

BUDGET STATEMENT NO. 1

1. Budget strategy and aggregates

1.1 Introduction

National and provincial policies and priorities again form the basis for the 2005/06 Medium Term Expenditure Framework (MTEF) Provincial Budget. National priorities are mainly derived from the President's State of the Nation's Address and provincial priorities from the Premier's State of the Province Address.

The main priorities covered in the addresses of the two leaders usually cover broad policy guidelines that must be operationalised before it can be implemented. Other provincial policies and priorities form part of the Provincial Government's mandate and will be ongoing for some time to come.

An example of such an ongoing policy and priority is the eradication of backlogs in clinics, classrooms, houses, etc. identified prior to the first democratic elections in 1994. The backlogs were created over a period of almost forty years and cannot be eradicated over-night. However, the eradication of these backlogs will remain a national and provincial priority until the aim is achieved.

1.2 Policies and priorities announced by the two political leaders

The policies and priorities contained in the President's State of the Nation's Address forms the basis for provincial priorities addressed in the 2005/06 MTEF Budget. A provincial version of the policies and priorities were contained in the Premier's State of the Province's Address. The following are the most important priorities addressed in the 2005/06 MTEF budget:

- Speed-up skills development
- Learnerships
- Comprehensive Agricultural Support Programme
- Expansion of the Adult Basic Education and Training (ABET) programme
- Deployment of Community Development Workers
- Adequate funding for and recapitalization of technical colleges
- Allocating resources to traditional leaders
- Reduce malaria by 10% each year

Although the President announced that the following issues would be addressed during the 2004/05 financial year, a lack of funds made it impossible to comply fully with the President's announcement and the matters remained priorities for the next MTEF period:

- No learner will be learning under a tree, in a mud school or under dangerous conditions
- All learners will have access to clean water and sanitation

Two main policy areas underline Government's policies and priorities and they are addressed in this Provincial Budget. Firstly, the Provincial Government continues and accepts socio-economic responsibility to the people of our province. Secondly, the Provincial budget is aimed at stimulating growth and development in the province with the aim to eradicate poverty through economic growth and job creation.

1.3 Other provincial priorities

Other priorities that are addressed in the 2005/06 Provincial MTEF Budget stems from the pre-1994 period that has not yet been fully addressed. The following are examples of such priorities:

- Education: Increase of non-personnel expenditure
- Health: Stepping up funds for capital, maintenance, medicines and other non-personnel related costs
- Expand social welfare services
- Provision of social infrastructure at schools
- Improve the status of our roads

The main provincial priority initiative addressed in the 2005/06 MTEF budget is the allocation of funds for scholar transport for children living in rural areas.

From the above it is clear that national and provincial priorities are in essence the same and the only difference is that the prioritization of the national priorities may differ in the province.

1.4 Major policy decisions

Based on the mandate received from the voters, the province's objectives for the next ten years were clearly spelled-out in the Hon. Premier's State of the Province Address, delivered on 28 May 2004, in which she said:

"In pursuit of these national objectives, we have set for ourselves provincial priorities that we will pursue vigorously in the next ten years. These are:

- To reduce unemployment to less than 20% by 2014
- To pursue targeted provincial economic growth of 6,6% per annum
- To provide and facilitate skills development

- To generate public and private investment
- To ensure cooperative governance and promote Public/Private Partnerships
- To promote equal and fair access to opportunities and assets
- To enhance competitiveness and profitability
- To ensure sustainable development and poverty eradication through appropriate resources and environmental management”

These policy decisions will be pursued over the next ten years.

1.5 The Provincial Government's contribution to national mandated programmes

The following are some of the national mandated programmes that are fully supported by the Provincial Government:

- Deployment of Community Development Workers
- Deployment of Community Health Workers
- Funding for and recapitalization of technical colleges
- Allocation of resources to traditional leaders
- Text books for the new school curriculum
- Appointment of learnerships
- Implementation of the Child Support Act
- Career pathing and scarce skills

1.6 The Government's election manifesto

The Government again received an overwhelming mandate for the implementation of its election manifesto:

A growing economy:

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

Sustainable livelihoods:

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

Access to services:

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

Comprehensive social security:

- Ensure that people eligible for social grants receive such grants
- Improve the functioning of the Unemployment Insurance Fund
- Introduce a national health insurance system
- Speed up the programme to provide free basic water and electricity
- Speed up the extension of free health services to persons with disabilities

Crime and Corruption:

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

Constitutional rights and governance

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

Africa and the world

- Working with others, speed up economic integration in Southern Africa and strengthen democracy, peace, stability as well as economic growth and development
- Ensure realization of the Constitutive Act of the Africa Union and implementation of the New Partnership for Africa's Development (NEPAD)
- Improve cooperation amongst countries of the South

- Strengthen economic and other relations with industrialized countries
- Promote a collective multilateral approach to global challenges

As can be seen from the provincial priorities stated in paragraphs 1.2 and 1.3, these election promises are being pursued vigorously.

2. Summary of budget aggregates

2.1 Provincial budget summary

Table 1: Provincial Budget Summary

| Item (R'000) | Provincial Summary of Receipts and Payments | | | | | | | |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| Provincial receipts: | | | | | | | | |
| Transfer receipts from national | 9,436,312 | 11,025,002 | 13,079,845 | 14,861,539 | 15,244,735 | 17,032,732 | 18,710,796 | 20,268,909 |
| Equitable share | 6,735,978 | 7,849,156 | 9,133,307 | 10,085,553 | 10,346,319 | 11,086,061 | 11,989,563 | 12,786,822 |
| Conditional grants | 2,700,334 | 3,175,846 | 3,946,538 | 4,775,986 | 4,898,416 | 5,946,671 | 6,721,233 | 7,482,087 |
| Provincial own receipts | 263,614 | 308,228 | 336,080 | 371,066 | 357,864 | 426,030 | 462,011 | 500,434 |
| Total provincial receipts | 9,699,926 | 11,333,230 | 13,415,925 | 15,232,605 | 15,602,599 | 17,458,762 | 19,172,807 | 20,769,343 |
| Provincial payments: | | | | | | | | |
| Current payments | 7,013,702 | 7,694,956 | 8,696,941 | 9,628,707 | 9,736,424 | 10,629,825 | 11,507,609 | 12,331,513 |
| Transfers and subsidies | 2,503,914 | 3,254,770 | 4,061,896 | 4,817,039 | 5,341,532 | 5,861,363 | 6,526,115 | 7,171,403 |
| Payments for capital assets | 388,213 | 590,726 | 609,624 | 786,859 | 803,273 | 967,574 | 1,139,083 | 1,266,427 |
| Unallocated contingency reserve | | | | | | | | |
| Total provincial payments | 9,905,829 | 11,540,452 | 13,368,461 | 15,232,605 | 15,881,229 | 17,458,762 | 19,172,807 | 20,769,343 |
| Surplus/deficit before financing | (205,903) | (207,222) | 47,464 | - | (278,630) | - | - | - |
| Financing | | | | | | | | |
| Provincial roll-overs | 143,990 | 242,148 | 113,242 | | 225,841 | | | |
| Suspension of funds | 72,107 | | | | 37,110 | | | |
| Donations and other funds received | | 105,044 | 3,267 | | 26,208 | | | |
| Ex Bop Investment | 22,971 | 8,828 | | | | | | |
| Ex trust funds | | 62,721 | | | | | | |
| Surplus brought over | 69,646 | | | | | | | |
| Surplus/deficit after financing | 102,811 | 211,519 | 163,973 | - | 10,529 | - | - | - |

For the 2005/06 MTEF period the province is proposing balanced budgets and no loans or other form of funding will be required.

3. Budget process and the Medium Term Expenditure Framework

The budget process is the most crucial instrument for translating government policies and priorities into public goods and service.

'Performance Budgeting' was introduced in government three years ago. However, Performance Budgeting 'assumes' efficiency and effectiveness in budget spending and therefore measures budget implementation only in terms of output. Good governance, however, necessitates an appropriate blend of accountability, transparency and efficiency in the utilization of public money. The implementation of any policy or plan, which fails to ensure 'efficiency and effectiveness' in the delivery of services, is likely to fail.

The reform of the budget process has become imperative for the successful delivery of public services. The increased demand for public services, without a simultaneous increase in available funds, has compelled the provincial government to introduce an appropriate budgeting system to enhance the effective and efficient use of public funds.

To overcome the historic budget shortcomings, the Provincial Government approved the introduction of 'Strategic Budgeting'. Strategic Budgeting is a combination of 'zero-based' budgeting and 'activity based' budgeting while the advantages of 'performance' budgeting is retained. Strategic Budgeting is aimed at releasing money in the budget process that could be used to fund provincial priorities and policies.

After the Executive Council approved the introduction of "Strategic Budgeting", a Budget Oversight Committee (BOC), consisting of four Members of the Executive Council, was also appointed to oversee and give political guidance during the budget process. The Executive Council took full ownership for the new budget process and the Premier issued a press release in this regard.

The provincial treasury followed the following budget process:

- A Budget Circular, detailing the process to be followed, was issued in terms of Treasury Regulation 6.1. Departments were requested to submit their MTEF inputs in terms of the Budget Circular.
- As departments submitted their inputs, the budgets were analyzed and written questions, requesting additional information and clarity, were sent to each department.
- Treasury officials then visited each department to obtain information on the clarity questions and also to verify fixed costs.
- After the technical budget issues were resolved, heads of department were visited and briefed on the budget process and the meeting was also used to obtain more information on departmental specific priority issues.

