

BUDGET STATEMENT NO. 1

1. Financial impact occasioned by the disestablishment of the municipal boundaries

Before discussing the 2007/08 MTEF budget, it is important to bring a very important policy change to the attention of the reader. This policy change impacts on every aspect of the NW Provincial Budget and should be kept in mind when the budget is evaluated, analyzed and criticized.

The financial impact occasioned by the disestablishment of the municipal boundaries was severe on the North West Province. The loss in the equitable share, calculated according to the Finance and Fiscal Commission (FFC) formula amounted to more than R2 billion per annum over the 2007/08 MTEF period. All departments were affected to some degree and it should be clear that such a large reduction required of departments to re-plan, re-prioritize and re-strategize for the 2007/08 MTEF period.

More detail regarding the financial impact of demarcation is provided later in Budget Statement 1 but it is important that the reader notes this major policy change when reading this budget.

2. Budget strategy and aggregates

2.1 Introduction

The Provincial Budget is an alignment of the government's policies as referred to in the Government's Election Manifesto, which is further explained in the annual State of the Nation Address and the State of the Province Address. The President's State of the Nation Address was delivered on 3 February 2006 and the Premier's State of the Province Address on 10 February 2006.

To align the 2007/10 MTEF with the Government's Policies, the President's State of the Nation Address and the Premier's State of the Province Address are aligned with the Election Manifesto as far as the implementation thereof is a provincial responsibility. The President's State of the Nation Address, which is based on the Election Manifesto, serves as a guideline for compiling the National Budget. The Premier's State of the Province Address again focuses on what is contained in the President's State of the Nation Address and policies for which the NW Province is responsible as well as provincial specific priorities and policies.

National and provincial policies and priorities then form the basis for the 2007/08 Medium Term Expenditure Framework (MTEF). This means that National priorities mainly originated from the President's State of the Nation's Address and provincial priorities from the Premier's State of the Province Address.

Some of the national and provincial policies and priorities are implemented over the long term without a specific completion date, for example, the improvement of general health services in the province as well as the improvement of Grade 12 results. These priorities will continue and they can be regarded as the province's vision (the ultimate goal being strived for) rather than its mission (what is achievable over a longer period).

Other priorities are short term or it might have a specific completion date. Examples are the eradication of classroom backlogs to ensure that no children receive schooling under trees (2006) or the eradication of the bucket sanitation system in identified areas by 2007.

2.2 Policies and priorities addressed in this budget

The President stated in his State of the Nation Address: *"The public sector will accelerate infrastructure investment in underdeveloped urban and rural areas through the Municipal Infrastructure Grant, Extended Public Works Programme, and other infrastructure funds to improve service delivery in areas of the Second Economy, including the provision of:*

- Roads and rail;
- Water;
- Energy;
- Housing, schools and clinics; business premises and business support centres;
- Sport facilities; and
- Multi purpose government service centres."

The Hon. Premier highlighted the following key-interventions structured around ASGI-SA:

- *"Bulk infrastructure investment through all spheres of Government, State owned enterprises and Public-Private-Partnerships;*
- *Immediate, top and medium priority investments in specially selected sectors of the economy;*
- *The building of human capital from very basic primary infrastructure to tertiary education; Provision of a joint Initiative on Priority Skills Acquisition (JIPSA);*
- *Special focused second Economy Interventions that incorporate youth, women and people with disabilities in sector investment strategies, massification of the Expanded Public Works Programme (EPWP), Small Micro and Medium Enterprises promotion and micro credit facilities; and*
- *Strengthening Governance and institutional arrangements for delivery."*

Many ASGI-SA projects are under way while many more are being planned which will be implemented soon. Our social partners and the private sector have already responded positively to the challenge of making contributions in mobilizing external resources.

The Hon. Premier also highlighted the following key priorities:

- The asset management project to ensure that government's assets are protected and fully utilized over its productive and economic life cycle.
- Infrastructure Delivery for Spatial Development Initiatives, which are aimed at exploiting the local relative advantages of the NW Province.
- Bridging the gap between the first and second economies through, amongst others, the Expanded Public Works Programme.
- Upgrading, construction, resealing and maintenance of roads. In this regard EXCO resolved that the maintenance and upgrading of existing roads would receive preference.
- Support to SMMEs.
- The appointment and training of Community Health Workers.
- Continue with the onslaught on illiteracy.
- Eradicate the bucket replacement system.
- Appoint Community Development Workers.
- Fight fraud and corruption in Government.

2.3 Addressing the priorities

2.3.1 Infrastructure funding

The Provincial Government responded as follows in the Provincial Budget:

Schedule 1: Funding for education infrastructure

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
New infrastructure & renovations	220,000	127,417	170,000	170,000
Maintenance & upgrading	45,163	54,130	153,792	179,677
TOTAL	265,163	181,547	323,792	349,677

Education received an advance on infrastructure during 2006/07 amounting to R100 million that was recovered in 2007/08 and 2008/09. The infrastructure budget is in fact increased from R165,163 million in 2006/07, to R231,547 million for 2007/08 and R399,677 million for 2008/09, an increase of 32% over a three-year period.

Schedule 2: Funding for health infrastructure

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Clinic building	81,000	80,000	80,000	80,000
Hospital revitalization	190,884	176,966	231,966	214,983
Maintenance & upgrading	42,940	45,241	97,503	120,353
TOTAL	314,824	302,207	409,469	415,336

The health infrastructure also increases by 32% over a three-year period.

Schedule 3: Funding for roads infrastructure

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
New roads	-	38,228	50,000	50,000
New and upgrading of roads	370,000	401,740	472,208	566,639
Maintenance & upgrading	91,244	73,071	241,360	348,235
TOTAL	461,244	513,039	763,568	964,874

Roads received an advance on infrastructure during 2006/07 amounting to R50 million that was recovered in 2007/08. The infrastructure budget for 2006/07 should have been R411,244 million and for 2007/08 R563,039 million. Roads infrastructure will be increasing by 109% over a three-year period. During 2006 the province has upgraded approximately 100 km from gravel to paved roads.

Schedule 4: Funding of Government's buildings

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
New government buildings	76,000	110,100	83,110	64,970
Government buildings maintenance & renovations	90,655	101,350	162,225	219,385
TOTAL	166,655	211,450	245,335	284,355

Funding for government infrastructure will be increasing by 71% over a three-year period.

On infrastructure the President also said that: *"Among other things, resources for public works programmes will be pooled to ensure maximum impact both in terms of product delivered and employment and skills training opportunities."*

As much as 70% of all infrastructure projects are allocated to small businesses directly or indirectly through sub-contracts to ensure employment and skills training opportunities.

Schedule 5: The following funds are provided for housing

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Housing	613,405	766,806	896,101	1,022,494
TOTAL	613,405	766,806	896,101	1,022,494

2.3.2 PGDS/ASGI-SA

Regarding ASGISA the President said: *"I must take advantage of this occasion to explain the ASGI-SA is not intended to cover all elements of a comprehensive development plan. Rather it consists of a limited set of interventions that are intended to serve as catalyst to accelerate and shared growth and Development"*

The following funds are earmarked for growth and development (PGDS) that supports Government's ASGI-SA project:

Schedule 6: Growth and development

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Economic development	38,072	64,479	94,017	89,058
Agriculture	67,263	97,763	110,536	127,371
TOTAL	105,335	162,242	204,553	216,429

The funding of PGDS/ASGISA increases by 106% over a three-year period.

These funds are only for development/infrastructure projects and excludes support services to farmers (R244,396 million in 2006/07) and support services to SMMEs that amounted to R52,444 million in 2006/07.

The infrastructure delivery programme for Spatial Development Initiatives is receiving contributions from the private sector in an effort by Government to mobilize external resources to assist in performing the functions more effectively. The DBSA has already provided R80 million towards funding the bucket eradication programme.

2.3.3 Support to the SMME sector

Regarding the SMME sector the President stated that *"ASGI-SA has once more confirmed the need for us to expand our small, medium and micro enterprises (SMME sector), paying particular attention in this regard to Broad-based Black Economic Empowerment and the development of women and youth."*

The Provincial Government responded by establishing a unit in the provincial treasury who is responsible to attract and support SMMEs to participate in government's procurement processes. Furthermore, the provincial procurement process is biased towards Black Economic Empowerment, especially on youth and women as well as SMMEs. At this stage it is estimated that more than 60% of the province's procurement of approximately R4 billion per annum are from these groups.

An agreement was also signed with ABSA Bank to establish a joint incubator fund for SMMEs over a period of three years. This project will kick-off during 2007. Furthermore, the Provincial Government has also started

a process of establishing Enterprise Information Centres in municipalities. During 2006, three Small Enterprise Development Agencies (SEDA) were established in the province.

2.3.4 Elimination of school fees for the poorest quintile of primary schools

Regarding the elimination of school fees, the President stated that: *"We will, of course make other interventions in the area of education and training. These include eliminating school fees for the poorest quintile of primary schools, targeting 529 schools to double the Maths and Science graduate output to 50 000 by 2008, and re-equipping and financing the Further Education and Training colleges."*

Schedule 7: No-fee schools

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
No-fee schools	62,000	88,399	174,022	184,463
TOTAL	62,000	88,399	174,022	184,463

2.3.5 Sport facilities

Schedule 8: Sport facilities

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Sport facilities	15,293	20,393	42,110	53,968
TOTAL	15,293	20,393	42,110	53,968

The Provincial Government is committed to provide sport facilities to our youth, especially in poor and rural communities. For this purpose the provincial Government has contributed R116 million over the MTEF period.

2.3.6 Community Development Workers

In this regard the President stated that: *"To improve the ability, particularly of local government to meet the needs of the people, by March this year (2006) we shall have deployed 3 000 Community Development Workers."*

During 2006, 258 Community Development Workers were trained and deployed throughout the province at municipalities. The following funds were budgeted for this purpose:

Schedule 9: Community Development Workers

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Community development workers	10,500	30,484	47,331	50,170
TOTAL	10,500	30,484	47,331	50,170

2.3.7 Bucket eradication

The President stated that: *I should mention that government has decided that we must completely eradicate, in the established settlements, the "bucket toilets" by the end of 2007."*

Although this is mainly achieved through the Municipal Infrastructure Grant, the Provincial Government is contributing as follows:

Schedule 10: Bucket eradication programme

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Bucket eradication	30,000	70,000	50,000	50,000
TOTAL	30,000	70,000	50,000	50,000

The Provincial Government's commitment to providing healthy sanitation to all communities goes beyond the President's statement of eradicating bucket toilets in established settlements by 2007. The provincial government will continue to provide healthy sanitation to all communities until it is eradicated.

