

GAUTENG PROVINCIAL GOVERNMENT

PROVINCIAL APPROPRIATION BILL

(As introduced in the Gauteng Legislature as a section 76 Bill)
(The English text is the official text of the Bill)

(MEC FOR FINANCE AND ECONOMIC AFFAIRS)

B I L L

To provide for the appropriation of money from the Provincial Revenue Fund for the requirements of the Province in the 2006/07 financial year; and to provide for subordinate matters incidental thereto.

PREAMBLE

WHEREAS section 226(2) of the Constitution provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a provincial Act;

AND WHEREAS section 26 of the Public Finance Management Act, 1999 (Act 1 of 1999) provides that the Provincial Legislature must appropriate money for each financial year for the requirements of the Province;

BE IT ENACTED by the Provincial Legislature of the Gauteng Province, as follows:—

Definitions

1. In this Act, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Public Finance Management Act has the meaning assigned to it in that Act and —

“Act” includes the Schedule and its annexures;

"current payments" means any payments made by a provincial department in respect of the operational requirements of that department, and includes, amongst others, payments for the compensation of employees, goods and services, interest, rental of immovable property and financial transactions relating to assets and liabilities, but exclude transfers and subsidies, payments for capital assets and payments made under section 73 of the Public Finance Management Act;

"transfers and subsidies" means any payments made by a provincial department to another organ of state or any other person in respect of which the national department does not receive anything of similar value directly in return, and includes the payment of conditional grants;

"payments for capital assets" means any payments made by a provincial department –

- (a) for assets that can be used continuously or repeatedly in production for more than one year, and from which future economic benefits or service potential is expected to flow directly to the provincial department making the payment; and
- (b) that must be classified as or deemed to be payments for capital assets in accordance with the *"Reference Guide to the new Economic Format"* (November 2003, Version 2) and the *"Asset Management Framework"* (April 2004, Version 3.3), issued by the National Treasury under section 76 of the Public Finance Management Act;

“Public Finance Management Act” means the Public Finance Management Act, 1999 (Act No. 1 of 1999); and

“conditional grants” means allocations to provinces, local government or municipalities from the national government’s share of revenue raised nationally, provided for in section 214(1)(c) of the Constitution.

Appropriation of money for the requirements of the Province

2(1) Appropriation by the Provincial Legislature of money from the Provincial Revenue Fund for the requirements of the Province in the 2006/07 financial year, to votes and main divisions within a vote, and for the specific listed purposes, is set out in the Schedule and Annexure A, B and C.

(2) Subject to section 3, spending of appropriations is subject to the Public Finance Management Act.

Appropriation listed as specifically and exclusively

3. Despite the provisions of any law, appropriations to a vote or main divisions within a vote that are listed as specifically and exclusively may only be utilised for the purpose indicated and may not be used for any other purpose, unless an Act of the Provincial Legislature amends or changes the purpose for which it was allocated.

Short title

4. This Act is called the Provincial Appropriation Act, 2006.

SCHEDULE
(As a charge to the Provincial Revenue Fund)

VOTE	DESCRIPTION	Details of appropriated amount				
		Vote and Main divisions	Current payments	Transfers and subsidies to:	Payments for capital assets	Amounts specifically and exclusively appropriated
		R'000	R'000	R'000	R'000	R'000
1	Office of the Premier Vision: To serve as a political nerve centre to ensure government excels in fulfilling its mandate. 1 Executive Office 2 Policy Development and Co-ordination 3 Government Communication and Information Services 4 State Law Advice 5 Strategic Human Resources & Management Support 6 Financial Management 7 Security and Risk Management Services	118 431	116 057	139	2 235	
2	Gauteng Legislature Vision: The Gauteng Legislative community (in observing our constitutional obligations, which include law making, the exercise of oversight, ensuring co-operative governance and public participation) will (1) strive for and maintain a modern, dynamic, competent, accessible, transparent and accountable legislature in the 21st century, (2) foster ethical governance and public confidence in the legislature and (3) aim to attract and retain skilled & professional staff. 1 Political Representation 2 Leadership and Governance 3 Office of the Secretary 4 Parliamentary Operations 5 Institutional Support Services 6 Operational Support Services 7 Information and Liaison	129 010	111 937		17 073	
3	Economic Development Vision: To become a centre of operational excellence, providing financial management leadership and contributing to a conducive environment for economic growth in Gauteng. 1 Management 2 Corporate Support Services 3 Economic and Development Planning 3.1 Growth and Development Strategy <i>of which</i> Transfers to departmental agencies and accounts GDS- Creative industries GDS- Investment and promotion 4 Governance 4.1 Agencies <i>of which</i> Transfers to departmental agencies and accounts Gauteng Economic Development Agency Gauteng Tourism Agency Gauteng Film Office Gauteng Economic Propeller Gaumac Transfers to Public corporations/Private enterprises Blue IQ 5 Financial Management 6 Special Projects 6.3 Dinokeng 6.4 Cradle of Humankind <i>of which</i> Transfers to municipalities	572 071	108 800	386 964	66 307	

