

BUDGET STATEMENT NUMBER 1



BUDGET OVERVIEW

1. BUDGET STRATEGY AND AGGREGATES

1.1 Introduction

Budget appropriations are voted by the Legislature to provide departments and other spending agencies with funds consistent with their identified aims and programme objectives. The Budget Statement sets out the allocations proposed by the MEC for Finance following consideration by political office-bearers and officials of the expenditure requirements of all spending agencies. Detailed submissions to the Provincial Treasury by all departments provide the essential information needed to assess competing claims on available funds. In preparing their budget submissions, departments are expected to pursue cost-effective strategies for delivering the services for which they are responsible and to ensure full political endorsement of departmental plans and priorities.

Departmental programmes give effect to the full range of government's policies and commitments. Within the limits of the resources available to the fiscus, the government allocates funds across these programmes in keeping with the Government priorities, as well as the relevant policies and the requirements of national and provincial legislation. The bulk of provincial spending goes to social services – basic education, primary health care and social security. These services make up approximately 80 per cent of total provincial spending. Provinces are also expected to fund key economic infrastructure, like provincial roads, integrated housing, agriculture, economic development. Provincial priorities for the 2005 MTEF draw from the deliberations of political office bearers at forums such as Cabinet Makgotla, Ministers Committee on Budget (MINCOMBUD), Budget Council and other relevant political forums.

Social Security Grants

The equitable share allocations for the 2005 MTEF does not make provision for the financing of social security grants (both administration and grant payments). As from 1 April 2005 the social security grants will be administered through a conditional grant administered by the national Department of Social Development, through the South African Social Security Agency (SASSA), and provincial Departments of Social Development. This creates an opportunity for the Social Development Departments to direct more resources on welfare programmes that were previously financially constrained because of an overwhelming increase in social security grants. The provincial social development expenditure still comprises the bulk of provincial expenditure.

Education

There is a substantial growth in revision over the baseline, to take into account of the need to scale up spending on non-personnel non-capital (npnc) expenditure in education in general, and in schools in particular. This year's additions over baseline seek to maintain the upward trend in non-personnel non-capital (npnc) expenditure on public ordinary schools to fund learner support materials (LSM). This will allow the province to further expand non-personnel inputs that are key in improving the quality of education and the rollout of the education management information system (EMIS) to schools over the next three years. This is part of a broader approach to improve public sector management and performance reporting,

adult basic education and training (ABET) as well as re-enforcing of infrastructure development (building and maintenance of schools and provision of water and sanitation).

Health

The 2005 budget framework provides for the strengthening of the health sector as part of equipping it to deal with, among other things, the pressures of HIV/Aids (scaling up and accelerated expansion of the HIV/Aids treatment programmes and bolstering the health sector against the impact of the disease). The revised framework also entails addressing firstly, the issue of shortages of scarce skills and rural allowances. Secondly, it is about scaling up spending on physical infrastructure, partly through the Hospital Revitalization Grant and the Provincial Infrastructure Grant, which also leverages provincial “own” resources. Thirdly, it provides funding for stepping up spending on antiretroviral drugs, improved management of hospitals, renewal of equipment and streamlining management of medicine and other supplies to accompany the hospital rehabilitation programme. Furthermore it allows for the smooth transition of the shifting of the primary health care component administered by non-metropolitan local municipalities to the province.

Non-social services

In addition to social services, province is responsible for a range of other important functions, including provincial roads, agriculture, economic affairs, environment and tourism and housing. These functions play a vital role in sustaining economic activity in the province and have the potential of developing assets, creating jobs, eradicating poverty and addressing rural development.

Key priorities for provincial budgets in the 2005 MTEF relate to:

- _ maintaining strong growth in economic development infrastructure
- _ strengthening the support for post settlement support for the Land Redistribution for Agricultural Development Programme
- _ facilitating the implementation of the Expanded Public Works Programme, through additional conditions to the Provincial Infrastructure Grant.
- _ increased funding for the latter programmes that will also give expression to Government’s aim of increasing employment by expanding labour-based and labour-intensive programmes.

