

Budget at a glance: 2006/07

Summary of payments and estimates by Vote					
R000	2005/06	2006/07	%	2007/08	2008/09
	Main Budget	Revised Budget		MTEF Budget	MTEF Budget
			increase year-on-year		
1. Premier	218,176	294,740	35.1	323,599	351,570
2. Provincial Parliament	129,454	139,235	7.6	143,439	153,176
3. Agriculture and Environmental Affairs	1,078,342	1,298,906	20.5	1,474,668	1,601,557
4. Economic Development	140,590	390,052	177.4	722,697	2,081,956
5. Education	14,505,932	16,209,078	11.7	17,983,127	19,384,640
6. Provincial Treasury	1,089,581	1,069,780	(1.8)	1,510,993	1,723,507
Operational Budget	189,581	279,803	47.6	288,207	303,081
Growth Fund	200,000	420,000	110.0	660,000	660,000
SMME Fund	200,000	200,000	-	220,000	242,000
Poverty Alleviation Fund	500,000	-	(100.0)	-	-
Government Employee Medical Scheme	-	169,977	-	342,786	518,426
7. Health	10,379,202	11,736,761	13.1	12,795,794	13,840,988
8. Housing	969,880	1,252,133	29.1	1,520,850	1,661,102
9. Community Safety and Liasion	48,154	50,818	5.5	53,359	57,094
10. The Royal Household	27,598	31,409	13.8	32,979	35,287
11. Traditional and Local Government Affairs	458,593	595,585	29.9	714,184	904,249
12. Transport	2,197,532	2,415,983	9.9	2,844,370	3,275,420
13. Social Welfare and Population Development*	834,491	894,810	7.2	939,283	997,901
14. Works	425,970	451,523	6.0	474,088	507,274
15. Arts, Culture and Tourism	209,503	254,726	21.6	263,944	280,493
16. Sports and Recreation	88,927	106,071	19.3	135,235	153,871
Total	32,801,925	37,191,610	13.4	41,932,609	47,010,085

\*For comparative reasons, the department's 2005/06 main budget excludes the amount for Programme 2: Social Assistance Grants

The budgeted total revenue and payments for the 2006/07 financial year is R37,2 billion.

Summary of total receipts					
R000	Main Budget	Medium-term estimates			Growth rate 2005/06 to 2006/07
	2005/06	2006/07	2007/08	2008/09	
Transfer receipts from national	31,681,510	36,017,798	40,692,720	45,683,403	13.0
Equitable share	28,398,760	32,052,488	35,957,286	40,445,585	12.5
Conditional grants	3,282,750	3,965,310	4,735,434	5,237,818	16.9
Provincial own receipts	1,120,415	1,173,812	1,239,889	1,326,682	5.8
Total	32,801,925	37,191,610	41,932,609	47,010,085	12.7
Tax receipts	686,122	799,555	839,568	904,199	9.6
Non-tax receipts	397,690	338,042	365,324	388,789	-0.8
Sale of goods and services	247,674	227,911	244,575	262,633	2.0
Fines, penalties and forfeits	28,000	25,030	28,030	30,031	2.4
Interest, dividends and rent on land	122,016	85,101	92,719	96,125	-7.6
Transfers received	-	-	-	-	-
Sales of capital assets	12,549	14,661	16,670	18,703	14.2
Financial transactions	24,054	21,554	18,327	14,991	-14.6
Total	32,801,925	37,191,610	41,932,609	47,010,085	12.7

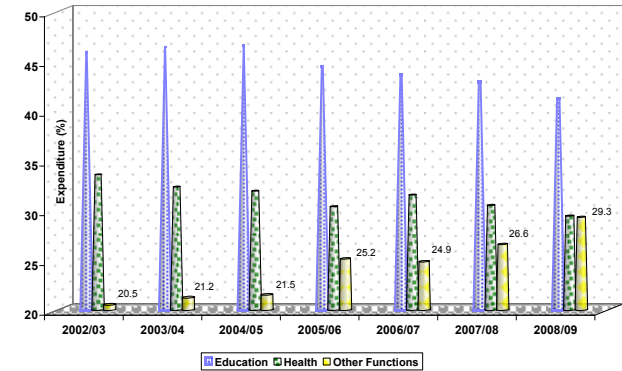
Alfred Lord Tennyson said:

“...but Hope smiles from the threshold of the year to come whispering ‘it will be happier ...”

