



# BUDGET STATEMENT NO. 1



# BUDGET OVERVIEW

## 1. BUDGET STRATEGY AND AGGREGATES

The 2004 Medium Term Budget Policy Statement (MTBPS) is a national framework for accelerated growth and broad-based development that guides the 2004 Budget for all spheres of government.

*"The 2004 MTBPS underscores government's continued commitment to a fiscal framework that promotes economic growth and development while advancing social development and providing relief for the most vulnerable members of society.*

*The favourable economic outlook allows for a progressive expansion of public services and promotion of broad-based development. Building on the review of progress in the first decade of democracy, government has adopted a medium term strategic framework focused on five policy priorities for the period ahead:*

- *Increasing the rate of growth and productive investment*
- *Promoting economic and social mobility, encouraging links between the first and second economies through employment and enterprise development*
- *Social development, income support and mobilising human resources*
- *Improving the State's capacity to promote growth, broaden development and combat crime*
- *International relations for growth and development."* *MTBPS, 2004*

The Gauteng Growth and Development Summit hosted by the Department of Finance and Economic Affairs was held in November 2004 and provided a platform for business, organised labour, government and other key stakeholders to engage on strategies to stimulate integrated development, growth and broaden participation in the economy.

The above aims have been echoed in the formulation of the Gauteng provincial strategic priorities which have been agreed upon by the Gauteng Executive Council and are aimed at halving unemployment and poverty by 2014, these are as follows:

- Fighting poverty and building safe, secure and sustainable communities
- Enabling faster economic growth and job creation
- Developing a healthy, skilled and productive people
- Building an effective and caring government
- Deepening democracy and promoting constitutional rights

Moving forward into 2005/06 and the MTEF; these provincial priorities have been interpreted into departmental strategic objectives and programmes which are aimed at furthering social transformation and alleviating poverty, creating sustainable communities, stimulating local economies to facilitate job creation and economic growth and improving the quality of public services delivered by government.

The table below outlines departmental strategies (indicating the implementing department) linked to the provincial priorities.

**Table 1: PROVINCIAL PRIORITIES AND DEPARTMENTAL OBJECTIVES**

<b>STRATEGIC PRIORITY</b>	<b>DEPARTMENTAL OBJECTIVE/ PROGRAMME</b>	<b>DEPARTMENT RESPONSIBLE</b>
<b>FIGHTING POVERTY AND BUILDING SAFE, SECURE AND SUSTAINABLE COMMUNITIES</b>	Reduction of crime through monitoring and supporting the SAPS to ensure transformation and improved crime prevention and community-police relations	Department of Correctional Services
	Social crime prevention programmes including the prevention of violence and abuse of women and children and prevention of youth criminality	Department of Correctional Services
	Strengthening the participation of our people in forums such as community police forums such as community police	Department of Correctional Services
	Implement an integrated food security strategy, promote and support local food production and agriculture particularly emerging and small, black and women farmers	Department of Agriculture, Conservation & Environment
	Over the next five years to formalise all existing informal settlements situated on safe, habitable and appropriately designated land	Department of Housing
	Continue with urban and hostel regeneration programmes including Alexandra, Inner City, Kliptown, Bekkerdal and Evaton	Department of Housing
	Ensure the provision of basic services and infrastructure and extend provision of water and sanitation to all households in Gauteng within five years	Department of Housing
	Ensure that poor children, particularly orphans will be able to access the following package of services through a 'single window': child support grant, school fee exemption, free health care, provision of school uniforms, school feeding and psycho-social support such as foster care if required	Department of Social Development
<b>ENABLING FASTER ECONOMIC GROWTH AND JOB CREATION</b>	Implement the Cradle of Humankind and Dinokeng projects to further objectives of tourism, local economic development and job creation	Department of Finance & Economic Affairs
	Enable, promote and invest in strategic sectors where we have a comparative advantage and which are labour absorbing, value-adding and can consolidate our move towards a knowledge based economy	Department of Finance & Economic Affairs
	Enable, promote and invest in certain geographical (spatial) areas which can be regenerated and have economic potential	Department of Finance & Economic Affairs
	Enable, promote and invest in strategic economic infrastructure including the Gautrain Rapid Rail Link by 2009 the Gautrain will be carrying passengers	Department of Finance & Economic Affairs
	Broaden wealth creation through appropriate support for BEE and SMME development including support for micro or survivalist enterprises and co-operatives	Department of Finance & Economic Affairs
	Play a strategic role as a procurer of goods and services to advance job creation, support for local manufacture, small business development and black and women economic empowerment	Department of Finance & Economic Affairs
	Promotion of tourism	Department of Finance & Economic Affairs
	Consolidate existing programmes and integrate them into the Expanded Public Works Programme	Department of Transport, Roads & Public Works
<b>DEVELOPING A HEALTHY, SKILLED AND PRODUCTIVE PEOPLE</b>	Linking industry, higher education and research institutions, skill bodies and all spheres of government to ensure skill supply and demand are matched	Department of Education
	Consolidate and strengthen school education so that all children, especially the poorest, have equal access to quality education including improving maths, science and technology education	Department of Education
	Increased investment in our youngest citizens through improved early childhood development services	Department of Education
	Support poor children including free scholar transport, school feeding	Department of Education

	Build the skills of our young people through strengthening FET's and promoting learnerships — focus on out of school youth and unemployed	Department of Education
	Ensure life long learning: Promote literacy and numeracy and strengthen ABET, retraining, reskilling	Department of Education
	Promote adequate nutrition and positive lifestyle choices to lead a productive life and decisively address communicable diseases such as tuberculosis	Department of Health
	Implement prevention and disease management programmes to act against causes of ill health and death such as violence, road accidents, and chronic lifestyle diseases	Department of Health
	Consolidating primary health care services to deal with common conditions, build community participation and enable inter-sectoral collaboration	Department of Health
	Provision of caring, responsive and quality health services, with special attention to frontline services, reducing waiting times, investing in our health care professionals and empowering our communities with health information and education	Department of Health
	Revitalisation of health care infrastructure	Department of Health
	Co-ordinate the implementation of an effective HIV and AIDS prevention programme to reduce infections especially amongst youth and workers through work place programmes	Department of Health
	Comprehensive HIV/AIDS care and treatment, including ART and addressing the psycho-social and economic factors which drive HIV infections and increase the impact of AIDS	Department of Health
	Youth development to increase the opportunities for young people to participate in the economy and realise their potential including through enabling participation in sport, art and culture	Department of Sports, Recreation, Arts & Culture
<b>BUILDING AN EFFECTIVE AND CARING GOVERNMENT</b>	Implement our anti-corruption strategy	Gauteng Shared Service Centre
	Monitor and support local government to ensure its transformation to strengthen its capacity to service the people	Department of Local Government
	Build an effective, caring and innovative provincial government that maximizes the impact of service delivery by renewing the Batho Pele Campaign and setting service standards for all our key services	Office of the Premier
<b>DEEPENING DEMOCRACY AND PROMOTING CONSTITUTIONAL RIGHTS</b>	Promote open government; deepen public participation and public accountability	Office of the Premier
	Roll out 40 Multi-purpose community centres over the next five years as well as the community development workers project	Department of Local Government
	Working with communities and non-governmental organizations to support and empower people who are unable to work and have special needs such the most vulnerable, children and youth in distress and people with disabilities. Government will play a stronger role to compensate family support as a result of the AIDS epidemic	Department of Social Development
	Promote arts and culture to strengthen nation building and social cohesion	Department of Sports, Recreation, Arts & Culture

### Summary of Budget Aggregates

The original budget tabled for the 2004/05 financial year projected a surplus of R594 million, which was reduced to R124 million after the Adjusted Estimates budget was tabled in November 2004. The revised expenditure estimate for 2004/05 however, shows a surplus of R198 million.

The budget tabled for the 2005/06 financial year projects a surplus of R115 million, compared to the budgeted surplus of R 594 million and a projected actual surplus of R198 million for the 2004/05 financial year. A positive budget will also be tabled for the two outer years in the amounts of R 207 million and R388 million respectively.

It is crucial to note that although the province has tabled a surplus budget for the three years of the Medium Term Expenditure Framework (MTEF); the following will still have to be accommodated within this surplus:

- Financial implications (and carry through costs) for the implementation of the housing subsidy for all public service personnel included in the 2004/05 wage agreements still need to be determined and provided for;
- The provincial contribution in terms of the 2010 Soccer World Cup still needs to be negotiated;
- Over and above the surplus positions for the 2005/06 Budget and the MTEF, further pressures on welfare services may be experienced resulting from the shift of the social security function from the Department of Social Development to the National Social Security Agency.

The above factors will impact on the budget position of the province during the 2005/06 financial year which may leave little or no funds available for unforeseeable and avoidable expenditures.

**Table 2: SUMMARY OF BUDGET AGGREGATES**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
<b>Provincial Receipts</b>									
<b>Transfer Receipts</b>									
<b>from National</b>	<b>19,790,238</b>	<b>22,412,641</b>	<b>26,456,826</b>	<b>29,007,812</b>	<b>29,642,009</b>	<b>29,642,009</b>	<b>32,044,809</b>	<b>35,469,056</b>	<b>38,491,228</b>
Equitable share	16,028,350	18,844,038	22,275,220	24,547,021	25,174,783	25,174,783	20,810,204	22,864,963	24,774,603
Conditional Grants	3,761,888	3,568,603	4,181,606	4,460,791	4,467,226	4,467,226	11,234,605	12,604,093	13,716,625
<b>Provincial Own Receipts</b>	<b>1,300,674</b>	<b>1,480,495</b>	<b>1,571,228</b>	<b>1,405,194</b>	<b>1,405,195</b>	<b>1,498,310</b>	<b>1,514,492</b>	<b>1,603,368</b>	<b>1,653,706</b>
Less: Remuneration of Public Office Bearers		27,149	30,212	33,216	33,216	33,216	36,518	40,417	42,438
Plus: Funding from surplus		1,093,690	142,617		316,887	316,887			
<b>Total Provincial Receipts</b>	<b>21,090,912</b>	<b>24,959,677</b>	<b>28,140,459</b>	<b>30,379,790</b>	<b>31,330,875</b>	<b>31,423,990</b>	<b>33,522,783</b>	<b>37,032,007</b>	<b>40,102,496</b>
<b>Provincial Payments</b>									
Current Payments	14,378,786	16,194,535	18,484,577	18,446,620	19,298,688	19,525,295	20,245,842	21,677,493	23,016,536
Transfers and Subsidies	4,736,321	6,605,141	8,654,658	9,489,606	9,752,050	9,975,062	11,707,249	13,249,700	14,790,600
Payments for Capital Assets	1,183,318	1,671,103	1,196,519	1,849,594	2,156,033	1,725,211	1,454,986	1,897,321	1,907,117
<b>Total Provincial Payments</b>	<b>20,298,425</b>	<b>24,470,779</b>	<b>28,335,754</b>	<b>29,785,820</b>	<b>31,206,771</b>	<b>31,225,568</b>	<b>33,408,077</b>	<b>36,824,514</b>	<b>39,714,253</b>
<b>Surplus/ (Deficit) position</b>	<b>792,487</b>	<b>488,898</b>	<b>-195,295</b>	<b>593,970</b>	<b>124,104</b>	<b>198,422</b>	<b>114,706</b>	<b>207,493</b>	<b>388,243</b>

## 2. BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

### Gauteng Budget Process

Gauteng will maintain the annual publication of the budget statements, with Budget Statement 1 providing the overview of the budget, Budget Statement 2 dealing with departmental revenue and expenditure estimates and Budget Statement 3 outlining the infrastructure plans of the province for the medium term.

The Gauteng province continues to use the Medium Term Expenditure Framework (MTEF) as a key tool that enables the Executive to select key strategic provincial priorities that will frame resource allocation that is focused towards improving service delivery and ensuring economic progress and social wellbeing of citizens. The newly elected Executive Council faces the challenge of linking priorities with a limited resource envelope. This requires a reprioritisation of programmes and policy trade-offs by decision makers in their quest to meet the growing needs of the province.

Gauteng's Budget Process includes intergovernmental consultation and discussion, political deliberation and decisions and administrative preparation. The starting point for the MTEF budget preparation begins in May 2004 with a Provincial Executive Retreat to discuss the five year strategic programme to implement the ANC manifesto; the 2014 vision for the province; areas of need and critical challenges in the province, clearly define fiscal targets and decide on a strategic framework consisting of a comprehensive set of objectives and priorities.