1.2 Summary budget aggregates

Table 1.1 Provincial budget summary

Table 1.1 Provincial budget summary									
R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited						
	2001/02	2002/03	2003/04	2004/05			2005/06	2006/07	2007/08
Provincial receipts									
Transfer receipts from national	8 353 999	9 561 433	11 561 561	12 763 682	13 113 495		14 832 966	16 269 329	17 761 159
Equitable share	7 581 982	8 724 799	10 527 509	11 556 061	11 901 650		10 030 871	10 970 046	11 894 723
Conditional grants	772 017	836 634	1 034 052	1 207 621	1 211 845		4 802 095	5 299 283	5 866 436
Provincial own receipts	370 066	179 617	83 716	366 420	317 016		272 407	290 656	311 951
Total provincial receipts	8 724 065	9 741 050	11 645 277	13 130 102	13 430 511		15 105 373	16 559 985	18 073 110
Provincial payments									
Current payments	5 845 641	6 642 414	7 708 525	8 586 484	8 788 052	8 759 274	9 550 870	10 393 514	11 104 711
Transfers and subsidies	2 149 789	2 574 990	3 280 405	3 698 450	3 991 512	4 005 338	4 451 030	4 929 489	5 425 261
Payments for capital assets	518 323	638 771	694 880	796 310	1 008 124	904 431	1 073 473	1 186 982	1 493 138
Unallocated contingency reserve									
Total provincial payments	8 513 753	9 856 175	11 683 810	13 081 244	13 787 688	13 669 043	15 075 373	16 509 985	18 023 110
Surplus/(deficit) before financing							30 000	50 000	50 000

1.3 Financing

The province has in terms of the Budget Council agreement refrained from borrowing, therefore no borrowing or proposed deficit, whether through bank overdraft or draw down of cash balances or deposits.

2. The budget process and the Medium Term Expenditure Framework

Building on the improvements to the allocation process and better alignment between planning and budgeting, the current phase of the reform programme centres on strengthening service delivery performance information and on reporting of achievements. For the past few years, departments have been requested to present their budget proposals in the context of past performance so that there is a clear link between performance and further budget allocations. The 2005 budget process aims to consolidate this approach by undertaking a thorough examination of service delivery performance and by explicitly linking requests for additional resources with policy priorities and planned outputs. The department's measurable objectives become a useful tool in this regard.

Given the opportunity presented by the new term of Government, key enhancements were introduced in the planning and budgeting cycle of national and provincial governments. The main reform was to align the planning and budgeting cycle with the election cycle. This means that key policy priorities that the new Government will tackle in the next five years should form the basis of departmental planning and budgeting. National and provincial budgets include appropriations voted by Parliament and provincial legislatures each year, together with forward estimates for the subsequent two years. These three-year estimates of expenditure for each departmental vote comprise the Medium-Term Expenditure Framework.

The advantages of planning expenditure three-years ahead are the following:

Expenditure implications of government policies and priorities are indicated in advance, permitting departments and other interested parties to plan accordingly. Due to the predictability of revenue flows, departments can plan their spending

programmes within an agreed expenditure envelope; policy proposals can be readily assessed against the available financial resources; Government's future spending commitments are made public, enhancing transparency and accountability; personnel and procurement planning can be conducted with greater certainty of future resource availability; expenditure planning can be linked more effectively to outputs and delivery of services; and Government's medium-term fiscal targets, tax policy and debt strategy can be linked to agreed expenditure commitments. Within their three-year spending envelope, departments have substantial discretion about how to best deploy their resources to meet their objectives.

The budget process also requires departments to undertake detailed reviews and reprioritisation within their medium-term expenditure allocations each year. Expenditure reprioritisation is closely integrated with the ongoing review of policies and programmes undertaken by spending agencies under the leadership of political heads.

3. Socio-economic outlook

3.1 Demographics

Table 3.1, which gives population figures for provinces, shows that Mpumalanga population increased from 2,8 million in 1996 to 3,1 million in 2001, which is an increase of 10%. Gauteng and KwaZulu-Natal recorded the highest growth.

Table 3.1 Population by province

	1996	2001	Growth %
Eastern Cape	6 302 525	6 436 763	2%
Free State	2 633 504	2 706 775	3%
Gauteng	7 348 423	8 837 178	20%
KwaZulu-Natal	8 417 021	9 426 017	12%
Limpopo	4 929 368	5 273 642	7%
Mpumalanga	2 800 711	3 122 990	11%
Northern Cape	840 321	822 727	-2%
North West	3 354 825	3 669 349	9%
Western Cape	3 956 875	4 524 335	14%
Total	40 583 573	44 819 776	10%

Source: Statistics South Africa.

