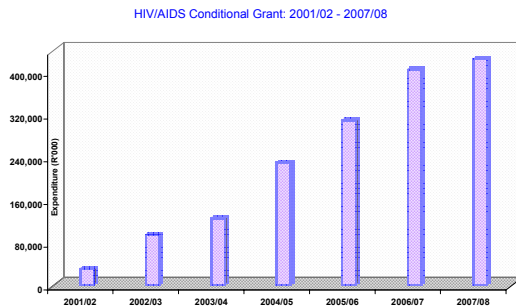


HIV/AIDS

Expenditure on HIV/AIDS experiences healthy growth for the 2005/06 MTEF period.



NEW OPPORTUNITIES FOR GROWTH AND DEVELOPMENT IN THE 2005/06 MTEF

- Growth Fund-R200m, R350m R552m
- Almost R331m in growth projects
- Poverty Alleviation Fund-R500 million , R800 million and R1000 million
- Small business Finance through Standard Bank and Ithala to about R1,1 bn in 3 years
- Infrastructure – R4,1 billion; R4,5 million and R4,9 billion
- Small business risk financing by Ithala
- Community Infrastructure R390m
- Cooperative movement –R110 m



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Province of KwaZulu-Natal

BUDGET HIGHLIGHTS

2005/06 MTEF budget tabled by Dr. Z. Mkhize, MEC for Finance and Economic Development

People's Budget for creating work and fighting poverty

Our response is aimed simultaneously at growing the economy; creating employment and fighting poverty on one hand and promoting empowerment, improving efficiency and value for money on the other.

Dr. Z Mkhize, MEC for Finance and Economic Development).

Budget at a glance

| R000 | 2005/06 | | | | | 2006/07 | 2007/08 |
|---|-------------------|---------------------|-------------------|---------------------------------|----------------|-------------------|-------------------|
| | Adjusted Budget | Baseline allocation | Equit. Share | Additional funding Contd. Grant | Function shift | Revised Budget | MTEF Budget |
| 1. Premier | 201 884 | 150 777 | 50 000 | - | 17 399 | 218 176 | 230 790 |
| 2. Provincial Parliament | 130 792 | 100 858 | 29 496 | - | - | 129 454 | 123 294 |
| 3. Agriculture and Environmental Affairs | 963 846 | 1 032 342 | 79 000 | - | 1 079 342 | 1 172 031 | 1 291 706 |
| 4. Economic Development | 146 897 | 140 590 | - | - | 140 590 | 150 052 | 157 555 |
| 5. Education | 13 068 714 | 13 933 162 | 676 880 | 188 | (104 098) | 14 505 592 | 15 984 124 |
| 6. Provincial Treasury | 202 021 | 169 581 | 20 000 | - | - | 189 581 | 200 755 |
| Provincial Growth Fund | 432 000 | 200 000 | - | - | - | 200 000 | 350 000 |
| SMME Fund | - | 200 000 | - | - | - | 200 000 | - |
| Poverty Alleviation Fund | - | 500 000 | - | - | - | 500 000 | 1 000 000 |
| 7. Health | 8 875 585 | 9 792 811 | 642 862 | (56 501) | (4 027) | 10 379 202 | 11 466 566 |
| 8. Housing | 975 915 | 973 907 | - | - | - | 969 880 | 1 115 306 |
| 9. Community Safety and Liaison | 17 127 | 16 654 | 31 500 | - | - | 48 154 | 53 359 |
| 10. The Royal Household | 25 212 | 22 598 | 5 000 | - | - | 27 586 | 29 204 |
| 11. Traditional and Local Government Affairs | 487 186 | 432 493 | 35 000 | (8 900) | - | 458 593 | 485 759 |
| 12. Transport | 1 809 647 | 2 107 772 | 89 760 | - | - | 2 197 532 | 2 345 983 |
| 13. Social Welfare and Population Development | 10 950 534 | 12 252 439 | (9 954 609) | 11 307 750 | - | 13 805 622 | 14 727 249 |
| 14. Welfare | 402 004 | 426 378 | - | (608) | (608) | 425 970 | 451 553 |
| 15. Arts, Culture and Tourism | 200 608 | 116 137 | 9 560 | - | - | 83 806 | 219 815 |
| 16. Sports and Recreation | 43 652 | 33 940 | 51 485 | - | - | 3 501 | 88 927 |
| Total | 38 894 044 | 41 873 738 | 17 530 232 | 11 238 559 | - | 45 573 055 | 49 892 669 |

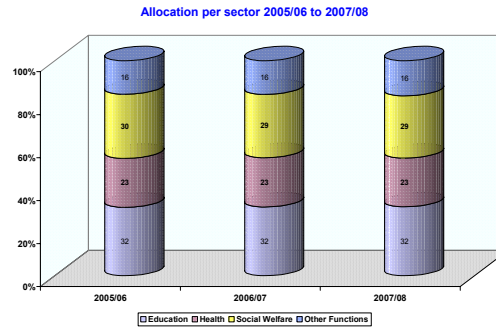
“If we stop thinking of the poor as victims or as burdens and start recognising them as resilient and creative entrepreneurs and value conscious consumer, a whole new world of opportunity will open up. We therefore need to see this opportunity and open ourselves up to basic and practical approaches that unleash the potential of the poor. A prerequisite is to work with what they have and build from that”
(Pralhad)