Departments are expected to begin a process of micro-prioritisation wherein strategic plans are reviewed and operational plans compiled to inform departmental budget submissions to Treasury in September. This is followed by the provincial Budget Lekgotla in June where indicative allocations linked to the agreed strategic framework are distributed to departments. This process of preparation consists of a reconciliation of the top-down estimates of aggregate resources available for spending and the bottom-up estimates of the cost of carrying out policies in line with provincial strategic priorities. Departments are expected to review strategic plans and operational plans to inform departmental budget submissions to Treasury in September.

Budget Bilaterals are undertaken to align strategies and budgets and engage on emerging challenges. The 2005/06 bilateral discussions were undertaken with Heads of Departments as well as between MECs, to provide an expansive engagement with Treasury and the Office of the Premier on both the policy imperatives and the related technical financing issues. Departments were requested to give attention to the following key areas for engagement:

- Improving the alignment between departmental strategic plans and provincial priorities with a focus on departmental outputs, service delivery targets and planned outcomes and the alignment with the budget
- Undertaking reprioritisation and identifying efficiency savings
- Financing spending pressures: detailing cost implications, proposing alternative funding mechanisms, including reprioritisation within indicative allocations, and other innovative delivery mechanisms such as Public Private Partnerships (PPPs) for infrastructure projects
- How departmental plans and budgets accommodate cross-cutting issues such as HIV/AIDS, gender, disability, youth
- Own revenue issues, specifically models to generate revenue and improve revenue collection

These bilateral discussions are ensued by the second Budget Lekgotla wherein the budget allocations for the MTEF are finalised; thereafter all departmental budgets are consolidated for tabling at the Legislature. This year it was clear that not all needs could be accommodated within the provincial revenue envelope and thus Treasury had to determine the most effective way to accommodate critical additional priorities without entirely depleting provincial resources while maintaining sound public finances.

The framework upon which departmental MTEF budgets would be allocated was endorsed at the second Budget Lekgotla. Thereafter further administrative preparation was involved in finalising the expenditure estimates for the medium term taking into account the improvements in conditions of service, financing the new provincial priorities and special provincial projects.

### **Budget Reforms**

The major Budget reforms introduced in the province over the past few years have been aimed at improving operational and allocative efficiency in public finances and have included:

- The introduction of a new intergovernmental systems in 1997 which required all three spheres of government to develop and adopt their own budgeting systems;
- The three-year rolling spending plans encompassed in the Medium Term Expenditure Framework was initiated in the 1998 budget;
- Preparing budget statements that set out the policies and aims of the province, budgets and spending trends over a seven-year period including service delivery targets and infrastructure plans;
- The introduction of the Public Finance Management Act, 1999 which eliminated micro-control by Treasury and facilitated greater flexibility for managers while holding them accountable for the delivery of services within allocated resources;
- The budget reform programme of 1999 wherein the National Treasury and provinces embarked on a programme to improve accountability and modernise the accounts of government by bringing budgeting and expenditure reporting in line with international best practice. This included the introduction of the use of the International Monetary Fund's Government Finance Statistics (GFS) system of classification as a basis for the new economic reporting format. A new standard chart of accounts has also been introduced with effect from 1 April 2004 as part of the initiative to improve the financial systems of government;
- Consolidating generic sector reporting formats for the strategic plans of most provincial departments;
- Ensuring the implementation of national's quarterly performance reporting format for non-financial data to complement monthly financial reports by providing a service delivery perspective on performance; this will include in-year information on performance against measurable objectives and performance targets.

### 3. ENVIRONMENTAL SCAN

#### Gauteng GDP

Despite Gauteng being the smallest province covering only about 1,4 per cent of the total land in South Africa, it is indisputably the economic powerhouse of the country and Southern Africa. In 2003, Gauteng was the main contributor to the South African economy, contributing 33 per cent in the economy. Gauteng's contribution to GDP has decreased from 33,6 per cent in 2002 to 33 per cent in 2003. The decrease can be attributed to a decline in the primary industries, with mining and quarrying being the main contributor. Primary industries decreased from 4,5 per cent in 2002 to 3,6 per cent 2003 at the market price. On average Gauteng's contribution to the overall GDP has averaged 33,5 per cent between 1995 and 2003.

In the Provincial Trade and Industry Strategy published in 1997 (also incorporated in the formulation of the 2003 Gauteng Trade and Industry), there has been a move to shift from long adherence of a mining based economy to increase the contribution of high value-added manufacturing and tertiary sector. Primary Industries decreased from 4,1 per cent in 1997 to 3,6 per cent of GGP in 2003, and Tertiary Industries increased from 59,3 per cent in 1997 to 60,8 per cent in 2003.

Secondary industries contributions have increased from 26 per cent in 2002 to 26,3 per cent in 2003. The main contributor is construction due to a steady demand for building and construction works, which increased from 2,3 per cent to 2,6 per cent in the same period. Manufacturing and electricity, gas and water have remained constant on year-on-year basis from 2002 to 2003. Secondary industries have expanded at an average annual rate of 9 per cent between 1995 and 2003.

Tertiary industries contributions have increased from 60,4 per cent in 2002 to 60,8 per cent in 2003. Finance, real estate and business services have grown at an average annual rate of 15 per cent between 1995 and 2003. This is a testament that gold is not the only thing that glitters in Gauteng.

**Table 3: GROSS DOMESTIC PRODUCT BY REGION: GAUTENG (1995-2003)**

Current Prices - percentage contributions	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Primary Industries</b>	<b>4,7</b>	<b>4,7</b>	<b>4,1</b>	<b>4,3</b>	<b>3,6</b>	<b>3,6</b>	<b>3,4</b>	<b>4,5</b>	<b>3,6</b>
Agriculture, forestry and fishing	1,0	0,7	0,6	0,6	0,6	0,5	0,5	0,8	0,7
Mining and quarrying	3,7	4,0	3,5	3,7	3,0	3,1	2,9	3,7	2,9
<b>Secondary Industries</b>	<b>29,7</b>	<b>28,6</b>	<b>28,0</b>	<b>26,8</b>	<b>25,5</b>	<b>25,6</b>	<b>25,5</b>	<b>26,0</b>	<b>26,3</b>
Manufacturing	23,4	22,3	22,0	21,3	20,3	20,6	20,8	21,5	21,5
Electricity, gas and water	3,3	3,1	2,9	2,7	2,7	2,5	2,3	2,2	2,2
Construction	3,0	3,2	3,1	2,8	2,5	2,5	2,4	2,3	2,6
<b>Tertiary industries</b>	<b>57,0</b>	<b>58,3</b>	<b>59,3</b>	<b>59,9</b>	<b>61,7</b>	<b>61,7</b>	<b>62,0</b>	<b>60,4</b>	<b>60,8</b>
Wholesale & retail trade, hotels & restaurants	13,4	13,3	12,9	12,5	13,1	13,7	13,5	12,9	13,4
Transport, storage and communication	6,9	7,1	7,2	7,4	7,6	7,9	8,0	7,8	6,8
Finance, real estate and business services	15,4	16,1	17,1	18,0	19,2	19,4	19,8	20,5	20,8
Personal Services	3,5	3,5	3,6	3,7	3,8	3,9	4,0	3,8	4,0
General government services	17,8	18,3	18,5	18,3	18,0	16,8	16,7	15,4	15,8
All industries at basic prices	91,4	91,6	91,4	91,0	90,8	90,9	90,9	90,9	90,7
Taxes less subsidies on products	8,7	8,5	8,6	9,1	9,2	9,1	9,0	9,0	9,4
GDP at Market prices	100	100	100	100	100	100	100	100	100

Source: StatsSA



### **Economic Growth**

Economic growth is placed highest in Gauteng's agenda, with the 2003 Trade and Industry strategy been described as the strategy for 'Growing our economy for all'. It was stated that higher growth for the province would best be achieved by fundamentally altering the provincial growth path. The Gauteng economy expanded from 3,4 per cent in 1997 to 5,0 per cent in 2002 on a year-on-year basis. After expanding by 5 per cent in 2002, economic growth slowed to 2,9 per cent in 2003. Weak international demand and the relative strength of the rand have contributed to lower export earnings on manufacturing sub-sectors. The growth rate of 2,9 per cent is not out of kilter with the country's average growth rate.

Gauteng's economy grew at an average annual rate of 3,2 per cent between 1995 and 2003. Primary industries have declined by an annual average of 3,3 per cent between 1995 and 2003, this is due to the structural change in the South African economy generally and Gauteng in particular. In 2003, the largest contributors in the Gauteng economy were tertiary industries; contributing a total of 60,8 per cent to the Gauteng's GDP. Secondary industries were the second largest contributor with a total of 26,3 per cent.

The provincial government has initiated different mechanisms to unlock economic growth i.e. BBE framework and SMMEs. Constraints to BBE and black business development were identified. The following were suggested as possible solutions:

- Establishment of an SMME agency (financial and non-financial support)
- Developing a provincial BBBEE and SMME procurement policy
- SMME portal (implementation)

The SMMEs have been identified as playing a pivotal role in growing the provincial economy.

### **Employment**

Unemployment remains one of the biggest challenges facing the province. Unemployment rate (official definition) in the province has shown a slight decline from 28,5 per cent in September 2003 to 28,2 per cent in March 2004, this is statistically insignificant. This figure is slightly higher than the national average of 27,8 per cent in the same period.

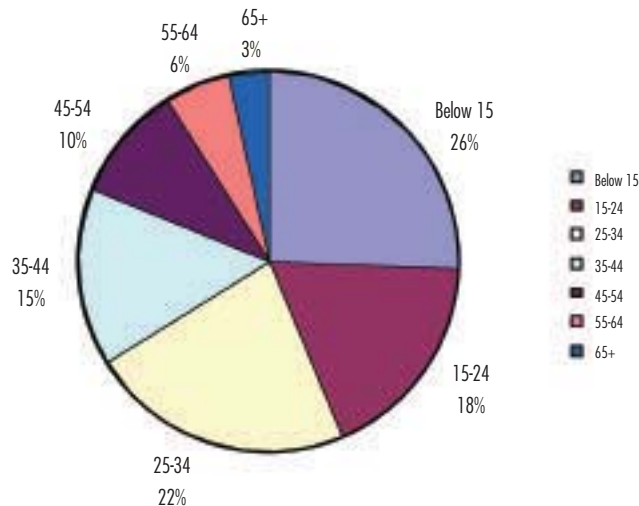
According to the Labour Force Survey released in September 2004, Gauteng has approximately 6,9 million population of the working age (15-65 years). From the total population of the working age (15-65 years), only 4,7 million people are economically active. About 56 per cent of those who are economically active in the province are males as compared to only an estimated amount of 44 per cent of females. However the unemployment rate (official definition) amongst females in Gauteng remains the highest, estimated at 33,7 per cent as opposed to 23,6 per cent amongst males.

Different initiatives have been undertaken within the province to address problems of unemployment. Small Medium Micro Enterprises (SMMEs) have been identified as a major creator of new employment; however constraints that inhibit their capacity to create jobs were also identified. Due to these constraints, the provincial government intends to establish the SMME agency that will provide both the financial and the non-financial support to the SMMEs in Gauteng.

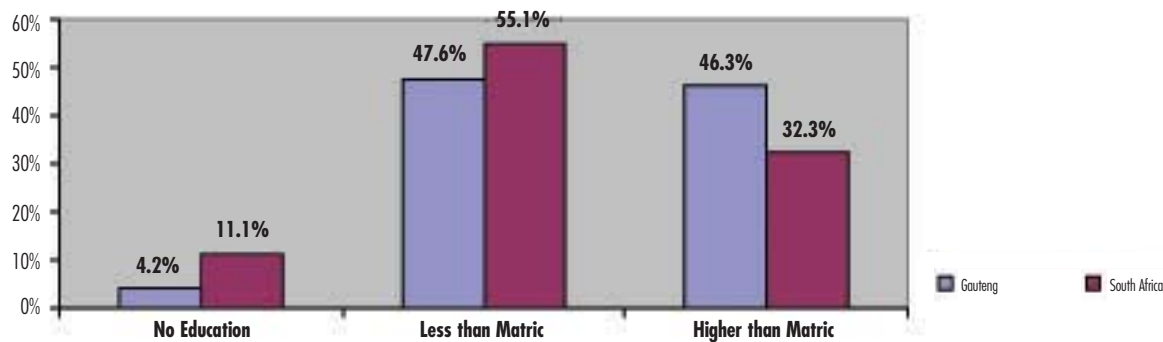
### **Demographic Profile**

Gauteng has the second largest population share after KwaZulu-Natal, making up to 20,3 per cent of the population share (General Household Survey 2004). Gauteng province remains a destination of choice. According to the mid-year population estimates (2004), Gauteng had the highest positive net migration, with males accounting for 246,347 and females 247,555. In 2001, Gauteng population were estimated at 8,8 million, and in 2004 was estimated to grow to just over 9 million. The chart (calculated from the mid-year population estimates, 2004) below shows a percentage contribution to the population of Gauteng as per age profile.