VOTE	DESCRIPTION	Vote and Main divisions	Details of appropriated amount			
			Current payments	Transfers and subsidies to:	Payments for capital assets	Amounts specifically and exclusively appropriated
4	Health Vision: Health for a better life	10 404 361	8 424 441	1 036 154	943 756	
	1 Administration		254 624	920	26 746	
	2 District Health Services		1 910 990	572 014	60 558	
	2.1 HIV/AIDS		252 695			
	of which					
	National conditional grants					
	HIV/AIDS grant		252 695			252 695
	2.2 Coroner Services		76 752			
	of which					
	National conditional grants					
	Forensic Pathology Services		76 752			76 752
	Transfers to municipalities			285 714		
	Transfers to Non-Profit institutions			283 000		
	3 Emergency Medical Services		119 810	220 000	22 290	
	of which					
	Transfers to municipalities			220 000		
	4 Provincial Hospital Services		2 462 700	217 300	105 000	
	of which					
	Transfers to municipalities			5 500		
	Transfers to non-profit institutions			207 900		
	5 Central Hospital Services		3 042 637	17 300	165 000	
	of which					
	National conditional grants					
	National Tertiary Services		1 866 094			1 866 094
	Health Professions Training & Development		554 039			554 039
	6 Health Training and Sciences		226 690	8 310	6 000	
	of which					
	Transfers to Universities and technikons			690		
	7 Health Care Support Services		117 696	305	2 000	
	8 Health Facilities Management		315 694	5	558 182	
	of which					
	National conditional grants					
	Hospital Revitalisation				327 525	327 525
	Provincial Infrastructure				81 549	81 549
	8 Internal Charges		-28 500			
5	Education Our vision is a smart service delivery of quality public education, which promotes a dynamic citizenship for socio-economic growth and development in Gauteng and South Africa.	12 281 967	10 679 832	876 456	725 679	
	1 Administration		793 679		5 000	
	2 Public Ordinary School Education		8 564 265	448 677	620 679	
	of which					
	National conditional grants					
	National School Nutrition Programme		99 921			99 921
	HIV/AIDS		20 012			20 012
	3 Independent Schools Education		600	176 502		
	of which					
	Transfers to Non-Profit Institutions			176 502		
	4 Education In Specialised Schools		541 155	97 676		
	of which					
	Transfers to Non-Profit Institutions			95 481		
	5 Further Education and Training		344 333	140 382		
	of which					
	Transfers to Non-Profit Institutions			139 000		
	National conditional grants					
	Further education and training College Sector Recapitalisation		106 000			106 000
	6 Adult Basic Education and Training		147 474			
	7 Early Childhood Development		79 000			
	8 Auxiliary and Associated Services		189 426	13 339	100 000	
	8.1 Special Projects		100 000		100 000	
	of which					
	Transfers to Non-Profit Institutions			13 339		
	GautengOnline		100 000		100 000	
6	Social Development Vision: A caring and integrated social development system that facilitates human development and improves the quality of life of people of Gauteng	981 782	487 670	462 423	31 489	
	1 Administration		267 616	895	27 020	
	2 Social welfare services		205 326	424 024	3 970	
	of which					
	Transfers to Non-Profit Institutions			423 274		
	3 Development and Research		14 928	37 504	499	
	of which					
	Transfers to Non-Profit Institutions			37 486		

VOTE	DESCRIPTION	Vote and Main divisions	Details of appropriated amount			
			Current payments	Transfers and subsidies to:	Payments for capital assets	Amounts specifically and exclusively appropriated
7	Housing Vision: To be a province where all households inhabit quality homes in vibrant and sustainable communities	2 081 462	126 078	1 897 013	58 371	
	1 Administration 2 Housing Planning and Research 3 Housing Performance /Subsidy Programmes <i>of which</i> <i>National conditional grants</i> Housing fund (National Conditional Grant)		62 642 10 284 29 550	8 230 1 489 269	4 146 31 333 31 333	1 520 602
	4 Urban Renewal and Human Settlement Redevelopment <i>of which</i> <i>National conditional grants</i> Housing fund Alexandra Renewal Project: Land distribution		1 305	369 433	9 882	
	5 Housing Asset Management <i>of which</i> <i>National conditional grants</i> Housing fund		22 397	30 081	13 000	206 983 8 000
				30 081		30 081
8	Local Government Vision: To ensure that the Gauteng Province comprises viable local government and sustainable communities	160 350	126 205	7 000	27 145	
	1 Administration 2 Local Government 3 Integrated Development and Services Delivery		32 057 76 122 18 026	7 000	545 1 300 25 300	
9	Public Transport, Roads and Works Vision: For socio-economic growth, development, and an enhanced quality of life for all people in Gauteng	6 225 193	800 982	4 856 190	568 061	
	1 Administration 2 Public Works 3 Road Infrastructure 3.1 Infrastructure Grant <i>of which</i> <i>National conditional grants</i> Provincial infrastructure		123 366 336 414 212 074	5 500 1 000 4 850 000	56 500 65 640 428 461 163 096	163 096
	3.2 Gautrain <i>of which</i> <i>National conditional grants</i> Gautrain Transfers to departmental agencies and accounts Gautrain			4 641 000 3 241 000 4 641 000	163 098	4 641 000 3 241 000 4 641 000
	4 Public Transport 5 Community Based Programme		106 810 22 686	13 000 186 680	2 100 15 150	
10	Community Safety Vision: To ensure that Gauteng is a safe and secure province	220 172	200 072		20 100	
	1 Management and Administration 2 Promotion of Safety 3 Civilian Oversight 4 Traffic Management Services		35 282 27 439 13 994 123 377		1 600 500 18 000	
11	Agriculture, Environment and Conservation Vision: To contribute towards economic and social development, through public and private partnerships, by enhancing the quality of life and sustainable utilization of agricultural and natural resources.	241 891	231 962	1 880	8 069	
	1 Administration 2 Agriculture 2.1 Farmer Support and Development <i>of which</i> <i>National conditional grants</i> Poverty Relief and Infrastructure Development Comprehensive Farmer Support Programme		81 240 89 437 6 873	1 360	2 129 192	3 115 6 873
	3 Conservation 4 Environment 4.1 Planning, Impact, Pollution and Waste Management <i>of which</i> Transfers to Non-profit institutions		33 835 27 446	800	5 748	
	5 Dinokeng 6 World Heritage Site		1 1	500		