The growth in population for Mpumalanga over a five-year period suggests that there is an influx of people who are moving into the Province. This influx could be due to the perception that there may be job opportunities in the Province possibly from the neighboring Swaziland and Mozambique. Mpumalanga is set to be the fastest growing provinces so it could attract people from provinces such as Northern Cape, Eastern Cape and Limpopo. These figures can make it difficult for the Departments of Health and Social Services and Education to plan as the targets are moving. However, in the planning phase such factors will be factored in.

Table 3.2 Attendance at an educational institutions

Level of education	Number	% of total
Pre-school	67 000	5.72%
School	1 040 000	88.9%
University	16 000	1.37%
Technicon	15 000	1.28%
College	21 000	1.79%
Abet	11 000	0.94%
Total	1 170 000	100.0%

Source: Statistics South Africa – Media estimates 2004

Table 3.2 paints a very challenging picture. The statistics tell us that all most 95% of the population that attend an educational institution are at schools. Only 5% are attending tertiary institutions. This is not surprising since there is no tertiary institution has its head offices based in Mpumalanga. This has serious implications for the Province skills based. It also means that the Province will always have to rely on importing skills from other provinces and other countries

Table 3.3 Population in five year age groups

Age groups	Total	Males	Females
0 - 4	389 217	196 152	193 065
5 - 9	389 768	195 728	194 040
10 - 14	375 294	188 368	186 926
15 - 19	360 350	181 232	179 118
20 - 24	324 957	163 638	161 319
25 - 29	288 724	144 218	144 506
30 - 34	248 616	121 241	127 375
35 - 39	191 314	92 560	98 754
40 - 44	167 316	81 573	85 743
45 - 49	142 545	69 815	72 730
50 - 54	112 326	54 668	57 658
55 - 59	82 479	39 451	43 028
60 - 64	61 641	28 475	33 166
65 - 69	44 002	18 733	25 269
70 - 74	29 758	11 580	18 178
75 - 79	18 753	7 031	11 722
80+	17 246	6 224	11 022
Total	3 244 306	1 600 687	1 643 619

Table 3.3 indicates that 56% of Mpumalanga population is between the ages of 0 and 24, 32% is between 25 years and 49 years, 10% is between 50 years and 74 years and the last 2% is 75 years and above

3.2 Economic Indicators

South Africa's economy in 2003 was dominated by a huge divergence between production and expenditure as a result of the appreciation of the Rand. Some companies in the mining, agriculture, manufacturing and tourism sectors who export goods and services that compete with exports, are suffering severely. On the other hand retail sales and other consumers

spending are doing well as a result of a big decline in interest rates and a sharp improvement in the disposable income associated with steep declines in inflation emanating from Rand strength (Econometrics).

One of the economic achievements for the country is of managing to bring down inflation rate from double figures in 2002 to one figure which is within the targeted 3 to 6 percent in 2003. Inflation has declined sharply in recent months due to the strength of the Rand. The CPIX inflation rate, which was at 10.0 percentage points in January 2003, was brought down to 4.4 percentage point in October 2003 (SARB figures). There has been a 5,5-percentage point interest rate drop since June to December 2003. Long-term interest rates have been declining throughout the whole year.

The economically active population of Mpumalanga (expanded definition) was at 1 185 025 in 2002 according to Global Insight. This forms 36.5% of the total population. Males constitute 41% while females are 32%.

In terms of formal employment, Agriculture is the highest contributor of employment at 20.5%, followed by Community services at 17.7%, trade at 15%, manufacturing at 12.2 % and mining at 10%.

Table 3.4 Sectoral share to Mpumalanga economy

Sector	% Contribution
Agriculture	6%
Mining	24.2%
Manufacturing	27.3%
Electricity	10.0%
Construction	1.8%
Trade	9.1%
Transport	4.6%
Finance	5.7%
Community services	11.3%
Total	100%

Source: Statistics South Africa third quarter 2004

The Province contributes 6.85% to national GDP. The percentage annual growth between 1996 and 2003 was 2.2%. In 2003, the sector that reported positive highest growth was transport.