Gauteng has more men than women especially at the age distribution 15 to 54 years. There is also a significant increase at the population below 15 years, in census 2001 the age distribution below 15 years accounted for 23,6 per cent of the total population in Gauteng, as opposed to an estimated of 25,7 per cent as per the mid year estimates (2004).

**Graphic 1: CONTRIBUTION TO GAUTENG POPULATION PER AGE DISTRIBUTION****Graphic 2: POPULATION AND LEVEL OF EDUCATION**

Population aged 20 years and above by highest level of education in Gauteng



Source: calculated from GHS 2004

According to the General Household Survey (2004), those aged 20 years and above, and are without any formal education, account for 4,2 per cent as compared to the national average of 11,1 per cent. The figure above also shows that approximately 47,6 per cent of population above 20 do not have matric and 46,3 per cent have qualifications higher than matric. These Gauteng statistics are better than those of the country.

#### 4. REVENUE AND FINANCING

**Table 4: PROVINCIAL REVENUE: GAUTENG PROVINCIAL GOVERNMENT**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
Tax receipts	871,986	1,056,154	1,297,246	1,355,446	1,355,447	1,433,628	1,488,964	1,596,761	1,627,149
Casino taxes	229,294	264,128	302,786	294,714	294,714	324,000	366,742	410,752	435,396
Motor vehicle licenses	572,411	736,215	944,929	1,009,362	1,009,363	1,085,401	1,096,212	1,160,882	1,160,882
Horseracing	63,692	49,734	49,531	51,370	51,370	24,227	25,960	25,076	30,820
Other taxes	6,589	6,077					50	51	51
Sale of goods and services other than capital assets	204,399	223,128	239,608	191,179	191,179	217,354	209,353	222,164	239,501
Fines, penalties and forfeits	7,691	11,790	1,306	8,519	8,519	6,352	5,603	5,986	6,311
Interest, dividends and rent on land	221,810	313,515	228,169	183,291	183,291	161,544	165,494	155,971	159,027

Transfers received	3,574	5,139	6,065	2,500	2,500	2,500	2,500	2,500	2,400
Sales of capital assets	9,365	4,450	6,963	4,985	4,985	3,860	2,572	2,577	2,486
Financial transactions in assets and liabilities	10,046	1,615	11,975	824	824	48,095	12,113	12,295	12,462
<b>Sub Total Provincial</b>									
<b>Own Receipts</b>	<b>1,328,871</b>	<b>1,615,791</b>	<b>1,791,332</b>	<b>1,746,744</b>	<b>1,746,745</b>	<b>1,873,333</b>	<b>1,886,599</b>	<b>1,998,254</b>	<b>2,049,336</b>
<i>Less: Direct Charges (motor vehicle, etc)</i>	<i>28,197</i>	<i>135,296</i>	<i>220,104</i>	<i>341,550</i>	<i>341,550</i>	<i>374,994</i>	<i>372,108</i>	<i>394,886</i>	<i>395,630</i>
<b>Total Provincial</b>									
<b>Own Receipts</b>	<b>1,300,674</b>	<b>1,480,495</b>	<b>1,571,228</b>	<b>1,405,194</b>	<b>1,405,195</b>	<b>1,498,339</b>	<b>1,514,492</b>	<b>1,603,368</b>	<b>1,653,706</b>
<i>Add Financing from provincial surplus</i>		<i>1,093,690</i>	<i>142,617</i>		<i>316,887</i>	<i>316,887</i>			
<i>Less Direct Charges Office bearers' remuneration</i>		<i>27,149</i>	<i>30,212</i>	<i>33,216</i>	<i>33,216</i>	<i>33,216</i>	<i>36,518</i>	<i>40,417</i>	<i>42,438</i>
<b>TOTAL PROVINCIAL RECEIPTS</b>	<b>1,300,674</b>	<b>2,547,036</b>	<b>1,683,633</b>	<b>1,371,978</b>	<b>1,688,866</b>	<b>1,782,010</b>	<b>1,477,974</b>	<b>1,562,951</b>	<b>1,611,268</b>
<b>Add transfers from</b>									
<b>National Treasury</b>	<b>19,790,238</b>	<b>22,412,641</b>	<b>26,456,826</b>	<b>29,007,812</b>	<b>29,642,009</b>	<b>29,642,009</b>	<b>32,044,809</b>	<b>35,469,056</b>	<b>38,491,228</b>
Equitable Share	16,028,350	18,844,038	22,275,220	24,547,021	25,174,783	25,174,783	20,810,204	22,864,963	24,774,603
Conditional grants	3,761,888	3,568,603	4,181,606	4,460,791	4,467,226	4,467,226	11,234,605	12,604,093	13,716,625
<b>TOTAL REVENUE: GAUTENG PROVINCIAL GOVERNMENT</b>	<b>21,090,912</b>	<b>24,959,677</b>	<b>28,140,459</b>	<b>30,379,790</b>	<b>31,330,875</b>	<b>31,424,019</b>	<b>33,522,783</b>	<b>37,032,007</b>	<b>40,102,496</b>

### The Overall Position

The total revenue estimates for the MTEF period increase by 10,3 per cent from the main appropriated budget for 2004/05 to 2005/06 or 6,7 per cent from the revised estimate for 2004/05 to 2005/06, 10,5 per cent from 2005/06 to 2006/07 and by 8,3 per cent in the outer year.

The total revenue available to the Gauteng Province amounts to R33,523 billion for the 2005/06 financial year; of this amount, R20,810 billion will be transferred to the province from national government as per the equitable share formula as well as R11,235 billion in the form of conditional grants. The transfers for the 2005/06 financial year represents an 8,1 per cent increase from the 2004/05 adjusted appropriation received from national. R1,478 billion in own revenue will be generated by provincial departments after the deduction of direct charges for the collection of such revenue by local government and the direct charges for the remuneration of public office bearers. This represents a 7,7 per cent increase in provincial own revenue from the main appropriated budget of 2004/05 to the budget estimate for 2005/06.

The revenue budget for the 2004/05 financial year amounted to R30,380 billion, however the revised revenue estimate is higher at R31,424 billion primarily due to an additional transfer of R634,2 million by national during the 2004/05 Adjustments Budget and a higher than expected increase of R410 million in own revenue (mainly from motor vehicle licences).

The equitable share to be transferred for the 2005/06 financial year is much lower (R4,365 billion) than that of the previous year due to the fact that the transfer from national to be utilised for social assistance grants and the administration thereof will no longer be received by the province as part of the equitable share but as a conditional grant. This is the main reason for the vast increase in the conditional grants allocation from national in 2005/06 compared to the previous financial year although modest increases in the other conditional grants are provided for.

## Details of Provincial Own Revenue

Table 5: SUMMARY OF PROVINCIAL OWN RECEIPTS BY VOTE

Department	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
Vote 1: Office of the Premier	1,633	3,999	2,569	53	53	1,023	60	60	66
Vote 3: Finance and Economic Affairs	495,138	622,287	531,300	492,055	492,055	509,840	529,946	562,302	592,480
Vote 4: Health	157,480	166,667	198,733	177,593	177,593	192,807	186,473	197,661	211,497
Vote 5: Education	14,119	19,993	27,687	13,192	13,192	16,582	13,148	13,806	14,726
Vote 6: Social Development	7,184	6,146	6,402	4,920	4,920	2,781	5,356	5,356	5,356
Vote 7: Housing	19,316	9,388	20,216	6,457	6,457	6,457	5,932	5,932	5,707
Vote 8: Local Government	1,372	520	1,368	638	638	638	515	515	515
Vote 9: Public Transport, Roads and Works	598,438	646,711	774,029	705,107	705,108	761,560	762,712	807,011	808,542
Vote 10: Community Safety	564	126	72	280	280	1,599	4,970	5,101	5,101
Vote 11: Agriculture, Conservation and Environment	4,110	3,256	7,685	4,193	4,193	4,193	4,402	4,622	8,584
Vote 12: Sports, Recreation, Arts and Culture	1,320	1,324	650	596	596	749	578	602	632
Vote 13: Gauteng Shared Services Centre		78	517	110	110	110	400	400	500
<b>Total Provincial Own Receipts</b>	<b>1,300,674</b>	<b>1,480,495</b>	<b>1,571,228</b>	<b>1,405,194</b>	<b>1,405,195</b>	<b>1,498,339</b>	<b>1,514,492</b>	<b>1,603,368</b>	<b>1,653,706</b>
Add Financing from provincial surplus		1,093,690	142,617		316,887	316,887			
Less Direct Charges Office bearers' remuneration		27,149	30,212	33,216	33,216	33,216	36,518	40,417	42,438
<b>TOTAL PROVINCIAL RECEIPTS</b>	<b>1,300,674</b>	<b>2,547,036</b>	<b>1,683,633</b>	<b>1,371,978</b>	<b>1,688,866</b>	<b>1,782,010</b>	<b>1,477,974</b>	<b>1,562,951</b>	<b>1,611,268</b>

The constitution assigns the major productive tax bases (such as income and company taxes) to national government while property taxes and other revenue raising utility services are assigned to local government. Due to this fact, provinces have limited revenue raising capabilities and thus rely mainly on transfers from national government.

Provincial own receipts constitutes 4,4 per cent of total revenue for the 2005/06 Budget wherein the major contributions are derived from motor vehicle licences, casino taxes, patient fees as part of the sale of goods and services other than capital assets and interest, dividends and rent on land in order of magnitude. Modest increases of 5,8 per cent and 3,1 per cent are anticipated over the outer years; the percentage growth appears minimal due to the fact that no increases have been projected for transfers received, interest income and horseracing taxes while direct charges on revenue indicate healthy projected growth.

Although a 7,7 per cent increase in provincial own revenue is projected from the main appropriated budget of 2004/05 to the budget estimate for 2005/06; the revenue projection is lower than the revised estimate for actual collection by the end of 2004/05. However, the revenue projection models used by Gauteng provincial departments takes into account the varying number of factors that contribute or constrain in order to forecast a credible revenue budget.

#### Motor Vehicle Licence Fees

Motor vehicle licence fees remain the largest contributor to provincial own revenue and constitutes approximately 58 per cent of provincial receipts in 2005/06 before the deduction of direct charges; this item will experience an increase of 8,6 per cent from the main budget of 2004/05 to 2005/06 and 5,9 per cent in the 2006/07 financial year. Currently, revenue estimates for licences are based on a model that considers the vehicle population and the growth of various categories of vehicles as well as the fees charged for those categories reconciled with the previous financial year's actual collection of revenue plus inflationary projections. On average 30 per cent of all transport-related collected revenue is paid to local government who acts as an agent on behalf of the department in the collection and administration of their revenue system.

Casino Taxes

The income to be received from casino taxes is projected at 24,4 per cent higher in 2005/06 as compared to the main 2004/05 budget and 13,2 per cent higher when compared to the revised budget estimate for 2004/05; with growth estimated at 12 per cent and 6 per cent for 2006/07 and 2007/08 respectively. In 2006/07, additional growth has been included over and above the modelled 7 per cent due to the anticipated awarding of the sixth casino licence. It should be borne in mind that revenue estimates for the outer year of the MTEF are at this stage preliminary and will change with the economic situation of the country and province alike.

Sale of Goods and Services other than capital assets (includes Patient Fees)

This item has an estimated growth of 9,5 per cent from the main 2004/05 budget to the budget of 2005/06 and thereafter grows by 6,1 per cent and 7,8 per cent respectively over the MTEF. Of the total sale of goods and services, approximately 86 per cent can be attributed to the Department of Health over the MTEF period. The income estimated from patient fees and other medical fees is based on a revenue model developed for the Department of Health by a consultant.

Interest, dividends and rent on land

Interest, dividends and rent on land have been steadily declining from the current financial year; this trend can mainly be attributed to the fact that the provincial reserves and thus the available resources or excess funds to invest in the short term money market is decreasing and will continue to do so.