VOTE	DESCRIPTION	Vote and Main divisions	Details of appropriated amount			Amounts specifically and exclusively appropriated
			Current payments	Transfers and subsidies to:	Payments for capital assets	
12	Sports, Arts, Culture and Recreation, Vision: A vibrant home of champions where sport, recreation, arts and culture promote nation building, economic growth and create sustainable livelihoods through ensuring skilled, active and healthy communities.	221 272	145 273	28 349	47 650	
	1 Administration		48 693	4 122	1 250	
	of which					
	Capital transfers to Local Government			72		
	Non Profit Institutions			4 050		
	2 Cultural Affairs		22 594	8 225	60	
	of which					
	Capital transfers to Local Government			5 025		
	Non Profit Institutions			3 200		
	3 Library and Information Services		13 677	869	100	
	of which					
	Capital transfers to Local Government			869		
	4 Sports and Recreation		60 409	15 133	46 250	
	4.1 Sport		16 820			
	of which					
	Grants					
	Sports and Recreation SA		16 820			16 820
	Capital transfers to Local Government			6 449		
	Transfers of grants to NGO's			8 684		
13	Gauteng Shared Services Centre Vision: To be a provider of world-class support services in the public sector	761 339	719 387		31 962	
	1 Gauteng Audit Services		49 491		634	
	2 Human Resources Services		79 124		734	
	3 Procurement Services		94 420		1 397	
	4 Finance Services		57 217		1 001	
	5 Technology Support Services		328 273		4 290	
	6 Corporate Services		81 979		20 736	
	7 Programme Management Office		38 883		3 180	
14	Gauteng Treasury Vision: Gauteng Treasury aspires to be pioneers in financial management and fiscal discipline within the public sector in South Africa	70 447	69 983	78	386	
	1 Administration		8 199	8	122	
	1 Provincial Financial Management Reform		18 412	12	149	
	2 Provincial Financial Management and Governance		17 327	18	35	
	3 Fiscal Management		15 626	25	40	
	4 Private Public Partnership		10 420	15	40	
	TOTAL					
	TOTAL FOR THE PROVINCE	34 489 736	22 348 849	9 562 626	2 548 263	

ANNEXURE A

SCHEDULE ON HEALTH: PROGRAMME 4

(As a charge to the Provincial Revenue Fund)

Vote	Description	Vote and main divisions	Forward estimates	
		2005/06	2006/07	2007/08
		R'000	R'000	R'000
4	Health			
	Programme 4: Provincial Hospital Services			
	<i>Aim: Delivery of hospital services, which are accessible, appropriate, effective and provide general specialist services, including a specialised rehabilitation service, as well as a platform for training health professionals and research.</i>			
	<i>of which</i>			
	a. Compensation of employees	1 653 211	1 723 700	1 831 000
	b. Transfers to Hospitals	131 292	148 000	154 000
	4.1. Psychiatric/Mental Hospitals:			
	Lifecare	131 292	148 000	154 000
	c. Current payments (type, e.g. medicine costs)	749 367	739 000	747 300
	d. Payments for capital assets	58 380	105 000	100 000

ANNEXURE B

SCHEDULE ON HEALTH: PROGRAMME 5

(As a charge to the Provincial Revenue Fund)

Vote	Description	Vote and main divisions	Forward estimates	
		2005/06	2006/07	2007/08
		R'000	R'000	R'000
4	Health			
	Programme 5: Central Hospital Services			
	<i>Aim: To provide tertiary health services and create a platform for the training of health workers.</i>			
	<i>of which</i>			
	a. Compensation of employees	1 843 298	1 843 800	1 936 000
	b. Transfers to Hospitals			
	c. Current payments (type, e.g. medicine costs)	1 198 473	1 199 037	1 276 107
	d. Payments for capital assets	382 799	165 000	92 986

ANNEXURE C

SCHEDULE ON TRANSFERS (As a charge to the Provincial Revenue Fund)

Description	Vote and main divisions	Forward estimates	
	2005/06	2006/07	2007/08
	R'000	R'000	R'000
Transfers to Municipalities:			
Department of Health			
City of Johannesburg	125 841	135 900	146 120
City of Tshwane	59 359	64 310	69 210
Ekurhuleni	165 263	178 285	191 600
Metsweding	12 606	13 805	14 900
Sedibeng	65 282	70 070	75 180
West Rand	59 856	64 250	68 930
Department of Sport Recreation, Arts and Culture			
City of Johannesburg	3 900	3 400	3 400
City of Tshwane	2 800	2 800	2 800
Ekurhuleni	1 800	1 800	1 800
Metsweding			
Sedibeng	1 500	500	500
West Rand	1 400	1 400	1 400
Transfers to Public Entities:			
Department of Economic Affairs			
Gauteng Development Economic Agency	32 500	33 500	33 500
Gauteng Tourism Agency	33 500	34 500	34 500
Gauteng Film Office	3 525	3 550	3 550
Gauteng Enterprise Propeller	80 000	120 000	50 000
Gaumac	3 575	3 650	3 650
Gauteng Gambling Board			

**EXPLANATORY MEMORANDUM
ON THE OBJECTS OF
THE PROVINCIAL APPROPRIATION BILL, 2006**

**ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FINANCIAL
YEAR ENDING 31 MARCH 2006**

1. Purpose of the Bill

The memorandum seeks to highlight all estimates of revenue expected to be raised for each year of the 2006/07 MTEF and the expenditures to be incurred by the Province. The 2006/07 Medium Term Expenditure Framework budget updates the fiscal policy framework for the Province and makes further progress toward the Provincial goals of sustainable economic development and poverty alleviation in key targeted areas and improved management of public finances as defined in the Provincial 5 year plan and in the 2005 Medium Term Budget Policy Statement.

