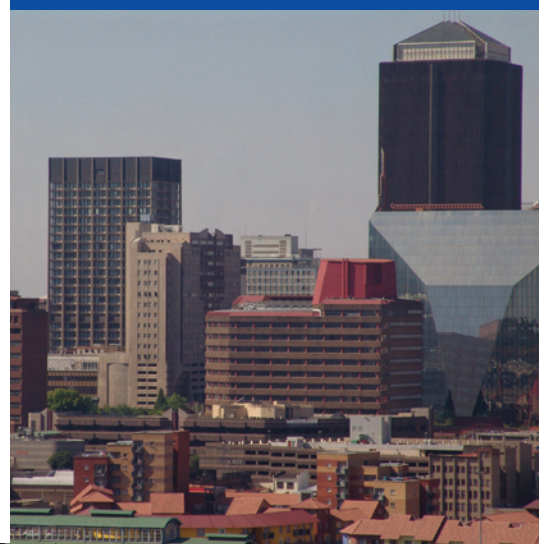




Gauteng Treasury

Gauteng Provincial Government **BUDGET STATEMENT** **2009/10 MTEF**





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BUDGET STATEMENT

2009/10

Gauteng Provincial Government





Budget **Statement 1** - 2009/10





Mandla Nkomfe

MEC for Finance and
Economic Affairs

FOREWORD

As we lay the foundation for 2014, we look back with pride on the significant achievements of the 2004-2009 electoral cycle. Our strategies, policies and key strategic programmes have contributed immensely to improving the living standards of Gauteng citizens. Although unemployment, poverty, crime and the quality of education continue to pose significant challenges, we endeavour to allocate resources to optimally address them over the Medium Term Expenditure Framework (MTEF).

The 2009 budget builds on the successes and challenges of the past, by ensuring that funds are allocated to strategic focus areas that will yield positive results. Choices and trade-offs had to be made taking policy imperatives, need and equity into account, ensuring that limited resources could be used to achieve high impact objectives. These choices are based on a number of factors including the following provincial priorities:

- Building Gauteng as a globally competitive city region
- Implementing the Gauteng Social Development Strategy
- Building the capacity and organization of the state

Our plans to create jobs, reduce poverty and eradicate identified informal settlements are being implemented. Most of the major initiatives commenced during the current term of government will continue to have a major impact on the lives of Gauteng citizens. Such initiatives include substantial investments in infrastructure development and maintenance, improved quality of social services and a focus on building human capital. Every department in the province plays a critical role in the implementation and sustainability of these initiatives.

In this budget, R172b is allocated for the next three years in line with the identified priorities. Provision is made for personnel related costs such as general salary adjustments and Occupation Specific Dispensation for certain categories of employees, i.e. health professionals, educators and social workers. We are also setting aside R4.3b over the MTEF to support the construction and maintenance of Gautrain.

Despite the negative effects of current global economic conditions, tough budget choices and allocations to various departments highlight our commitment to the advancement of our people. Investments reflected in the budget in terms of human capital and infrastructure is balanced to ensure that we are in a favourable position to weather the financial crisis but are also in a position to build a sustainable global city region.

The 2009 MTEF sees an increase in infrastructure provision especially in the allocation of funds to the expanded public works programme which contributes to labour intensive employment and skills development. Infrastructure projects relating to the 2010 FIFA World Cup such as Gautrain, legacy stadia and road rehabilitation are on track. The implementation of these projects and others leads to job creation in the short and long term. Departments responsible for 2010 projects are working hard to ensure that they are implemented within the set timeframes.

To achieve our objective of maximizing output, minimizing input and of accelerating social development in the Province, significant allocations are made available to the Departments of Education, Health and Social Development. The budget of these three departments represents 68 percent of the total provincial budget. Key social services priorities receiving attention in the 2009 MTEF include improving access to and the quality of health services, enhancing the quality of teaching and learning and implementing an integrated social development strategy. These services include HIV/AIDS, XDR and MDR Tuberculosis, medical goods and services, learner and teacher support materials, No-Fee schools and early childhood development.

Investment in our people is central to the success of any organization and contributes to economic growth. As a result, the Province is continuing to provide unwavering support to the youth by creating career paths for them and capacitating existing employees to deliver quality services. Various programmes are in place to identify young people and to deliver high quality training and development in line with making Gauteng a globally competitive city region. An amount of R1.5b million has been allocated to the Global City Region Academy to ensure that scarce and critical skills are provided to the economy and that human capital development is systematically managed via identified talent pipelines.