2.3.8 Fighting fraud and corruption

The President stated that: *"perhaps, needless to say, the government will remain focused on the challenge to fight corruption in the public sector and in society at large."*

The Provincial Government responded by establishing an Anti Corruption Forum as well as a Fraud Prevention Committee. The province has a forensic unit that reports to the Committee who is responsible to manage all fraud and corruption investigations in the Provincial Administration.

The North West Province has also launched an Anti Corruption Unit during 2006. This forum consists of all relevant stakeholders and it has also aligned their work with the Forensic Unit. In support of the Forum, the provincial treasury has launched a *"its your budget become a player"* campaign. The purpose of this campaign is to involve the public in eradicating fraud and corruption.

2.3.9 Expanded Public Works Programme (EPWP)

Introduction to Expanded Public Works Programme

The Expanded Public Works Programme (EPWP) is one of a number of Government's initiatives aimed at addressing unemployment and alleviating poverty in South Africa in the short to medium term. The EPWP involves creating temporary work opportunities for the unemployed, using public sector money.

The EPWP is implemented under four sectors – infrastructure, economic, social and environment and culture sectors – thereby expanding the focus of the programme beyond the traditional infrastructure sector.

Infrastructure Sector

The infrastructure sector involves large-scale programmes using labour-intensive methods to deliver government-funded infrastructure. The emphasis is on the construction of rural and low volume roads, municipal pipelines, sidewalks and storm water drains.

Labour intensive infrastructure projects under EPWP involve:

- Using labour-intensive construction methods to provide employment opportunities to local people
- Providing training or skills development to those locally employed workers;
- Building cost-effective and quality assets.

Economic Sector

The economic sector focuses on entrepreneurial activities. This will be achieved by developing small business through venture learnership. It is assumed that these venture entrepreneurs will employ more people. The venture learnerships address economic, administrative and behavioral barriers that contribute to failures in starting and sustaining an enterprise.

Social Sector

The social sector's initial focus is on the expansion of Home and Community Based Care (HCBC) programmes in the health/social areas and on Early Childhood Development programmes in the social/education areas. These programmes are highly labour-intensive and provide enormous opportunities for the creation of work opportunities, given the large needs for these services.

Environment and Culture Sector

The environment and culture sector involves the employment of people on projects to improve their local environments, under programmes initiated by the Department of Environmental Affairs and Tourism, Department of Agriculture, Department of Sports, Arts and Culture and the Department of Science and Technology.

These programmes include working for water, people and parks, coastal care, land care programmes, growing tourism economy, working on fire and wetlands programmes, and community-based natural resource management.

Up until 2006, the Provincial EWPW programme has created almost 13,000 job opportunities and we will continue to expand this programme.

2.3.10 Community Health Workers (CHW)

During 2006 the Department of Health appointed almost 5,000 Community Health Workers (CHW). For the MTEF period this programme will be expanded and more CHW will be deployed. The following funds were allocated for this purpose over the MTEF period:

Schedule 11: Community Health Workers

Item	2006/07 Budget R'000	MTEF Allocations		
		2007/08 R'000	2008/09 R'000	2009/10 R'000
Community Health Workers	25,000	35,000	45,000	47,700
TOTAL	25,000	35,000	45,000	47,700

2.3.11 Onslaught on illiteracy and scarce skills

The Provincial Government's onslaught on illiteracy is continuing on all fronts. A total amount of R227 million is provided over the MTEF period for the training of Government Officials while R325 million is provided over the same period for adult education and training (ABET).

2.4 Major policy decisions

The main provincial objectives for the next ten years were spelled-out in the Hon. Premier's first State of the Province Address, delivered on 28 May 2004. These objectives, as was elaborated on during her address on 18 February 2005 and 8 February 2006, and they remain applicable for her term of office:

- 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

During 2005 the policies resulted in the adoption of the Provincial Growth and Development Strategy (PGDS) and the Growth Fund in 2006.

2.5 Priorities funded in the 2007/8 MTEF Budget
2.5.1 Funding of national priorities

Additional funds amounting to R1,89 billion was made available to the NW Province to fund nationally agreed priorities. The priorities are mainly for the social sector (Health, Education and Social Departments) as well as roads. The money was allocated as follows:

Schedule 12: Funding of nationally determined priorities

Department/Item	MTEF Allocations		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
<u>Social Development</u>	22,066	58,348	153,903
- Substance abuse	-	-	32,054
- Employment of social workers	-	-	60,000
- Regarding of Community Development practitioners	22,066	23,389	24,793
- Children in children's homes	-	34,959	37,056
<u>Health</u>	166,849	220,464	397,187
- Health remuneration review	77,000	105,000	140,000
- Additional posts	30,000	60,000	200,000
- Emergency Medical Services (2010)	21,000	21,000	21,000
- Primary health care	38,849	34,464	36,187
<u>Education</u>	59,493	208,358	454,966
- Systematic evaluation	4,863	5,045	5,298
- Teacher development	7,700	8,468	8,868
- FET Recapitalization	-	-	65,183
- Quality improvement	10,500	11,025	11,576
- FET Bursaries	5,000	5,000	5,000
- Educators remuneration review	31,430	178,820	359,041
<u>Roads</u>			
- Road maintenance	-	-	150,000
TOTAL NATIONAL PRIORITIES	248,408	487,170	1,156,056

2.5.2 Funding of provincial priorities

Despite the severe financial impact of demarcation, the following provincial priorities were funded over the MTEF period:

Schedule 13: Funding of provincial priorities

Department/Item	MTEF Allocations		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
Growth fund	-	50,000	50,000
Health:	32,000	82,000	172,000
Additional personnel costs	47,238	50,072	53,076
Evaluation research	2,000	2,000	2,000
New TB intervention plan	-	30,000	70,000
Laboratory costs	30,000	50,000	50,000
Health maintenance (additional)	-	-	50,000
Social Development:	43,000	45,150	47,407
Early Childhood Development	10,000	10,500	11,025
Integrated Social Development	33,000	34,650	36,382
Education:	115,633	218,307	404,788
Education maintenance (additional)	-	-	50,000
FET Recapitalization	-	-	65,183
Educators' special pay progression	68,687	72,808	77,176
Additional personnel cost	46,946	49,762	52,748
No fee schools (additional)	-	65,737	69,681
Grade R implementation	-	30,000	90,000
Other:	72,800	175,993	388,476
Government building maintenance (additional)	-	50,000	100,000
Roads maintenance (additional)	-	-	148,301
Local Government Support	6,000	10,000	10,000
Premier's humanitarian fund	-	2,247	2,359
New Traditional Leaders' Act	33,800	35,490	37,265
Economic Development capacity building	21,000	22,260	23,595
Agriculture: capacity building	12,000	12,720	13,483
Post settlement support	-	5,000	10,000
Agricultural support on communal land	-	5,000	10,000
Bucket replacement programme (additional)	-	20,000	20,000
Legislature: Protocol unit	-	3,276	3,473
Sport infrastructure	-	10,000	10,000
TOTAL ADDITIONAL ALLOCATION	263,433	571,450	1,062,671

2.6 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
- Expanding the health sector
- Expanding social development services
- Expanding educational services
- Improvement of provincial roads
- Preparation for the implementation of the Child Justice Bill, Children's' Bill and the Older Person's Bill

2.7 The Government's National 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 actualization 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

The national and provincial priorities address the priorities stated in the Election Manifesto. As can be seen from Section 2.3 on page 3, the Provincial Government responded positively to all these priorities.

3. Summary of budget aggregates**Table 1: Provincial Budget Summary**

Item (R'000)	Provincial Summary of Receipts and Payments							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Provincial receipts:								
Transfer receipts from national	9,962,723	11,357,186	12,485,751	13,999,481	14,155,706	13,973,489	15,874,520	17,669,820
Equitable share	9,025,892	10,148,635	11,150,652	12,346,856	12,346,856	11,972,842	13,524,310	15,083,422
Conditional grants	936,831	1,208,551	1,335,099	1,652,625	1,808,850	2,000,647	2,350,210	2,586,398
Provincial own receipts	339,884	354,266	475,162	465,951	456,967	438,869	470,371	494,570
Total provincial receipts	10,302,607	11,711,452	12,960,913	14,465,432	14,612,673	14,412,358	16,344,891	18,164,390
Provincial payments:								
Current payments	8,564,976	9,192,441	10,438,317	11,539,731	11,894,305	10,981,576	12,387,265	13,870,906
Transfers and subsidies	1,016,109	1,310,670	1,713,196	1,795,377	2,121,916	2,185,609	2,565,421	2,803,567
Payments for capital assets	604,976	602,201	985,485	1,064,945	1,515,766	1,245,173	1,392,205	1,489,917
Unallocated contingency reserve								
Total provincial payments	10,186,061	11,105,312	13,136,998	14,400,053	15,531,987	14,412,358	16,344,891	18,164,390
Surplus/deficit before financing	116,546	606,140	(176,085)	-	(919,314)	-	-	-

Financing								
Provincial roll-overs	113,242	225,841	483,681		273,336			
Suspension of funds								
Donations and other funds received	3,267	26,206	15,167					
Ex Bop Investment								
Ex trust funds								
Surplus brought over					645,978			
Surplus/deficit after financing	233,055	858,187	322,763	-	-	-	-	-

The North West Province has never budgeted for a deficit and will in the next MTEF period also not be making use of any loan finance.

Although the province has no debt that has to be repaid, various known and unknown contingent liabilities exist. The former Bophuthatswana might have issued guarantees of which the Provincial Government has no knowledge. From time to time commercial banks call upon the province to honour such guarantees.

The following guarantees were issued to the Public Investment Commissioner (PIC) and are known contingent liabilities:

Table 2: Contingent Liabilities

Name of institution	Guaranteed Amount	Maturity Date	Guarantee issued by
North West Housing Corporation	10,000,000	30.9.94	NWPG: R10 million invested as guarantee
	50,000,000	30.11.03	Boph. Government
TOTAL: NW HOUSING CORPORATION	60,000,000		
Signal Development	5,000,000	1.6.95	Boph. Government
	3,000,000	1.5.94	Boph. Government
TOTAL: SIGNAL DEVELOPMENT	8,000,000		
TOTAL	68,000,000		

Note: The amount of R68 million excludes any accrued interest.

The NW Housing Corporation, with the assistance of the Department of Local Government and Housing, has entered into a settlement agreement with the PIC regarding the outstanding debt. Details of the settlement are not yet known but it would reduce the Provincial Government's debt burden.