2. SUMMARY OF THE 2006/07 PROVINCIAL MAIN BUDGET

The Gauteng Provincial Government's (GPG) projected revenue of R33,828 billion, comprises of equitable share transfers of R23,362 billion and conditional grants of R8,744 billion from national government. Provincial own revenue amounts to R1, 758 billion after taking into account agency fees for the collection of revenue. However, it is important to point out that the remuneration of Public Office Bearers is a further deduction directly from

the Provincial Revenue Fund, as required by the law. Total expenditure amounts to R34,460 billion; however additional allocations for the Government Employees Medical Scheme (GEMS) and the Social Development Strategy have been set aside to be allocated pending further planning.

The Province is anticipating that allocated budgets will exceed revenue by R783,8 million or 2,3 per cent of total revenue in the 2006/07 financial year. It should be noted that this difference will be financed by the surplus in the Provincial Revenue Fund. The rationalisation and increased efficiency of budgetary expenditure will be a key element in eliminating a potential government deficit.

Table 1: Net Provincial Position

R thousand	2006/07	2007/08	2008/09
Total Revenue	33,823,789	36,314,200	39,818,596
Total Expenditure	34,607,595	36,346,371	39,008,463
Allocated Expenditure	34,459,738	36,039,143	38,542,951
Unallocated Expenditure: GEMS	124,135	249,131	374,989
Unallocated Expenditure: Social Development Strategy	23,722	58,097	90,523
Net Provincial Position: GPG	(783,806)	(32,171)	810,133

2.1. THE PROVINCIAL FISCAL ENVELOPE

A summary of the total receipts or revenue envelope is contained in the table below and reflects the total revenue of R33,824 billion, R36,314 billion and R39,819 billion for the financial years 2006/07, 2007/08 and 2008/09 respectively.

Table 2: Provincial Revenue Envelope

R thousand	2006/07	2007/08	2008/09
Equitable Share	23,361,686	26,071,807	29,189,980
Conditional Grants	8,744,257	8,378,292	8,625,002
Total Transfers from National Government	32,105,943	34,450,099	37,814,982

Provincial Own Revenue	1,758,263	1,906,539	2,048,174
Less Direct Charges: Public Office Bearers	40,417	42,438	44,560
Total Revenue: GPG	33,823,789	36,314,200	39,818,596

The total revenue of Provincial Revenue Fund is derived from transfers from national and provincial own revenue. Provincial revenue is projected to increase by a total of R5,995 billion (or 17,7 percent) from 2006/07 to 2008/09; these increases are driven by substantial additions to transfers from national (R5,709 billion) and by increased provincial own revenue (R289,911 million).

As a result of the strong performance of the Gauteng economy over the past year, it is expected that provincial revenue for the MTEF will increase. It is estimated that provincial own revenue will increase by an average of 10 percent in nominal terms over the MTEF period. Tax receipts (gambling taxes and motor vehicle licences) contribute about 80 percent of revenue, non-tax receipts (mainly patient fees) about 19 percent of total provincial revenue with other revenue accounting for the remaining 1 percent.

2.1.1. Transfers from national

Transfers from national in the form of equitable share and conditional grants take into account the latest fiscal framework and sector pressures identified after the tabling of the 2005 Provincial Medium Term Budget Policy Statement e.g. additional teachers to accommodate the increase in learner numbers, the implementation of an improved pay progression system for teachers and social workers and the recruitment of health professionals, expansion of the HIV/AIDS programme rollout, the maintenance and rehabilitation of health facilities, rehabilitation of the provincial road network and the upgrading of informal settlements.

2.1.2. Conditional grants

A review of conditional grants has resulted in the emergence of new grants, reconfiguration of existing grants and the phasing out of existing grants. It is evident from table 2 below which sets out the conditional grants per department for the MTEF years that the largest portion of the grants constitute:

- The Gautrain Grant amounts to 39 percent of the total conditional grants in 2006/07, but decreases to 22 percent by 2008/09;
- Grants for the improvement of Health care facilities, management and services, approximates 36 percent in 2006/07 but grows to 44 percent by 2008/09;
- Housing subsidies approximates 20 percent in 2006/07 and grows to 28 percent of the total conditional grant allocations by 2008/09.

2.1.3. Phasing of conditional grants into the provincial equitable share

The grant for the Integrated Nutrition Programme will be phased into the provincial equitable share; the Province will ensure that the funding stream is sustained through the provincial equitable share as this programme continues as part of the Province's responsibility. This grant is phased into the provincial equitable share with effect from 1 April 2006.