As expected, the new process presented various unforeseen challenges. Treasury officials had to assist departments in compiling the required information and, after the provincial treasury's analysis and questions on the inputs, many departments withdrew and changed their inputs. There was constant liaison between departments and the provincial treasury, which helped to address most of the challenges. Addressing these challenges however delayed the budget process.

The Budget Oversight Committee met on 25 October 2004 to deliberate on the outcome of the budget process and recommended that the budget outcomes be submitted to the EXCO Planning Lekgotla for further deliberations and decision-making.

The EXCO Planning Lekgotla took place on 17 and 18 November 2004 during which various budget policies were approved together with various proposed budget-benchmarking proposals.

The Budget Oversight Committee met with individual departments 22 to 26 November 2004 regarding the outcome of the EXCO Planning Lekgotla. After the EXCO Planning Lekgotla departments were requested to adjust their MTEF inputs by implementing the approved budget policies and benchmarks.

The Budget Oversight Committee again met on 7 December 2004 to discuss the proposed policy and priority allocations to departments. On 8 December 2004 the Executive Council approved departmental allocations and departments were informed of the allocations on 9/10 December 2004.

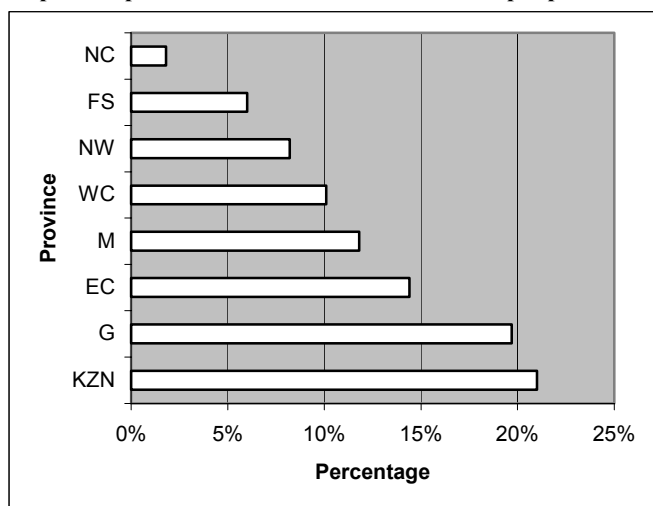
As can be seen from the budget process followed in the North West Province the Executive Council was fully involved and the Budget Oversight Committee, as sub-committee of EXCO, guided the budget process.

4. Socio-economic outlook

4.1 Demographic profile

North West Province has the third smallest population in the country with Northern Cape the smallest and Kwa-Zulu/Natal having the largest population.

Graph 1: Population distribution in South Africa per province



The North West Population had 3,1 million people in 1991, which increased to 3,3 million in 1993. It is projected that that the population would increase to 4,6 million in 2011. However, according to statisticians, the impact of HIV/AIDS may reduce the projected number of people in the province to 4 million in 2011.

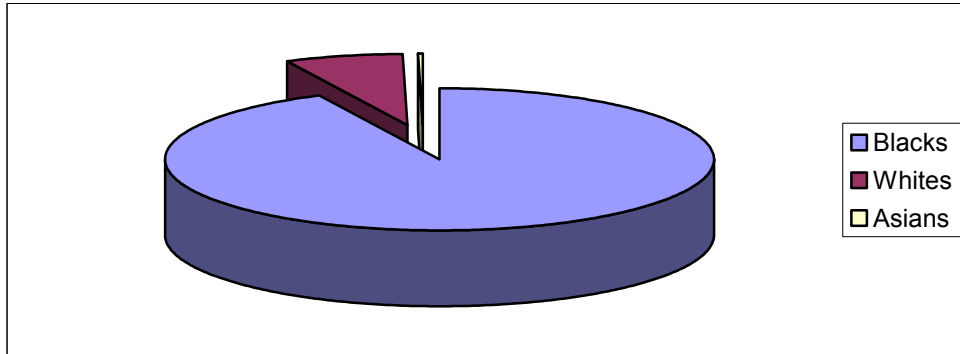
According to the 2001 Census, the North West province had a population of 3,66 million comprising of about 8,3% of the total population, thus making it the 6th most populated province in the country. Only 42% of the population was urbanized at the time of the Census.

Of the population in 2001, 50,4% are females and 49,6% males. The province consists of three major racial groups: Blacks (91,5%), Whites (6,7%) and Asian (0,3%).

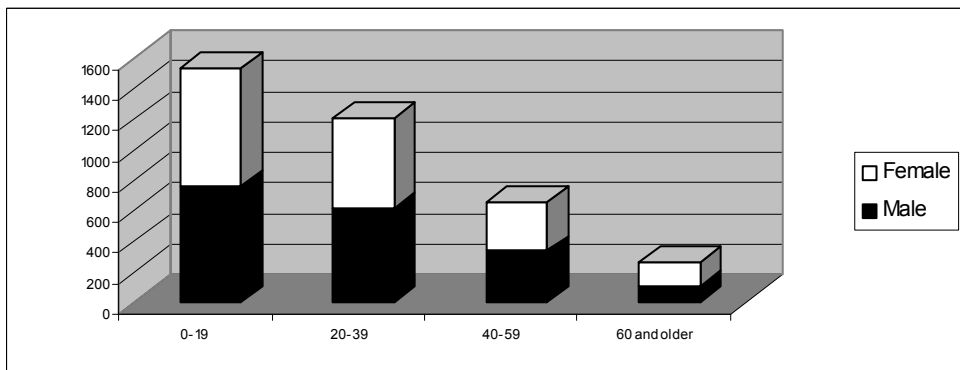
Table 2: Population per district council by sex (2001)

| District Council | Male | Female | Total | Percentage |
|----------------------------|------------------|------------------|------------------|-------------|
| Bojanala | 601,865 | 577,474 | 1,185,329 | 32,3% |
| Central | 367,066 | 395,933 | 762,999 | 20,8% |
| Bophirima | 210,397 | 229,277 | 439,674 | 12,0% |
| Southern | 301,386 | 298,284 | 599,670 | 16,3% |
| Kgalagadi | 64,952 | 75,075 | 140,027 | 3,8% |
| West rand (NW portion) | 34,142 | 26,988 | 61,131 | 1,7% |
| Frances Baard (NW portion) | 10,066 | 11,493 | 21,559 | 0,6% |
| Tswane Metro (NW portion) | 255,681 | 233,279 | 458,960 | 12,5% |
| TOTAL | 1,821,547 | 1,847,803 | 3,669,349 | 100% |

Graph 2: Main racial groups



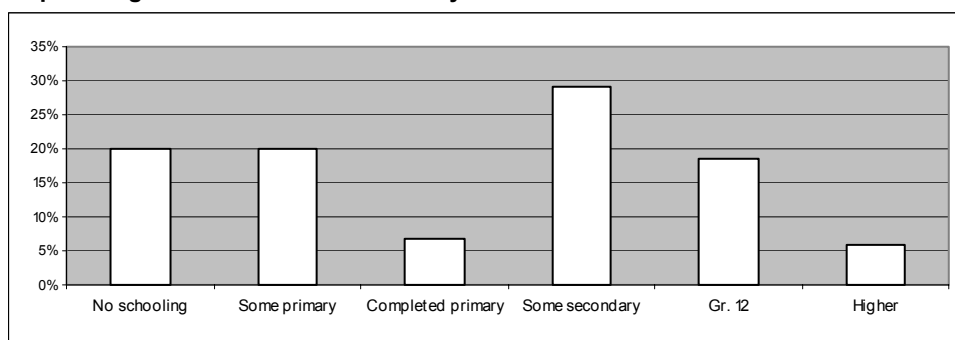
Graph 3: Age distribution of provincial population ('000)



4.2 Socio Economic Indicators

- Most municipalities in the province have responded positively in providing basic services to the people. Free access to water has been implemented in most of the province. According to the latest information, 2 million of the people have access to 6kl free water. Municipalities are also subsidizing rural communities to purchase diesel for water pumping engines. More municipalities are joining the drive to ensure minimum free water to the poor. However, municipalities will have to refine their systems to ensure that only the needy are assisted in this regard. Government's intention is not to provide free basic services to all the people of the country but only to those that cannot afford to pay for such services.
- **Education:** Although a large portion (see Graph 4 below) of the North West Province's population are still illiterate, the Adult Basic Education and Training Programme will be expanded over the next MTEF period. The reduced matric pass rate in 2004 is a disappointment. Of the 38 558 enrolled grade 12 learners, 37 327 wrote the matric exams and only 24,221 or 65% passed. Of those learners that passed, 4 647 passed with university endorsement. To improve the situation, more funds are made available in the MTEF for learner support material. At national level, a better dispensation for teachers, especially those with scarce skills, is being negotiated.