This document provides a transparent platform to inform the public about government's plan of action and enhance the understanding of our budget.



Mandla Nkomfe
Gauteng MEC for Finance and Economic Affairs

LIST OF ABBREVIATIONS

20 PTP	Twenty Prioritised Township Programme
ABET	Adult Basic Education and Training
AFS	Annual Financial Statements
APACC	Association of Public Accounts Committee Conference
APLLC	Accelerated Programme for Literacy, Languages and Communication
ART	Anti-retroviral-treatment
ARV	anti-retroviral treatment
ASP	Auto Supplier Park
ATT	Association of Accounting Technicians
BBBEE	Broad Based Black Economic Empowerment
BNG	Breaking New Ground Strategy
BRTs	Bus Rapid Transport System
CASP	Comprehensive Agricultural Support Programme
CBD	Central Business District
CBO	Community Based Organisations
CBP	Community Builders Programme
CDW	Community Development Workers
CFO	Chief Financial Officer
CHW	Community Health Workers
CIDB	Construction Industry Development Board
CJS	Criminal Justice System
CMS	Customer Management Services
CPA	Commonwealth Parliamentary Association
CRM	Customer Relations Management
DGR	Dinokeng Game Reserve
DLTC	Driving License Testing Centres
DMC	Document Management Centre
DORA	Division of Revenue Act
DOT	Direct Observed Treatment
DRP	Disaster Recovery Plan
EAP	Employees Assistant Programme
ECD	Early Childhood Development
ELRC	Education Labour Relations Council
EMS	Emergency Medical Services
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ESS	Employee self-service
EXCO	Executive Council
FAP	Fiscal Awards Policy
FET	Further Education and Training
FMR	Financial Management Reform
GADS	Gauteng Agricultural Development Strategy
GAS	Gauteng Audit Services
GCRA	Gauteng City Region Academy
GCR	Gauteng City Region
GDA	Gauteng Development Agency
GDS	Growth and Development Strategy
GEDA	Gauteng Economic Development Agency
GEMS	General Evidence Management System
GEMS	Government Employees Medical Scheme
GEPP	Government Employee Pension Fund
GEP	Gauteng Enterprises Propeller
GETC	Gauteng Education and Training Council
GFC	Gauteng Film Commission
GGB	Gauteng Gambling Board

GIPPS	Gauteng Information on Police Performance Systems
GMDP	Gauteng Management Development Programme
GOLB	Gauteng Official Licensing Board
GPF	Gauteng Partnership Fund
GPPFA	Gauteng Political Party Funding Act
GPSS	Gauteng Provincial Safety Strategy
GRSS	Gauteng Road Safety Strategy
GSDP	Gauteng Spatial Development Perspective
GSDS	Gauteng Social Development Strategy
GSSD	Gauteng Strategy for Sustainable Development
GTA	Gauteng Tourism Authority
GTMA	Gauteng Transport Management Agencies
GTMA	Gauteng Transport Management Authority
GYC	Gauteng Youth Commission
HCW	Health Care Waste
HIS	Health Information Systems
HIV/ AIDS	Human Immune Virus and Acquired Immune Deficiency Syndrome
HRMAS	Human Resource Management and Auxiliary Services
HRMDS	Human Resource Management Development Strategy
HRM	Human Resource Management
HRS	Human Resource Services
IBCP	Integrated Business Continuity Plan
ICT	Information Communication Technology
IDP	Infrastructure Development Programme
IDP	Integrated Development Plan
IEDS	Integrated Economic Development Services
IMSP	Integrated Master Systems Plan
IOD	Injury on Duty
IQMS	Integrated Quality Management Systems
ITSM	Information Technology Service Management
IWM	Integrated Waste Management
LEAs	Law Enforcement Agencies
LED	Local Economic Development
LOC	Local Organising Committee
LSB	Legislature Services Board
MAD	Member's Affairs Directorate
MATCH	Management, Accommodation, Ticketing, Computer solutions and Hospitality
MBFRC	Municipal Budgets & Financial Reporting and Compliance
MDR	Multi Drug Resistant
MFMA	Municipal Finance Management Act
MHDP	Mixed Housing Development Programmes
MIDP	Municipal Integrated Development Planning
MMC	Member of the Mayoral Committee
MPAC	Municipal Public Accounts Committees
MPCC's	Multi-Purpose Community Centers
MSAU	Multi-Sectoral Aids Unit
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
NCCEMD	National Committee on Confidential Enquiries into Maternal Deaths
NCOP	National Council of Provinces
NCS	National Curriculum Statement
NCV	National Certificate Vocational
NEMA	National Environment Management Act
NGDS	National Growth and Development Summit
NGO	Non-governmental organizations
NLTTA	National Land Transportation Transition Act
NOC	Network Operating Centre
NSDS	National Spatial Development Perspective