Table 3: Conditional Grants

R thousand	2006/07	2007/08	2008/09
AGRICULTURE	9,988	22,921	24,022
Land Care (Poverty Relief and Infrastructure Development)	6,873	19,651	20,594
Comprehensive Agriculture Support Programme	3,115	3,270	3,428
HEALTH	3,158,654	3,398,855	3,761,263
National Tertiary Services (Central Hospitals)	1,866,094	1,959,399	2,057,369
Health Professions Training and Development	554,039	581,741	610,828

R thousand	2006/07	2007/08	2008/09
Hospital Revitalisation (Rehabilitation)	327,525	431,732	652,681
Forensic Pathology Services	76,752	79,428	74,086
Comprehensive HIV/Aids	252,695	265,330	279,817
Provincial Infrastructure	81,549	81,225	86,482
EDUCATION	389,031	423,381	485,769
Further Education and Training College Sector Recapitalisation	106,000	135,000	168,080
HIV/Aids (Life Skills Education)	20,012	21,013	22,427
National School Nutrition Programme	99,921	104,917	122,298
Provincial Infrastructure	163,098	162,451	172,964
HOUSING	1,765,666	2,197,223	2,414,079
Housing Fund	1,757,666	2,197,223	2,414,079
Land Distribution: Alexandra Renewal Project	8,000		
PUBLIC TRANSPORT, ROAD and WORKS	3,404,098	2,313,451	1,908,964
Provincial Infrastructure	163,098	162,451	172,964
Gautrain	3,241,000	2,151,000	1,736,000
SPORTS, ARTS, CULTURE and RECREATION	16,820	22,461	30,904
Sports and Recreation SA	16,820	22,461	30,904
Total Conditional Grants: GPG	8,744,257	8,378,292	8,625,002

2.1.4. Merging of conditional grants

It was agreed by the housing sector and Cabinet that from 1 April 2005 the Human Settlement and Redevelopment Grant (Housing) be incorporated into the Housing Subsidy Grant to form the Integrated Housing and Human Settlement Development Grant. However, given outstanding commitments at the time, it was agreed that part of the Human Settlement and Redevelopment Grant is retained for 2005/06. The grant is fully phased into the broader Integrated Housing and Human Settlement Development Grant from 1 April 2006 onwards.

The Hospital Management and Improvement Grant (Health) facilitates a range of management development initiatives, including delegations and financial management capacity. It also supports the implementation of a range of hospital quality of care interventions and compliments the

objectives of the Hospital Revitalisation Grant. Given this link, the National Department of Health agreed that the Hospital Management and Improvement Grant be merged with the Hospital Revitalisation Grant from 1 April 2006.

2.1.5. Introduction of New Conditional Grants

The Recapitalisation of Further Education and Training Colleges was initially envisaged for implementation in 2005/06, however the administrative aspects were still being finalized; this initiative will be financed through a conditional grant from 1 April 2006 for a period of three years. This grant is aimed at addressing infrastructure requirements to support the curriculum and to ensure that the education is in line with industry standards.

Forensic Pathology Services, currently administered by the South African Police Service (SAPS) and the National Department of Health now shifts to the Provincial Department of Health with effect from 1 April 2006. As an interim measure, the Budget Council agreed that this function be administered through a conditional grant until such time that the function is fully established at a provincial level. This grant will facilitate the transfer of the medico-legal mortuaries from SAPS to the Provincial Department of Health.

A grant for the construction of the Gautrain Rapid Rail Link has been provided in terms of the 50:50 funding agreement between national government (National Department of Transport) and the Gauteng Province; this grant is introduced in the 2006/07 MTEF and amounts to R7,128 billion over the MTEF.

2.2. TOTAL PROVINCIAL ALLOCATIONS FOR 2006/07 FINANCIAL YEAR

Provincial expenditure is projected to increase by a total R4,083 billion (or 11,8 percent) from 2006/07 to 2008/09. The increase is mainly due to additional funding in terms of the Gautrain project, funding allocated to the social sector, infrastructure projects as well as funding for the new Provincial Treasury.

Table 4: Summary of MTEF Budget Appropriations by Department

R thousand	2005/06 Adjusted Appropriation	2006/07 MTEF	% Change in Budget	2007/08 MTEF	% Change in Budget	2008/09 MTEF	% Change in Budget
1 Office of the Premier	104,747	118,431	13,1%	120,516	1,8%	125,918	4,5%
2 Gauteng Legislature	114,097	129,010	13,1%	133,349	3,4%	125,695	(5,7%)
3 Economic Development	603,242	572,071	(5,2%)	589,336	3%	713,816	21,1%
4 Health	9,840,640	10,404,351	5,7%	11,010,679	5,8%	11,900,064	8,1%
5 Education	10,807,411	12,281,967	13,6%	13,338,340	8,6%	14,508,449	8,8%
6 Social Development	859,520	981,782	14,2%	1,143,033	16,4%	1,391,020	21,7%
7 Housing	1,764,295	2,081,462	18%	2,520,532	21,1%	2,728,445	8,2%
8 Local Government	129,085	160,350	24,2%	179,938	12,2%	158,842	(11,7%)
9 Public Transport, Roads and Works (DPTRW)	2,088,007	6,225,193	198,1%	5,380,786	(13,6%)	5,223,218	(2,9%)
10 Community Safety	181,268	220,172	21,5%	264,383	20,1%	222,876	(15,7%)
11 Agriculture, Conservation and Environment (DACE)	223,245	241,891	8,4%	269,844	11,6%	280,974	4,1%
12 Sports, Arts, Culture and Recreation, (SACR)	196,288	221,272	12,7%	179,330	(19%)	189,744	5,8%
13 Gauteng Shared Services Centre (GSSC)	639,880	751,339	17,4%	822,385	9,5%	866,663	5,4%
14 Gauteng Treasury	27,749	70,447	153,9%	86,692	23,1%	107,227	23,7%
Total Payments & Estimates: GPG	27,579,474	34,459,738	24,9%	36,039,143	4,6%	38,542,951	6,9%

The average combined share of the social sector (health, education and social development) is 69 percent of the provincial total expenditure for the

2006/07 financial year. The decrease of the social sector share from 80 to 69 percent has been caused by shifting of social security grants from the province to the new South African Security Agency and the introduction of a grant for Gautrain which is allocated to the economic sector (Public Transport, Roads and Works). The remaining 31 percent is for other departments. The budget of the Province grows significantly by 25 percent in 2006/07 and by an average of 12,2 percent in nominal terms from 2005/06 and over the MTEF.