4. Financial impact of demarcation

4.1 Impact of demarcation

At the end of 2005 Legislative Amendments have been passed to move municipal boundaries to ensure that affected municipalities are entirely located in one province. The following areas that were in the North West Province were affected by demarcation: Moshaweng, Mothibistad and Huhundi and parts of the Tswane Municipality that previously were part of the North West Province. These municipalities were transferred to other provinces. Merafong, of which parts were previously in Gauteng was transferred to the North West Province. The net decrease in the number of people in the North West province is estimated at 617,914 based on the 2001 Census.

The fact that the FFC formula is mainly driven by the number of people in a province, resulted in the North West Province losing a major share of its equitable share.

The demarcation process also reduced the revenue historically collected by the NW Province. Two of the main sources of revenue that were lost are casino levies (the NW Province lost two casinos) and motor vehicle license fees.

In an attempt to reduce the impact of demarcation the Executive Council appointed KPMG to investigate the impact and to make recommendations on how the financial impact can be softened. Various meetings on demarcation were also held between the NW Provincial and National Treasuries. However, due to the following reasons the National Treasury finally had to use the FFC formula to calculate the revised equitable shares:

- All the provinces affected by demarcation complained about the financial impact of demarcation. The provinces receiving consolidated municipalities complained that they did not receive sufficient funding while the provinces losing consolidated municipalities complained that they are losing too much.
- Phasing the impact of demarcation in over a period of two years was one of the options considered by the National Treasury. The practical implications of a phased approach are that a province will either have to fund additional expenditure without receiving additional funds or functions will have to be transferred between provinces over a two year period. Not one of the options would have benefited the provinces involved.

- The impact of demarcation is a long-term challenge and a short-term solution will not be of any value to the Province. Additional funds for one year may even make the impact more difficult to manage if fixed costs or “recurrent” expenditure is increased. National treasury has therefore recommended that the departmental baselines be adjusted for the 2007/08 financial year before any additional funds that will be earmarked for specific national priorities, are allocated to provinces.

The revised equitable shares were discussed at and approved by the Ministers' Council as a once-off adjustment in the 2007/08 financial year.

4.2 Impact of demarcation on available resources

The impact on the equitable share of the North West Province was severe and the province lost more than R2 billion per annum over the MTEF period.

Table 3: Impact of demarcation on the equitable share

Item	MTEF Calculation		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
Pre-demarcation equitable share	13,538,530	14,980,296	16,103,818
Post-demarcation equitable share	11,538,129	12,823,166	13,784,904
REDUCTION	2,000,401	2,157,130	2,318,914

Conditional grants, excluding the infrastructure grant, are usually agreed upon between the provincial departments and the national department, based on the provincial needs and the ability to spend. The impact on conditional grants was minimal, except for the allocation of the Infrastructure Grant.

The Infrastructure Grant is managed by the National Treasury and the Minister for Finance indicated that an additional amount of R4,29 billion, over the MTEF, will be made available to expedite infrastructure development. However, the infrastructure grant was allocated to provinces according to the FFC formula, which resulted in the North West Province receiving a very small portion of the additional funding (3,8% over the MTEF).

Due to demarcation, provincial revenue has been calculated to reduce as follows:

2007/08: R71,935 million

2008/09: R76,970 million

2009/10: R82,358 million

The reduction in provincial revenue is mainly due to expected reduced interest, vehicle license fees and gaming revenue.

The relatively large loss in provincial revenue also impacted negatively on spending trends during the 2007/08 MTEF.

4.3 Impact of demarcation on department's 2007/08 MTEF baseline allocations

Demarcation process reduced the baseline allocations of departments as follows:

Table 4: Reductions due to demarcation

Department	MTEF Allocations		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
Office of the Premier	(4,538)	(4,765)	(5,003)
Office of the Legislature	(1,111)	(1,166)	(1,225)
Health	(245,494)	(263,841)	(282,617)
Sport, Arts and Culture	(2,677)	(2,781)	(2,889)
Education	(1,403,829)	(1,644,324)	(1,904,235)
Transport, Roads & Community Safety	(111,566)	(118,260)	(124,172)
Public Works	(18,335)	(19,133)	(19,963)
Social Development	(15,926)	(16,882)	(17,893)
Agriculture, Conservation & Environment	(860)	(857)	(850)
TOTAL	(1,804,336)	(2,072,009)	(2,358,847)

4.4 Impact of demarcation on financial resources

Table 5: Reduction in financial resources

Item	MTEF Calculation		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
Reduction in equitable share	2,000,401	2,157,130	2,318,914
Reduction in departmental revenue	71,935	76,970	82,358
TOTAL REDUCTION	2,072,336	2,234,100	2,401,272

4.5 Provincial baseline shortfall due to demarcation

Table 6: Budget shortfall

Department	MTEF Allocations		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
Reduction in revenue	2,072,336	2,234,100	2,401,272
Reduction in funding	(1,804,336)	(2,072,009)	(2,358,847)
TOTAL SHORTFALL	268,000	162,091	42,425

(The impact on the socio economic profile of the province due to demarcation is discussed in Section 6 of Budget Statement 1.)

5. The Budget Process

The severe impact of demarcation required a new approach to the budget process. A reduction in the baseline allocations always impacts on service delivery and it is therefore a very sensitive issue. It was therefore important that the budget process be developed to ensure the participation and buy-in of all stakeholders.

The following process was followed:

1. The budget process kicked off with an EXCO Planning Lekgotla followed by draft budget inputs from departments based on pre-benchmark allocations.
2. Only after the draft budgets were received, the provincial treasury received the revised equitable share based on the new provincial boundaries.
3. It was firstly important to ensure that stakeholders are aware of the challenges resulting from demarcation. The provincial treasury met with EXCO, heads of departments and public entities as well as chief financial officers.
4. The second step was for the provincial treasury to identify possible areas of cost reduction. The main area was the reduction of controllable recurrent expenditure where all departments were affected. Again buy-in had to be obtained from all stakeholders.
5. After the groundwork has been completed, the provincial treasury had bilateral discussions with individual departments. During these discussions departments were afforded the opportunity to highlight their priorities and also to indicate the impact of the cost reduction measures.
6. Final recommendations on the funding of the budget shortfall was submitted and discussed at EXCO and the EXCO Budget Lekgotla.
7. EXCO finally approved the departmental budget allocations on 7 December 2006.

The provincial treasury followed a long difficult budget process for the 2007/08 MTEF to ensure transparency and buy-in into the budget outcome. Although the budget shortfall due to demarcation has created some risks, the provincial treasury is confident that the risks will be manageable.

6. Socio-economic outlook

Due to a lack of accurate information regarding the post-demarcation socio-economic outlook, this section of the budget will concentrate on the estimated changes occasioned by demarcation.

6.1 Demographic profile

The following changes to the North West Provincial boundaries were occasioned by demarcation:

- Merafong Local Municipality was transferred from Gauteng to the North West Province;
- Moshaweng Local Municipality was transferred from the North West Province to the Northern Cape;
- Parts of the Ga-Segoyana Local Municipality was transferred from North West to Northern Cape; and
- Industrial parts of Tshwane Municipality were transferred from North West to Gauteng.

Estimated population after demarcation

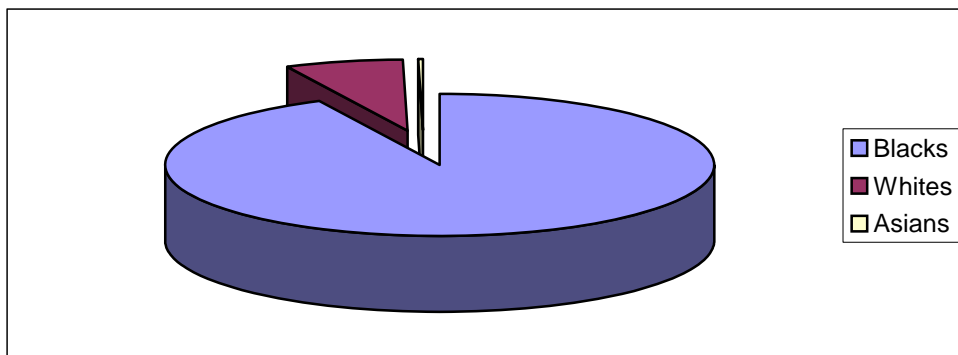
	Before Demarcation	Net gain/ (loss)	After demarcation	Percentage change
Population	3 669 349	(440,799)	3 228 550	(12)%
Area (Square km)	108 657	(6 179)	102 478	(5,7)%

Despite the disestablishment of the municipal boundaries and based on the 2001 census, it is assumed that the distribution males to females remained the same in the province as follows:

- Males: 49,7%
- Females: 50,3%

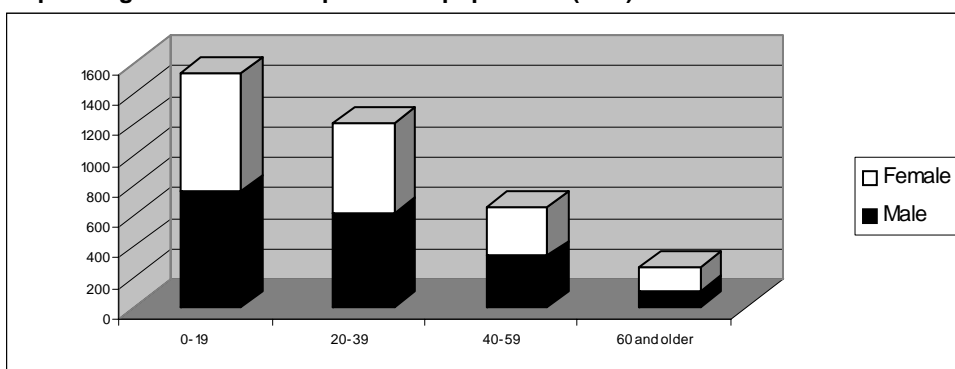
The province consists of three major racial groups: Blacks (91,5%), Whites (6,7%) and Asian (0,3%).

Graph 1: Main racial groups



Despite demarcation, it is accepted that the age distribution in the province remained unchanged.