Indeed Mr. Speaker and Honourable Members,

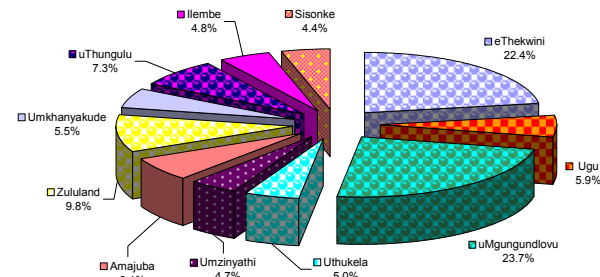
IT WILL BE BETTER (Dr. Z.L. Mkhize: MEC for Finance and Economic Development)

Budget allocation per sector: 2002/03 to 2008/09



The 2006/07 MTEF budget is highly people oriented with 75 per cent of total provincial resources allocated for Education and Health. The remainder is allocated towards other sectors such as Housing, Agriculture, Transport, Works, Treasury, etc.

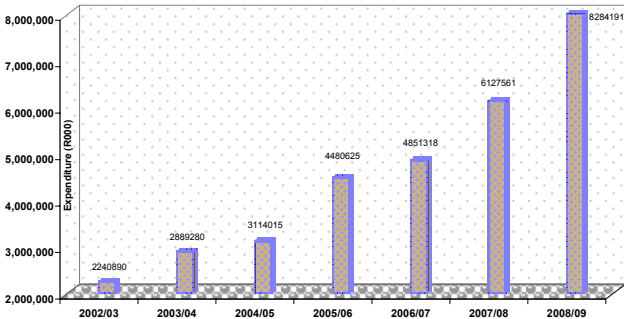
Budgeting for the local sphere of government



The implementation of the Municipal Finance Management Act (MFMA) enables us to report on expenditure per district municipality. The spatial distribution of the provincial budget reveals that nearly half of the 2006/07 budget will be spent in the uMgungundlovu and eThekweni district municipalities. This is due to the fact that all head offices of provincial departments are located in these two regions.

Infrastructure expenditure

R000	Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
		2005/06		2006/07	2007/08	2008/09
Capital	3,290,271	3,667,602	3,434,041	4,038,442	5,198,205	7,083,843
New constructions	1,076,143	1,292,606	1,079,520	1,217,953	1,466,369	1,661,152
Rehabilitation/upgrading	1,241,728	1,309,633	1,295,232	1,443,746	1,721,553	1,899,135
Other capital projects	388,899	299,619	293,545	318,742	354,202	383,301
Infrastructure transfer	583,501	765,744	765,744	1,058,001	1,656,081	3,140,255
Current	799,121	813,023	871,967	812,876	929,356	1,200,348
Total	4,089,392	4,480,625	4,306,008	4,851,318	6,127,561	8,284,191

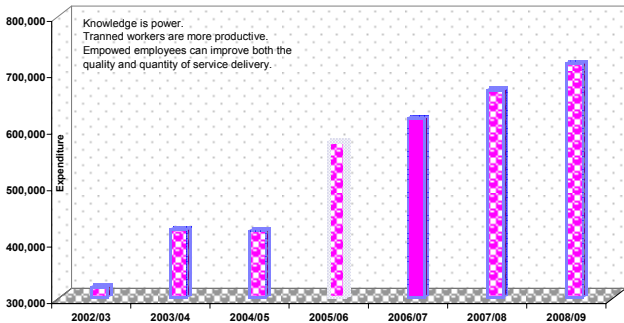


The people’s budget aims to address social imperatives especially in nodal points where the largest concentration of the marginalized communities reside. In this regard, expenditure on infrastructure is expected to increase to R4,9 billion in 2006/07, from R2,2 billion in 2002/03.