Graph 4: Highest level of education: 20 years and older



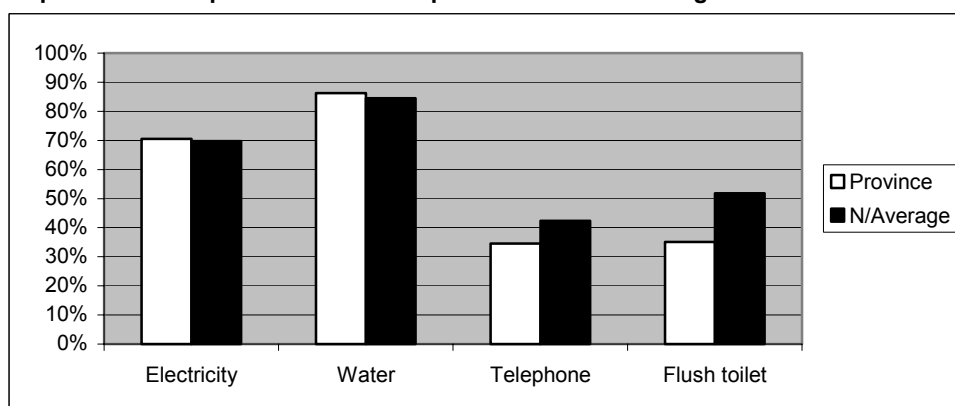
Since 1994 the provincial government erected 2,533 classrooms at 356 schools. During the same time 423 specialized function rooms, 104 administrative blocks and 3,844 toilets were constructed. Funds have again been provided in the MTEF budget to ensure that the momentum with providing scholar facilities is maintained.

- **Energy supply:** Since 1994 to 2002 497,005 electricity connections have been made in the province. Six major lighting projects have been completed benefiting approximately 153 000 people. This drive is also continuing. In consultation with service providers, the Provincial Government is aiming to maintain the momentum in providing electricity in remote areas.

- **Other municipal services:**

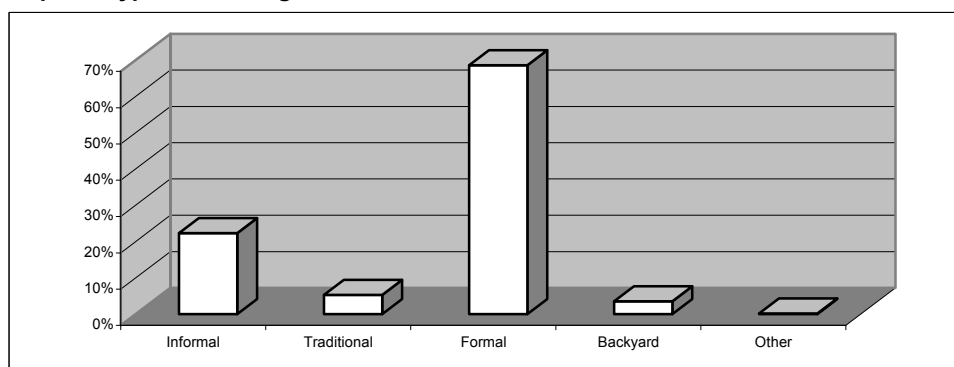
In some municipalities the provision of services is still lagging behind. However, compared to the national average, the North West Province is performing well. Telephone communication and toilet facilities still need attention and the Provincial Government has intervened to ensure effective municipal services and funds have been put aside in the MTEF to continue replacing the bucket toilet systems.

Graph 5: Services per household compared to national average



- **Housing:** Since 1994 125,276 housing units have been constructed in the province. The backlog in houses, according to the 2001 statistics, is 241 587 units. Since the census 38 803 housing units were erected and a further 48 000 units are planned over the MTEF period. The Provincial Government still has a long way to travel before the housing backlog is eradicated but currently the momentum is being maintained.

Graph 6: Type of dwelling



- **Health care:** Since 1994 seven hospitals and 26 clinics were renovated and upgraded. Twelve new gateway clinics have been built at 12 provincial hospitals. HIV/AIDS is still high in the province and it is becoming one of the biggest cost drivers in health care.

The North West Province currently has 26 hospitals and the number of beds per 1000 of the population is above the national average as far as provincial hospitals are concerned. In district hospitals the hospital beds per 1000 population is still below the national average and more facilities are required. Funds have again been set aside in the MTEF for the building of clinics and the upgrading of hospitals.

The Scarce Skills Incentives for rural medical staff were introduced with great success. Health care in the rural areas has improved and should improve even further over the MTEF period.

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

4.3 Economic indicators

4.3.1 Introduction

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

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

4.3.2 Economic challenges

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

- *Physical infrastructure.* According to the department responsible for roads and public buildings, approximately R2,000 million is required over the next three years to bring the physical infrastructure up to an acceptable standard. The position in the North West Province is aggravated by the large number of rural roads and the relative small number of national roads. Although the Provincial Government took a decision to provide more money in the MTEF for the maintenance of physical infrastructure, this backlog will take some years to eradicate. The first priority of the Provincial Government is the upgrading of economic roads that will make a contribution to development and job creation. The creation of new infrastructure also receives special attention in the MTEF and money is earmarked for roads (especially in rural areas), development infrastructure, schools, etc. Approximately 10% of the provincial MTEF will be used for the creating, maintenance and upgrading of physical infrastructure.
- *Tourism.* Historically, tourism in the North West Province was built around gambling, which only benefited a privileged few. This was a great advantage to the province but it was also contrary to the national ideal on equal distribution of economic benefits, economic opportunities and the distribution of wealth to all the people of South Africa. The North West Province has now positioned itself as a destination with a unique offering of both cultural and national heritage. According to available statistics, international tourists visiting the province have increased from 293 516 in 1994 to 347 242 in 2001, a growth of 18%. There is, however, still room for improvement and the Provincial Government provided an additional amount of R22 million over the MTEF for tourism promotion.
- *Manufacturing.* Manufacturing is almost exclusively dependent on the performance of a few sectors (fabricated materials – 51%, food sector – 18% and non-metallic metals – 21%). Approximately 94% of all industries are low capital/labour ratio industries. Some potential for rural industrialization is evident and should be exploited. Assistance and support in removing blockages experienced and creating attractive investment opportunities is urgently required. Latest indications are that the manufacturing sector is showing a steady increase. The challenge is to increase the growth rate in manufacturing. The Provincial Government has made economic growth a high priority and money is being allocated in the MTEF for this purpose.

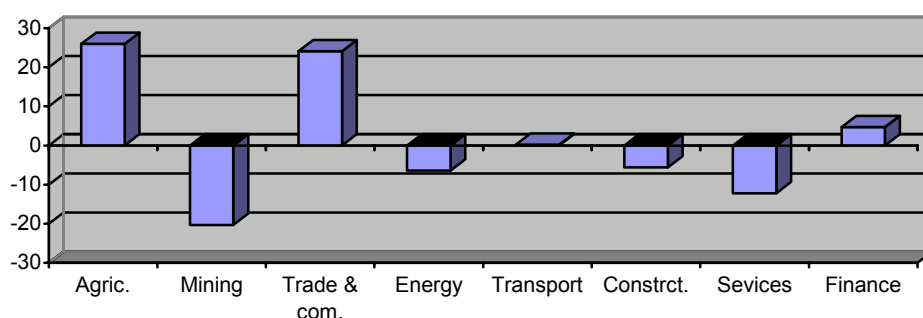
4.3.3 General economic indicators

According to the latest available statistics, major changes are taking place in the contribution of the different sectors to the provincial economy. In the past the North West Province relied heavily on mining. The latest trend seems to be that the contribution of agriculture to the local economy is increasing while mining's contribution is decreasing.

Table 3: Changes in Gross Geographic Product growth by sector

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

Graph 7: Changes in Gross Geographic Product growth by sector
Percentage



Also according to the latest available statistics, the per capita Gross Geographical Product in the North West Province is R3,964 compared to the national average of R6,498. Although it could be argued that the North West Province is not ideally situated for the establishment of large industry, labour productivity in the North West Province, as measured by the Gross Geographical Product per worker, also seems to be below the national average.

Skills development has therefore become a major priority for the provincial Government and funds have been earmarked specifically for this purpose in the MTEF.

Up to date information on economic indicators are not available for the province. STATS SA released a discussion paper: "Gross Domestic Product per Region, Annual Estimates, 1995 to 2001". However, this discussion paper was so flawed that it was withdrawn for them to revisit the accuracy of the information.

5. Receipts

5.1 Total estimated receipts

Total estimated receipts increase by an average of 11% over the MTEF period. The equitable share increases by 7,7%, conditional grants by 12,9% and provincial own receipts by 13,7% over the same period.

It should be noted that the provincial equitable share was reduced by 24% as a result of the transfer of the social assistance function to National Government. For this MTEF period, money for social assistance is allocated to the province as conditional grants.

Table 4: Summary of provincial receipts

| Item (R'000) | Provincial Summary of Receipts | | | | | | | |
|---|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| Transfer receipts from national: | | | | | | | | |
| Equitable share | 6,735,978 | 7,849,156 | 9,133,307 | 10,085,553 | 10,346,319 | 11,086,061 | 11,989,563 | 12,786,822 |
| Conditional grants | 2,700,334 | 3,175,846 | 3,946,538 | 4,775,986 | 4,898,416 | 5,946,671 | 6,721,233 | 7,482,087 |
| Total transfer receipts from nat'l | 9,436,312 | 11,025,002 | 13,079,845 | 14,861,539 | 15,244,735 | 17,032,732 | 18,710,796 | 20,268,909 |
| Provincial own receipts: | | | | | | | | |
| Tax receipts | 114,097 | 125,409 | 160,374 | 161,845 | 161,845 | 228,658 | 256,267 | 287,913 |
| Sale of goods and services non-cap | 124,968 | 146,774 | 133,327 | 157,047 | 158,636 | 140,008 | 141,819 | 153,234 |
| Transfers received | | | | | | | | |
| Fines, penalties and forfeits | | | | | | | | |
| Interest, dividends and rent on land | 24,549 | 36,045 | 42,379 | 29,394 | 29,394 | 36,863 | 44,917 | 56,287 |
| Sale of capital assets | - | - | - | 22,780 | 7,989 | 20,500 | 19,008 | 3,000 |
| Financial transactions | | | | | | | | |
| Total provincial own receipts | 263,614 | 308,228 | 336,080 | 371,066 | 357,864 | 426,030 | 462,011 | 500,434 |
| Total provincial receipts | 9,699,926 | 11,333,230 | 13,415,925 | 15,232,605 | 15,602,599 | 17,458,762 | 19,172,807 | 20,769,343 |

5.2 Equitable share

Due to a change in the equitable share formula, the equitable share of the North West Province, as a percentage of the total provincial allocation, was reduced from approximately 8,2% to approximately 8,1%. Over the MTEF period the equitable share increases on average by 7,7% per annum.