Table 3.5 Average contribution to national GDP by Mpumalanga

Sector	% Contribution
Agriculture	10.1%
Mining	18.7%
Manufacturing	7.4%
Electricity	14.6%
Construction	4.7%
Wholesale and retail	5.5%
Transport	7.4%
Finance	4.0%
Community services	6.1%
Government services	4.5%
Total	6.9%

Source: Statistics South Africa third quarter 2004

4. Receipts

4.1 Overall position

Revenue estimates for 2005/06 to 2007/08 are based upon national government's equitable share and conditional grants and forecasts of provincial own revenue using economic growth parameters and estimated actual collection for 2004/05. The total amount of revenue to be derived from national sources (both the equitable share and conditional grants) amounts to R14, 778 billion for 2005/06, which is 97.8% of the Province's total revenue.

4.2 Equitable Share

The Constitution establishes national, provincial and local government as autonomous spheres, which are "distinctive, interdependent, and interrelated." It also identifies functional areas of concurrent and exclusive competence. In order to give effect to the requirements of the Constitution, budgetary procedures and other institutional arrangements have undergone dramatic changes. Budget making is the responsibility of all three spheres of government. The Constitution requires that nationally raised revenues be divided equitably between the three spheres of government and that the provincial share be divided equitably between the nine provinces. In addition to equitable shares, provinces and local government also receive grants from the national share. National norms and standards may apply to provincial spending out of the equitable share and grant funds, which may be subject to conditions. The allocations from national government to provinces and local government must take into account the recommendations of the Financial and Fiscal Commission (FFC) and criteria detailed in section 214(2) of the Constitution.

Revenue sharing is necessitated by the constitutional assignment of revenue-raising and expenditure responsibility. Most of the revenue is raised nationally. Although provinces have significant expenditure requirements, they have only limited revenue sources. The equitable division of national revenues between the three spheres of government gives each the funds to provide the services and perform the functions assigned to it under the Constitution.

The provincial and local government equitable shares are further divided according to objective formulae after the recommendations of the FFC have been taken into account. The provincial formula allocates funds between the provinces according to their demographic and economic profiles taking account of the services – primarily health care, welfare and school education – for which provinces are responsible. The local government formula is designed to enable municipalities to deliver a package of basic services to low income households at affordable cost. Both formulae have a strong equity component. Taking into account the special needs of poorer areas.

The province's share from nationally raised revenue for the 2005/06 is R9, 976 billion, which represents R2, 772 billion decrease compared to 2004/05 adjusted equitable share of R12, 748 billion. The decrease is due to the function shift of social security grants and its administration.

4.3 Conditional Grants

In addition to the equitable shares, the Constitution provides for transfers to provinces and local government out of the national equitable share of revenue. These grants can be assigned for particular purposes and may be subject to conditions provided for in the legislation. The primary purpose of conditional grants is to support compliance with national norms and standards to compensate provinces for providing services that may extend beyond provincial boundaries and to enable national priorities to be adequately provided for in sub-national budgets.

Conditional grants represent the financial flows from the national budget associated with conditions on which services are being delivered or on compliance with specified requirements by the provinces. The conditional grants included in the Province's Budget Statements 2005/06 amounts to R4, 802 billion and are for the Provincial Infrastructure (R285, 5 million); Comprehensive Agricultural Support Programme-CASP (R23, 629 million); National School Nutrition Programme (R70, 235 million); National Tertiary Services (R42, 224 million); Professional Training Development (R54, 363) million); Hospital Revitalisation (R57, 018 million) and Hospital Management Improvement (R12, 340 million). Integrated Housing and Human Resettlement Redevelopment Grant (R321, 123), as well as R81, 392 million for Comprehensive HIV/Aids treatment (Health), R20, 619 million for Home-based care (Social Services) and R10, 317 million for life-skills in Education.

There are various reasons for introducing grants from the national share alongside the equitable share allocation to provinces and local government. A grant might be intended to ensure that services extending across provincial boundaries are properly financed. Where particular services are of a specialised nature and serve a wider constituency than a single province or municipality, there is a case for national government support. Where national legislation imposes expenditure mandates on provinces or municipalities, this should be affected through a suitable grant programme. Policies or programmes undertaken as joint responsibilities of two or more spheres of government might involve transfers to the implementing authorities.

Conditional grants represent the financial flows from the national budget associated with cost sharing agreements in respect of services provided by provinces or local government. The details of both allocations and associated conditions are the outcome of formal agreements between responsible Ministers and MEC's and the Budget Council.