The following departments received additional funding in the 2006 MTEF:

2.2.1. Health – R825,011 million

The Provincial Department of Health has received additional amounts of R218,321 million, R204,486 million and R402,204 million for each respective year of the MTEF. Additional resources will be used to fund the following Health care priorities:

- Enhance human resource management by recruiting health professionals and creating incentives for retaining staff in the professional health category;
- Expand emergency medical services and implement a new national ambulance services model;
- Primary health care allocations include district management, community based services, community health clinics and community health centres to expand primary health care and improve services in rural areas;
- Modernisation of tertiary services allocation will be used for digitisation and equipment in central hospitals. The amount allocated for information services will be used to deal with information technology issues in Health;

- Medical Equipment for Pretoria Academic Hospital (R130 million in 2006/07 only).

2.2.2. Education – R1,477 billion

Taking into account the serious challenge facing the Province with regards to the rate of population growth and its implications on service demands, the Department of Education has been given additional amounts of R133,430 million, R469,071 million and R875,088 million for each respective year of the MTEF. These funds will be used to fund the following priority areas:

- Reduce the backlog in school equipment;
- Expand early childhood development (Grade R);
- Provide for teacher development and human resource management system;
- Extend the implementation of the new curriculum statement to grades 10-12;
- Implement revised norms and standards for school funding, strengthen special schools, and expand information management systems.

Quality and upliftment programmes will focus on departmental plans to engage with the private sector and business to play a more visible role in making education more relevant and able to respond to the skill needs of the country's economy. The equitable share funds the rollout of the education management information system (EMIS) to schools over the next 3 years as part of a broader approach to improved public sector management and performance reporting. EMIS focuses on data collection and analysis for systematic planning purposes, conducting annual surveys of Learner/Educator information in provincial institutions for planning and monitoring purposes. The department will concentrate on the provisioning of

required Grade R resources as well as increasing the percentage of 5 year olds in publicly funded schools in Grade R.

The Curriculum Statement serves as a guide for educators in terms of the new outcomes-based education system. The implementation of revised norms and standards for school funding aims to eliminate the payment of fees in schools which are in quintile 1 (the lowest poverty quintile ranked) according to the schools poverty ranking.

2.2.3. Social Development – R716,737 million

Gauteng Provincial Government will continue to provide and improve on the social safety net, in the form of grants and other welfare services to deal with poverty in the Province. Additional amounts of R75,608 million, R217,908 million and R423,221 million have been allocated to social development over the MTEF years. Additional resources will be used for the following priorities:

- Implementation of the Child Justice Bill, Children’s Bill and the Older Person’s Bill;
- Early Childhood Development and Extended Public Works Programme;
- HIV/AIDS and Integrated Development Social Services grants;
- Expand the existing social welfare services;
- Adjustment of the social workers salaries.

The Expanded Public Works Program in Social Development is to contribute towards the creation of work through the HIV/AIDS Community Home Based Care Program and through training and development.

2.2.4. Public Transport, Roads and Works – R628 million

DPTRW received additional amounts of R27,907 million, R75,072 million and R225,502 million for each respective year of the MTEF. These funds will be used for the construction and maintenance of the provincial road network. However, it is important to mention that a further additional allocation of R300 million over the MTEF (from the Growth and Development Strategy fund) has been made available to the Department for the development and implementation of an Intelligent Transport System.

2.2.5. Housing – R6,377 billion (conditional grants)

The Department is funded primarily from a conditional grant and the total allocated amounts are R1,758 billion, R2,197 billion and R2,414 billion over the MTEF period. Increased allocations in the conditional grant will mainly be spent on the delivery of housing programmes, formalisation of informal settlements and ensuring mixed income communities on well located land.

2.2.6. Gauteng Provincial Treasury – R264,3 million

Amounts shown in table 2 above reflect funding for the new Provincial Treasury. The new department will focus on:

- Strengthening financial management to achieve operational efficiency and promote accountability in government;
- Attracting and retaining an appropriate technical skills base at Gauteng Provincial Treasury;
- Providing technical assistance including analysing, monitoring, evaluating and advising customers to enable good financial planning and management;
- Developing and implementing efficient internal systems and processes;

- Investing in and empowering Gauteng Provincial Treasury employees.

2.2.7. Office of the Premier – R30,7 million

The Office of the Premier has been given an additional allocation of R13,5 million for 2006/07, R8,4 million for 2007/08 and R8,8 million for 2008/09, to fund the City Region, NEPAD and Izimbizo programmes.