5.3 Conditional grants

The payment of social grants has been changed into a conditional grant pending the establishment of a public entity that would be responsible for the administration.

Table 5: Conditional Grants

| R'000 | Outcome | | | 2004/05 | | Medium Term Estimates | | |
|-----------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|-----------------------|------------------|------------------|
| | Audited 2001/02 | Audited 2002/03 | Audited 2003/04 | Main Budget | Adjusted Budget | 2005/06 | 2006/07 | 2007/08 |
| Agriculture | 5,000 | 3,000 | 6,500 | 31,875 | 61,245 | 38,594 | 45,813 | 58,838 |
| Land Care | 395 | - | - | 5,000 | 6,370 | 5,000 | 5,500 | 5,747 |
| Agriculture Support Programme | - | - | - | 26,875 | 26,875 | 33,594 | 40,313 | 53,091 |
| Disaster management | - | - | - | - | 28,000 | - | - | - |
| Poverty Relief & Infrastructure | 4,605 | 3,000 | 6,500 | - | - | - | - | - |
| Health | 168,407 | 206,191 | 280,317 | 303,344 | 314,057 | 390,640 | 471,153 | 477,098 |
| National Tertiary Services | 34,200 | 34,750 | 35,000 | 35,109 | 42,105 | 67,889 | 69,380 | 70,509 |
| HIV/AIDS | 4,640 | 18,919 | 32,891 | 70,981 | 70,981 | 100,921 | 142,316 | 149,432 |
| Hospital Revitalization | 56,000 | 53,000 | 59,939 | 92,845 | 92,845 | 98,056 | 125,493 | 106,495 |
| Medico Legal Grant | - | - | 1,000 | - | - | - | - | - |
| TB Grant | - | - | - | - | 317 | - | - | - |
| Nutritional Grant | 39,390 | 39,390 | 71,967 | - | - | - | - | - |
| Integrated Nutritional Programme | - | - | - | 9,987 | 9,987 | 10,981 | - | - |
| Hospital Management & Quality | - | 8,334 | 12,730 | 12,713 | 12,713 | 12,642 | 13,400 | 14,070 |
| Poverty Alleviation | - | - | 1,019 | - | - | - | - | - |
| Malaria Grant | - | - | - | - | 3,400 | - | - | - |
| Health Professions Training | 24,377 | 32,898 | 37,144 | 46,351 | 46,351 | 62,564 | 62,564 | 65,692 |
| Provincial Infrastructure | 9,800 | 18,900 | 28,627 | 35,358 | 35,358 | 37,587 | 58,000 | 70,900 |
| Education | 51,800 | 88,026 | 116,231 | 192,619 | 192,619 | 217,192 | 239,600 | 278,579 |
| School Nutritional Programme | - | - | - | 72,401 | 72,401 | 79,357 | 95,529 | 100,305 |
| Financial Management | 17,040 | 18,266 | 18,753 | - | - | - | - | - |
| Provincial infrastructure | 28,000 | 54,000 | 80,800 | 110,189 | 110,189 | 127,391 | 133,000 | 166,650 |
| Early Childhood Development | 1,680 | 4,240 | 7,040 | - | - | - | - | - |
| HIV/AIDS (Lifeskills development) | 5,080 | 11,520 | 9,638 | 10,029 | 10,029 | 10,444 | 11,071 | 11,624 |
| Housing | 273,041 | 313,050 | 355,974 | 429,858 | 429,858 | 467,880 | 546,751 | 668,274 |
| Housing Subsidy | 264,941 | 306,930 | 347,974 | 421,378 | 421,378 | 467,880 | 546,751 | 668,274 |
| Housing Capacity Building | 1,100 | - | - | - | - | - | - | - |
| Human Resettlement | 7,000 | 6,120 | 8,000 | 8,480 | 8,480 | - | - | - |
| Local Government | 31,958 | 26,150 | 34,949 | 38,842 | 38,842 | 16,108 | 16,961 | 20,809 |
| Local Government Capacity | - | - | - | 21,250 | 21,250 | - | - | - |
| R293 towns | 5,758 | - | - | - | - | - | - | - |
| Local Government Support | 16,000 | 18,050 | 20,372 | - | - | - | - | - |
| Disaster management | 6,000 | - | - | - | - | - | - | - |
| Provincial infrastructure | 4,200 | 8,100 | 12,268 | 15,153 | 15,153 | 16,108 | 16,961 | 20,809 |
| CMI Programme | - | - | 2,309 | 2,439 | 2,439 | - | - | - |
| Finance | 7,000 | - | - | - | - | - | - | - |
| Financial management | 7,000 | - | - | - | - | - | - | - |
| Social Development | 2,129,592 | 2,485,343 | 3,069,783 | 3,650,782 | 3,733,129 | 4,673,538 | 5,250,203 | 5,736,470 |
| HIV/AIDS (Lifeskills development) | 1,500 | 5,463 | 7,580 | 8,070 | 8,070 | 15,914 | 15,967 | 16,420 |
| Social security | - | 1,200 | - | - | - | - | - | - |
| Financial management | 642 | - | - | - | - | - | - | - |
| Women flagship | 300 | - | - | - | - | - | - | - |
| Food Relief | - | - | 41,615 | 41,615 | 41,615 | 41,615 | 44,112 | 46,317 |
| Social Assistance Grant | 2,127,150 | 2,478,680 | 2,884,201 | 3,184,911 | 3,267,258 | 4,328,016 | 4,873,356 | 5,345,759 |
| Administration Grant | - | - | - | - | - | 287,993 | 316,768 | 327,974 |
| Child Support Extension Grant | - | - | 136,387 | 416,186 | 416,186 | - | - | - |

| | | | | | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Transport & Roads | 33,536 | 54,086 | 82,784 | 127,666 | 127,666 | 140,049 | 146,412 | 238,559 |
| Disaster Management | 5,000 | - | - | - | - | - | - | - |
| NLTTA | 1,000 | - | - | - | - | - | - | - |
| Provincial infrastructure | 27,536 | 54,086 | 82,784 | 127,666 | 127,666 | 140,049 | 146,412 | 238,559 |
| Sport, Arts and Culture | - | - | - | 1,000 | 1,000 | 2,670 | 4,340 | 3,460 |
| Sport and Recreation | - | - | - | 1,000 | 1,000 | 2,670 | 4,340 | 3,460 |
| TOTAL | 2,700,334 | 3,175,846 | 3,946,538 | 4,775,986 | 4,898,416 | 5,946,671 | 6,721,233 | 7,482,087 |

5.4 Total provincial own receipts

Provincial own receipts increased by an average of 9.2% per annum during the period 2001/02 to 2003/04 and are budgeted to increase at 11.9% per annum over the MTEF period. The establishment of a Revenue Directorate in the provincial treasury had a positive impact on the collection of provincial own receipts that should continue during the MTEF period.

Table 6: Summary of provincial receipts by vote

| Vote (Department) | Provincial Summary of Receipts by Vote | | | | | | | |
|---|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| 1. Office of the Premier | 1,740 | 557 | 266 | 520 | 1,821 | 400 | 600 | 700 |
| 2. Legislature | 44 | 76 | 40 | 40 | 40 | 40 | 40 | 40 |
| 3. Health | 19,542 | 21,592 | 21,174 | 27,786 | 27,786 | 27,786 | 27,377 | 28,763 |
| 4. Sport, Arts and Culture | 1,063 | 1,457 | 1,598 | 1,892 | 1,816 | 1,176 | 1,256 | 1,296 |
| 5. Safety and Liaison | 63 | 36 | 12 | 10 | 10 | - | - | - |
| 7. Finance and Economic Development | 73,696 | 84,540 | 97,801 | 84,378 | 84,378 | 92,286 | 101,409 | 114,151 |
| 8. Education | 2,779 | 8,164 | 3,829 | 3,966 | 3,966 | 3,966 | 4,045 | 3,969 |
| 9. Local Government and Housing | 560 | 580 | 500 | 494 | 494 | 909 | 1,067 | 1,243 |
| 10. Transport and Roads | 153,888 | 177,510 | 192,034 | 216,377 | 216,382 | 265,140 | 293,820 | 333,111 |
| 11. Public Works | 6,100 | 4,899 | 10,775 | 26,947 | 12,156 | 25,076 | 23,126 | 7,870 |
| 12. Social Development | 149 | 268 | 268 | 268 | 627 | 700 | 720 | 740 |
| 13. Agriculture, Conservation, Environment and Tourism | 3,990 | 8,549 | 7,783 | 8,388 | 8,388 | 8,551 | 8,551 | 8,551 |
| 14. Contingency Reserve | | | | | | | | |
| Total prov own receipts by Vote | 263,614 | 308,228 | 336,080 | 371,066 | 357,864 | 426,030 | 462,011 | 500,434 |

Most of the department's receipts have stabilized and show a steady increase over the MTEF period. However, the Department of Transport has started a project to collect arrear motor vehicle licenses as well as traffic fines. This is expected to have a positive impact on the collection of departmental receipts during the MTEF period. The Department of Public Works is experiencing some difficulties with the sale of government houses. Due to the difficulties the expected receipts of the department has been adjusted downward during the 2004/05 Adjustments Budget. Even with the downward adjustment, there is still doubt whether the department will be able to collect the budgeted revenue.