4.4 Total Provincial Own Receipts

Existing intergovernmental fiscal relations are such that national government raises virtually all the revenue but has control over only about 40 percent of non-interest expenditure. The provincial governments on the other hand control about 60 percent of non-interest expenditure with the responsibility for health, education and welfare. Yet, in general, the provinces raise less than 5 percent of their budgets and receive large transfers from national government. The Mpumalanga Province expects to collect an amount of R272 million from own provincial revenue for the 2005/06 financial year, which is only 2,2% of the total revenue.

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

The provinces have some tax assignment powers given to them by the Constitution but the extent of provincial own revenues is currently limited consisting mainly of a number of small taxes, user charges and fees. The biggest of which in the Mpumalanga Province are motor vehicle licenses and hospital fees. In the light of the budget constraints facing the Province attempts have been made to take full advantage of the limited revenue sources and ensuring that the taxes are being collected efficiently and effectively. Steps are being taken to improve the collection of own revenue, as this will enhance the Province's ability to deliver services.

The main sources of provincial own receipts for the 2005/06 financial years are:

4.4.1 Licenses: Motor vehicles

This is a major Provincial revenue source and the Province is heavily reliant on this revenue. The province is estimating to collect R126, 225 million from this source, which accounts for 42% of the total Provincial own revenue. As a motor vehicle license fee is the biggest contributor to provincial own revenue. Treasury directed its main focus at reviewing this source of revenue. It was determined that no formal contract exists between the provincial government and its agents for the collection of revenue in respect of motor vehicle license administration. Provincial Treasury together with the Department of Roads and Transport will initiate the process of drafting contracts over MTEF years that will be approved by the State Attorney and then distributed to all registering authorities. The Department of Roads and Transport, which is charged with the responsibility of controlling and the collection of the motor vehicle licenses has to sign agreements with the Local Authorities on an agency basis to collect motor vehicle license fees on its behalf. Incorporated in those agreements should be the commission in terms of percentage based on the gross revenue collected, which is refundable to the Local Authorities on monthly basis.

4.4.2 Interest on investments

The Province receives its equitable share of national revenue on a weekly installments basis. The equitable share and conditional grants, which constitute major share of the Provincial receipts and enables the Revenue Fund to generate some interest. The continuously proper cash flow management by Provincial Treasury resulting in an interest accruing to the Provincial Revenue Fund estimated at R22, 404 million for 2005/06 financial year.

4.4.3 Hospital fees

Patient fees have been under-collected for some time due to the outdated system in use during the last financial years. A new advanced Uniform Patient Fee Schedule System that has been being implemented and replaced the Itemized Billing System. The new system has the capability to provide better cost information; elimination of under and over charging of

patients and a reduction of paper work and which will result in the improvement of revenue collection. Much scope also exists for improving revenue generation in the health sector. Attracting private patients to public hospitals by providing appropriate facilities to paying patients can increase revenue generated by hospitals. The province is estimating to collect R27, 805 million from this source.

4.4.5 Gambling

The estimated revenue from this source for the 2004/05 financial year amounts to R28, 133 million. Included in this amount are taxes received in respect of betting and totalisators from the horseracing industry. Once the casino industry gets off its feet it is expected that the revenue from this source will increase in later years.

4.5 Summary of provincial receipts by Vote

Table 1.8: Summary of provincial own receipts by Vote									
R thousand	Outcome			Main appropriatio n	Adjusted appropriatio n	Revised estimate	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
	2004/05								
Office of the Premier	2 650	2 662	1 685	3 834	3 834	2 500	1 847	2 000	2 000
Provincial Legislature	860	853	1 558	2 563	3 189	3 189	842	842	892
Finance	51 530	97 709	80 321	29 289	29 289	36 650	24 235	26 065	28 234
Local Government and Ho	16 395	156 500	167 923	1 146	1 146	1 649	1 205	1 277	1 349
Agriculture and Land Admi	5 740	6 313	4 634	7 677	7 677	7 677	4 291	4 297	4 292
Economic Development and Planning				15 255	15 255	24 197	28 143	30 257	32 804
Education	19 637	18 856	17 176	16 400	16 400	17 248	17 384	18 670	19 670
Public Works	6 421	4 935	10 494	8 173	8 123	8 173	3 025	1 566	1 644
Safety and Security	441	331	370	700	700	485	127	151	192
Health and Social Services	28 084	38 489	34 591	85 443	85 443	37 654	35 152	36 910	38 792
Roads and Transport				144 722	144 722	144 722	155 267	167 688	181 103
Culture, Sport and Recreat	488	726	763	1 218	1 218	1 218	889	933	979
Total provincial own rece	32 246	327 374	319 515	316 420	316 996	285 362	272 407	290 656	311 951

5. Expenditure

5.1 Overall Position

The amount to be voted in the Mpumalanga Appropriation Act, 2005 is R15, 075,373 billion, which is R1, 288 million or 9% more compared to the 2004/05 Adjusted Budget. Details of the funds to be allocated within each vote for 2005/06, as well as the indicative MTEF allocations for 2006/07 to 2007/08 can be found in the Budget Statements (Budget Statement 1 and 2). Included in the allocations to the departments are the amounts of estimated own revenue, which fund provincial spending pressures that could not be accommodated within the provincial equitable share.