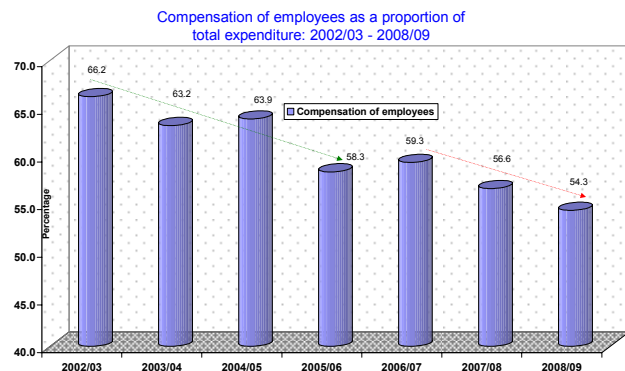
Expenditure on training

Expenditure on training experiences healthy growth from R327 million in 2002/03 to R622 million in 2006/07.

Expenditure on training (R000): 2002/03 - 2008/09



## Wages and salaries



Analysis of payments and estimates by economic classification shows that compensation of employees as a percentage of total expenditure is declining from 66.2 per cent in 2002/03 to 54.3 per cent in 2008/09. This implies that more resources are being released for the provision of goods and services. Therefore, the province should be on course to meeting the president's targets whereby, every household must have access to electricity by 2012, access to running water and decent sanitation by 2010, and by 2007, the "bucket toilets" system must be completely eradicated in established settlements.

*The inhabitants of Third World and former communist nations do have things (sic), but they lack the process to represent their property and create capital. They have houses but not titles; crops but not deeds; businesses but not statutes of incorporation. It is the unavailability of these essential representations that explains why people who have adapted every other Western invention, from the paper clip to the nuclear reactor, have not been able to produce sufficient capital to make their domestic capitalism work. This is the mystery of capital"*

*Hernando de Soto ( former Governor of the Central Bank of Peru)*

## SUMMARY OF EXPENDITURE PRIORITIES FOR THE 2006/07 MTEF BUDGET

- **Education's** budget increases by 11.7 per cent to R16,2 billion in 2006/07. This includes a total of R1,1 billion in additional funding allocated over the MTEF for EMIS, National Curriculum Statement, ABET, FET colleges, and the introduction of the no fee schools policy.
- **Health's** budget increases by 13.1 per cent to R11,7 billion in 2006/07. This includes a total of R279 million in additional funding allocated over the MTEF for improving maintenance of hospitals.
- **Transport's** budget increases by 9.9 per cent to R2,4 billion in 2006/07. This includes a total of R820 million in additional funding allocated over the MTEF for maintenance, access roads and bridges to schools, clinics, etc.
- **Housing's** budget increases by 29.1 per cent to R1,3 billion in 2006/07. This includes a total of R61 million in additional funding allocated over the MTEF for improving capacity in the department.
- Total provincial spending of more than R3 billion on combating **HIV and AIDS** over the MTEF
- **Special projects** (total funding over the MTEF period):
  - The 2010 World Cup – R165 million for soccer development and R560 million for soccer stadia upgrade.
  - Agrarian revolution – R547 million. This project will boost the capacity of subsistence farmers and contribute to food security.
  - Establishment of secondary cooperatives – R166 million
  - Incubator programme for cooperatives – R99 million
  - Dube Trade Port – R1.7 billion
  - Provision for Government Employee Medical Scheme – R1.0 billion
  - Corridor development – R160 million. Two corridors leading to Richards Bay, namely the Lubombo SDI corridor and the P700 linking to Ulundi.
  - Incorporation of Umzimkhulu in KwaZulu-Natal province – R52 million.

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**Province of KwaZulu-Natal**

## BUDGET HIGHLIGHTS

### 2006/07 MTEF budget

**Tabled by Dr. Z.L. Mkhize, MEC for Finance and Economic Development**



*Journey to Prosperity*

***People's Budget for creating work and fighting poverty***