For the MTEF period it is assumed that most of the problems will be overcome. There is, however, a possibility that the problems may continue during the MTEF period and that the department would not be able to collect the budgeted revenue.

5.5 Donor Funding

The North West Province is not aware of any substantial donor funding to be received over the MTEF period and no provision was made for such receipts.

6. Payments

6.1 Total estimated payments

The total estimated payments over the MTEF period are as follows:

2005/06: R17 458 762
2006/07: R19 172 807
2007/08: R20 769 343

Expenditure is expected to increase on average at 9.5% per annum.

6.2 Payments by vote

Table 7: Summary of provincial payments and estimates by vote

| Vote (Department) | Provincial Summary of Payments and Estimates by Vote | | | | | | | |
|---|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| 1. Office of the Premier | 104,996 | 132,206 | 134,032 | 146,848 | 153,270 | 196,648 | 213,121 | 229,263 |
| 2. Legislature | 35,988 | 40,215 | 55,142 | 85,111 | 77,463 | 103,255 | 102,435 | 104,841 |
| 3. Health | 1,698,992 | 2,012,396 | 2,263,131 | 2,598,644 | 2,664,370 | 2,893,904 | 3,197,688 | 3,432,915 |
| 4. Sport, Arts and Culture | 82,650 | 73,422 | 100,407 | 162,564 | 170,383 | 201,071 | 255,341 | 267,854 |
| 5. Safety and Liaison | 7,087 | 9,675 | 18,245 | 19,862 | 20,679 | 25,316 | 28,850 | 30,053 |
| 7. Finance and Economic Development | 258,623 | 218,848 | 311,841 | 298,375 | 311,877 | 316,679 | 327,614 | 340,959 |
| 8. Education | 3,972,100 | 4,377,385 | 4,840,389 | 5,331,228 | 5,424,608 | 5,833,090 | 6,198,367 | 6,579,979 |
| 9. Local Government and Housing | 476,338 | 509,225 | 420,040 | 583,377 | 688,775 | 613,560 | 737,421 | 869,282 |
| 10. Transport and Roads | 710,685 | 906,814 | 1,008,304 | 1,074,770 | 1,145,047 | 1,342,869 | 1,413,321 | 1,567,661 |
| 11. Public Works | 272,513 | 294,271 | 368,008 | 361,215 | 367,939 | 464,455 | 520,293 | 549,070 |
| 12. Social Development | 1,975,646 | 2,615,643 | 3,456,354 | 4,043,407 | 4,313,458 | 4,949,198 | 5,556,363 | 6,056,277 |
| 13. Agriculture, Conservation, Environment and Tourism | 305,561 | 344,652 | 392,545 | 469,677 | 512,733 | 494,677 | 522,315 | 565,435 |
| 14. Contingency Reserve | 4,650 | 5,700 | 23 | 57,527 | 30,627 | 24,040 | 99,678 | 175,754 |
| Total prov pay'ts/estimates by Vote | 9,905,829 | 11,540,452 | 13,368,461 | 15,232,605 | 15,881,229 | 17,458,762 | 19,172,807 | 20,769,343 |

A comparison between the 2004/05 budget and the MTEF budget might be misleading. The MTEF allocations are based on the funding of priorities and policies (activities), which changed the 2004/05 MTEF indicative allocations to departments for 2005/06.

Funds allocated to the Contingency Reserve mainly reflects allocations received in February 2005 for the following purposes:

- Improve non-personnel expenditure of education
- Roll-out of the Education Management Information System
- Improvement of hospital management
- Shifting of the primary health care function to provincial level

Due to time constraints it was not possible to approach the Budget Oversight Committee and the Executive Council for approval for the allocation of the additional equitable share. The provincial treasury also did not feel comfortable recommending funds without time to properly interrogate the information. It was therefore decided to keep the funds in the Contingency Reserve to allow more time to interrogate information and to make recommendations to the Executive Council that will be to the best advantage of the North West Province.

6.3 Payments and estimates by economic classification

Schedule 8: Summary of provincial payments and estimates by economic classification

| Classification (R'000) | Provincial Summary of Payments and Estimates | | | | | | | |
|----------------------------|--|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| Current payments: | 7,013,702 | 7,694,956 | 8,696,941 | 9,628,707 | 9,736,424 | 10,629,825 | 11,507,609 | 12,331,513 |
| Compensation of employees: | 5,701,310 | 6,208,456 | 6,850,591 | 7,529,827 | 7,501,914 | 7,975,859 | 8,629,700 | 9,221,779 |
| Goods and services | 1,312,392 | 1,486,500 | 1,846,350 | 2,098,880 | 2,234,510 | 2,653,965 | 2,877,909 | 3,109,734 |
| Interest and rent on land | - | - | - | - | - | - | - | - |
| Financial transactions | - | - | - | - | - | - | - | - |
| Unauthorised expenditure | - | - | - | - | - | - | - | - |

| | | | | | | | | |
|---|-----------|------------|------------|------------|------------|-------------------|------------|------------|
| Transfer and subsidies to: | 2,503,914 | 3,254,770 | 4,061,896 | 4,817,039 | 5,341,532 | 5,861,363 | 6,526,115 | 7,171,403 |
| Provinces and municipalities | 187,264 | 190,051 | 234,204 | 274,837 | 397,032 | 345,767 | 349,504 | 342,670 |
| Departmental agencies and accounts | 0 | 0 | 0 | - | - | 7,100 | 7,525 | 7,967 |
| Universities and technikons | 150 | 150 | 150 | 175 | 175 | 175 | 175 | 175 |
| Public corporations and private ent | 226,041 | 335,948 | 324,585 | 306,772 | 336,943 | 374,284 | 348,854 | 366,847 |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - |
| Non-profit institutions | 93,311 | 111,102 | 185,349 | 166,135 | 183,494 | 249,830 | 315,189 | 351,978 |
| Households | 1,997,148 | 2,617,519 | 3,317,608 | 4,069,120 | 4,423,888 | 4,884,207 | 5,504,868 | 6,101,766 |
| Payments for capital assets | 388,213 | 590,726 | 609,624 | 786,859 | 803,273 | 967,574 | 1,139,083 | 1,266,427 |
| Buildings and other fixed structures | 260,818 | 445,837 | 447,543 | 573,615 | 589,051 | 757,874 | 910,437 | 1,019,597 |
| Machinery and equipment | 127,395 | 144,199 | 161,986 | 212,244 | 213,222 | 208,488 | 227,434 | 245,390 |
| Cultivated assets | - | - | - | - | - | 212 | 212 | 240 |
| Software and other intangible assets | - | - | - | - | - | - | - | - |
| Land and subsoil assets | - | 690 | 95 | 1,000 | 1,000 | 1,000 | 1,000 | 1,200 |
| TOTAL ECONOMIC CLASSIFICATION | 9,905,829 | 11,540,452 | 13,368,461 | 15,232,605 | 15,881,229 | 17,458,762 | 19,172,807 | 20,769,343 |

As is the case with the payments and estimates per vote, a comparison between the 2004/05 budget and the MTEF budget might be misleading. The Executive Council made a deliberate attempt to reduce recurrent expenditure (mainly administrative expenditure) to free-up money to fund policies and priorities. Furthermore, the appointment of additional staff was kept to a minimum and mainly funds for the filling of technical posts were allocated.

6.4 Payments by policy area

Schedule 9: Summary of provincial payments and estimates by policy area

| Policy Area | Provincial Summary of Payments and Estimates by policy area | | | | | | | |
|---|---|---------------|---------------|----------------|-----------------|-------------------|---------------|---------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| General Public Services | 731,920 | 757,957 | 882,642 | 958,450 | 956,469 | 1,072,133 | 1,240,740 | 1,381,828 |
| Public Order and Safety | 7,087 | 9,675 | 18,245 | 19,862 | 20,679 | 25,316 | 28,850 | 30,053 |
| Economic Affairs | 965,878 | 1,188,444 | 1,346,250 | 1,490,414 | 1,599,864 | 1,816,666 | 1,908,203 | 2,098,573 |
| Environmental protection | 86,542 | 100,449 | 129,080 | 138,851 | 141,272 | 124,976 | 124,617 | 133,207 |
| Housing and Community Amenities | 385,014 | 405,082 | 331,963 | 489,185 | 590,127 | 542,409 | 662,639 | 788,658 |
| Health | 1,698,992 | 2,012,396 | 2,263,131 | 2,598,644 | 2,664,370 | 2,893,904 | 3,197,688 | 3,432,915 |
| Recreational, Cultural and Religion | 82,650 | 73,422 | 100,407 | 162,564 | 170,383 | 201,071 | 255,341 | 267,854 |
| Education | 3,972,100 | 4,377,385 | 4,840,389 | 5,331,228 | 5,424,608 | 5,833,090 | 6,198,367 | 6,579,979 |
| Social Protection | 1,975,646 | 2,615,643 | 3,456,354 | 4,043,407 | 4,313,458 | 4,949,198 | 5,556,363 | 6,056,277 |
| Total provincial payments and estimates by policy area | 9,905,829 | 11,540,452 | 13,368,461 | 15,232,605 | 15,881,229 | 17,458,762 | 19,172,807 | 20,769,343 |