2.2.8. GDS Commitments

The Province has invested over R1,3 billion for funding GDS commitments and table 3 below shows the level of funding per project over the MTEF period. The following areas will receive funding over the 2006/07 MTEF:

- Making Gauteng the Home of competitive sport and hosting of major events.
- Promoting creative industries – arts and culture, tourism and film industry.
- Investment promotion and economic development – LED, GEDA, smart industries.
- Integrated intelligent transport system and public safety on our roads.
- Roll out of GPG e-governance plan (increase the capacity of the call centre industry).
- Implementation of the Agriculture strategy with a focus on Agro-processing and bio-technology.
- Additional investment in Blue IQ projects.
- SMME financial and non-financial support through Gauteng Economic Propeller.

Table 5: GDS MTEF Allocations to departments

Implementing Departments	Project	Project Description	2006/07 R'000	2007/08 R'000	2008/09 R'000
SACR	Legacy projects	Upgrading of 4 major stadia & promotion of Gauteng as home of champions.	60,000		
	Arts & Culture Strategy	Develop and promote the products and services of the creative cluster and enterprises. Invest in the support and development of creative community through programming, infrastructure development and maintenance as well as creating access to cultural activities and opportunities.	3,500	6,500	2,000
Economic Development	Gauteng Economic Propeller	One stop shop that provides financial and non-financial support to SMMEs through their establishment, growth and sustainability.	80,000	120,000	50,000
	Creative industries – Gauteng Tourism & Film Industry	Facilitate a process wherein an inclusive wealth generating economy can be realized through promotion of the film industry.	14,500	30,000	35,500
	Investment promotion & economic development	Seek to develop opportunities that will attract potential investors through skills incentives, infrastructure development, etc. Gauteng needs to invest more on infrastructure in order to boost investor confidence and LEDs.	10,000	40,000	50,000
	Blue IQ investment	Funding of Blue IQ projects	20,000	67,500	112,500
DACE	Agriculture Strategy	This project will fund the Agricultural strategy; part of which will be dedicated to agro-processing and bio-technology.	14,000	16,000	18,000
DPTRW	Integrated safety and security system	Developing a holistic traffic management system to monitor the traffic incidents, congestion and other traffic management issues	54,000	90,000	156,000
Community Safety	Integrated safety and security system	As above	25,000	50,000	
Housing	Top 20 Townships	Rehabilitation of existing townships involving the upgrade and/or construction of social and economic facilities, upgrading of backyard shacks to facilitate the creation of community rental and the development of vacant land infills for densification purposes	20,000	15,000	
GSSC	GPG Contact Call Centre	Enhance relationships between citizens, business, government and employees through integrated e-government applications and services. GPG adopted an e-governance strategy aimed at providing GPG citizens, business and tourist with ease, multi-channel access to government information and services.	29,000	55,000	66,000
TOTAL GDS PROJECT ALLOCATIONS			330,000	490,000	490,000

2.2.9. Other Departments

Other departments have received a general baseline adjustment which takes into consideration the annual salary increase and the impact of any anticipated cost of goods and services that is consistent with the outlook for inflation. Technical adjustments to baseline also take into account the cost of all aspects of personnel, especially the carry through effects of the 2005 wage agreement.

Table 6: Summary of MTEF Budget Appropriations by Economic classification

R thousand	2005/06 Adjusted Appropriation	2006/07 Budget	2007/08 MTEF	2008/09 MTEF
Current payments	20,497,022	22,348,849	24,176,131	25,893,568
Compensation of employees	14,888,820	16,308,163	17,422,301	18,506,338
Goods and services	5,585,862	6,040,686	6,753,830	7,387,230
Interest and rent on land	21,840			
Financial transactions	500			
Transfers and subsidies	4,998,888	9,562,626	9,204,615	9,327,353
Provinces and municipalities	650,227	675,197	646,473	690,254
Departmental agencies and accounts	740,000	4,818,600	3,916,200	3,446,700
Universities and technikons	650	690	720	755
Public corporations & private enterprises	195,169	98,231	112,711	157,711
Non-profit institutions	1,566,663	1,823,598	1,959,101	2,259,050
Households	1,846,179	2,146,310	2,569,410	2,772,883
Payments for Capital Assets	2,083,564	2,548,263	2,658,397	3,222,030
Buildings & other fixed structures	1,286,234	1,864,347	1,968,828	2,566,832
Machinery & equipment	773,437	661,467	666,958	732,919
Software & other intangible assets	3,339	1,895	2,057	1,725
Land and subsoil assets	20,554	20,554	20,554	20,554
<i>Of which</i>				
<i>Capitalised compensation</i>	32,316	39,256	42,480	42,480
TOTAL PAYMENTS & ESTIMATES: GPG	27,579,474	34,459,738	36,039,143	38,542,951

2.3. PERSONNEL COSTS

Personnel expenditure grows by 9,5%, 6,8% and 6,2 year-on-year from the 2005/06 to the 2008/09 financial year; mainly to accommodate social sector pressures.

The carry through costs of the 2005 wage agreement (pay progression for educators and administrators, incentive scheme, recognition of prior learning and promotion of maths and science) for the Department of Education accounts for a large portion of the increase in personnel expenditure over the MTEF.

Social Development has been allocated additional amounts of R15 million, R15,750 million and R16,538 million for each of the 2006 MTEF years to adjust the salaries of the social workers.

The Provincial Department of Health has been given amounts of R16,321 million, R50 million and R100 million over MTEF period to enhance human resource management by recruiting health professionals and creating incentives for retaining staff in the professional health category.

The Gauteng Province received additional amounts of R124,135 million, R249,131 million and R374,986 million for each of the MTEF years respectively for the Government Employee Medical Scheme; these amounts remain unallocated when publishing this budget. Further planning and trends will inform the allocation to departments in the 2006/07 Adjusted Appropriation and for the MTEF.