Graph 2: Age distribution of provincial population ('000)



6.2 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 municipalities in the province. According to the latest information, 2 million 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:** The education attainment levels of each of the wards affected by demarcation were analyzed using qualification statistics of over-20 years old people in each area. According to the findings the NW Province will lose 50 000 matriculants and 18 000 people with tertiary education. Due to the high loss of matriculants and people with tertiary education, it is accepted that the distribution of people with education has changed and that the relative share of the population without schooling has increased.
- **Poverty Rates:** Bojanala is one of the districts with the lowest poverty rates in the NW Province. The transfer of this area will most probably increase the percentage of poor people in the NW Province.
- **Housing:** Since 1994 147,276 housing units have been constructed in the province. During 2006 10 new housing projects have been approved and subsidies were granted to 24,993 individuals. The backlog in houses, according to the 2001 statistics, is 155 800 units. Since the census approximately 48 000 housing units were erected and a further 66 000 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.
- **Health care:** Since 1994 seven hospitals and 46 clinics were renovated and upgraded. Fifteen new gateway clinics have been built at 12 provincial hospitals. The North West Province currently has 302 clinics and 7,325 hospital

beds. Eight additional clinics will be erected over the MTEF period. With the impact of demarcation is estimated that 69 000 people with medical aid and 521 000 without medical aid were transferred out of the NW Province.

6.3 Economic indicators

The South African economy continued to flourish in 2006 following almost seven years of uninterrupted positive economic growth. Real growth did decelerate somewhat in the second half of 2005 but regained momentum in the first half of 2006.

For the period 1996 to 2005 the average annual growth rate in the North West Province was about 2,9% annually. Global Insight estimates that the North West Economy grew by 5,2% in 2005. The highest annual growth rate recorded for the province since 2004. A growth rate of between 4% and 4,5% is expected for 2006.

Growth and real domestic expenditure outpaced the growth in real domestic production over the past eighteen months, continuing a trend that started in 2001. The real disposable income of households showed a robust rate of increase. Strong growth in expenditure was accompanied by rising debt levels, but the cost of servicing debt remains modest relative to disposal income.

Closer to home, by 2004 the total value of goods and services produced in the North West Province exceeded R87 billion. As a result income per capita increased from R16,000 per annum in 1996 to over R18,000 per annum in 2005. Annual disposable income also increased from R31 billion in 1996 to over R38 billion in 2006.

From the above-mentioned information it is clear that the economy of the North West Province is growing at an rate above the national average and that a growth rate of 6,6% by 2012 is achievable.

However, despite the positive growth rate in the North West Province, some red lights should be noticed:.

- Unemployment in the Province increased from 38% in 1996 to 44% by 2005, as estimated by Global Insight. If this trend continues, the North West Province will have 1,2 million poor people by 2014.
- People living in extreme poverty in the North West increased from 4,1% in 1996 to over 8,6% in 2005.

From the information obtained from Global Insight economic growth will not necessarily create job opportunities or alleviate poverty. The Provincial Government has a role to play in ensuring that economic growth filters down to the poor and that it creates more job opportunities.

7. Receipts

7.1 Total estimated receipts

Total estimated receipts increase by an average of 13% over the MTEF period. The equitable share increases by 13%, conditional grants by 14,5% and provincial own receipts by 5% over the same period.

Table 7: Summary of provincial receipts

Table 1.4 Summary of provincial receipts

Item (R'000)	Provincial Summary of Receipts							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Transfer receipts from national:								
Equitable share	9,025,892	10,148,635	11,150,652	12,346,856	12,346,856	11,972,842	13,524,310	15,083,422
Conditional grants	936,831	1,208,551	1,335,099	1,652,625	1,808,850	2,000,647	2,350,210	2,586,398
Total transfer receipts from nat'l	9,962,723	11,357,186	12,485,751	13,999,481	14,155,706	13,973,489	15,874,520	17,669,820
Provincial own receipts:								
Tax receipts	162,180	152,923	196,754	260,764	260,764	195,347	208,548	219,052
Casino taxes	35,025	21,852	50,787	22,512	22,512	23,075	24,228	25,440
Horseracing	2,051	6,656	2,762	6,857	6,857	7,028	7,380	7,749
Liquor licenses	1,804	1,436	2,532	1,479	1,479	1,516	1,592	1,672
Motor vehicle licenses	123,300	122,979	140,673	229,916	229,916	163,728	175,348	184,191
Sale of goods and services non-cap	120,144	147,556	159,331	126,417	126,377	175,207	186,966	196,868
Transfers received								
Fines, penalties and forfeits	11,149	14,259	6,124	14,015	14,015	15,764	17,641	15,863
Interest, dividends and rent on land	42,379	39,528	112,953	48,180	48,234	41,651	45,716	50,788
Sale of capital assets	4,032	16,078	17,388	16,575	7,577	10,900	11,500	12,000
Financial transactions								
Total provincial own receipts	339,884	354,266	475,162	465,951	456,967	438,869	470,371	494,570
Total provincial receipts	10,302,607	11,711,452	12,960,913	14,465,432	14,612,673	14,412,358	16,344,891	18,164,390

7.2 Equitable share

As discussed in Section 4 of this document, demarcation reduced the provincial equitable share by R2 billion, R2,157 billion and R2,319 billion over the MTEF period. It is therefore not possible to indicate the growth rate of the budget compared to 2006/07 although the growth rate for the period 2007/08 to 2009/10 is 13% per annum.

7.3 Conditional grants

The impact of demarcation on conditional grants is as follows:

Table 8: Impact of demarcation on conditional grants

Department	2006/07 Main Budget R'000	2007/08 allocations		2008/09 allocations		2009/10 allocations	
		Original Allocation R'000	New Allocation R'000	Original Allocation R'000	New Allocation R'000	Original Allocation R'000	New Allocation R'000
Agriculture	44,763	57,763	57,763	60,536	60,536	64,774	67,371
- Land Care	4,450	4,672	4,672	4,897	4,897	5,240	6,170
- Agricultural Support programme	40,313	53,091	53,091	55,639	55,639	59,534	61,201
Health	494,584	499,874	503,331	513,010	598,383	548,921	638,138
- National tertiary services	69,380	70,509	81,409	74,034	94,114	79,216	103,834
- HIV/AIDS	142,316	149,432	156,429	157,591	181,168	168,622	220,701
- Forensic Pathology Service	29,440	29,945	22,835	28,586	22,158	30,587	20,012
- Hospital revitalisation	190,884	184,296	176,966	183,822	231,966	196,690	214,983
- Health professionals training	62,564	65,692	65,692	68,977	68,977	73,805	78,608
Education	134,600	145,929	128,134	178,206	168,312	190,680	113,868
- School nutritional programme	95,529	100,305	87,916	105,230	94,439	112,596	100,956
- FET Recapitalisation	28,000	34,000	28,725	60,570	61,644	64,810	-
- HIV/AIDS (Live skills)	11,071	11,624	11,493	12,406	12,229	13,274	12,912
Provincial Treasury	354,373	496,918	506,113	531,737	562,208	568,959	656,639
- Infrastructure grant	354,373	496,918	506,113	531,737	562,208	568,959	656,639
Housing	613,405	766,806	766,806	842,485	896,101	901,459	1,022,494
- Housing grant	613,405	766,806	766,806	842,485	896,101	901,459	1,022,494
Sport, Arts & Culture	10,900	13,360	38,500	17,050	64,670	18,244	87,888
- Sport & Recreation grant	10,900	13,360	16,900	17,050	24,110	18,244	31,968
- Library grant	-	-	21,600	-	40,560	-	55,920
PROPOSED TOTAL ALLOCATION	1,652,625	1,980,650	2,000,647	2,143,024	2,350,210	2,293,036	2,586,398
Increase			19,997		207,186		293,362

Although there is still a nominal increase in conditional grant allocation during 2007/08, it is due to a new conditional grant "Library Grant" that was introduced. Important to note is that the North West Province is the only province that did not benefit from the additional infrastructure funds during 2007/08 as announced by the Minister for Finance.

Table 9: Conditional Grants

Department	Outcome			2006/07		MEDIUM TERM ESTIMATES		
	R'000	2003/04	2004/05	2005/06	Main Budget	Adjusted Budget	2007/08	2008/09
Agriculture	15,000	51,245	54,594	44,763	45,113	57,763	60,536	67,37
- Land Care	-	6,370	5,000	4,450	4,800	4,672	4,897	6,17
- Disaster relief	10,000	18,000	16,000	-	-	-	-	-
- Poverty relief	5,000	-	-	-	-	-	-	-
- Agricultural Support programme	-	26,875	33,594	40,313	40,313	53,091	55,639	61,20
Health	190,640	275,299	324,169	494,584	496,364	503,331	598,383	638,13
- National tertiary services	35,000	42,105	67,889	69,380	69,380	81,409	94,114	103,83
- HIV/AIDS	32,891	70,981	100,921	142,316	142,316	156,429	181,168	220,70
- Forensic Pathology Service	-	-	11,116	29,440	31,220	22,835	22,158	20,01
- Hospital revitalisation	72,669	105,558	58,056	190,884	190,884	176,966	231,966	214,98
- Medico Legal Grant	1,000		-	-	-	-	-	-
- TB Grant	-	317	-	-	-	-	-	-
- Malaria grant	3,400		-	-	-	-	-	-
- Poverty alleviation								
- Health professionals training	37,144	46,351	62,564	62,564	62,564	65,692	68,977	78,60
- Integrated nutritional programme	8,536	9,987	10,981	-	-	-	-	-
- Hospital Management			12,642	-	-	-	-	-
Education	98,862	82,430	107,122	134,600	134,600	128,134	168,312	113,86
- School nutritional programme	63,431	72,401	96,678	95,529	95,529	87,916	94,439	100,95
- Financial Management	18,753	-	-	-	-	-	-	-
- Early chidhood development	7,040		-	-	-	-	-	-
- FET Recapitalisation	-	-	-	28,000	28,000	28,725	61,644	-
- HIV/AIDS (Live skills)	9,638	10,029	10,444	11,071	11,071	11,493	12,229	12,91
Provincial Treasury	204,479	288,366	321,135	354,373	424,454	506,113	562,208	656,63
- Infrastructure grant	204,479	288,366	321,135	354,373	424,454	506,113	562,208	656,63
Housing	355,974	436,837	467,880	613,405	697,419	766,806	896,101	1,022,49
- Human resettlement			-	-	-	-	-	-
- Housing grant	355,974	436,837	467,880	613,405	697,419	766,806	896,101	1,022,49
Sport, Arts & Culture	-	1,000	2,670	10,900	10,900	38,500	64,670	87,88
- Sport & Recreation grant	-	1,000	2,670	10,900	10,900	16,900	24,110	31,96
- Library grant	-	-	-	-	-	21,600	40,560	55,92
Local Government	22,681	23,689	-	-	-	-	-	-
- Disaster Relief	20,372	21,250	-	-	-	-	-	-
- Local Government Support			-	-	-	-	-	-
- CMI Programme	2,309	2,439	-	-	-	-	-	-
Social Development	49,195	49,685	57,529	-	-	-	-	-
- Integrated Social Development				-	-	-	-	-
- HIV/AIDS	7,580	8,070	15,914	-	-	-	-	-
- Food relief	41,615	41,615	41,615	-	-	-	-	-
PROPOSED TOTAL ALLOCATION	936,831	1,208,551	1,335,099	1,652,625	1,808,850	2,000,647	2,350,210	2,586,39

7.4 Total provincial own receipts

Due to the financial impact of demarcation, the estimated provincial receipts decrease by R71,935 million in 2007/08 and R76,970 million and R82,358 million over the outer two years of the MTEF.

