827,916</b>	<b>892,913</b>
Buildings and other fixed structures	285,094	489,146	514,923	<b>605,581</b>	603,381	637,988
Buildings	66,015	175,738	144,650	<b>187,517</b>	180,745	191,690
Other fixed structures	219,079	313,408	370,273	<b>418,064</b>	422,636	446,298
Machinery and equipment	116,290	140,607	196,383	<b>180,120</b>	223,507	253,871
Transport equipment	3,518	15,816	50,419	<b>11,773</b>	13,141	14,273
Other machinery and equipment	112,772	124,791	145,964	<b>168,347</b>	210,366	239,598
Cultivated assets						
Software and other intangible assets						
Land and subsoil assets	-	690	500	<b>1,000</b>	1,028	1,054
<b>TOTAL ECONOMIC CLASSIFICATION</b>	<b>9,905,829</b>	<b>11,540,452</b>	<b>14,618,597</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>

**Table A.4: Details of provincial payments and estimates by policy area**

Classification (R'000)	Provincial Payments and Estimates by policy area					
	2001/ 2002 Audited	2002/ 2003 Audited	2003/ 2004 Adj Estimate	2004/ 2005 MTEF	2005/ 2006 MTEF	2006/ 2007 MTEF
<b>General Public Service</b>						
Executive and Legislature	140,984	172,421	195,507	<b>229,647</b>	224,043	236,367
Office of the Premier	104,996	132,206	138,015	<b>144,536</b>	148,125	154,928
RDP						
Provincial Legislature	35,988	40,215	57,492	<b>85,111</b>	75,918	81,439
Financial and Fiscal Services	227,099	187,121	426,509	<b>269,404</b>	280,495	277,931
Department of Finance	222,449	181,421	411,751	<b>211,877</b>	233,727	237,391
Contingency Reserve	4,650	5,700	14,758	<b>57,527</b>	46,768	40,540
General Services	622,328	715,939	921,152	<b>933,178</b>	975,953	1,049,962
Public Works	531,004	611,795	833,282	<b>838,986</b>	890,523	950,215
Local Government	91,324	104,144	87,870	<b>94,192</b>	85,430	99,747
<b>Total General Public Services</b>	<b>990,411</b>	<b>1,075,481</b>	<b>1,543,168</b>	<b>1,432,229</b>	<b>1,480,491</b>	<b>1,564,260</b>

<b>Public Order and Safety</b>						
Police Services						
Safety and Liaison	7,087	9,675	19,559	<b>19,862</b>	21,136	22,215
<b>Total Public Order and Safety</b>	<b>7,087</b>	<b>9,675</b>	<b>19,559</b>	<b>19,862</b>	<b>21,136</b>	<b>22,215</b>
<b>Economic Affairs</b>						
General Economic Affairs						
Dep't of Economic Affairs & Tourism	95,939	109,755	177,519	<b>187,441</b>	191,043	202,468
Agriculture						
Dep't of Agriculture	262,277	289,289	331,296	<b>394,003</b>	430,578	475,401
Transport						
Dep't of Transport	452,194	589,290	612,963	<b>596,999</b>	569,626	591,880
<b>Total Economic Affairs</b>	<b>810,410</b>	<b>988,334</b>	<b>1,121,778</b>	<b>1,178,443</b>	<b>1,191,247</b>	<b>1,269,749</b>
<b>Environmental Protection</b>						
Environmental Protection						
<b>Total Environmental Protection</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Housing &amp; Community Amenities</b>						
Housing	385,014	405,082	431,878	<b>489,185</b>	534,855	565,210
<b>Total Housing &amp; Community Amenities</b>	<b>385,014</b>	<b>405,082</b>	<b>431,878</b>	<b>489,185</b>	<b>534,855</b>	<b>565,210</b>
<b>Health</b>						
Outpatient services	959,873	1,111,943	1,262,318	<b>1,380,596</b>	1,590,269	1,694,351
R and D Health (CS)	35,619	46,765	63,891	<b>90,816</b>	97,607	104,503
Hospital services	513,696	574,479	709,709	<b>771,887</b>	923,490	972,636
Other	189,804	279,209	482,943	<b>355,345</b>	375,311	408,890
<b>Total Health</b>	<b>1,698,992</b>	<b>2,012,396</b>	<b>2,518,861</b>	<b>2,598,644</b>	<b>2,986,677</b>	<b>3,180,380</b>
<b>Recreation, Culture and Religion</b>						
Sporting and Recreational Affairs						
Sport, Arts and Culture	66,169	56,457	77,518	<b>137,007</b>	155,058	174,505
<b>Total Recreation, Culture and Religion</b>	<b>66,169</b>	<b>56,457</b>	<b>77,518</b>	<b>137,007</b>	<b>155,058</b>	<b>174,505</b>
<b>Education</b>						
Pre-primary/Primary/Public Phases	3,833,526	4,222,225	4,685,198	<b>5,128,536</b>	5,478,343	5,741,049
Secondary Education Phase						
Subsidised Services to Education	19,464	26,365	39,477	<b>70,193</b>	72,891	82,564
Education not defined by level	119,110	128,795	702,047	<b>132,499</b>	140,024	149,255
<b>Total Education</b>	<b>3,972,100</b>	<b>4,377,385</b>	<b>5,426,722</b>	<b>5,331,228</b>	<b>5,691,258</b>	<b>5,972,868</b>
<b>Social Protection</b>						
Social Security Services	1,821,437	2,399,470	3,192,338	<b>3,763,230</b>	4,512,357	5,258,739
Social Services and Population Development	154,209	216,173	286,776	<b>282,777</b>	326,607	334,961
<b>Total Social Protection</b>	<b>1,975,646</b>	<b>2,615,643</b>	<b>3,479,114</b>	<b>4,046,007</b>	<b>4,838,964</b>	<b>5,593,700</b>
<b>Total provincial payments and estimates by policy area</b>	<b>9,905,829</b>	<b>11,540,452</b>	<b>14,618,597</b>	<b>15,232,605</b>	<b>16,899,686</b>	<b>18,342,887</b>