| R000 | Outcome | | | Main Budget | Adjusted Budget | Estimated actual | Medium-term estimates | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|
| | Audited 2001/02 | Audited 2002/03 | Audited 2003/04 | 2004/05 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
| Transfer receipts from national | 24 012 263 | 27 515 811 | 32 096 839 | 36 905 750 | 37 772 421 | 37 772 421 | 44 452 641 | 48 918 857 |
| Equitable share | 21 708 330 | 25 156 942 | 29 762 736 | 33 058 939 | 33 904 370 | 33 904 370 | 28 398 700 | 31 388 210 |
| Conditional grants | 2 303 933 | 2 358 869 | 2 334 103 | 3 846 811 | 3 868 051 | 3 868 051 | 16 053 941 | 17 430 647 |
| Provincial own receipts | 985 874 | 1 060 075 | 1 123 983 | 991 175 | 991 275 | 1 066 069 | 1 128 475 | 1 173 812 |
| Tax receipts | 447 157 | 534 186 | 652 183 | 551 788 | 551 788 | 656 561 | 686 122 | 719 492 |
| Non-tax receipts | 499 854 | 497 925 | 426 090 | 335 527 | 378 174 | 397 690 | 414 824 | 431 642 |
| Sale of goods and services other than capital assets | 241 313 | 167 106 | 176 563 | 162 947 | 162 947 | 206 408 | 247 768 | 256 841 |
| Fines, penalties and forfeits | 16 953 | 21 558 | 23 758 | 21 000 | 21 000 | 23 193 | 28 000 | 30 000 |
| Interest, dividends and rent on land | 241 588 | 309 261 | 225 769 | 151 580 | 151 580 | 148 573 | 121 522 | 127 983 |
| Transfers received | - | - | - | 100 | 100 | - | - | - |
| Financial transactions | 17 519 | 21 634 | 33 771 | 3 796 | 3 796 | 1 757 | 12 549 | 14 551 |
| Sales of capital assets | 21 144 | 15 330 | 11 859 | 10 064 | 10 064 | 31 576 | 24 054 | 24 555 |
| Total | 24 997 937 | 28 554 886 | 33 820 742 | 37 806 925 | 38 673 696 | 38 840 489 | 45 573 056 | 49 892 669 |

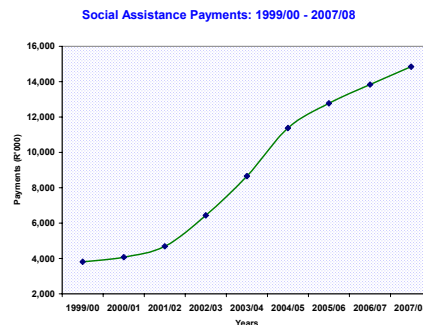
What is new in the People's Budget?

1. A significant increase in the budget allocation to provincial departments.
2. A strategy to bridge the gap between the first and the second economy over time.
3. Creation of three specialized funds to release the growth potential of the province, namely, the Growth Fund, the Poverty Alleviation Fund, and the SMME Fund.
4. Focus on social spending with 84% of the allocation to Education, Health, and Social Welfare.
5. Investment in projects as a contribution to the enhancement of BEE in the Province.
6. Zero tolerance to fraud and corruption.
7. Contribution to sustainable livelihood through the cooperative movement.
8. Using (Izimbizo) for the planning, design, construction, and maintenance of infrastructure facilities as part of the Expanded Public Works Programme

MTEF people orientated expenditure: Social vs other expenditures



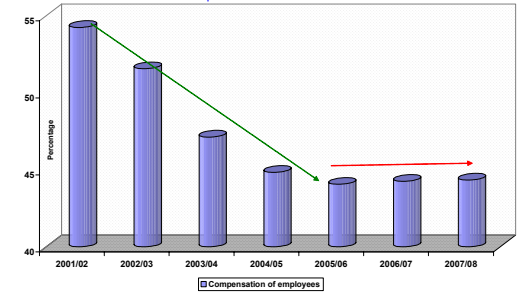
The 2005/06 MTEF budget is highly people oriented with 84 % of total provincial resources allocated for socio-economic development on average.



The number of social grant beneficiaries has increased by 194.6% from 621 494 in 2000 to 1 836 975 in 2004. Expenditure on grant payment also increased by 179.2 % from R4.1 billion in 2000/01 to R11.3 billion in 2004/05.

Compensation of employees

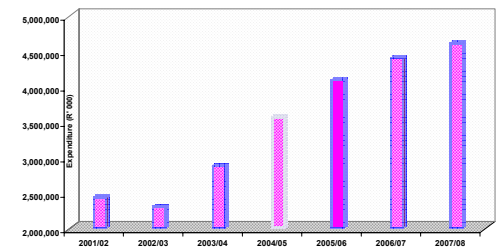
Compensation of Employees as a Proportion of Total Expenditure: 2001/02 - 2007/08



Compensation of employees as a percentage of total expenditure declined from 54% in 2001/02 to 44% in 2005/06. This implies that more resources have been released for the provision of goods and services.

Infrastructure

Infrastructure Spending: 2001/02 - 2007/08



From 2001/02 to 2005/06, expenditure in infrastructure increases by 68%.

Infrastructure facilities will be delivered through consultation and use of EPWP.