Provincial revenue increased on average by approximately 7% per annum during the period 2003/04 to 2006/07. Due to the financial impact of demarcation, provincial revenue will decline by approximately 4% during 2007/08 compared to 2006/07. During the MTEF period provincial revenue is expected to increase on average by approximately 5% per annum.

Table 10: Summary of provincial receipts by vote

Vote (Department)	Provincial Summary of Receipts by Vote							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
1. Office of the Premier	266	467	888	600	600	700	735	800
2. Legislature	40	40	72	40	-	-	-	-
3. Health	21,174	26,838	25,650	27,786	27,786	27,377	28,746	30,183
4. Sport, Arts and Culture	1,598	506	779	676	676	326	359	394
6. Economic Development & Tourism	43,683	32,020	58,171	32,925	32,925	33,746	35,437	37,209
7. Finance	54,118	60,160	131,976	73,627	73,627	69,475	76,290	81,602
8. Education	3,829	519	4,621	4,082	4,082	3,858	3,919	4,193
9. Local Government and Housing	500	1,752	629	538	592	651	716	788
10. Transport, Roads & Community Safety	193,179	232,361	244,063	303,057	303,057	285,602	306,302	321,503
11. Public Works	10,775	5,968	16,848	16,586	7,588	11,402	11,982	11,671
12. Social Development	2,173	1,930	3,050	720	720	-	-	-
13. Agriculture, Conservation & Environment	8,549	7,783	5,810	5,314	5,314	5,732	5,885	6,227
14. Contingency Reserve								
Total provincial own receipts by Vote	339,884	370,344	492,557	465,951	456,967	438,869	470,371	494,570

The estimate of provincial receipts for the 2007/08 MTEF is based on estimates and it might differ with the actual receipts. The provincial treasury is especially concerned about the collection of interest, which depends on interest rates and the funds available for investments during the year. If the assumption regarding the availability of funds and interest rates are incorrect, the province might experience a funding shortfall.

7.5 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.

8. Payments

8.1 Total estimated payments

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

2007/08: R14 412 358
2008/09: R16 344 891
2009/10: R18 164 390

On a year-to-year basis total provincial payments are expected to decrease by 10% during 2007/08 compared to 2006/07. Over the MTEF period provincial payments should increase by an average of approximately 5,8% per annum. However, to make the comparison between budgeted provincial payments during 2006/07 and 2007/08 more realistic, the impact of demarcation and once-off expenditure items should be eliminated from the 2006/07 adjustments budget as follows:

Table 11: Adjusted 2006/07 allocation

Department	Adjustments Budget R'000	Demarcation Adjustments R'000	Funds rolled over R'000	Once-off Expenditure R'000	Adjusted Budget R'000
Office of the Premier	210,047	(4,538)	(660)	-	204,849
Office of the Legislature	127,014	(1,111)	(8,198)	(16,381)	101,324
Health	3,615,906	(245,494)	(50,577)	(49,000)	3,270,835
Sport, Arts & Culture	276,174	(2,677)	(416)	8,000	281,081
Economic Development & Tourism	296,295	-	(52,804)	(38,400)	205,091
Finance	245,503	-	(2,524)	6,778	249,757
Education	6,779,976	(1,403,829)	(23,949)	(364,197)	4,988,001
Local Government & Housing	872,813	-	(8,880)	(86,661)	777,272
Transport, Roads & Community Safety	1,633,743	(111,566)	(15,897)	(75,581)	1,430,699
Public Works	511,240	(18,335)	(32,364)	(1,945)	458,596
Social Development	419,593	(15,926)	(25,413)	65,610	443,864
Agriculture, Conservation & Environment	515,513	(860)	(68,183)	-	446,470
PROPOSED TOTAL ALLOCATION	15,503,817	(1,804,336)	(289,865)	(551,777)	12,857,839

If the adjusted 2006/07 budget is used as a point of departure, the nominal increase in estimated payments between the 2006/07 and 2007/08 financial years is almost 12% and 13% per annum on average over the MTEF period.

Table 12: Calculation of increase using the adjusted 2006/07 adjustments budget

Department	Adjusted Adjustments Budget R'000	2007/08 allocations		2008/09 allocations		2009/10 allocations	
		Baseline Allocation R'000	Increase/ (decrease) %	Baseline Allocation R'000	Increase/ (decrease) %	Baseline Allocation R'000	Increase/ (decrease) %
Office of the Premier	204,849	246,277	20.22	261,012	5.98	276,770	6.04
Office of the Legislature	101,324	97,298	(3.97)	105,030	7.95	111,414	6.08
Health	3,270,835	3,754,518	14.79	4,169,928	11.06	4,638,810	11.24
Sport, Arts & Culture	281,081	320,237	13.93	345,758	7.97	385,773	11.57
Economic Development & Tourism	205,091	272,696	32.96	316,479	16.06	324,916	2.67
Finance	249,757	262,546	5.12	265,873	1.27	278,917	4.91
Education	4,988,001	5,323,945	6.74	5,936,416	11.50	6,462,130	8.86
Local Government & Housing	777,272	999,302	28.57	1,132,507	13.33	1,280,064	13.03
Transport, Roads & Community Safety	1,430,699	1,534,110	7.23	1,893,102	23.40	2,163,524	14.28
Public Works	458,596	473,133	3.17	535,658	13.22	595,768	11.22
Social Development	443,864	607,628	36.90	754,355	24.15	909,605	20.58
Agriculture, Conservation & Environment	446,470	505,998	13.33	538,043	6.33	579,137	7.64
PROPOSED TOTAL ALLOCATION	12,857,839	14,397,688	11.98	16,254,161	12.89	18,006,828	10.78

Based on the adjusted 2006/07 Adjustments Budget, departmental allocations increase by 11,98% in 2007/08, 12,89% in 2008/09 and 10,78% in 2009/10.

8.2 Payments by vote

Table 13: Summary of provincial payments and estimates by vote

Vote (Department)	Provincial Summary of Payments and Estimates by Vote							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
1. Office of the Premier	140,875	151,490	172,877	208,654	210,047	246,277	261,012	276,770
2. Legislature	55,142	65,793	66,554	102,435	127,014	97,298	105,030	111,414
3. Health	2,263,131	2,587,329	2,968,160	3,427,604	3,615,906	3,754,518	4,169,928	4,638,810
4. Sport, Arts and Culture	100,407	154,558	195,087	281,294	276,174	320,237	345,758	385,773
6. Economic Development & Tourism	155,764	135,311	206,992	196,991	296,295	272,696	316,479	324,916
7. Finance	230,517	198,518	209,840	261,757	245,503	262,546	265,873	278,917
8. Education	4,840,389	5,183,447	5,950,698	6,305,386	6,779,976	5,323,945	5,936,416	6,462,130
9. Local Government and Housing	420,040	521,626	785,351	774,314	872,813	999,302	1,132,507	1,280,064
10. Transport, Roads & Community Safety	1,018,219	1,059,036	1,451,157	1,510,225	1,633,743	1,534,110	1,893,102	2,163,524
11. Public Works	368,008	352,269	438,246	465,293	511,240	473,133	535,658	595,768
12. Social Development	273,955	261,884	324,330	427,562	419,593	607,628	754,355	909,605
13. Agriculture, Conservation & Environment	319,591	422,751	361,876	427,840	515,513	505,998	538,043	579,137
14. Contingency Reserve	23	11,300	5,830	10,698	28,170	14,670	90,730	157,562
Total prov pay'ts/estimates by Vote	10,186,061	11,105,312	13,136,998	14,400,053	15,531,987	14,412,358	16,344,891	18,164,390

8.3 Payments and estimates by economic classification

Table 14: Summary of provincial payments and estimates by economic classification

Classification (R'000)	Provincial Summary of Payments and Estimates							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Current payments:	8,564,976	9,192,441	10,438,317	11,539,731	11,894,305	10,981,576	12,387,265	13,870,906
Compensation of employees:	6,833,667	7,267,342	7,985,839	8,526,390	8,647,393	7,845,268	8,664,321	9,695,887
Goods and services	1,731,309	1,925,099	2,452,478	3,013,341	3,246,912	3,136,309	3,722,944	4,175,019
Interest and rent on land	-	-	-	-	-	-	-	-
Financial transactions	-	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-
Transfer and subsidies to:	1,016,109	1,310,670	1,713,196	1,795,377	2,121,916	2,185,609	2,565,421	2,803,567
Provinces and municipalities	63,564	93,549	127,641	83,810	96,980	99,134	79,200	79,200
Departmental agencies and accounts	170,638	237,839	209,291	185,661	257,409	238,001	287,748	303,811
Universities and technikons	150	175	-	-	-	-	-	-
Public corporations and private ent	324,584	346,583	397,043	365,998	373,998	339,067	373,601	398,330
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Non-profit institutions	157,993	188,328	212,479	336,029	396,043	489,531	664,241	722,684
Households	299,180	444,196	766,742	823,879	997,486	1,019,876	1,160,631	1,299,542
Payments for capital assets	604,976	602,201	985,485	1,064,945	1,515,766	1,245,173	1,392,205	1,489,917
Buildings and other fixed structures	447,543	469,873	807,619	773,803	1,137,353	945,892	1,081,504	1,200,599
Machinery and equipment	157,338	132,328	177,601	290,430	374,906	298,781	310,201	288,803
Cultivated assets	-	-	-	212	-	-	-	-
Software and other intangible assets	-	-	27	-	3,007	-	-	-
Land and subsoil assets	95	-	238	500	500	500	500	515
TOTAL ECONOMIC CLASSIFICATION	10,186,061	11,105,312	13,136,998	14,400,053	15,531,987	14,412,358	16,344,891	18,164,390