**Transfers from National Government****Table 6: SUMMARY OF TRANSFERS BY NATIONAL GOVERNMENT**

R thousand	Prog	2004/05		2005/06	2006/07	2007/08
		Main appropriation	Adjusted Appropriation	Medium term estimates		
<b>Transfers from National of which</b>		<b>29,007,812</b>	<b>29,642,009</b>	<b>32,044,809</b>	<b>35,469,056</b>	<b>38,491,228</b>
Equitable share		24,547,021	25,174,783	20,810,204	22,864,963	24,774,603
Conditional grants		4,460,791	4,467,226	11,234,605	12,604,093	13,716,625
<i>of which</i>						
<b>Vote 4: Health</b>		<b>2,675,412</b>	<b>2,675,412</b>	<b>2,621,305</b>	<b>2,922,662</b>	<b>3,041,390</b>
National Tertiary Services Grant	Prog 5	1,727,736	1,727,736	1,760,465	1,866,094	1,959,399
Health Professions Training and Development	Prog 5	560,778	560,778	554,039	554,039	581,741
Hospital Revitalisation Grant	Prog 7	155,126	155,126	17,955	148,664	133,093
Comprehensive HIV and Aids Grant	Prog 2	134,231	134,231	185,048	252,695	265,330
Integrated Nutrition Programme Grant	Prog 2	10,307	10,307	11,333		
Hospital Management and Quality Improvement	Prog 1	20,776	20,776	18,510	19,621	20,602
Provincial Infrastructure Grant	Prog 7	66,458	66,458	73,955	81,549	81,225
<b>Vote 5: Education</b>		<b>226,134</b>	<b>226,134</b>	<b>249,797</b>	<b>283,031</b>	<b>288,381</b>
HIV and Aids (Life Skills Education) Grant	Prog 2	17,487	17,487	18,880	20,012	21,013
National School Nutrition Programme Grant	Prog 2	75,730	75,730	83,006	99,921	104,917
Provincial Infrastructure Grant	Prog 2	132,917	132,917	147,911	163,098	162,451
<b>Vote 6: Social Development</b>		<b>38,219</b>	<b>38,219</b>	<b>6,852,390</b>	<b>7,646,915</b>	<b>8,282,428</b>
Integrated Social Development Services	Prog 4	27,904	27,904	27,904	29,578	31,057
HIV and Aids (Community-Based Care) Grant	Prog 4	10,315	10,315	20,341	20,409	20,988
Social Assistance Grants	Prog 2			6,454,145	7,221,414	7,838,460
Social Assistance Grants (administration)	Prog 2			350,000	375,514	391,923
<b>Vote 7: Housing</b>		<b>1,139,723</b>	<b>1,145,973</b>	<b>1,352,805</b>	<b>1,574,674</b>	<b>1,914,887</b>
Housing Subsidy Grant	Prog 3	1,117,463	1,117,463	1,340,675	1,566,674	1,914,887
Human Settlement Grant and Redevelopment	Prog 4/3	22,260	22,260	4,130		
Land Distribution: Alexandra Urban Renewal Project	Prog 4		6,250	8,000	8,000	

R thousand	Prog	2004/05	2005/06	2006/07	2007/08
		Main appropriation	Adjusted Appropriation	Medium term estimates	
<b>Vote 8: Local Government</b>		<b>20,714</b>	<b>20,714</b>		
Provincial Project Management Capacity for MIG	Prog 1	15,050	15,050		
Consolidated Municipal Infrastructure Grant	Prog 2	5,664	5,664		
<b>Vote 9: Public Transport, Roads &amp; Works</b>		<b>132,916</b>	<b>132,916</b>	<b>147,911</b>	<b>163,098</b>
Provincial Infrastructure Grant	Prog 3	132,916	132,916	147,911	163,098
<b>Vote 11: Agriculture</b>		<b>6,182</b>	<b>6,367</b>	<b>7,727</b>	<b>9,373</b>
Comprehensive Agricultural Support Programme	Prog 3	4,582	4,582	5,727	6,873
Land Care Programme Grant	Prog 5	1,600	1,785	2,000	2,500
<b>Vote 12: Sport and Recreation South Africa</b>		<b>1,000</b>	<b>1,000</b>	<b>2,670</b>	<b>4,340</b>
Sport and Recreation South Africa	Prog 4	1,000	1,000	2,670	4,340

### Equitable Share

National government has unique revenue raising powers and collects the main sources of revenue because these revenue bases are unevenly geographically distributed and if each region could accumulate its own revenue, this would result in an equitable distribution of wealth. The decision process to conclude on the manner of sharing revenue between the three spheres of government involves a process of consultations while taking into consideration the recommendations and research conclusions of the Financial and Fiscal Commission (FFC). The design and implementation of the system for allocating revenues to the provinces is of critical importance for the delivery of social services in the Republic of South Africa because the Constitution specifically assigns this responsibility to provincial government.

The new provincial equitable share (PES) formula for the 2005/06 Budget has four components:

- An Education component which is extremely important and constitutes 51 per cent (the highest weighting) of the formula. The education component equally takes into account school enrolment in public ordinary schools, which represents the actual beneficiary population group and the children in the school age cohort, which represents the potential beneficiary group.
- The Health component is designed to enable provinces to provide basic health care services and considers the population covered by medical aid support and the population not covered by medical aid; this component constitutes 26 per cent of the formula.
- A Basic component, which constitutes 18 per cent of the formula. Each province receives funds for this component according to its share of the total population of the country as an indicator of need.
- An Institutional component constitutes 5 per cent of the total PES transfer and is given in equal amounts to each of the provinces. The underlying logic is that there are fixed costs associated with the establishment of institutions of provincial governance for the delivery of public services and these institutions are in the nature of providing public goods. It is assumed that the cost of establishment remains the same irrespective of area or population.

The PES formula for the 2005/06 Budget does not include the backlog component which previously accounted for 3 per cent and was based on the distribution of capital needs (in terms of schools and hospitals) and the share of the rural population; and the economic output component which previously accounted for 7 per cent based on the distribution of total remuneration in the country.

A more appropriate measure of providing for infrastructure and stimulating potential economic growth pockets is being considered to be included in the equitable share. The proposals in reviewing the formula include:

- Assessing the extent to which the current formula (and weights) supports government's objectives of effecting the redistribution of resources among provinces;
- In the case of health care services, the FFC proposed that the formula should be revised to take into account the gender and age profile of the population to reflect the differential needs for health care;
- The FFC highlighted the design and implementation challenges inherent in the conditional grant system- the fact that it does not encourage decentralised decision-making and allows little flexibility for provinces to respond to unique individual provincial circumstances. It was proposed that the "one-size fits all" approach be eliminated and attempts to mobilise resources be increased. In response, certain grants are being reviewed in terms of their



purpose and application to provide a greater degree of flexibility. One such grant is the Food Emergency Relief grant which has been renamed the Integrated Social Development Services grant and now has a wider coverage of social welfare services.

To ensure that the changes to the equitable share formula does not immediately negatively impact on the baseline of provinces and thereby affect service delivery; it has been proposed that changes be phased-in over a three year period.

### Conditional Grants

Conditional grants are grant funding provided by national government to the province to achieve a set of targets or goals; each grant has a specific purpose and condition to be met by the receiving department. The conditional grants to be received by the province for the MTEF period are detailed below stating the provincial counterpart as well as the purpose of the grants to be received.

**Table 7: PURPOSE OF CONDITIONAL GRANTS**

DEPARTMENT	PURPOSE OF CONDITIONAL GRANT
<b>Vote 4: Health</b>	
National Tertiary Services Grant (Central Hospitals)	To fund tertiary services in order to ensure equitable access by all citizens
Health Professions Training & Development Grant	To support the training and development of health professionals
Hospital Revitalisation and Rehabilitation Grant	To transform and modernise hospitals in line with the national planning framework
Comprehensive HIV/AIDS Grant	To expand access to voluntary HIV/AIDS counselling and testing, home based care, prevention of mother to child transmission programme and HIV/AIDS related matters
Integrated Nutrition Programme	To facilitate education and promote health
Hospital Management and Quality Improvement Grant	To improve management in hospitals and support quality of care interventions
Provincial Infrastructure Grant	To provide provincial infrastructure such as hospitals and clinics and accelerate social and economic infrastructure investment with the view of supporting service delivery, economic development, job creation and programmes with high labour intensity
<b>Vote 5: Education</b>	
HIV/AIDS (Life Skills Education) Grant	To promote HIV/AIDS education in primary and secondary schools
National School Nutrition Programme	To feed primary school children and facilitate nutrition education
Provincial Infrastructure Grant	To provide provincial infrastructure such as school buildings and accelerate social and economic infrastructure investment with the view of supporting service delivery, economic development, job creation and programmes with high labour intensity
<b>Vote 6: Social Development</b>	
Integrated Social Development Services	To provide for a wide range of social welfare services
HIV/AIDS (Community based care) Grant	To advance the development of community based care programmes in communities
Social Assistance Grants	To provide for all social assistance grant payments
Social Assistance Grants (administration)	To cover all expenditure related to social assistance, including grants transfers, all administrative and operational costs as well as social relief of distress related to the operation of the grant system
<b>Vote 7: Housing</b>	
Housing Subsidy Grant	2005/06 - To finance housing subsidies under the national housing programme. 2006/07 onwards, the grant will be aimed at the development of sustainable human settlements and the rejuvenation of the delivery of low cost housing.
Human Settlement and Redevelopment Grant	To fund projects aimed at improving the quality of the environment in urban communities. It should be noted that this grant will be incorporated into the Housing Subsidy from 2006/07.
Land Distribution: Alexandra Renewal Project	To contribute towards the purchase of land for the relocation and settlement of Alexandra residents and other qualifying beneficiaries
<b>Vote 9: Public Transport, Roads &amp; Works</b>	
Provincial Infrastructure Grant	To provide provincial infrastructure such as hospitals and clinics and further accelerate social and economic infrastructure investment with the view of supporting service delivery, economic development, job creation and programmes with high labour intensity
<b>Vote 11: Agriculture, Conservation &amp; Environment</b>	
Land Care Programme	To address the degradation problem of natural resources and improve the socio-economic status of rural communities
Comprehensive Agricultural Support Programme	To target beneficiaries of the land reform programme
<b>Vote 12: Sports, Recreation, Arts &amp; Culture</b>	
Sport & Recreation South Africa	To promote a mass participation programme within disadvantaged communities in a selected number of sports activities and the empowerment of communities to manage these activities

Conditional grants constitute on average 33,9 per cent of total revenue over the MTEF period as compared to 14,7 per cent of total revenue tabled in the main 2004/05 budget and 14,2 per cent in the revised estimate for 2004/05. As explained earlier, much of this growth can be attributed to the fact that social assistance grants and the cost of their administration will now be the responsibility of the National Social Security Agency and will be received by the province in the form of a conditional grant as opposed to being part of the equitable share. The total conditional grant transfer in 2005/06 will amount to R11,235 billion and increases consistently to R13,717 billion by the 2007/08 financial year.

On average the three largest grants are:

The Social Assistance Grant (a new grant): These allocations of R6,454 billion in 2005/06 growing to R7,838 billion in 2007/08 are provided by national based on assumptions with regard to beneficiary numbers, the projected growth in beneficiary numbers and average grant payment per month. The allocation provided assumes that a successful stabilisation of growth in the various grant categories will take place in the province; also implicit in the numbers is an assumption that the Department of Social Development will significantly improve the integrity of their administration, especially with regard to the ongoing lapsing of temporary disability grants and implementation and training around detailed guidelines/ protocols for assessing disabilities and combating fraud through data interrogation. The conditional grant framework for social security, which is being drafted, will provide further details about the minimum steps to be implemented to ensure the integrity of the system as well as mechanisms for adjustment where assumptions turn out to be inappropriate.

National Tertiary Services Grant of R1,761 billion in 2005/06 which grows to R1,959 billion in 2007/08 and is designed to fund tertiary services in central hospitals.

The Housing Subsidy Grant of R1,341 billion in 2005/06 which grows to R1,915 billion in 2007/08 and is primarily aimed at addressing poverty through the provision of subsidies to qualifying beneficiaries and low cost housing in order to build sustainable settlements amongst impoverished communities. It should be noted that the National Cabinet approved in principle a comprehensive plan for the development of sustainable human settlements to rejuvenate the delivery of low cost housing to be implemented. Given this and the need to have a streamlined approach to housing delivery, the Human Settlement and Redevelopment grant has been incorporated into the Housing Subsidy grant.

Together these three grants comprise approximately 85 per cent of the total conditional grant transfers during the MTEF period.