Gauteng Provincial Treasury will receive an increased budget over the MTEF; firstly, to recruit further expertise and develop internal capacity, but also R5,6 million to undertake capacity building initiatives in financial management offices in provincial and local government.

2.4. INFRASTRUCTURE PROGRAMME

The Infrastructure programme for the Province includes: payments for capital assets (which is mainly departmental capital spending discussed earlier), capital transfers (mainly housing programmes and special infrastructure projects to promote economic growth and development), maintenance (routine, planned and emergency maintenance) and other capital projects. Infrastructure is re-classified from the GFS classification into: New Construction, Rehabilitation/ Upgrading, Maintenance and Other Capital projects in Table 11 below to more accurately reflect the infrastructure investment by the Province.

Table 11: GPG MTEF Infrastructure Programme

R thousand	2006/07				Total Infrastructure per Department
	New Construction	Rehabilitation/Upgrading	Maintenance	Other Capital projects	
3 Economic Development	265,550	30,825			296,375
4 Health	370,868	185,302	288,878	26,821	871,869
5 Education	670,679			200,000	870,679
6 Social Development	5,620		21,000		26,620
7 Housing	1,056,854	730,570	22,197	4,714	1,814,335
9 DPTRW	4,641,000	97,733	10,000	11,771	4,760,504
11 DACE	2,700	1,070	2,000		5,770
12 SACR		57,400			57,400
Total Infrastructure per Category	7,013,271	1,102,900	344,075	243,306	8,703,552

R thousand	2007/08				
	New Construction	Rehabilitation/Upgrading	Maintenance	Other Capital projects	Total Infrastructure per Department
3 Economic Development	187,550				187,550
4 Health	452,393	174,289	358,153	28,202	1,013,037
5 Education	308,000	152,046	169,503	240,000	869,549
6 Social Development	33,420		21,000		54,420
7 Housing	1,684,206	616,922	30,081	4,246	2,335,455
9 DPTRW	3,672,000	170,041	23,250	2,446	3,867,737
11 DACE	2,700	1,940	4,000		8,640
12 SACR		9,900			9,900
Total Infrastructure per Category	6,340,269	1,125,138	605,987	274,894	8,346,288

R thousand	2008/09				
	New Construction	Rehabilitation/Upgrading	Maintenance	Other Capital projects	Total Infrastructure per Department
3 Economic Development	448,600				448,600
4 Health	655,693	230,341	358,153	28,502	1,272,689
5 Education	508,000		132,062	200,000	840,062
6 Social Development	33,420		21,000		54,420
7 Housing	1,915,591	476,259	30,081	5,696	2,427,627
9 DPTRW	3,297,474	210,626	80,750	3,817	3,592,667
11 DACE	1,050	5,000	4,500		10,550
12 SACR		9,900			9,900
Total Infrastructure per Category	6,859,828	932,126	626,546	238,015	8,656,515

Infrastructure expenditure over the MTEF will approximate R25,706 billion with the larger share of the infrastructure budget accounted for by the Departments of Public Transport, Roads and Works (47,5 percent), Housing (25,6 percent), Health (12,3 percent) and Education (10 percent). The budget for 2006/07 is almost double the budget for 2005/06; which can largely be attributed to the huge investment in the implementation of the Gautrain project.

Gautrain as a major infrastructure development project received an amount of R11,5 billion over the MTEF period. Cabinet agreed that national government would contribute 50 percent towards the cost of the public sector funding share of the project during its construction phase. In this

regard, a conditional grant to Gauteng, administered by the national Department of Transport is introduced at R3,2 billion in 2006/07, R2,2 billion in 2007/08 and R1,7 billion in 2008/09 while the provincial contribution amounts to R1,4 billion in 2006/07 and R1,5 billion for 2007/08 and 2008/09 respectively.

3. SOCIAL IMPACT

The additional allocation for Health will go a long way in recruiting health professionals and creating incentives for retaining staff in the professional health category. This will also assist the province in realising the objective of developing healthy, skilled and productive people.

The increased allocations for Social Development will expand the existing welfare services to the community of Gauteng and partially address the problem of poverty.

The average combined share of the social sector (Health, Education and Social Development) is 69 percent of the provincial total expenditure for the 2006/07 financial year; of which Education accounts for 52 percent to provide for quality public education and promotes a dynamic citizenship for socio-economic growth and development in Gauteng. Health approximates 44 percent of the budget and provides responsive and quality health services to the citizens. Social Development is the remaining 4 per cent of the social sector and provides social welfare services. The other 31 percent of the total provincial allocation is used by other departments whose programmes promote growth and development, sustainable communities and ensures proper governance and accountability.

4. FINANCIAL IMPLICATIONS

The Provincial expenditure for 2006/07 will amount to R34,460 billion; allocated budgets will exceed anticipated revenue by R783,8 million, which will be financed from the Provincial Revenue Fund reserve account.

5. ENVIRONMENTAL IMPACT

No negative impact

6. OTHER DEPARTMENTS OR BODIES CONSULTED

All Provincial departments.
National Treasury.

7. CLAUSE BY CLAUSE DESCRIPTION

Clause 1

Defines important words and phrases.

Clause 2

Appropriates monies from the Provincial Revenue Fund for use by Province for financial year ending 31 March 2007.

Clause 3

Specifically appropriates monies for special and exclusive processes.

Clause 4

Provides for the short title of the Act.

Schedule:

Contains details of appropriation by vote as fully explained under paragraph 2 above.