8.4 Payments by policy area

Table 15: Summary of provincial payments and estimates by policy area

Policy Area	Provincial Summary of Payments and Estimates by policy area							
	2003/ 2004 Audited	2004/ 2005 Audited	2005/ 2006 Audited	2006/2007		2007/ 2008 MTEF	2008/ 2009 MTEF	2009/ 2010 MTEF
				Main App	Adj Estimate			
General public services	882,642	863,753	975,766	1,124,905	1,209,555	1,274,746	1,443,191	1,618,583
Public order and safety	8,396	7,265	12,080	11,009	38,905	42,179	45,205	48,745
Economic affairs	1,401,451	1,540,863	1,937,096	2,044,248	2,303,459	2,163,487	2,592,836	2,901,933
Environmental protection	83,727	68,970	70,849	79,800	103,187	107,138	109,584	116,900
Housing and community amenities	331,963	437,244	702,933	698,246	785,233	818,480	947,619	1,081,912
Health	2,263,131	2,587,329	2,968,160	3,427,604	3,615,906	3,754,518	4,169,928	4,638,810
Recreational, culture and religion	100,407	154,558	195,087	281,294	276,174	320,237	345,758	385,773
Education	4,840,389	5,183,447	5,950,698	6,305,386	6,779,976	5,323,945	5,936,416	6,462,130
Social protection	273,955	261,884	324,330	427,562	419,593	607,628	754,355	909,605
Total provincial payments and estimates by policy area	10,186,061	11,105,312	13,136,998	14,400,053	15,531,987	14,412,358	16,344,891	18,164,390

8.5 Infrastructure payments

Table 16: Summary of provincial infrastructure payments and estimates by vote

Vote (Department)	Provincial Summary of Infrastructure Payments and Estimates by Vote							
	2003/ 2004 Audited	2004/ 2005 Audited	2005/ 2006 Audited	2006/2007		2007/ 2008 MTEF	2008/ 2009 MTEF	2009/ 2010 MTEF
				Main App	Adj Estimate			
1. Office of the Premier	-	-	4,289	7,000	7,000	9,000	9,000	9,000
2. Legislature	7,405	17,361	6,557	-	4,668	250	-	-
3. Health	63,944	133,467	137,599	221,906	284,814	244,625	281,465	261,401
4. Sport, Arts and Culture	-	-	-	40,393	16,000	41,393	30,000	34,000
6. Economic Development & Tourism	6,682	3,488	11,371	37,333	94,937	63,700	78,200	68,200
7. Finance	-	-	-	-	-	-	-	-
8. Education	122,602	128,842	234,213	138,000	326,905	148,656	191,500	192,200
9. Local Government and Housing	11,880	10,425	18,669	-	-	-	-	-
10. Transport, Roads & Community Safety	231,655	158,910	329,006	272,500	372,384	400,468	472,708	567,154
11. Public Works	3,352	20,868	65,512	63,000	87,094	54,500	50,000	55,000
12. Social Development	6,800	-	12,012	31,000	38,988	47,000	47,000	82,054
13. Agriculture, Conservation & Environment	14,535	94,429	24,501	86,680	144,759	99,613	112,217	129,026
14. Contingency Reserve								
Total provincial infrastructure pay'ts and estimates by Vote	468,855	567,790	843,729	897,812	1,377,549	1,109,205	1,272,090	1,398,035

The Infrastructure Development Improvement Programme (IDIP) was developed and implemented with the assistance of the National Treasury. The programme is still in being developed and it was only implemented in the Department of Education. Elaborate institutional arrangements were developed and approved by EXCO. The structures include all stakeholders including MECs, Heads of Department and various Directors and Chief Directors. The Programme is managed and driven by the provincial treasury.

The IDIP is currently being rolled-out to include the Departments of Health and Public Works. The results are already clear and the infrastructure spending in the departments involved has increased compared to the previous financial year. The IDIP does not only assist departments in building capacity to improve infrastructure spending but it also creates a platform for departments to consult with each other.

The provincial treasury has also made funds available over the MTEF period to support IDIP in capacity building in departments.

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. 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.

Detail of departmental infrastructure budgets is contained in Budget Statement 2 under each vote and contains the following allocations:

Table 17: Infrastructure funds

Department/item	MTEF Allocations		
	2007/08 R'000	2008/09 R'000	2009/10 R'000
Office of the Premier	9,000	9,000	9,000
Buildings for traditional leaders	9,000	9,000	9,000
Sport, Arts and Culture	67,993	77,560	97,920
Greenifying projects	3,000	5,000	7,000
Basic sport facilities	1,393	3,000	5,000
Sport infrastructure	-	10,000	10,000
Libraries and Archives building	34,000	9,000	9,000
Maintenance	8,000	10,000	11,000
Libraries (*)	21,600	40,560	55,920
Economic Development & Tourism	63,700	78,200	68,200
Madibeng dry port	3,200	3,200	3,200
Beef beneficiation	3,000	-	-
Mining supplies park	10,000	10,000	-
Madikwe sisal project	1,000	-	-
Afthatch project	2,000	-	-
Light industrial park	3,000	-	-
IDZ infrastructure	30,000	50,000	50,000
NWDC infrastructure refurbishment	6,500	10,000	10,000
Park expansion	5,000	5,000	5,000
Transport & Roads	515,039	766,568	967,874
Road maintenance/upgrading	73,071	241,360	348,235
New road development	38,228	50,000	50,000
Weighbridges	2,000	3,000	3,000
New & upgrading of roads (*)	401,740	472,208	566,639
Public Works	147,850	202,225	258,358
New infrastructure	50,000	50,000	50,000
Regional building	4,500	-	-
Renovations & maintenance	93,350	152,225	208,358
Agriculture	97,763	110,536	127,371
Post settlement support	30,000	35,000	40,000
Agricultural support on communal land	10,000	15,000	20,000
Comprehensive agricultural support(*)	53,091	55,639	61,201
Land care programme(*)	4,672	4,897	6,170
Health	302,207	409,469	415,336
Clinic Building	60,000	60,000	60,000
Maintenance	45,241	97,503	120,353
Health facilities & maintenance (*)	20,000	20,000	20,000
Hospital revitalization(*)	176,966	231,966	214,983

Education	181,547	323,792	349,677
School infrastructure	43,044	100,000	100,000
School maintenance/renovations	54,130	153,792	179,677
Education infrastructure & upgrading(*)	84,373	70,000	70,000
Local Government & Housing	856,806	966,101	1,092,494
Bucket replacement	70,000	50,000	50,000
Disaster management	20,000	20,000	20,000
Integrated housing & human resettlement	766,806	896,101	1,022,494
Social Development	47,000	81,959	87,056
Children in children's homes	-	34,959	37,056
Secure care centres	12,000	12,000	15,000
Places of Safety	15,000	15,000	15,000
Children's Homes/shelters	10,000	10,000	10,000
Victim empowerment centres	10,000	10,000	10,000
TOTAL	2,288,905	3,025,410	3,473,286

8.6 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.

8.7 Transfers to public entities

Table 18: Summary of provincial transfers to public entities per department

Vote (Department)	Provincial Summary of Transfer Payments to Public Entities							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
1. Office of the Premier	500	500	500	500	500	500	500	500
2. Legislature	-	-	-	-	-	-	-	-
3. Health	10,000	10,000	10,550	11,130	11,130	11,742	11,742	11,742
4. Sport, Arts and Culture	22,765	32,880	42,956	31,200	32,500	37,400	38,400	40,400
6. Economic Development & Tourism	96,838	93,634	133,488	128,730	199,334	175,082	223,437	236,724
7. Finance	-	-	-	-	-	-	-	-
8. Education	-	-	-	-	-	-	-	-
9. Local Government and Housing	20,000	-	10,000	-	-	-	-	-
10. Transport, Roads & Community Safety	-	-	-	-	-	-	-	-
11. Public Works	-	-	-	-	-	-	-	-
12. Social Development	-	-	-	-	-	-	-	-
13. Agriculture, Conservation & Environment	20,535	100,429	6,000	6,000	6,000	6,000	6,000	6,000
14. Contingency Reserve	-	-	-	-	-	-	-	-
Total prov trf's to public entities	170,638	237,443	203,494	177,560	249,464	230,724	280,079	295,366

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

8.8 Transfers to development corporations

Table 19: Summary of provincial transfers to development corporations

Category	Provincial Summary of Transfer Payments to Development Corporations							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Economic Development & Tourism: North West Development Corporation	-	-	-	-	3,500	6,500	10,000	10,000
Total provincial transfer pay't's to development corporations	-	-	-	-	3,500	6,500	10,000	10,000

8.9 Transfers to Local Governments

Table 20: Summary of provincial transfers to municipalities per category

Category	Provincial Summary of Transfer Payments to Local Governments							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Category A	-	1,200	-	-	-	-	-	-
Category B	46,516	59,520	68,674	74,481	76,580	9,134	9,200	9,200
Category C	16,702	12,289	8,076	2,407	13,272	-	-	-
Unspecified	-	-	-	-	-	90,000	70,000	70,000
Total provincial transfer payments to local governments	63,218	73,009	76,750	76,888	89,852	99,134	79,200	79,200

Summary of departmental transfers to local government by category

Category	Provincial Summary of Transfer Payments to Local Governments							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Category A								
Local Government and Housing	-	1,200	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Sport, Arts and Culture	-	-	-	-	-	-	-	-
Sub-Total	-	1,200	-	-	-	-	-	-
Category B								
Local Government and Housing	26,632	28,473	25,000	50,000	39,135	-	-	-
Health	14,529	17,997	21,200	15,861	13,114	-	-	-
Sport, Arts and Culture	5,355	13,050	22,474	8,620	24,331	9,134	9,200	9,200
Sub-Total	46,516	59,520	68,674	74,481	76,580	9,134	9,200	9,200
Category C								
Local Government and Housing	14,174	10,533	6,000	-	10,865	-	-	-
Health	2,528	1,756	2,076	2,407	2,407	-	-	-
Sport, Arts and Culture	-	-	-	-	-	-	-	-
Sub-Total	16,702	12,289	8,076	2,407	13,272	-	-	-
Unspecified	-	-	-	-	-	90,000	70,000	70,000
Total departmental transfer payments to local governments	63,218	73,009	76,750	76,888	89,852	99,134	79,200	79,200

Details of departmental transfer payments to local governments

Name of recipient (R'000)	Departmental Summary of transfer payments to local governments							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Type of transfer								
Category A								
Phokwane Local Municipality	-	1,200	-	-	-	-	-	-
Total for Category A	-	1,200	-	-	-	-	-	-
Category B								
Bojanala District Municipality								
Moses Kotane	800	1,850	1,400	400	400	450	400	400
Kgetleng Rivier Municipality	376	1,199	994	250	250	300	300	300
Rustenburg Municipality	733	3,707	4,654	1,625	3,361	600	600	600
Brits/Madibeng	6,789	2,689	1,740	1,708	400	450	500	500
Moretele	700	250	1,350	350	2,350	250	250	250
Tshwane (Cross Border)	350	500	-	500	500	-	-	-
TOTAL	9,748	10,195	10,138	4,833	7,261	2,050	2,050	2,050