Besides Social Development, the Department of Health receives the second largest grant portion which combined is aimed at addressing the of training of health professionals, the improvement of hospital management and the delivery of health services, the revitalisation of provincial health infrastructure as well as providing for HIV/AIDS and nutrition programmes, which amount to R2,621 billion in 2005/06. A new grant was introduced by the National Department of Land Affairs in 2004/05 for the procurement of land and the relocation and settlement of Alexandra and other residents; this grant is allocated for 2005/06 and 2006/07 to the Department of Housing.

The Provincial Project Management Capacity for MIG grant (old Provincial CMIP grant) is phased out at the end of the current financial year. This arrangement is outlined in the grant framework of the said grant published in the Government Gazette (No. 26230), dated 1 April 2004. The Municipal Infrastructure Grant will now be directly disbursed to local government for the planning and implementation of infrastructure projects in accordance with municipal infrastructure development plans. However, provinces are encouraged to continue to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions, especially in relation to planning and implementation of MIG projects.



## 5. PAYMENT SUMMARY

### Overall position

The outlays for provincial programmes are budgeted at:

- Financial year 2005/06: R33,408,077
- Financial year 2006/07: R36,824,514
- Financial year 2007/08: R39,714,253

**Table 8: SUMMARY OF PROVINCIAL PAYMENTS & ESTIMATES BY VOTE**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
Vote 1: Office of the Premier	78,161	87,385	119,254	104,210	101,402	99,314	104,801	112,090	119,747
Vote 2: Legislature	80,869	71,031	80,908	93,322	98,695	97,639	113,064	123,833	127,914
Vote 3: Finance and Economic Affairs	658,371	955,280	1,376,707	1,547,658	1,207,232	1,178,658	1,685,396	2,171,741	2,903,094
Vote 4: Health	6,837,576	7,688,039	8,195,817	8,731,007	8,943,840	8,943,026	9,257,806	9,899,554	10,355,396
Vote 5: Education	7,268,490	8,065,919	9,471,854	9,457,104	10,027,349	10,027,349	10,360,369	11,268,861	11,775,541
Vote 6: Social Development	3,017,384	3,974,838	5,312,760	5,733,769	6,342,535	6,438,843	7,541,242	8,398,442	9,043,707
Vote 7: Housing	917,135	1,417,299	1,223,033	1,425,018	1,440,226	1,440,226	1,647,987	1,882,628	2,236,088
Vote 8: Local Government	86,035	149,935	210,475	231,209	237,367	239,395	107,378	133,315	160,338
Vote 9: Public Transport, Roads and Works	1,024,947	1,398,198	1,518,576	1,581,727	1,787,446	1,773,659	1,445,548	1,520,887	1,578,816
Vote 10: Community Safety	22,351	25,690	35,811	39,235	162,669	162,147	182,218	200,744	219,518
Vote 11: Agriculture, Conservation And Environment	110,684	231,442	186,528	228,327	206,577	206,577	228,842	242,493	269,555
Vote 12: Sports, Recreation, Arts and Culture	83,058	110,933	131,541	136,752	142,252	142,252	148,060	146,348	156,252
Vote 13: Gauteng Shared Services Centre	113,364	294,790	472,490	476,482	509,181	476,483	585,366	723,578	768,287
<b>Total Payments and estimates:</b>									
<b>Gauteng Provincial Government</b>	<b>20,298,425</b>	<b>24,470,779</b>	<b>28,335,754</b>	<b>29,785,820</b>	<b>31,206,771</b>	<b>31,225,568</b>	<b>33,408,077</b>	<b>36,824,514</b>	<b>39,714,253</b>

**Graphic 3: PAYMENTS AND ESTIMATES TREND**

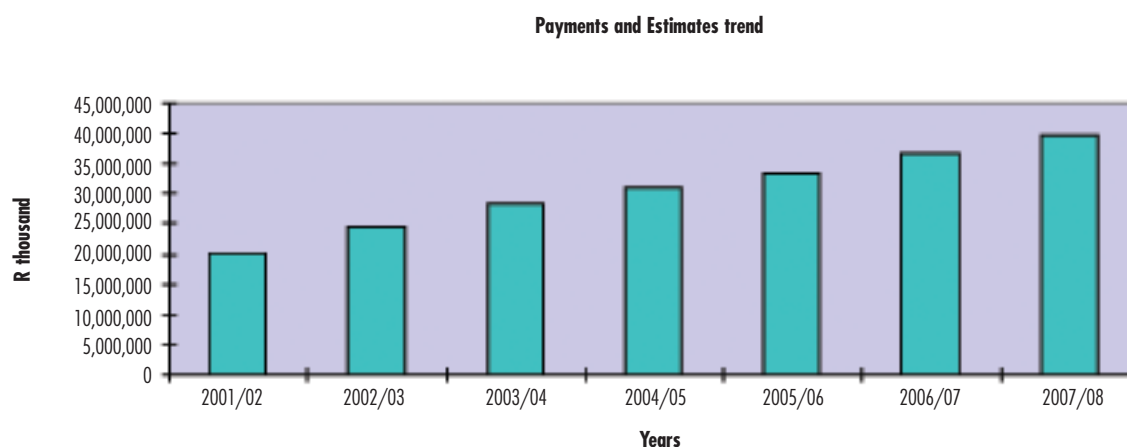
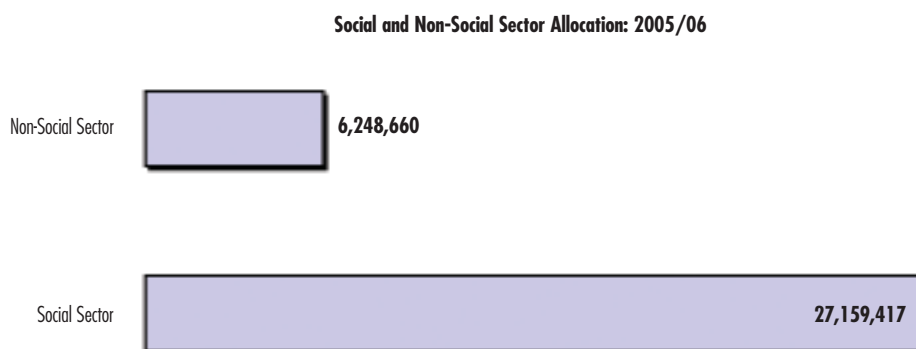


Table 8 and Graphic 3 above indicate the steady total payments and estimates increase year on year from the year 2001/02 to 2007/08. The total payments and estimates in 2007/08 reflect the increase of R19, 415 billion as compared to 2001/02 financial year. Although expenditure increased every year by an average of 12 per cent, the estimates for 2005/06 is increasing by R2, 2 billion or 7 per cent as compared to 2004/05. The MTEF increases by 10,2 per cent and 7,8 per cent in 2006/07 and 2007/08 respectively.

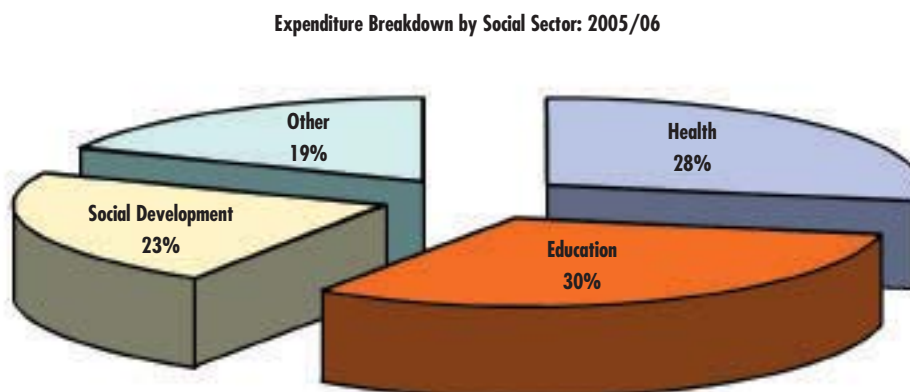
The total provincial estimates for 2005/06 amount to R33, 4 billion. This estimate has increased by 7 per cent as mentioned above. In 2005/06 the social sector revised estimates amounted to 81 per cent of the total provincial estimates while the targeted share was 80 per cent. In the current year the provincial allocation has been maintained at 80:20 Social and Non- social, however in the MTEF the budget is maintained at 81 per cent.

**Graphic 4: SOCIAL AND NON – SOCIAL SECTOR ALLOCATION SPLIT**



The province has a duty to provide social services to the public. The graph above shows the split between non – social and social sector estimate spending for the year 2005/06. The social sector accounts for 81 per cent of the total provincial budget. Education, Health and Social Development implement the important social services the province provides for the betterment of the lives of citizen of Gauteng.

**Graphic 5: EXPENDITURE BREAKDOWN MAINLY INDICATING SOCIAL SECTOR SPLIT**



Graphic 5 above indicates the estimates split between the social sector and other (non –social sector). In total the estimated expenditure for the social sector amounts to R27, 2 billion in 2005/06. Compared to the previous year, the Department of Social Development estimates increased from R6, 3 billion (18,9 per cent of the total provincial estimates in 2004/05) to R7, 5 billion or 11, 4 per cent in 2005/06. This increase in Social Development is mainly

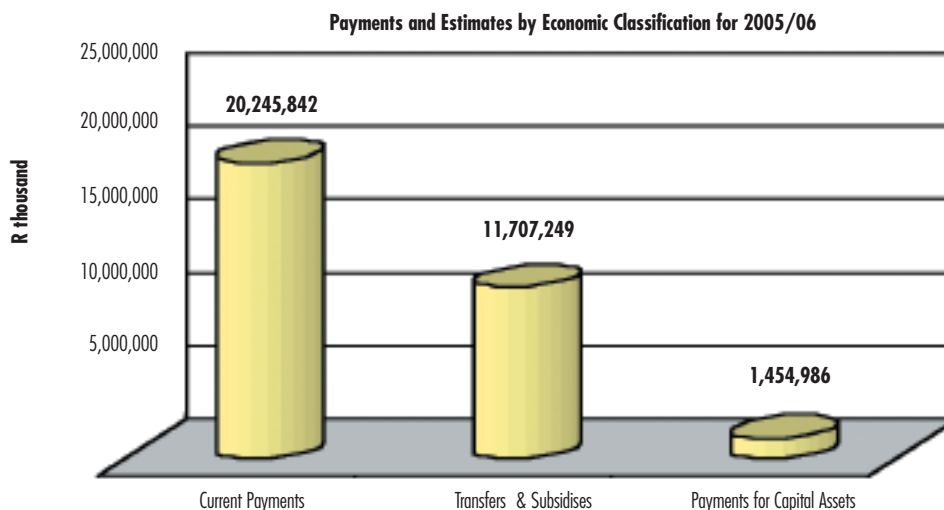
a shift within the social sector where Health and Education estimated expenditure in 2005/06 has decreased by an average of 1% as compared to the previous year. The increase in Social Development is mainly the extension of the Child Support grant.

Non-Social Sector share remains under 19 per cent in the current year as compared to the original estimates for 2005/06.