6.5 Infrastructure payments

Schedule 10: Summary of provincial infrastructure payments and estimates by vote

| Vote (Department) | Provincial Summary of Infrastructure Payments and Estimates by Vote | | | | | | | |
|-------------------------------------|---|---------------|---------------|----------------|-----------------|----------------|---------------|---------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| 1. Office of the Premier | - | - | - | - | - | - | - | - |
| 2. Legislature | - | - | - | - | - | - | - | - |
| 3. Health | 65,381 | 158,270 | 63,944 | 133,721 | 128,280 | 139,081 | 219,574 | 242,621 |
| 4. Sport, Arts and Culture | - | - | - | 15,000 | - | 12,000 | 36,000 | 37,000 |
| 5. Safety and Liaison | - | - | - | - | - | - | - | - |
| 7. Finance and Economic Development | - | - | - | - | - | - | - | - |
| 8. Education | 40,589 | 118,740 | 122,602 | 150,189 | 173,924 | 167,391 | 173,000 | 200,000 |
| 9. Local Government and Housing | 54,032 | 33,844 | 11,880 | 18,336 | 17,724 | 46,108 | 86,961 | 90,809 |

| | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| 10. Transport and Roads | 94,409 | 134,983 | 231,560 | 217,573 | 228,128 | 274,747 | 254,302 | 318,917 |
| 11. Public Works | 5,773 | - | 3,352 | 23,000 | 24,648 | 73,000 | 108,000 | 104,500 |
| 12. Social Development | 634 | - | 6,800 | - | - | 30,000 | 25,000 | 15,000 |
| 13. Agriculture, Conservation, Environment and Tourism | - | - | - | - | - | - | - | - |
| 14. Contingency Reserve | - | - | - | - | - | - | - | - |
| Total provincial infrastructure pay'ts and estimates by Vote | 260,818 | 445,837 | 440,138 | 557,819 | 572,704 | 742,327 | 902,837 | 1,008,847 |

Detail of the infrastructure budgets is contained in Budget Statement 2 under each vote.

The Infrastructure Delivery Management System that was developed by the national treasury was consolidated with the provincial Infrastructure Management Programme. This will ensure that the Provincial Government uses the best features of the two systems.

To expedite the implementation of infrastructure projects, the Executive Council resolved that departments should submit business plans to the Planning Unit in the Office of the Premier not later than 31 March 2005. The Executive Council also retained the right to re-allocate funds should a department fail to submit such business plans. For future financial years, the provincial treasury is planning to have departments submitting business plans as early as September.

6.6 Provincial Public-Private Partnerships

At this point in time the provincial treasury is not aware of any Public-Private Partnerships that might be implemented during the MTEF period. Proposals submitted by departments for Public-Private Partnerships were found not to be Provincial Public-Private Partnerships in terms of the Public Finance Management Act.

6.7 Transfers to public entities

Schedule 11: Summary of provincial transfers to public entities per department.

| Vote (Department) | Provincial Summary of Transfer Payments to Public Entities | | | | | | | |
|---|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| 1. Office of the Premier | 9,224 | 8,135 | 500 | 500 | 500 | 500 | 500 | 500 |
| 2. Legislature | - | - | - | - | - | - | - | - |
| 3. Health | - | 10,000 | 10,000 | 10,000 | 10,000 | 10,550 | 11,130 | 11,742 |
| 4. Sport, Arts and Culture | 21,710 | 25,565 | 22,765 | 26,415 | 29,615 | 28,000 | 29,575 | 31,225 |
| 5. Safety and Liaison | - | - | - | - | - | - | - | - |
| 7. Finance and Economic Development | 10,359 | 12,000 | 26,679 | 27,369 | 27,369 | 33,041 | 30,141 | 30,441 |
| 8. Education | - | - | - | - | - | - | - | - |
| 9. Local Government and Housing | - | - | 20,000 | - | - | - | - | - |
| 10. Transport and Roads | - | - | - | - | - | - | - | - |
| 11. Public Works | - | - | - | - | - | - | - | - |
| 12. Social Development | - | - | - | - | - | - | - | - |
| 13. Agriculture, Conservation, Environment and Tourism | 57,850 | 69,468 | 90,694 | 143,044 | 172,414 | 165,368 | 175,402 | 194,346 |
| 14. Contingency Reserve | - | - | - | - | - | - | - | - |
| Total prov trf's to public entities | 99,143 | 125,168 | 170,638 | 207,328 | 239,898 | 237,459 | 246,748 | 268,254 |

Detail of transfers to public entities is contained in Budget Statement 2 under each vote.

The Executive Council Resolved that for the 2005/06 financial year, transfers to public entities will increase at the expected inflation rate of 5,2%. This was resolved due to a lack of information and to grant the provincial treasury more time to interrogate the financial position of public entities.

6.8 Transfers to Local Governments

Schedule 11: Summary of provincial transfers to municipalities per category.

| Category | Provincial Summary of Transfer Payments to Local Governments | | | | | | | |
|--|--|---------------|---------------|----------------|-----------------|---------------|---------------|---------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| Category A | 40 | | | | | | | |
| Category B | 45,792 | 54,418 | 46,516 | 52,013 | 59,897 | 28,891 | 30,842 | 32,024 |
| Category C | 25,452 | 10,215 | 16,702 | 9,776 | 9,776 | 2,076 | 2,242 | 2,309 |
| Training | | | | 500 | 500 | | | |
| Unspecified | | | | 5,112 | 9,088 | 20,000 | 20,000 | 2,000 |
| Total provincial transfer payments to local governments | 71,284 | 64,633 | 63,218 | 67,401 | 79,261 | 50,967 | 53,084 | 36,333 |

Detail of the transfers to municipalities is contained in Budget Statement 2 under each vote.

Transfers to municipalities by region, district and municipal ward are not available during the compilation of the budget. Departments making transfers to municipalities do not want to create expectations to include the detail in the Provincial Budget before allocations are finalized. Some departments provide more information than others but in general the final transfers to municipalities is only contained in the Provincial Division of Revenue Gazette.

6.9 Personnel numbers and costs

Schedule 12: Provincial summary of personnel numbers and costs per department

| Vote (Department) | Provincial Summary of Personnel Numbers and Costs by Vote | | | | | | | |
|--|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| 1. Office of the Premier | 485 | 507 | 526 | 702 | 702 | 735 | 735 | 735 |
| 2. Legislature | 64 | 67 | 84 | 81 | 81 | 141 | 147 | 147 |
| 3. Health | 15,255 | 16,555 | 17,848 | 17,473 | 17,023 | 17,860 | 17,928 | 18,055 |
| 4. Sport, Arts and Culture | 143 | 156 | 165 | 478 | 415 | 597 | 618 | 618 |
| 5. Safety and Liaison | 43 | 39 | 63 | 76 | 73 | 76 | 76 | 76 |
| 7. Finance and Economic Development | 424 | 518 | 581 | 647 | 622 | 611 | 611 | 611 |
| 8. Education | 40,393 | 38,915 | 37,233 | 39,669 | 37,441 | 37,696 | 38,339 | 38,946 |
| 9. Local Government and Housing | 520 | 465 | 472 | 539 | 540 | 394 | 394 | 394 |
| 10. Transport and Roads | 3,333 | 3,489 | 3,685 | 3,721 | 3,243 | 3,313 | 3,357 | 3,371 |
| 11. Public Works | - | 2,601 | 2,349 | 2,404 | 2,372 | 2,313 | 2,317 | 2,271 |
| 12. Social Development | 1,248 | 1,327 | 1,483 | 1,403 | 1,403 | 1,639 | 1,938 | 2,242 |
| 13. Agriculture, Conservation, Environment and Tourism | 2,322 | 2,322 | 2,324 | 2,249 | 2,249 | 2,101 | 2,101 | 2,101 |
| Total personnel numbers | 64,230 | 66,961 | 66,813 | 69,442 | 66,164 | 67,476 | 68,561 | 69,567 |
| Total personnel cost (R'000) | 5,701,310 | 6,208,456 | 6,850,591 | 7,529,827 | 7,501,914 | 7,975,859 | 8,629,700 | 9,221,779 |
| Unit cost (R'000) | 88.76 | 92.72 | 102.53 | 108.43 | 113.38 | 118.20 | 125.87 | 132.56 |

* Full-time equivalent

6.10 Payments on training

Schedule 13: Provincial summary of payments on training per department

| Vote (Department) | Provincial Summary of Training Expenditure by Vote | | | | | | | |
|---|--|---------------|---------------|----------------|-----------------|---------------|---------------|---------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| 1. Office of the Premier | 600 | 677 | 970 | 1,131 | 1,131 | 2,000 | 2,120 | 2,247 |
| 2. Legislature | 110 | 265 | 850 | 910 | 910 | 1,300 | 1,300 | 1,300 |
| 3. Health | 3,146 | 1,721 | 7,638 | 20,646 | 28,418 | 9,651 | 10,230 | 10,844 |
| 4. Sport, Arts and Culture | 670 | 737 | 787 | 3,065 | 3,065 | 3,000 | 3,180 | 3,371 |
| 5. Safety and Liaison | 22 | 25 | 322 | 350 | 100 | 400 | 424 | 449 |
| 7. Finance and Economic Development | 1,463 | 1,563 | 1,569 | 1,085 | 1,085 | 3,000 | 3,180 | 3,371 |
| 8. Education | 450 | 6,000 | 6,000 | 6,500 | 6,500 | 8,000 | 8,480 | 8,989 |
| 9. Local Government and Housing | 781 | 789 | 977 | 1,125 | 1,125 | 3,000 | 3,180 | 3,371 |
| 10. Transport and Roads | 2,994 | 1,516 | 1,617 | 1,693 | 1,693 | 6,000 | 6,360 | 6,742 |
| 11. Public Works | 1,959 | 2,015 | 2,376 | 2,430 | 2,430 | 5,000 | 5,300 | 5,618 |
| 12. Social Development | 1,284 | 1,467 | 1,478 | 1,344 | 1,344 | 1,645 | 1,249 | 1,242 |
| 13. Agriculture, Conservation, Environment and Tourism | 700 | 1,300 | 1,400 | 1,800 | 1,800 | 5,000 | 5,300 | 5,618 |
| Total provincial exp on training | 14,179 | 18,075 | 25,984 | 42,079 | 49,601 | 47,996 | 50,303 | 53,162 |

Detail of funds budgeted for training is contained in Budget Statement 2 under each vote. The amounts reflected in Schedule 13 for training include costs such as transport and subsistence associated with training. Currently departments are not in a position to provide a breakdown of the costs.