Southern District								
Maquassi Hills	4,092	2,070	1,609	250	250	400	400	400
Merafong City	450	100	3,545	100	5,100	450	450	450
Ventersdorp	351	492	528	564	564	300	300	300
Potchefstroom	2,961	5,041	5,089	3,764	5,264	400	400	400
Klerksdorp	8,620	7,439	27,011	7,480	7,480	450	450	450
TOTAL	16,474	15,142	37,782	12,158	18,658	2,000	2,000	2,000
Bophirima District Municipality								
Naledi	2,456	1,225	1,320	450	450	450	460	460
Kagisano	70	150	1,650	250	250	250	250	250
Taung	250	350	1,350	350	350	450	500	500
Phokwane	100	150	150	150	150	-	-	-
Ga-Segonyana	250	280	280	300	300	-	-	-
Moshaweng	150	200	250	250	250	-	-	-
Mamusa	431	2,132	1,005	1,077	1,077	550	500	500
Molopo	-	350	200	350	350	150	150	150
Morokleng	-	-	-	-	1,500	-	-	-
Lekwa-Teamane	1,088	10,985	1,504	1,579	1,579	400	400	400
District Municipality	-	-	-	-	1,000	604	610	610
TOTAL	4,795	15,822	7,709	4,756	6,256	2,854	2,870	2,870
Central District Municipality								
Mafikeng	8,983	10,866	3,762	1,014	550	650	650	650
Central District	600	-	145	-	1,000	-	-	-
Ditsobotla	2,000	612	350	200	200	300	300	300
Tswaing	2,151	1,944	542	254	254	250	250	250
Zeerust	990	3,819	933	726	726	450	500	500
Ratlou	775	1,120	7,030	540	2,540	580	580	580
Ramotshere	-	-	283	-	-	-	-	-
TOTAL	15,499	18,361	13,045	2,734	5,270	2,230	2,280	2,280
Unspecified								
Bucket Replacement				30,000				
Other				20,000	39,135			
Total for unspecified				50,000	39,135			
Total for Category B	46,516	59,520	68,674	74,481	76,580	9,134	9,200	9,200
Category C								
Bojanala Platinum District Municipality	1,086	900	150	-	-	-	-	-
Central District Municipality	5,253	3,021	550	-	-	-	-	-
Bophirima District Municipality	10,163	5,495	7,226	2,407	2,407	-	-	-
Southern District Municipality	200	2,873	150	-	-	-	-	-
Unspecified					10,865			
Total for Category C	16,702	12,289	8,076	2,407	13,272	-	-	-
Unspecified								
Bucket Replacement	-	-	-			70,000	50,000	50,000
Other	-	-	-			20,000	20,000	20,000
Total for unspecified	-	-	-		-	90,000	70,000	70,000
TOTAL TRANSFER PAYMENTS	63,218	73,009	76,750	76,888	89,852	99,134	79,200	79,200

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 are only contained in the Provincial Division of Revenue Gazette.

8.10 Personnel numbers and costs

Table 21: Provincial summary of personnel numbers and costs per department

Vote (Department)	Provincial Summary of Personnel Numbers and Costs by Vote							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
1. Office of the Premier	708	714	688	745	688	747	747	747
2. Legislature	84	99	130	147	157	157	161	161
3. Health	15,891	16,581	18,063	18,816	17,950	18,037	18,545	19,042
4. Sport, Arts and Culture	165	462	597	619	596	621	621	621
6. Economic Development & Tourism	148	161	119	162	206	265	265	265
7. Finance	437	460	461	672	620	735	735	735
8. Education	37,233	36,486	37,076	38,339	37,143	28,450	28,675	29,681
9. Local Government and Housing	472	433	416	561	561	666	666	666
10. Transport, Roads & Community Safety	3,717	3,513	3,348	3,421	3,460	3,490	3,505	3,560
11. Public Works	2,349	2,066	2,066	2,168	2,168	2,126	2,106	2,086
12. Social Development	1,203	1,160	1,050	1,409	1,073	1,643	2,036	2,094
13. Agriculture, Conservation & Environment	2,088	2,039	2,017	2,096	2,024	2,090	2,114	2,161
Total personnel numbers	64,495	64,174	66,031	69,155	66,646	59,027	60,176	61,819
Total personnel cost (R'000)	6,833,667	7,267,342	7,985,839	8,526,390	8,647,393	7,845,268	8,664,321	9,695,887
Unit cost (R'000)	105.96	113.24	120.94	123.29	129.75	132.91	143.98	156.84

Category	Provincial Summary of Personnel Numbers and Costs							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Total for province								
Personnel numbers (head count)	64,495	64,174	66,031	69,155	66,646	59,027	60,176	61,819
Personnel cost (R'000)	6,833,667	7,267,342	7,985,839	8,526,390	8,647,393	7,845,268	8,664,321	9,695,887
Human Resource Component								
Personnel numbers (head count)	2,589	2,935	3,050	3,320	3,187	3,304	3,390	3,488
Personnel cost (R'000)	248,509	302,392	330,096	375,778	389,018	407,859	441,264	488,850
Head count as % of total	4.01	4.57	4.62	4.80	4.78	5.60	5.63	5.64
Cost as a % of total	3.64	4.16	4.13	4.41	4.50	5.20	5.09	5.04
Finance Component								
Personnel numbers (head count)	5,177	5,488	5,763	6,222	5,902	6,087	6,261	6,430
Personnel cost (R'000)	475,772	548,196	586,617	680,994	722,110	754,045	835,709	951,644
Head count as % of total	8.03	8.55	8.73	9.00	8.86	10.31	10.40	10.40
Cost as a % of total	6.96	7.54	7.35	7.99	8.35	9.61	9.65	9.81
Full time workers								
Personnel numbers (head count)	62,484	62,120	64,074	67,215	64,141	57,048	58,315	60,182
Personnel cost (R'000)	6,736,279	7,038,445	7,901,963	8,446,211	8,534,528	7,700,842	8,515,155	9,544,345
Head count as % of total	96.88	96.80	97.04	97.19	96.24	96.65	96.91	97.35
Cost as a % of total	98.57	96.85	98.95	99.06	98.69	98.16	98.28	98.44
Part-time workers								
Personnel numbers (head count)	22	22	20	20	20	20	20	20
Personnel cost (R'000)	772	828	742	918	918	1,010	1,120	1,270
Head count as % of total	0	0	0	0	0	0	0	0
Cost as a % of total	0	0	0	0	0	0	0	0
Contract workers								
Personnel numbers (head count)	1,863	1,893	1,914	1,920	2,066	1,977	1,865	1,641
Personnel cost (R'000)	56,501	192,694	65,927	67,063	107,674	107,297	129,669	155,036
Head count as % of total	2.89	2.95	2.90	2.78	3.10	3.35	3.10	2.65
Cost as a % of total	0.83	2.65	0.83	0.79	1.25	1.37	1.50	1.60

8.11 Payments on training

Table 22: Provincial summary of payments on training per department

Vote (Department)	Provincial Summary of Training Expenditure by Vote							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
1. Office of the Premier	970	368	1,894	2,120	2,120	2,247	2,359	2,476
2. Legislature	850	910	880	1,300	1,300	1,250	1,250	1,250
3. Health	7,638	7,791	9,651	16,960	16,960	17,978	18,876	19,322
4. Sport, Arts and Culture	787	3,065	2,198	3,180	3,180	1,053	1,073	1,126
6. Economic Development & Tourism	231	664	705	739	739	779	817	858
7. Finance	1,569	2,201	2,339	2,839	2,839	2,895	3,038	3,200
8. Education	6,000	6,500	6,390	8,480	8,480	58,860	62,022	69,520
9. Local Government and Housing	977	180	184	3,007	3,007	4,100	4,279	4,507
10. Transport, Roads & Community Safety	1,939	1,793	6,250	6,360	6,360	6,742	7,079	7,434
11. Public Works	2,376	2,126	1,852	5,300	5,300	5,618	5,899	6,193
12. Social Development	2,093	2,039	2,071	3,180	5,335	3,371	3,539	3,716
13. Agriculture, Conservation & Environment	1,400	1,800	2,455	5,300	5,300	5,618	5,898	6,192
Total provincial exp on training	26,830	29,437	36,869	58,765	60,920	110,511	116,129	125,794

ANNEXURES TO BUDGET STATEMENT 1

Annexure 1

Details of information on provincial receipts

Classification (R'000)	Provincial own receipts							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Tax receipts	162,180	152,923	196,754	260,764	260,764	195,347	208,548	219,052
Casino taxes	35,025	21,852	50,787	22,512	22,512	23,075	24,228	25,440
Horseracing	2,051	6,656	2,762	6,857	6,857	7,028	7,380	7,749
Liquor licenses	1,804	1,436	2,532	1,479	1,479	1,516	1,592	1,672
Motor vehicle licenses	123,300	122,979	140,673	229,916	229,916	163,728	175,348	184,191
Sale of goods & services (non-capl):	120,144	147,556	159,331	126,417	126,377	175,207	186,966	196,868
Sale of goods and serv produced by the province								
Sales by market establishments								
Administrative fees	12,011	20,017	20,008	25,554	25,554	28,108	30,919	31,228
Other sales, of which	108,133	127,539	139,323	100,863	100,823	147,099	156,047	165,640
Rentals	6,551	8,357	8,962	6,717	6,717	5,688	5,765	5,549
Hospital fees	16,460	18,957	17,658	25,230	25,230	25,217	26,478	27,802
Debt collection	5,253	11,559	5,575	4,125	4,125	4,117	4,211	4,327
Permits/registration	4,949	2,137	2,367	2,305	2,305	2,697	2,868	3,054
Kilometer monies	54,046	71,227	80,272	53,185	53,185	98,709	105,663	113,027
Sale of goods	3,528	4,174	2,491	1,952	1,952	1,836	1,901	1,942
Other	8,316	9,665	16,877	6,159	6,119	7,514	7,829	8,500
Sale of scrap & other current goods	9,030	1,463	5,121	1,190	1,190	1,321	1,332	1,438
Transfers received from:	-	-	-	-	-	-	-	-
Other governmental units								
Universities and technikons								
Foreign governments								
International organisations								
Public corp's & private enterprises								
Households & non-profit institutions								
Fines, penalties and forfeits	11,149	14,259	6,124	14,015	14,015	15,764	17,641	15,863
Interest, dividends & rent on land:	42,379	39,528	112,953	48,180	48,234	41,651	45,716	50,788
Interest	42,021	38,366	112,347	47,642	47,642	41,000	45,000	50,000
Dividends								
Rent on land	358	1,162	606	538	592	651	716	788
Sale of capital assets	4,032	16,078	17,388	16,575	7,577	10,900	11,500	12,000
Land and subsoil assets	-	-	-	-	-	-	-	-
Other capital assets	4,032	16,078	17,388	16,575	7,577	10,900	11,500	12,000
Financial transactions	-	-	-	-	-	-	-	-
TOTAL PROVINCIAL OWN RECEIPTS	339,884	370,344	492,550	465,951	456,967	438,869	470,371	494,570