**Table 9: PAYMENTS BY ECONOMIC CLASSIFICATION**

Economic Classification R thousand	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>Current payments</b>	<b>14,378,786</b>	<b>16,194,535</b>	<b>18,484,577</b>	<b>18,446,620</b>	<b>19,298,688</b>	<b>19,525,295</b>	<b>20,245,842</b>	<b>21,677,493</b>	<b>23,016,536</b>
Compensation of employees	10,594,193	11,424,786	12,610,914	13,175,442	13,714,337	13,649,391	14,635,658	15,508,443	16,353,913
Goods and services	3,759,882	4,742,426	5,820,300	5,240,015	5,557,474	5,839,748	5,574,427	6,131,178	6,621,891
Interest and rent on land	24,507	27,307	26,370	31,163	26,877	26,877	35,757	37,872	40,732
Financial transactions in assets and liabilities	204	16	1,011			9,279			
Unauthorised expenditure			25,982						
<b>Transfers and subsidies to:</b>	<b>4,736,321</b>	<b>6,605,141</b>	<b>8,654,658</b>	<b>9,489,606</b>	<b>9,752,050</b>	<b>9,975,062</b>	<b>11,707,249</b>	<b>13,249,700</b>	<b>14,790,600</b>
Provinces and municipalities	550,667	847,095	1,648,514	1,884,595	1,458,505	1,597,308	1,703,092	2,109,069	2,620,188
Departmental agencies and accounts	157,133	182,086	221,014	268,420	296,770	282,278	527,160	621,790	794,460
Universities and technikons	397	449	501	600	597	597	650	700	735
Public corporations and private enterprises						4,010			
Foreign governments and international organisations									
Non-profit institutions	894,025	1,072,454	1,244,441	1,276,816	1,315,174	1,320,734	1,477,252	1,530,502	1,437,154
Households	3,134,099	4,503,057	5,540,188	6,059,175	6,681,004	6,770,135	7,999,095	8,987,639	9,938,063
<b>Payments for capital assets</b>	<b>1,183,318</b>	<b>1,671,103</b>	<b>1,196,519</b>	<b>1,849,594</b>	<b>2,156,033</b>	<b>1,725,211</b>	<b>1,454,986</b>	<b>1,897,321</b>	<b>1,907,117</b>
Buildings and other fixed structures	413,649	508,429	565,754	938,508	1,143,037	855,404	1,055,527	1,444,111	1,451,635
Machinery and equipment	769,669	1,132,659	629,062	911,086	1,012,902	868,843	394,870	436,530	447,966
Cultivated assets			1,787						
Software and other intangible assets		9,015	3,490		94	964	4,589	10,680	1,516
Land and subsoil assets		21,000						6,000	6,000
<i>Of which: Capitalised compensation</i>				8,536	9,967	9,967	12,161	9,218	10,591
<b>Total economic classification:</b>									
<b>Gauteng Provincial Government</b>	<b>20,298,425</b>	<b>24,470,779</b>	<b>28,335,754</b>	<b>29,785,820</b>	<b>31,206,771</b>	<b>31,225,568</b>	<b>33,408,077</b>	<b>36,824,514</b>	<b>39,714,253</b>

**Graphic 6: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION**



Graphic 6 above indicates that the current payments amount to R20, 2 billion or 60, 6 per cent of the total provincial estimates for 2005/06. The major slice of this amount is compensation of employees with R14, 6 billion or 43,8 per cent.

Transfers and subsidies is R11, 7 billion or 35 per cent while payments for capital assets amounts to R1, 5 billion or 4,4 per cent of the total payments and estimates for the province. Due to the new standard chart of accounts, some capital payments and estimates (mainly Housing fund, Blue IQ and Gautrain capital transfer) are reclassified under the transfers and subsidies, which substantially decreased capital payments as a percentage of the total provincial payments and estimates.

## Payments by Policy Area

**Table 10: PAYMENTS BY POLICY AREA**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
General public services	1,011,541	1,549,754	2,252,586	2,443,874	2,098,192	2,035,804	2,329,371	2,915,790	3,569,150
Public order and safety	22,351	25,690	35,811	39,235	162,669	162,147	182,218	200,744	219,518
Economic affairs	1,116,963	1,556,253	1,680,325	1,761,332	2,013,813	2,000,026	1,899,395	2,068,037	2,311,852
Environmental protection	23,927	82,054	32,027	57,729	35,895	35,895	41,629	44,110	46,749
Housing and community amenities	917,135	1,417,299	1,223,033	1,425,018	1,440,226	1,440,226	1,647,987	1,882,628	2,236,088
Health	6,837,576	7,688,039	8,195,817	8,731,007	8,943,840	8,943,026	9,257,806	9,899,554	10,355,396
Recreation, culture and religion	83,058	110,933	131,541	136,752	142,252	142,252	148,060	146,348	156,252
Education	7,268,490	8,065,919	9,471,854	9,457,104	10,027,349	10,027,349	10,360,369	11,268,861	11,775,541
Social protection	3,017,384	3,974,838	5,312,760	5,733,769	6,342,535	6,438,843	7,541,242	8,398,442	9,043,707
<b>Total provincial payments and estimates by policy area</b>	<b>20,298,425</b>	<b>24,470,779</b>	<b>28,335,754</b>	<b>29,785,820</b>	<b>31,206,771</b>	<b>31,225,568</b>	<b>33,408,077</b>	<b>36,824,514</b>	<b>39,714,253</b>

The table 10 above indicates the level of expense by policy area from 2001/02 to 2007/08. An annual average percentage increase is 12 per cent. The province maintains the focus of providing social services. As compared to the previous year, the social sector budget remains to be 81 per cent of the total provincial budget for 2005/06. Extension of Child Support grant, the growth of beneficiaries of Disability grant, HIV/AIDS, Nutrition Programme, LSM etc are the key in the social sector and which impact on the economic growth and development. These are some of the pressures emphasizing the reason why the province is maintaining the focus on the social sector.

## Transfers

**Table 11: TRANSFERS TO PUBLIC ENTITIES**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
Finance and Economic Affairs	32,200	57,700	58,700	75,000	82,900	82,900	69,000	73,100	75,200
<b>Total Provincial Payments and Estimates: Public Entities</b>	<b>32,200</b>	<b>57,700</b>	<b>58,700</b>	<b>75,000</b>	<b>82,900</b>	<b>82,900</b>	<b>69,000</b>	<b>73,100</b>	<b>75,200</b>

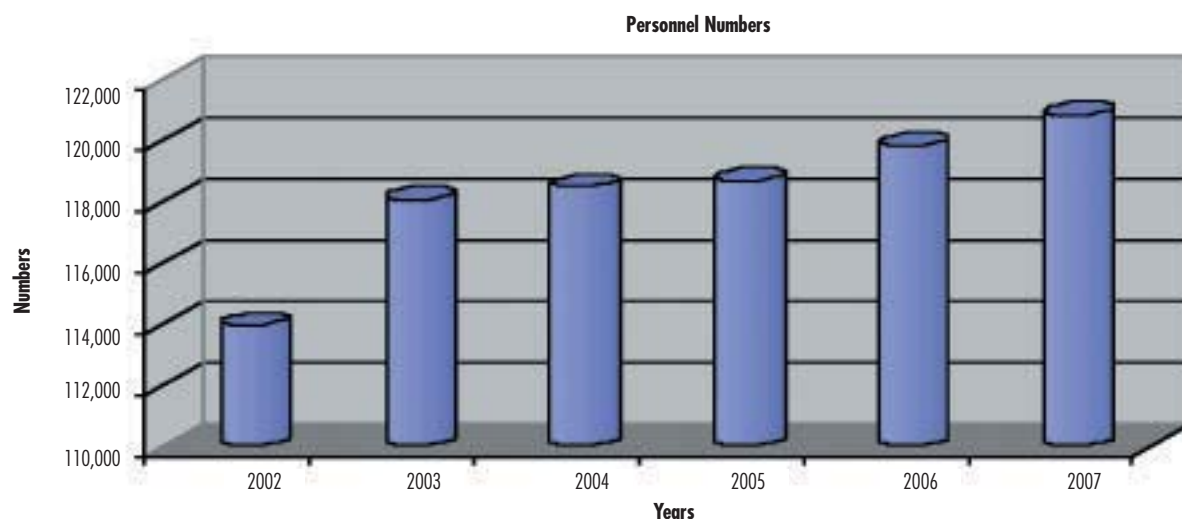
**Table 12: TRANSFERS TO LOCAL GOVERNMENT**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
Category A	168,595	247,478	284,340	353,657	349,345	352,836	371,935	384,216	401,701
Category B	6,857	20,017	59,998	51,906	49,651	49,651	15,000	17,501	17,501
Category C	90,603	116,942	132,809	135,300	135,300	135,300	106,966	110,630	115,260
Unallocated	24,454	65,075	132,214	111,234	107,743	111,234	48,119	47,917	47,917
<b>Total departmental transfers to local government</b>	<b>290,509</b>	<b>449,512</b>	<b>609,361</b>	<b>652,097</b>	<b>642,039</b>	<b>649,021</b>	<b>542,020</b>	<b>560,264</b>	<b>582,379</b>

## Other Information

**Table 13: PERSONNEL NUMBERS AND COSTS**

<b>Gauteng Province</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Personnel numbers</b>	<b>31 March 2002</b>	<b>31 March 2003</b>	<b>31 March 2004</b>	<b>31 March 2005</b>	<b>31 March 2006</b>	<b>31 March 2007</b>
Vote 1: Office of the Premier	300	217	148	203	203	203
Vote 2: Legislature	163	179	197	202	202	202
Vote 3: Finance and Economic Affairs	337	163	380	380	380	380
Vote 4: Health	44,563	44,563	42,253	42,990	43,647	44,494
Vote 5: Education	59,892	64,000	65,218	63,028	63,028	63,028
Vote 6: Social Development	2,076	2,076	2,082	2,699	2,802	2,802
Vote 7: Housing	632	687	608	609	921	921
Vote 8: Local Government	237	316	429	470	460	512
Vote 9: Public Transport, Roads and Works	4,737	4,114	5,075	4,834	4,847	4,847
Vote 10: Safety and Liaison	68	68	83	867	960	960
Vote 11: Agriculture	575	693	706	570	598	598
Vote 12: Sports	311	311	236	334	287	309
Vote 13: Gauteng Shared Services Centre	66	696	1,079	1,510	1,542	1,603
<b>Total personnel numbers</b>	<b>113,957</b>	<b>118,083</b>	<b>118,494</b>	<b>118,696</b>	<b>119,877</b>	<b>120,859</b>
<b>Total personnel cost (R thousands)</b>	<b>10,579,963</b>	<b>11,410,254</b>	<b>13,017,817</b>	<b>14,122,462</b>	<b>15,515,323</b>	<b>16,381,161</b>
<b>Unit cost (R thousand)</b>	<b>93</b>	<b>97</b>	<b>110</b>	<b>119</b>	<b>129</b>	<b>136</b>

**Graphic 7: PERSONNEL NUMBERS TREND**

The table 13 and Graphic 7 above are reflecting the steady increase in the personnel numbers in the province. As at 31 March 2002 the number of personnel was 113,957 and this is expected to rise to 120,859 in 2007. This shows an increase of 6,902 or 6 per cent over this period of seven years. It is the priority of the country and the province to halve unemployment by 2014 and of which the provincial projects contribute to this priority, which are currently implemented, and those in the pipeline are focussed for the achievement of this priority.

**Table 14: EXPENDITURE ON TRAINING**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
Vote 1: Office of the Premier		1,200	1,896	1,863	1,655	487	1,687	1,772	1,861
Vote 2: Legislature	448	589	1,089	968	968	968	1,007	1,057	1,110
Vote 3: Finance and Economic Affairs	2,138	3,762	1,965	1,114	1,114	770	3,121	3,252	3,384
Vote 4: Health	31,369	24,802	31,662	35,915	35,922	35,915	39,310	41,300	43,890
Vote 5: Education	50,639	45,719	82,691	72,989	77,989	77,989	83,333	88,618	93,699
Vote 6: Social Services and Population Development	2,049	1,384	1,197	5,196	5,196	5,196	3,726	4,233	4,816
Vote 7: Housing	144	872	912	2,626	2,626	2,626	2,757	2,896	3,040
Vote 8: Development Planning and Local Government	143	1,011	1,170	1,100	1,100	1,100	676	713	749
Vote 9: Public Transport, Roads and Works		8,316	10,085	17,334	17,334	5,116	13,140	13,725	13,725
Vote 10: Safety and Liaison	188	456	532	349	614	614	1,016	1,086	1,162
Vote 11: Agriculture	890	1,206	2,424	3,719	3,719	3,719	4,014	4,415	4,857
Vote 12: Sports	177	129	91	154	154	154	500	513	536
Vote 13: Gauteng Shared Services Centre			9,972	3,511	7,806	7,806	10,724	12,160	13,226
<b>Total expenditure on training: Gauteng Provincial Government</b>	<b>88,185</b>	<b>89,446</b>	<b>145,686</b>	<b>146,838</b>	<b>156,197</b>	<b>142,460</b>	<b>165,011</b>	<b>175,740</b>	<b>186,055</b>

The table above indicates the training expense incurred by the province since 2001/02 and the estimates for 2005/06 and the MTEF. In total the estimated training expense is R 997,000 for this seven-year period and is translated to an annual average of R142,000. R126,000 or 77 per cent of the total training expense as indicated above goes to social sector (Education, Health and Social development). This emphasize the point the province is making on quality service delivery to improve the standard of living of the citizen of Gauteng. The good pass rate, the increase in number of beneficiaries receiving the grants, the improved turnaround time for patient attendance etc, are the results of the spending incurred on training.