Total outlays for the provincial programmes are budgeted at:

Financial year 2005/2006: R 15,075,373 million

Financial year 2005/2006: R 16,509,985 million

Financial year 2006/2007: R 18,023,110 million

5.2 Summary of provincial payments and estimates by Vote

Rithousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
				2004/05					
Office of the Premier	74 297	99 870	114 507	108 275	111 780	109 649	100 873	106 779	123 321
Provincial Legislature	41 573	45 115	55 685	50 513	51 984	51 130	56 685	57 824	60 270
Finance	176 922	100 917	223 560	132 708	192 162	196 449	142 895	154 941	162 688
Local Government and Housing	589 717	533 655	584 961	468 021	551 394	548 086	498 765	571 343	673 188
Agriculture and Land Administration	336 256	408 567	424 519	487 825	500 735	484 331	563 881	589 573	642 694
Economic Development and Planning	166 362	134 249	172 053	172 246	175 236	179 057	190 492	192 519	200 895
Education	3 330 933	3 886 049	4 475 311	5 090 882	5 206 947	5 113 587	5 737 277	6 125 545	6 615 643
Public Works	255 087	209 557	227 778	264 033	290 669	280 638	272 301	280 735	295 017
Safety and Security	26 295	32 564	29 295	35 268	36 268	36 267	37 245	40 724	42 510
Health and Social Services	2 983 417	3 728 225	4 697 556	5 440 479	5 762 813	5 767 815	6 493 370	7 393 146	7 902 537
Roads and Transport	498 268	619 752	617 359	764 129	834 874	829 208	906 913	918 932	1 226 097
Culture, Sport and Recreation	34 626	57 655	61 216	66 865	72 826	72 826	74 676	77 924	78 250
Total provincial payments and estim	8 513 753	9 856 175	11 683 810	13 081 244	13 787 688	13 669 043	15 075 373	16 509 985	18 023 110

5.3 Expenditure by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates					
	Audited	Audited	Audited									
	2001/02	2002/03	2003/04				2004/05			2005/06	2006/07	2007/08
Office of the Premier	74 297	99 870	114 507	108 275	111 780	109 649	100 873	106 779	123 321			
Provincial Legislature	41 573	45 115	55 695	50 513	51 984	51 130	56 685	57 824	60 270			
Finance	176 922	100 917	223 560	132 708	192 162	196 449	142 895	154 941	162 688			
Local Government and Housing	589 717	533 655	584 961	468 021	551 394	548 086	498 765	571 343	673 188			
Agriculture and Land Administra	336 256	408 567	424 519	487 825	500 735	484 331	563 881	589 573	642 694			
Economic Development and Pla	166 362	134 249	172 053	172 246	175 236	179 057	190 492	192 519	200 895			
Education	3 330 933	3 886 049	4 475 311	5 090 882	5 206 947	5 113 587	5 737 277	6 125 545	6 615 643			
Public Works	255 087	209 557	227 778	264 033	290 669	280 638	272 301	280 735	295 017			
Safety and Security	26 295	32 564	29 295	35 268	36 268	36 267	37 245	40 724	42 510			
Health and Social Services	2 983 417	3 728 225	4 697 556	5 440 479	5 762 813	5 767 815	6 493 370	7 393 146	7 902 537			
Roads and Transport	498 268	619 752	617 359	764 129	834 874	829 208	906 913	918 932	1 226 097			
Culture, Sport and Recreation	34 626	57 655	61 216	66 865	72 826	72 826	74 676	77 924	78 250			
Total provincial payments and	8 513 753	9 856 175	11 683 810	13 081 244	13 787 688	13 669 043	15 075 373	16 509 985	18 023 110			

5.4 Infrastructure expense/ payments for capital assets

The total payments for capital assets provided on the Budget Statements for this Province for 2004/05 is R808, 966 million and detailed amounts are available in Appendices and departments infrastructure plans.