Annexure 2

Details of information on provincial payments and estimates by economic classification

Classification (R'000)	Provincial Payments and Estimates							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
CURRENT PAYMENTS	9,581,085	10,503,111	12,151,513	13,335,108	14,016,221	13,167,185	14,952,686	16,674,473
Compensation of employees	6,833,667	7,267,342	7,985,839	8,526,390	8,647,393	7,845,268	8,664,321	9,695,887
Salaries & related costs	5,675,408	6,054,601	7,017,271	7,123,129	7,249,965	6,543,755	7,296,821	8,186,209
Social contributions	1,158,259	1,212,741	968,568	1,403,261	1,397,428	1,301,513	1,367,500	1,509,678
Goods and services, of which	1,731,309	1,925,099	2,452,478	3,013,341	3,246,912	3,136,309	3,722,944	4,175,019
Administrative expenditure	263,294	349,916	406,706	468,169	508,188	484,590	520,902	550,030
Rental of equipment	38,344	42,021	23,467	50,640	50,238	51,926	54,961	58,876
Stores	658,300	687,431	842,892	1,070,694	1,037,888	1,023,350	984,411	1,041,822
Rental of buildings	70,542	71,436	72,574	98,918	100,275	111,597	116,751	123,284
Professional & special services	409,047	342,540	385,728	490,015	626,969	577,985	649,467	715,984
Maintenance & repairs	70,028	163,556	264,043	375,684	406,580	355,834	704,485	872,343
Other	221,754	268,199	457,068	459,222	516,774	531,026	691,967	812,681

Interest and rent on land	-	-	-	-	-	-	-	-
Interest								
Rent on land								
Financial transactions in assets & liab								
Unauthorised expenditure								
Transfers and subsidies to:	1,016,109	1,310,670	1,713,196	1,795,377	2,121,916	2,185,609	2,565,421	2,803,567
Provinces and municipalites	63,564	93,549	127,641	83,810	96,980	99,134	79,200	79,200
Provinces								
Provincial revenue funds								
Provincial agencies and funds								
Municipalities								
Municipalities - other	63,468	73,209	101,195	76,888	89,852	99,134	79,200	79,200
Municipalities - RSC levies	96	20,340	26,446	6,922	7,128	-	-	-
Municipal agencies and funds								
Departmental agencies and accounts	170,638	237,839	209,291	185,661	257,409	238,001	287,748	303,811
Departmental agencies and funds	170,638	237,443	203,494	177,560	249,464	230,724	280,079	295,366
Social security funds								
Other (Pseta)	-	396	5,797	8,101	7,945	7,277	7,669	8,445
Universities and technikons	150	175	-	-	-	-	-	-
Public corp's and private enterprises	324,584	346,583	397,043	365,998	373,998	339,067	373,601	398,330
Public corporations								
Subsidies on production								
Other transfers	-	-	-	-	-	35,000	45,000	45,000
Private enterprises								
Subsidies on production	248,887	299,115	371,689	365,998	373,998	304,067	328,601	353,330
Other transfers	75,697	47,468	25,354	-	-	-	-	-
Foreign govt's and international org.								
Non-profit institutions	157,993	188,328	212,479	336,029	396,043	489,531	664,241	722,684
Households	299,180	444,196	766,742	823,879	997,486	1,019,876	1,160,631	1,299,542
Social benefits								
Other transfers to households	299,180	444,196	766,742	823,879	997,486	1,019,876	1,160,631	1,299,542
PAYMENTS FOR CAPITAL ASSETS	604,976	602,201	985,485	1,064,945	1,515,766	1,245,173	1,392,205	1,489,917
Buildings and other fixed structures	447,543	469,873	807,619	773,803	1,137,353	945,892	1,081,504	1,200,599
Buildings	204,049	299,855	460,148	497,410	765,469	541,131	591,075	611,776
Other fixed structures	243,494	170,018	347,471	276,393	371,884	404,761	490,429	588,823
Machinery and equipment	157,338	132,328	177,601	290,430	374,906	298,781	310,201	288,803
Transport equipment	38,575	13,859	39,358	69,823	88,514	93,017	95,992	99,878
Other machinery and equipment	118,763	118,469	138,243	220,607	286,392	205,764	214,209	188,924
Cultivated assets	-	-	-	212	-	-	-	-
Software and other intangible assets	-	-	27	-	3,007	-	-	-
Land and subsoil assets	95	-	238	500	500	500	500	515
TOTAL ECON CLASSIFICATION	10,186,061	11,105,312	13,136,998	14,400,053	15,531,987	14,412,358	16,344,891	18,164,390

Capital transfers included in above

Vote (Department)	Provincial Summary of Capital Transfers							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
Vote 6:								
IDZ and other infrastructure projects	-	-	11,371	15,000	66,104	30,000	50,000	50,000
NWDC infrastructure refurbishment	-	-	-	-	3,500	6,500	10,000	10,000
Park expansion	-	-	-	5,000	5,000	5,000	5,000	5,000
Hotel School Maintenance & Repairs	-	-	-	-	2,100	-	-	-
Letlamoreng Dam	-	-	-	-	4,900	-	-	-
SDI's & SDI infrastructure	6,682	3,488	-	17,333	13,333	22,200	13,200	3,200
Vote 9:								
Housing Fund	262,594	371,822	615,411	613,405	699,915	766,806	896,101	1,022,494
Vote 13:								
Agricultural infrastructure	14,535	94,429	24,501	86,176	144,759	99,113	111,886	128,721
Total capital transfers	269,276	375,310	626,782	650,738	794,852	830,506	974,301	1,090,694

Annexure 3

Details of provincial payments and estimates by policy area

Classification (R'000)	Provincial Payments and Estimates by policy area							
	2003/ 2004	2004/ 2005	2005/ 2006	2006/2007		2007/ 2008	2008/ 2009	2009/ 2010
	Audited	Audited	Audited	Main App	Adj Estimate	MTEF	MTEF	MTEF
General Public Service								
Executive and Legislature	196,017	217,283	239,431	311,089	337,061	343,575	366,042	388,184
Office of the Premier	140,875	151,490	172,877	208,654	210,047	246,277	261,012	276,770
RDP								
Provincial Legislature	55,142	65,793	66,554	102,435	127,014	97,298	105,030	111,414
Financial and Fiscal Services	230,540	209,818	215,670	272,455	273,673	277,216	356,603	436,479
Department of Finance	230,517	198,518	209,840	261,757	245,503	262,546	265,873	278,917
Contingency Reserve	23	11,300	5,830	10,698	28,170	14,670	90,730	157,562
General Services	456,085	436,652	520,665	541,362	598,821	653,955	720,546	793,920
Public Works	368,008	352,269	438,246	465,293	511,240	473,133	535,658	595,768
Local Government	88,077	84,383	82,419	76,069	87,581	180,822	184,888	198,152
Total General Public Services	882,642	863,753	975,766	1,124,905	1,209,555	1,274,746	1,443,191	1,618,583
Public Order and Safety								
Police Services								
Safety and Liaison	8,396	7,265	12,080	11,009	38,905	42,179	45,205	48,745
Total Public Order and Safety	8,396	7,265	12,080	11,009	38,905	42,179	45,205	48,745
Economic Affairs								
General Economic Affairs								
Economic Development	82,810	62,137	106,699	110,716	188,020	155,794	175,070	170,471
Tourism	72,954	73,174	100,293	86,275	108,275	116,902	141,409	154,445
Agriculture								
Dep't of Agriculture	235,864	353,781	291,027	348,041	412,326	398,860	428,460	462,238
Transport								
Dep't of Transport	1,009,823	1,051,771	1,439,077	1,499,216	1,594,838	1,491,931	1,847,897	2,114,779
Total Economic Affairs	1,401,451	1,540,863	1,937,096	2,044,248	2,303,459	2,163,487	2,592,836	2,901,933
Environmental Protection								
Environmental Protection	83,727	68,970	70,849	79,800	103,187	107,138	109,584	116,900
Total Environmental Protection	83,727	68,970	70,849	79,800	103,187	107,138	109,584	116,900
Housing & Community Amenities								
Housing	331,963	437,244	702,933	698,246	785,233	818,480	947,619	1,081,912
Total Housing & Comm. Amenities	331,963	437,244	702,933	698,246	785,233	818,480	947,619	1,081,912
Health								
Outpatient services	1,246,067	1,364,549	1,585,270	1,825,737	1,894,386	1,844,067	2,009,599	2,305,608
R and D Health (CS)	59,137	90,236	83,651	95,988	107,337	116,226	124,874	132,994
Hospital services	600,554	694,102	815,128	820,451	900,046	1,065,472	1,175,133	1,308,340
Other	357,373	438,442	484,111	685,428	714,137	728,753	860,322	891,868
Total Health	2,263,131	2,587,329	2,968,160	3,427,604	3,615,906	3,754,518	4,169,928	4,638,810
Recreation, Culture and Religion								
Sporting and Recreational Affairs								
Sport, Arts and Culture	100,407	154,558	195,087	281,294	276,174	320,237	345,758	385,773
Total Recreation, Cult and Religion	100,407	154,558	195,087	281,294	276,174	320,237	345,758	385,773
Education								
Pre-primary/Primary/Public Phases	4,690,125	5,035,444	5,759,434	6,019,979	6,501,389	5,040,342	5,606,951	6,116,016
Secondary Education Phase								
Subsidised Services to Education	38,648	31,872	60,792	76,967	74,902	57,557	60,231	63,053
Education not defined by level	111,616	116,131	130,472	208,440	203,685	226,046	269,234	283,061
Total Education	4,840,389	5,183,447	5,950,698	6,305,386	6,779,976	5,323,945	5,936,416	6,462,130
Social Protection								
Social Security Services								
Social Services and Population Dev't	273,955	261,884	324,330	427,562	419,593	607,628	754,355	909,605
Total Social Protection	273,955	261,884	324,330	427,562	419,593	607,628	754,355	909,605
Total provincial payments and estimates by policy area	10,186,061	11,105,312	13,136,998	14,400,053	15,531,987	14,412,358	16,344,891	18,164,390