## 6. NON FINANCIAL DATA FOR SOCIAL SECTORS

### DEPARTMENT OF EDUCATION

**Table 15: NUMBER OF LEARNERS**

	2000	2001	2002	2003	2004	Expected Growth for 2005/06	% growth 2000 - 2004
<b>Public Ordinary Sector</b>							
Public Primary	883,567	896,658	917,400	940,735	954,255	978,111	8
Public Secondary	553,397	548,369	563,518	583,860	606,635	621,801	10
Public Total	1,436,964	1,445,027	1,480,918	1,524,595	1,560,890	1,599,912	9
Rural	116,272	120,582	123,704	127,055	133,009	136,334	14
<b>Independent Ordinary Schools</b>							
Independent Primary	27,054	24,936	26,734	29,771	28,813	29,533	7
Independent Secondary	90,216	95,862	107,912	107,451	108,205	110,910	20
Independent Total	117,270	120,798	134,646	137,222	137,018	140,443	17
<b>Other Sectors</b>							
LSEN Public	30,301	27,135	29,348	30,023	33,111	33,939	9
LSEN Independent	600	470	735	628	596	611	-1
ABET	75,294	78,831	57,875	66,108	69,897	71,644	-7
Tech Col	43,946	45,936	46,023	47,744	48,221	49,427	10

**Table 16: NUMBER OF INSTITUTIONS**

	2000	2001	2002	2003	2004	Expected Growth for 2005/06	% growth 2000 - 2004
<b>Public Ordinary Sector</b>							
Public Primary	1,357	1,358	1,359	1,366	1,335	1,310	-2
Public Secondary	549	551	554	557	556	556	1
Public Total	1,906	1,909	1,913	1,923	1,891	1,866	-1
Rural	212	212	212	210	197	190	-7
<b>Independent Ordinary Schools</b>							
Independent Primary	97	97	110	115	108	110	11
Independent Secondary	262	270	301	302	275	281	5
Independent Total	359	367	411	417	383	391	7
<b>Other Sectors</b>							
LSEN Public	97	96	96	96	102	102	5
LSEN Independent	5	6	6	6	6	6	20
ABET	217	244	244	244	244	244	12
Tech Col	33	33	9	9	9	9	-73

**Table 17: NUMBER OF EDUCATORS**

	2000	2001	2002	2003	2004	Expected Growth for 2005/06	% growth 2000 - 2004
<b>Public Ordinary Sector</b>							
Public Primary	23,295	23,254	23,422	24,079	23,975	23,975	3
Public Secondary	16,077	16,503	16,326	16,855	16,941	16,941	5
Public Total	39,372	39,757	39,748	40,934	40,916	40,916	4
Rural	3,055	3,279	3,328	3,484	3,450	3,450	13
<b>Independent Ordinary Schools</b>							
Independent Primary	1,407	1,414	1,439	1,604	1,422	1,436	1
Independent Secondary	5,583	6,078	6,743	6,694	6,534	6,599	17
Independent Total	6,990	7,492	8,182	8,298	7,956	8,036	14
<b>Other Sectors</b>							
LSEN Public	2,025	1,984	2,101	2,106	2,254	2,254	11
LSEN Independent	101	123	96	69	66	66	-35
ABET	3,023	2,080	2,692	3,205	3,205	3,205	6
Tech Col	1,715	1,753	1,757	1,700	1,700	1,715	-1

<b>Description</b>	<b>2000/01 Actual 2000</b>	<b>2001/02 Actual 2001</b>	<b>2002/03 Actual 2002</b>	<b>2003/04 Actual 2003</b>	<b>2004/05 Actual 2004</b>	<b>2005/06 2005</b>	<b>2007/08 2006</b>
Number of Schools (Public)	2,258	2,288	2,268	2,278	2,252	2,225	2,230
Number of Educators (all public institutions)	46,135	45,574	46,298	47,945	48,075	48,315	48,557
SGB paid (all public institutions)	4,150	4,451	4,932	4,969	37,849		
Number of learners (in all public institutions)	1,586,505	1,596,929	1,614,164	1,668,470	1,712,119	1,754,922	1,798,795
Grade 12 Pass rate	68	74	78	81	77	82	83
Repeaters (Grade 1-11 Ordinary schools only)	115,413	109,283	70,914	67,112	77,911	75,000	70,000
Dropouts (minus denotes dropin)	-13,504	-26,206	-45,208	-28,735	-26,000	-25,000	-25,000
Learner/ Educator ratio (For all institutions)	35	35	35	35	35	36	36
Learner / Classroom ratio	41	40	39	38	40	41	41
Learners passing Maths HG in Grade 12 (Total numbers)	5,661	6,206	6,091	6,749	6,605	7,289	7,872
Learners passing Maths SG in Grade 12 (Total numbers)	16,037	13,047	17,847	18,027	18,421	19,469	21,027
Learners passing Science HG in Grade 12 (Total numbers)	6,267	7,181	6,659	7,089	6,888	7,656	8,269
Learners passing Science SG in Grade 12 (Total numbers)	12,142	9,354	10,757	11,570	10,172	12,496	13,495
Number of CS- Educators receiving in-service training		2,448	2,644	2,855	3,009	3,250	3,510
Number of public ordinary schools and learners receiving subsidy:							
- Schools	1,906	1,909	1,913	1,923	1,891	1,895	1,897
- learners	1,436,964	1,445,027	1,480,918	1,524,595	1,560,890	1,599,912	1,639,910
- Total Expenditure	3,998	4,230	4,594	5,233	5,401	5,563	5,729
- LSM per learner	111	166	162	267	280	334	344
-Non-personnel non-capex spend per learner (R/learner)	479	587	670	940	774	850	930
Number of independent schools and learners receiving subsidy:							
- Schools	301	301	301	245	210	215	220
- learners	108,442	107,016	115,645	115,936	84,621	87,160	89,774

**DEPARTMENT OF HEALTH****Table 18: HOSPITAL DATA****a)- District Hospitals**

<b>INDICATOR</b>	<b>Actual 2003/04</b>	<b>Projected 2004/05</b>	<b>Planned 2005/06</b>
Number of Hospitals	8	8	8
Hospital beds	1,484	1,484	1,484
Admissions (separations)	89,776	100,385	102,894
Admissions (separations) per 1000 uninsured	15,3	17,1	17,6
Outpatients	615,467	574,620	588,986
PDE's	482,178	514,190	527,044
Cost per PDE	R796	R821*	R814
Bed Occupancy	67%	70%	75%
Length of stay	3,1 days	3 days	3 days

\*Estimates only

\_ National target



**b)-General Hospitals**

<b>INDICATOR</b>	<b>Actual: 2003/04</b>	<b>Projected: 2004/05</b>	<b>Planned 2005/06</b>
Number of Hospitals	11	11	11
Hospital beds	6,368	6,368	6,368
Admissions ( separations)	287,475	352,966	361,790
Admissions per 1000 uninsured	49,2	60,4	61,9
Outpatients	1,763,911	1,848,264	1,894,471
PDE's	2,139,548	2,246,484	2,246,487
Cost per PDE	R824	R783	R1,128
Bed Occupancy	88%	75%	80%
Length of stay	4,8	4,4	4,3

\*Estimates only

\_ National target

**c)- Other Specialised Hospitals ( Sizwe hospital)**

<b>INDICATOR</b>	<b>Actual: 2003/04</b>	<b>Projected 2004/05</b>	<b>Planned 2005/06</b>
Number of Hospitals	1	1	1
Hospital beds	220	220	220
Admissions (separations)	1,490	1,776	1,820
Admissions per 1000 uninsured	0,2	0,3	0,3
Outpatients	6,636	9,828	10,073
PDEs	63,559	70,764	72 533
Cost per PDE	R554	R643	R700*
Bed Occupancy	77,50%	78%	75%
Length of stay	39,7	39	38

NB: exclude private aided and contracted hospitals

**d)-Psychiatric Hospitals**

<b>INDICATOR</b>	<b>Actual: 2003/04</b>	<b>Projected 2004/05</b>	<b>Planned 2005/06</b>
Number of Hospitals	4	4	4
Hospital beds	2,167	2,167	2,253
Admissions (separations)	8,720	8,868	9,089
Admissions per 1000 uninsured	1,4	1,5	1,5
Outpatients	22,291	23,316	23,898
PDE's	452,880	612,014	627,314
Cost per PDE	R540	R389	R450
Bed Occupancy Acute	83%	82%	80%
Length of stay — Acute excluding Cullinan hospital	60	60	60

NB: exclude private aided and contracted hospitals,

**e) - Academic Dental Training Schools**

<b>INDICATOR</b>	<b>Actual: 2003/04</b>	<b>Projected 2004/05</b>	<b>Planned 2005/06</b>
Number of Hospitals	3	3	3
Hospital beds			
Admissions			
Admissions per 1000 uninsured			
Outpatients	83,823*	95,000*	100,000*
PDE's			
Cost per PDE			
Bed Occupancy			
Length of stay			

\* Estimates only - only outpatients are seen

**f) - Central Hospitals**

INDICATOR	Actual: 2003/04	Projected 2004/05	Planned 2005/06
Number of Hospitals	4	4	4
Hospital beds	5,580( usable)	5,580	3,942
Admissions (separations)	277,453	299,733	307 226
Admissions (separations) per 1000 uninsured _	47,5	51,3	52.6
Outpatients	1,444,136	1,825,008	1,870,633
PDE's	2,040,062	2,389,188	2,448,918
Cost per PDE	R1,410	R1,249	R1,877
Bed Occupancy	76%	75%	75%
Length of stay	6,1	6,2	6,8

\* Estimates only

\_ This number should be reduced as patients are being attended to at level 2 and 1 hospitals

\_ National target

**g) - Summary Table**

INDICATOR	Actual: 2003/04	Projected 2004/05	Planned 2005/06
Summary			
Number of Hospitals	31	31	31
Hospital beds	15,819	15,819	15,819
Admissions ( Separations)	664,914	763,728	680,027
Admissions per 1000 uninsured	113,6	130,6	134
Outpatients	3,936,264	4,376,036	4,488,061
PDE's	5,178,227	5,832,640	5 922 296
Cost per PDE	R4,124	R3,885	R4,969
Bed Occupancy	78%	76%	77%
Length of stay	5,9	5,5	5
Hospital deliveries	126,177	130,000	140,000

\* Estimates only

1 Uninsured population based on October 1999 household survey (26.9% insured population from 2001 census)

**Table 19: SELECTED PRIMARY CARE INDICATORS**

INDICATOR	Actual: 2003/04	Projected 2004/05	Planned 2005/06
PHC headcounts	12,5 million	12,5	13.8 million
PHC head per capita uninsured	R234	R153	R196
Cost per headcount	R 78*	R51	R65
Immunisation coverage at 1 year	79,40%	80%	85%
Proportion of Essential drugs out of stock at PHC facilities	>2	>2	>2
TB cure rate	57	65	80
Antenatal sero-prevalence	29,60%	32%* stabilise	32%* stabilise
Number of school children fed through PSNP	317, 587	Dept of Education	Dept of Education
Number of PHC deliveries	25,925	38,180	39,135

\* Estimates only

\_ national target - calculations based on R196 per capita cost of PHC per patient, using a norm of 3 visits per patient per year.

**Table 20: EMERGENCY AMBULANCE INDICATORS**

INDICATOR	Actual: 2003/04	Projected 2004/05	Planned 2005/06
Number of vehicles	307	271	271 maintain
Number of vehicles replaced per year	139	80	80
Total kilometres travelled per year	10,917,163	10,286,392	10,000,000
Number of patients transported	434,128	370,794	400,000
Proportion P1 patients responded to within 15 minutes	56,81 for all calls	55%	80%
Cost per kilometre	R22,70*	R28	R28
Cost per patient transported	R571,03*	R600*	R600*

\* Estimates only

**Table 21: TRAINING OUTPUTS**

INDICATOR	Actual: 2003/04	Projected 2004/05	Planned 2005/06
Nursing students all years	3,205	3,121	3 120
All nursing graduates	1,213	1,148	1 300
Cost per nursing graduate	R59,588*	R63,461*	R64,123
Registrars all years	#	232	250

\* Estimates only

# Information not available

Notes to the table

— Calculations on uninsured population based on midyear estimates from DHIS

(uninsured population is 78% - based on October Household Survey results and using the National Integrated Planning Framework.