**ANNEXURES TO BUDGET
STATEMENT 1**

Details of information on provincial receipts

| Classification (R'000) | Provincial own receipts | | | | | | | |
|--|--------------------------|--------------------------|--------------------------|----------------|-----------------|-----------------------|-----------------------|-----------------------|
| | 2001/ 2002 Audited | 2002/ 2003 Audited | 2003/ 2004 Audited | 2004/2005 | | 2005/ 2006 MTEF | 2006/ 2007 MTEF | 2007/ 2008 MTEF |
| | | | | Main Approp | Adj Estimate | | | |
| Tax receipts | 114,097 | 125,409 | 160,374 | 161,845 | 161,845 | 228,658 | 256,267 | 287,913 |
| Casino taxes | 29,494 | 30,381 | 35,002 | 21,840 | 21,840 | 22,058 | 22,500 | 23,062 |
| Horseracing | - | - | 2,074 | 6,668 | 6,668 | 6,735 | 6,869 | 7,041 |
| Liquor licenses | 1,356 | 1,436 | 1,804 | 1,436 | 1,436 | 1,450 | 1,479 | 1,516 |
| Motor vehicle licenses | 83,247 | 93,592 | 121,494 | 131,901 | 131,901 | 198,415 | 225,419 | 256,293 |
| Non-tax receipts | 149,517 | 182,819 | 175,706 | 186,441 | 188,030 | 176,871 | 186,736 | 209,521 |
| Sale of goods & services (non-capl): | 124,968 | 146,774 | 133,327 | 157,047 | 158,636 | 140,008 | 141,819 | 153,234 |
| Sale of goods and serv produced by the province | | | | | | | | |
| Sales by market establishments | | | | | | | | |
| Administrative fees | 9,191 | 10,170 | 12,011 | 23,000 | 23,000 | 23,230 | 23,695 | 24,287 |
| Other sales, of which | - | - | - | - | - | - | - | - |
| Rentals | 7,251 | 6,588 | 6,333 | 6,302 | 6,302 | 7,486 | 7,170 | 8,143 |
| Hospital fees | 15,514 | 17,994 | 16,460 | 19,221 | 19,221 | 25,230 | 24,735 | 26,063 |
| Debt collection | 4,687 | 17,262 | 8,216 | 20,768 | 20,768 | 4,621 | 4,876 | 4,737 |
| Fines/permits/registration | 18,450 | 18,905 | 15,609 | 24,293 | 24,293 | 17,440 | 15,714 | 17,096 |
| Kilometer monies | 52,193 | 51,000 | 54,046 | 49,523 | 49,523 | 50,122 | 53,563 | 60,648 |
| Sale of goods | 6,279 | 5,581 | 10,845 | 6,553 | 6,553 | 6,753 | 6,810 | 6,862 |
| Other | 11,243 | 15,779 | 3,832 | 3,732 | 5,321 | 1,260 | 1,389 | 1,531 |
| Sale of scrap & other current goods | 160 | 3,495 | 5,975 | 3,655 | 3,655 | 3,867 | 3,867 | 3,867 |
| Fines, penalties and forfeits | - | - | - | - | - | - | - | - |
| Interest, dividends & rent on land: | 24,549 | 36,045 | 42,379 | 29,394 | 29,394 | 36,863 | 44,917 | 56,287 |
| Interest | 24,549 | 36,045 | 42,021 | 29,000 | 29,000 | 36,374 | 44,379 | 55,695 |
| Dividends | - | - | - | - | - | - | - | - |
| Rent on land | - | - | 358 | 394 | 394 | 489 | 538 | 592 |
| Transfers received from: | - | - | - | - | - | - | - | - |
| Other governmental units | | | | | | | | |
| Universities and technikons | | | | | | | | |
| Foreign governments | | | | | | | | |
| International organisations | | | | | | | | |
| Public corp's & private enterprises | | | | | | | | |
| Households & non-profit institutions | | | | | | | | |
| Sale of capital assets | - | - | - | 22,780 | 7,989 | 20,500 | 19,008 | 3,000 |
| Land and subsoil assets | - | - | - | - | - | - | - | - |
| Other capital assets | - | - | - | 22,780 | 7,989 | 20,500 | 19,008 | 3,000 |
| Financial transactions | - | - | - | - | - | - | - | - |
| TOTAL PROVINCIAL OWN RECEIPTS | 263,614 | 308,228 | 336,080 | 371,066 | 357,864 | 426,030 | 462,011 | 500,434 |

Annexure 2

Details of information on provincial payments and estimates by economic classification

| Classification (R'000) | Provincial Payments and Estimates | | | | | | | |
|---|-----------------------------------|--------------------------|--------------------------|--|------------|-----------------------|-----------------------|-----------------------|
| | 2001/ 2002 Audited | 2002/ 2003 Audited | 2003/ 2004 Audited | 2004/2005 Main Adj Approp Estimate | | 2005/ 2006 MTEF | 2006/ 2007 MTEF | 2007/ 2008 MTEF |
| CURRENT PAYMENTS | 9,517,616 | 10,949,726 | 12,758,837 | 14,445,746 | 15,077,956 | 16,491,188 | 18,033,724 | 19,502,916 |
| Compensation of employees | 5,701,310 | 6,208,456 | 6,850,591 | 7,529,827 | 7,501,914 | 7,975,859 | 8,629,700 | 9,221,779 |
| Salaries & related costs | 4,635,504 | 5,136,560 | 5,690,373 | 6,159,887 | 6,125,715 | 6,646,652 | 7,217,678 | 7,728,122 |
| Social contributions | 1,065,807 | 1,071,896 | 1,160,218 | 1,369,940 | 1,376,199 | 1,329,207 | 1,412,022 | 1,493,657 |
| Goods and services, of which | 1,312,392 | 1,486,500 | 1,846,350 | 2,098,880 | 2,234,510 | 2,653,965 | 2,877,909 | 3,109,734 |
| Administrative expenditure | 232,071 | 259,979 | 272,961 | 358,196 | 406,997 | 429,554 | 445,140 | 469,930 |
| Rental of equipment | 53,906 | 48,060 | 38,344 | 40,159 | 35,505 | 48,500 | 52,400 | 55,833 |
| Stores | 405,686 | 444,484 | 660,717 | 707,485 | 711,102 | 866,599 | 879,981 | 902,009 |
| Rental of buildings | 35,847 | 50,069 | 70,542 | 71,507 | 79,593 | 95,170 | 105,275 | 107,629 |
| Professional & special services | 399,717 | 490,347 | 506,956 | 646,145 | 500,420 | 603,250 | 650,601 | 706,648 |
| Maintenance & repairs | 15,836 | 89,413 | 70,028 | 102,691 | 170,077 | 290,083 | 327,449 | 358,802 |
| Other | 169,329 | 104,148 | 226,802 | 172,697 | 330,816 | 320,809 | 417,063 | 508,883 |
| Interest and rent on land | - | - | - | - | - | - | - | - |
| Interest | | | | | | | | |
| Rent on land | | | | | | | | |
| Financial transactions in assets & liab | | | | | | | | |
| Unauthorised expenditure | | | | | | | | |
| Transfers and subsidies to: | 2,503,914 | 3,254,770 | 4,061,896 | 4,817,039 | 5,341,532 | 5,861,363 | 6,526,115 | 7,171,403 |
| Provinces and municipalites | 187,264 | 190,051 | 234,204 | 274,837 | 397,032 | 345,767 | 349,504 | 342,670 |
| Provinces | | | | | | | | |
| Provincial revenue funds | | | | | | | | |
| Provincial agencies and funds | 99,143 | 125,168 | 170,638 | 207,328 | 297,163 | 276,459 | 276,748 | 268,254 |
| Municipalities | | | | | | | | |
| Municipalities | 88,121 | 64,883 | 63,566 | 67,509 | 99,869 | 69,308 | 72,756 | 74,416 |
| Municipal agencies and funds | | | | | | | | |
| Departmental agencies and accounts | 0 | 0 | 0 | - | - | 7,100 | 7,525 | 7,967 |
| Social security funds | | | | | | | | |
| Other | 0 | 0 | 0 | - | - | 7,100 | 7,525 | 7,967 |
| Universities and technikons | 150 | 150 | 150 | 175 | 175 | 175 | 175 | 175 |
| Public corp's and private enterprises | 226,041 | 335,948 | 324,585 | 306,772 | 336,943 | 374,284 | 348,854 | 366,847 |
| Public corporations | | | | | | | | |
| Subsidies on production | | | | | | | | |
| Other transfers | | | | | | | | |
| Private enterprises | | | | | | | | |
| Subsidies on production | 174,094 | 285,220 | 248,888 | 244,271 | 279,442 | 356,718 | 348,854 | 366,847 |
| Other transfers | 51,947 | 50,728 | 75,697 | 62,501 | 57,501 | 17,566 | - | - |
| Foreign govt's and international org. | | | | | | | | |
| Non-profit institutions | 93,311 | 111,102 | 185,349 | 166,135 | 183,494 | 249,830 | 315,189 | 351,978 |
| Households | 1,997,148 | 2,617,519 | 3,317,608 | 4,069,120 | 4,423,888 | 4,884,207 | 5,504,868 | 6,101,766 |
| Social benefits | 1,726,750 | 2,280,913 | 3,045,784 | 3,589,131 | 3,809,152 | 4,327,762 | 4,873,051 | 5,345,400 |
| Other transfers to households | 270,398 | 336,606 | 271,824 | 479,989 | 614,736 | 556,445 | 631,817 | 756,366 |
| PAYMENTS FOR CAPITAL ASSETS | 388,213 | 590,726 | 609,624 | 786,859 | 803,273 | 967,574 | 1,139,083 | 1,266,427 |
| Buildings and other fixed structures | 260,818 | 445,837 | 447,543 | 573,615 | 589,051 | 757,874 | 910,437 | 1,019,597 |
| Buildings | 71,788 | 158,270 | 81,501 | 187,517 | 169,275 | 167,885 | 220,231 | 201,876 |
| Other fixed structures | 189,030 | 287,567 | 366,042 | 386,098 | 419,776 | 589,989 | 690,206 | 817,721 |
| Machinery and equipment | 127,395 | 144,199 | 161,986 | 212,244 | 213,222 | 208,488 | 227,434 | 245,390 |
| Transport equipment | 3,168 | 15,816 | 38,575 | 11,319 | 28,084 | 60,934 | 66,123 | 69,127 |
| Other machinery and equipment | 124,227 | 128,383 | 123,411 | 200,925 | 185,138 | 147,554 | 161,311 | 176,263 |
| Cultivated assets | - | - | - | - | - | 212 | 212 | 240 |
| Software and other intangible assets | | | | | | | | |
| Land and subsoil assets | - | 690 | 95 | 1,000 | 1,000 | 1,000 | 1,000 | 1,200 |
| TOTAL ECON CLASSIFICATION | 9,905,829 | 11,540,452 | 13,368,461 | 15,232,605 | 15,881,229 | 17,458,762 | 19,172,807 | 20,769,343 |