5.5 Transfers to Public Entities

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04				2004/05		
Local Government and Housing	37 910	9 755	12 000	16 000	16 000	16 000	9 254	16 000	16 000
Agriculture and Land Administration	116 090	123 300	119 700	115 700	115 700	115 700	105 791	100 842	139 017
Economic Development and Planning	96 151	82 854	138 329	108 500	115 833	115 833	84 500	80 100	82 000
Education	4 648	5 000	7 021	9 100	14 500	14 500	21 000	21 000	21 000
Total provincial transfers to public entities	254 799	220 909	277 050	249 300	262 033	262 033	220 545	217 942	258 017

5.6 Transfers to local government

Table B.6: Transfers to local government by transfer/grant type, category and municipality: Local Government and Housing

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04				2004/05		
MSP									
Category B			9821	21772	25552	25552			9000
Mbombela			750						9 000
Nkomazi			750	500	500	500			
Mjindi			700	350	350	350			
Thaba chweu			882	1 716	2 716	2 716			
Highlands			317	400	400	400			
Delmas			380	400	400	400			
Emalahleni				1 423	1 423	1 423			
Middleburg				1 216	2 216	2 216			
Thembisile				1 827	1 827	1 827			
Dr JS Moroka				1 827	1 827	1 827			
Albert Luthuli			501	1 516	1 696	1 696			
Msukalikwa			750	1 182	1 182	1 182			
Lekwa			1 000	1 776	1 776	1 776			
Dipaleseng			2 000	1 216	1 216	1 216			
Mkhondo			728	1 516	1 516	1 516			
Govern Mbeki			1 063	1 016	1 716	1 716			
Seme				1 076	1 776	1 776			
Sekhukhune				112	112	112			
Greater Tubatse				1 596	1 796	1 796			
Grobiersdal				300	300	300			
Marble hall				677	677	677			
Metswedinf				60	60	60			
Bohlabele				70	70	70			
Category C				278	278	278			
Nhlanzeni District				112	112	112			
Nkangala District				63	63	63			
Gert Sibande				103	103	103			
Unallocated									
CMIP CAPACITY Buildinf									
Category B			2 520						
Govern Mbeki			2 520						
FLOOD FUND			4 045						
Mbombela			4 045						
Unallocated									
Total dep transfers/grants			16 386	22 050	25 830	25 830			9 000

Table 2.8: Summary of departmental transfers to local government by category

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04						
Nkangala District									
Nkangala District									
Delmas			1 564	1 751	1 751	1 751	1 751	1 751	
Emalahleni			3 500	3 920	3 920	3 920	3 920	3 920	
Middelburg			4 101	4 593	4 593	4 593	4 593	4 593	
Highlands			184	206	206	206	206	206	
Thembisile			0	0	0	0	0	0	
Dr J S Moroka			0	0	0	0	0	0	
Waterval-Boven			197	221	221	221	221	221	
Marblehall			404	452	452	452	452	452	
Groblersdal			482	540	540	540	540	540	
Sub-total		-	10 432	11 683	11 683	11 683	11 683	11 683	
Gert Sibande District									
Gert Sibande District									
Albert Luthuli			448	475	475	475	475	475	
Msukaligwa			1 524	1 616	1 616	1 616	1 616	1 616	
Mkhondo			426	452	452	452	452	452	
Seme			48	51	51	51	51	51	
Lekwa			1 087	1 152	1 152	1 152	1 152	1 152	
Govan Mbeki			1 521	1 612	1 612	1 612	1 612	1 612	
Sub-total		-	5 054	5 358	5 358	5 358	5 358	5 358	
Nhlanzeni District									
Nhlanzeni District									
Thaba Chweu			698	768	768	768	768	768	
Mbombela			1 175	1 293	1 293	1 293	1 293	1 293	
Umjindi			571	628	628	628	628	628	
Nkomazi			1 456	1 601	1 601	1 601	1 601	1 601	
Sub-total		-	3 900	4 290	4 290	4 290	4 290	4 290	
Sekhukhune									
Greater Tubatse			0	0					
Metsweding									
Bohlabela									
Sub-total C									
Unallocated			970	1 028	1 028	1 028	1 028	1 028	
Total departmental transfers to local government			20 356	22 359	22 359	22 359	22 359	22 359	