**DEPARTMENT OF SOCIAL DEVELOPMENT****Table 22: SOCIAL ASSISTANCE GRANTS**

DETAILS OF SOCIAL SECURITY, PROJECTED	2005/06	2006/07	2007/08
<b>EXPENDITURE FOR THE REGION:</b>	<b>Medium term estimates</b>		
<b>TOTAL GAUTENG</b>			
<b>R thousand</b>			
Old Age Grant	2,416,756	2,606,456	2,815,608
War Veterans Grant	6,871	5,982	5,195
Disability Grant	1,756,393	1,900,131	2,074,495
Foster Care Grant	286,546	336,837	388,926
Care-dependency Grant	110,983	119,463	129,049
Child Support Grant	1,864,315	2,239,651	2,411,648
Social Relief of distress	12,281	12,894	13,539
<b>TOTAL SOCIAL ASSISTANCE GRANTS</b>	<b>6,454,145</b>	<b>7,221,414</b>	<b>7,838,460</b>



ANNEXURE  
to Budget Statement  
NO. 1

**ANNEXURE A TO BUDGET STATEMENT 1****Table A(1): PAYMENTS AND ESTIMATES BY POLICY AREA**

<b>Function</b>	<b>Category</b>	<b>Department</b>	<b>Programme</b>
General public services	Legislative	Office of the Premier  Provincial Legislature	1: Executive Office 4: State Law Advice 1: Political Representation 2: Office of the Speaker and Secretary 3: Parliamentary Operations 4: Institutional Support Services 5: Operational Support 6: Information and Liaison
	Financial and fiscal affairs	Finance and Economic Affairs	1: Management 2: Corporate Services 3: Provincial Treasury 5: Governance 6: Financial Management 7: Special Projects Other
	General services	Office of the Premier      Gauteng Shared Services      Local Government	2: Policy Development and Co-ordination 3: Government Communications and Information Services 5: Strategic Human Resources and Management Support 6: Financial Management 7: Security and Risk Management Services 8: Informatic 1: Internal Audit 2: Human Resources Services 3: Procurement Services 4: Finance Services 5: Technology Support Services 6: Management Services 1: Administration 2: Local Governance 3: Integrated Development and Service Delivery
Public order and safety	Police services	Community Safety	1: Administration 2: Promotion Safety 3: Civilian Oversight 4: Traffic Management
Economic Affairs	General economic affairs Agriculture	Finance and Economic Affairs Agriculture	4: Economic and Development Planning 1: Administration 2: Professional Services 3: Agriculture 4: Veterinary Services 5: Natural Resource Management 7: Environmental and Planning and Assessment 8: Waste and Pollution Abatement 9: World Heritage Site 10: Dinokeng
	Transport	Transport	1: Administration 2: Public Works 3: Road Infrastructure 4: Transport 5: Community-based Programme 6: Traffic Management

Environmental Protection	Environmental protection	Agriculture	6: Conservation
Housing and community amenities	Housing development	Housing	1: Administration 2: Housing Planning and Research 3: Housing Performance/Subsidy Programme 4: Urban Renewal and Human Settlement Redevelopment 5: Housing Asset Management
Health	Outpatient service Health Support Services  Hospital services	Health	2: District health services 1: Administration 3: Emergency medical services 6: Health Training and Sciences 7: Health care support services 8: Health facilities management 4: Provincial hospital services 5: Central hospital services Laundry and Other
Recreation, culture and religion	Recreational and sporting services Cultural services	Sport, recreation, arts and culture	1: Administration 2: Cultural Affairs 3: Library and Information Services 4: Sport and Recreation
Education	Pre-primary , primary and secondary education  Subsidiary service to education  Education not definable by level	Education	2: Public ordinary school education 3: Independent school education 4: Education in specialised schools 7: Early childhood development 1: Administration 8: Auxiliary and associated services 5: Further education and training 6: Adult basic education and training 9: Teacher colleges (discontinued programme) Other
Social protection	Social security services	Social Development	1: Administration 2: Social assistance grants 3: Social welfare services 4: Development and Support Services 5: Population and Demographic Trends 6: Gauteng Intersectoral Development Unit Social Dev, Welfare Facilities and Auxiliary Support

Table A(2) DETAILS OF PROVINCIAL PAYMENTS AND ESTIMATES BY POLICY AREA

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
<b>General Public Services</b>									
Executive and Legislature	83,480	83,971	91,450	109,472	114,474	113,418	129,147	141,697	147,054
Office of the Premier	2,611	12,940	10,542	16,150	15,779	15,779	16,083	17,864	19,140
Provincial Legislature	80,869	71,031	80,908	93,322	98,695	97,639	113,064	123,833	127,914
Financial and Fiscal Services	653,112	946,613	1,369,459	1,538,651	1,151,547	1,122,973	1,418,762	1,822,974	2,392,864
Provincial Treasury	146,566	39,736	16,157	35,170	26,870	17,938	25,202	30,447	32,692
Finance	506,546	906,877	1,353,302	1,503,481	1,124,677	1,105,035	1,393,560	1,792,527	2,360,172
General Services	274,949	519,170	791,677	795,751	832,171	799,413	781,462	951,119	1,029,232
Office of the Premier	75,550	74,445	108,712	88,060	85,623	83,535	88,718	94,226	100,607
Gauteng Shared Services Centre	113,364	294,790	472,490	476,482	509,181	476,483	585,366	723,578	768,287
Development Planning and Local Government	86,035	149,935	210,475	231,209	237,367	239,395	107,378	133,315	160,338
<b>Total: General Public Services</b>	<b>1,011,541</b>	<b>1,549,754</b>	<b>2,252,586</b>	<b>2,443,874</b>	<b>2,098,192</b>	<b>2,035,804</b>	<b>2,329,371</b>	<b>2,915,790</b>	<b>3,569,150</b>
Public Order and Safety									
Police Services									
Safety and Liaison	22,351	25,690	35,811	39,235	162,669	162,147	182,218	200,744	219,518
<b>Total: Public Order and Safety</b>	<b>22,351</b>	<b>25,690</b>	<b>35,811</b>	<b>39,235</b>	<b>162,669</b>	<b>162,147</b>	<b>182,218</b>	<b>200,744</b>	<b>219,518</b>
<b>Economic Affairs</b>									
General Economic Affairs									
Economic Affairs	5,259	8,667	7,248	9,007	55,685	55,685	266,634	348,767	510,230
Agriculture									
Dept of Agriculture Affairs	86,757	149,388	154,501	170,598	170,682	170,682	187,213	198,383	222,806
Transport									
Department of Public Transport	1,024,947	1,398,198	1,518,576	1,581,727	1,787,446	1,773,659	1,445,548	1,520,887	1,578,816
<b>Total: Economic Affairs</b>	<b>1,116,963</b>	<b>1,556,253</b>	<b>1,680,325</b>	<b>1,761,332</b>	<b>2,013,813</b>	<b>2,000,026</b>	<b>1,899,395</b>	<b>2,068,037</b>	<b>2,311,852</b>
<b>Environmental Protection</b>									
Environmental Protection	23,927	82,054	32,027	57,729	35,895	35,895	41,629	44,110	46,749
<b>Total: Environmental Protection</b>	<b>23,927</b>	<b>82,054</b>	<b>32,027</b>	<b>57,729</b>	<b>35,895</b>	<b>35,895</b>	<b>41,629</b>	<b>44,110</b>	<b>46,749</b>
<b>Housing and Community Amenities</b>									
Housing Development									
Department of Housing	917,135	1,417,299	1,223,033	1,425,018	1,440,226	1,440,226	1,647,987	1,882,628	2,236,088
<b>Total: Housing and Community Amenities</b>	<b>917,135</b>	<b>1,417,299</b>	<b>1,223,033</b>	<b>1,425,018</b>	<b>1,440,226</b>	<b>1,440,226</b>	<b>1,647,987</b>	<b>1,882,628</b>	<b>2,236,088</b>



<b>Health</b>									
Outpatient services	1,306,577	1,573,435	1,743,927	2,012,090	1,972,643	1,972,643	2,351,981	2,474,906	2,602,500
Health Support Services	1,067,568	1,189,826	1,293,544	1,406,133	1,472,669	1,472,669	1,342,987	1,581,296	1,647,486
Hospital Services	4,463,431	4,924,778	5,158,346	5,312,784	5,498,528	5,497,714	5,562,838	5,843,352	6,105,410
<b>Total: Health</b>	<b>6,837,576</b>	<b>7,688,039</b>	<b>8,195,817</b>	<b>8,731,007</b>	<b>8,943,840</b>	<b>8,943,026</b>	<b>9,257,806</b>	<b>9,899,554</b>	<b>10,355,396</b>
<b>Recreation, Culture and Religion</b>									
Sporting and Recreational Affairs									
Sport, Arts and Culture	83,058	110,933	131,541	136,752	142,252	142,252	148,060	146,348	156,252
<b>Total: Recreation, Culture and Religion</b>	<b>83,058</b>	<b>110,933</b>	<b>131,541</b>	<b>136,752</b>	<b>142,252</b>	<b>142,252</b>	<b>148,060</b>	<b>146,348</b>	<b>156,252</b>
<b>Education</b>									
Pre-primary, Primary and Secondary Education Phase	5,953,530	6,947,208	7,965,501	8,037,328	8,535,772	8,535,772	8,989,321	9,747,054	10,203,107
Subsidised Services to Education	837,571	737,706	1,086,968	978,300	1,045,101	1,045,101	902,822	1,036,580	1,067,500
Education not defined by level	477,389	381,005	419,385	441,476	446,476	446,476	468,226	485,227	504,934
<b>Total: Education</b>	<b>7,268,490</b>	<b>8,065,919</b>	<b>9,471,854</b>	<b>9,457,104</b>	<b>10,027,349</b>	<b>10,027,349</b>	<b>10,360,369</b>	<b>11,268,861</b>	<b>11,775,541</b>
<b>Social Protection</b>									
Social Services and Population Development	3,017,384	3,974,838	5,312,760	5,733,769	6,342,535	6,438,843	7,541,242	8,398,442	9,043,707
<b>Total: Social Protection</b>	<b>3,017,384</b>	<b>3,974,838</b>	<b>5,312,760</b>	<b>5,733,769</b>	<b>6,342,535</b>	<b>6,438,843</b>	<b>7,541,242</b>	<b>8,398,442</b>	<b>9,043,707</b>
<b>Total Provincial Payments and Estimates by policy area</b>									
	<b>20,298,425</b>	<b>24,470,779</b>	<b>28,335,754</b>	<b>29,785,820</b>	<b>31,206,771</b>	<b>31,225,568</b>	<b>33,408,077</b>	<b>36,824,514</b>	<b>39,714,253</b>

**Table A(3): DETAILS OF TRANSFERS TO LOCAL GOVERNMENT BY CATEGORY AND MUNICIPALITY**

	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
	Audited Outcomes			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R thousand</b>									
<b>Category A</b>									
City of Johannesburg	69,937	92,733	87,928	143,418	143,418	143,418	122,477	127,850	133,795
Ekurhuleni Metro	67,083	109,730	97,423	149,701	149,701	149,701	158,485	165,570	174,040
City of Tshwane	31,575	45,492	69,515	92,729	92,729	92,729	57,854	60,380	63,450
<b>Total</b>	<b>168,595</b>	<b>247,955</b>	<b>254,866</b>	<b>385,848</b>	<b>385,848</b>	<b>385,848</b>	<b>338,816</b>	<b>353,800</b>	<b>371,285</b>
<b>Category B</b>									
Kungwini Local	440			2,000	2,000	2,000			
Nokeing Tsa Taemane	750	3,000	200	2,500	2,500	2,500			
Randfontein	1,011		6,857	4,350	4,350	4,350			
Westonaria	756		950	6,131	6,131	6,131			
Merafeng	590	944	3,436	6,900	6,900	6,900			
Mogale City	360	5,616	3,220	3,500	3,500	3,500			
Emfuleni	2,450	5,100	18,500	5,380	5,380	5,380			
Midval			850	200	200	200			
Lesedi	500		16,285	8,400	8,400	8,400			
<b>Total</b>	<b>6,857</b>	<b>14,660</b>	<b>50,298</b>	<b>39,361</b>	<b>39,361</b>	<b>39,361</b>			

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<b>Category C</b>									
Metsweding District	11,690	15,159	22,694	11,993	11,993	11,993	10,315	10,760	11,340
West Rand District	40,718	27,330	54,187	60,772	60,772	60,772	38,024	39,720	41,800
Sedibeng	38,195	74,453	55,928	60,535	60,535	60,535	54,727	57,250	60,220
<b>Total</b>	<b>90,603</b>	<b>116,942</b>	<b>132,809</b>	<b>133,300</b>	<b>133,300</b>	<b>133,300</b>	<b>103,066</b>	<b>107,730</b>	<b>113,360</b>
Unallocated	6,454								
<b>Total transfers to local government</b>	<b>272,509</b>	<b>379,557</b>	<b>437,973</b>	<b>558,509</b>	<b>558,509</b>	<b>558,509</b>	<b>441,882</b>	<b>461,530</b>	<b>484,645</b>