Annexure 3

Details of provincial payments and estimates by policy area

| Classification (R'000) | Provincial Payments and Estimates by policy area | | | | | | | |
|---|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2001/ 2002 | 2002/ 2003 | 2003/ 2004 | 2004/2005 | | 2005/ 2006 | 2006/ 2007 | 2007/ 2008 |
| | Audited | Audited | Audited | Main Approp | Adj Estimate | MTEF | MTEF | MTEF |
| General Public Service | | | | | | | | |
| Executive and Legislature | 140,984 | 172,421 | 189,174 | 231,959 | 230,733 | 299,903 | 315,556 | 334,104 |
| Office of the Premier | 104,996 | 132,206 | 134,032 | 146,848 | 153,270 | 196,648 | 213,121 | 229,263 |
| RDP | | | | | | | | |
| Provincial Legislature | 35,988 | 40,215 | 55,142 | 85,111 | 77,463 | 103,255 | 102,435 | 104,841 |
| Financial and Fiscal Services | 227,099 | 187,121 | 237,383 | 271,084 | 259,148 | 236,624 | 330,109 | 418,029 |
| Department of Finance | 222,449 | 181,421 | 237,360 | 213,557 | 228,521 | 212,584 | 230,431 | 242,275 |
| Contingency Reserve | 4,650 | 5,700 | 23 | 57,527 | 30,627 | 24,040 | 99,678 | 175,754 |
| General Services | 363,837 | 398,415 | 456,085 | 455,407 | 466,588 | 535,606 | 595,075 | 629,695 |
| Public Works | 272,513 | 294,271 | 368,008 | 361,215 | 367,939 | 464,455 | 520,293 | 549,070 |
| Local Government | 91,324 | 104,144 | 88,077 | 94,192 | 98,649 | 71,151 | 74,782 | 80,625 |
| Total General Public Services | 731,920 | 757,957 | 882,642 | 958,450 | 956,469 | 1,072,133 | 1,240,740 | 1,381,828 |
| Public Order and Safety | | | | | | | | |
| Police Services | | | | | | | | |
| Safety and Liaison | 7,087 | 9,675 | 18,245 | 19,862 | 20,679 | 25,316 | 28,850 | 30,053 |
| Total Public Order and Safety | 7,087 | 9,675 | 18,245 | 19,862 | 20,679 | 25,316 | 28,850 | 30,053 |
| Economic Affairs | | | | | | | | |
| General Economic Affairs | | | | | | | | |
| Economic Development | 36,174 | 37,427 | 74,481 | 84,818 | 83,356 | 104,095 | 97,183 | 98,684 |
| Tourism | 16,113 | 20,872 | 26,762 | 29,166 | 29,166 | 31,097 | 40,664 | 46,004 |
| Agriculture | | | | | | | | |
| Dep't of Agriculture | 202,906 | 223,331 | 236,703 | 301,660 | 342,295 | 338,605 | 357,035 | 386,224 |
| Transport | | | | | | | | |
| Dep't of Transport | 710,685 | 906,814 | 1,008,304 | 1,074,770 | 1,145,047 | 1,342,869 | 1,413,321 | 1,567,661 |
| Total Economic Affairs | 965,878 | 1,188,444 | 1,346,250 | 1,490,414 | 1,599,864 | 1,816,666 | 1,908,203 | 2,098,573 |
| Environmental Protection | | | | | | | | |
| Environmental Protection | 86,542 | 100,449 | 129,080 | 138,851 | 141,272 | 124,976 | 124,617 | 133,207 |
| Total Environmental Protection | 86,542 | 100,449 | 129,080 | 138,851 | 141,272 | 124,976 | 124,617 | 133,207 |
| Housing & Community Amenities | | | | | | | | |
| Housing | 385,014 | 405,082 | 331,963 | 489,185 | 590,127 | 542,409 | 662,639 | 788,658 |
| Total Housing & Comm. Amenities | 385,014 | 405,082 | 331,963 | 489,185 | 590,127 | 542,409 | 662,639 | 788,658 |
| Health | | | | | | | | |
| Outpatient services | 959,873 | 1,111,943 | 1,254,499 | 1,380,596 | 1,393,165 | 1,525,408 | 1,661,246 | 1,788,220 |
| R and D Health (CS) | 35,619 | 46,765 | 59,137 | 90,816 | 93,950 | 85,356 | 92,402 | 97,028 |
| Hospital services | 479,798 | 532,072 | 606,468 | 680,236 | 665,786 | 746,244 | 796,132 | 848,591 |
| Other | 223,702 | 321,616 | 343,027 | 446,996 | 511,469 | 536,896 | 647,908 | 699,076 |
| Total Health | 1,698,992 | 2,012,396 | 2,263,131 | 2,598,644 | 2,664,370 | 2,893,904 | 3,197,688 | 3,432,915 |
| Recreation, Culture and Religion | | | | | | | | |
| Sporting and Recreational Affairs | | | | | | | | |
| Sport, Arts and Culture | 82,650 | 73,422 | 100,407 | 162,564 | 170,383 | 201,071 | 255,341 | 267,854 |
| Total Recreation, Cult and Religion | 82,650 | 73,422 | 100,407 | 162,564 | 170,383 | 201,071 | 255,341 | 267,854 |
| Education | | | | | | | | |
| Pre-primary/Primary/Public Phases | 3,833,526 | 4,222,225 | 4,690,125 | 5,128,536 | 5,215,152 | 5,613,483 | 5,951,961 | 6,319,561 |
| Secondary Education Phase | | | | | | | | |
| Subsidised Services to Education | 19,464 | 26,365 | 38,648 | 70,193 | 76,317 | 73,132 | 78,966 | 80,756 |
| Education not defined by level | 119,110 | 128,795 | 111,616 | 132,499 | 133,139 | 146,475 | 167,440 | 179,662 |
| Total Education | 3,972,100 | 4,377,385 | 4,840,389 | 5,331,228 | 5,424,608 | 5,833,090 | 6,198,367 | 6,579,979 |
| Social Protection | | | | | | | | |
| Social Security Services | 1,821,437 | 2,399,470 | 3,182,399 | 3,763,230 | 4,025,756 | 4,616,009 | 5,190,124 | 5,673,733 |
| Social Services and Population Dev't | 154,209 | 216,173 | 273,955 | 280,177 | 287,702 | 333,189 | 366,239 | 382,544 |
| Total Social Protection | 1,975,646 | 2,615,643 | 3,456,354 | 4,043,407 | 4,313,458 | 4,949,198 | 5,556,363 | 6,056,277 |
| Total provincial payments and estimates by policy area | 9,905,829 | 11,540,452 | 13,368,461 | 15,232,605 | 15,881,229 | 17,458,762 | 19,172,807 | 20,769,343 |