NSP	National Strategic Plan
OHS	Occupational Health and Safety
OPD	Out-patient department
ORTIA	OR Tambo International Airport
OSD	Occupation Specific Dispensation
PAC	Provincial Aids Council
PBC	Premier Budget Committee
PDI	Previously Disadvantaged Individuals
PEBA	Performance Evaluation and Budget Analysis
PEP	Post-Exposure-Prophylaxis
PERO	Provincial Economic Review and Outlook
PFMA	Public Finance Management Act
PFMG	Provincial Financial Management and Governance
PFMR	Provincial Financial Management Reforms
PGDP	Provincial Growth and Development Plans
PHC	Primary Health Care
PHP	Peoples Housing Process
PHRA-G	Provincial Heritage Resource Authority-GAUTENG
PMTCT	Prevention of Mother to Child Transmission
PMU	Programme Management Unit
POA	Programme of Action
PPP	Public-Private Partnership
PRF	Provincial Revenue Fund
PROS	Public Resource Optimisation System
RRSSW	Recruitment and Retention Strategy of Social Workers
SAHRA	South African Heritage Resource Agency Limited
SAICA	South African Institute of Chartered Accountants
SALSA	South African Legislatures Secretaries Association
SANRAL	South African National Roads Agency
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SASCOC	South African Sports Confederation and Olympic Committee
SASSA	South African Social Security Agency
SCOA	Standard Chart of Accounts
SDBIP's	Service Delivery Budget Implementation Plans
SDW	Sports Development Workers
SETAS-	Sector Education and Training Authority
SGB	School Governing Body
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprise
SOA	Service Oriented Architecture
SPTN	Strategic Public Transport Network
SRM	Sustainable Resource Management
SSIP	Secondary School Intervention Programme
SSMPP	School Sport Mass Participation Programme
StatsSA	Statistics South-Africa
TB	Tuberculosis
TCCs	Traffic Control Centres
TOLABs	Transport Operating License Administrative Body Offices
TSS	Technology Support Services
URP	Urban Renewal Programme
VTs	Vehicle Testing Stations
XDR	Extreme Drug Resistant



Budget **Statement 1** - 2009/10



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GLOSSARY



BUDGET STATEMENT NO. 1



Budget **Statement 1** - 2009/10



BUDGET OVERVIEW

1. GAUTENG BUDGET STRATEGY AND AGGREGATES

This section describes the context and form of the province's strategic planning and budgeting process, and how the provincial budget for the 2009/10 Medium Term Expenditure Framework (MTEF) has been developed. It gives information about the provincial government's current fiscal strategy, describes budget priorities and presents an overview of provincial revenue and expenditure. It takes into account the transition from the last fiscal year of the current political cycle to the upcoming political cycle, enabling projects from the current term of office to be completed and providing for medium-term planning and implementation. Its development has been informed by the decisions of the Executive Council, the Budget Forums and the Premier's Budget Committee.

The aim of this budget, like others before, is to create an environment where we are proud to say "Gauteng is a better place to live in". To achieve sound integration and to ensure that planned activities are appropriately resourced, this budget has been aligned with provincial and national policy imperatives. Key among these priorities is the target of halving unemployment and poverty in line with the Millennium Development Goals.

Through existing programmes and initiatives, a firm foundation has already been laid for economic growth and improvement of the living conditions of all citizens of Gauteng. Commitment to tackle the challenges of poverty and unemployment remains strong, despite the global economic down-turn and its effect on provincial resource allocation.

Key provincial priorities are to build Gauteng as a globally competitive city region, to accelerate integrated social development, to stimulate sustainable economic growth, to create jobs and to build the capacity and organisation of the state. A range of interrelated strategies and interventions have been developed to achieve these objectives. These include the Gauteng Growth and Development Strategy (GGDS), the Gauteng City-Region (GCR) Perspective, the Gauteng Social Development Strategy, the Gauteng Spatial Development Perspective, the Gauteng Safety Plan, the Integrated Youth Development Strategy, the Gauteng Agricultural Development Strategy and the Gauteng Human Resource Development Strategy (HRDS).

Building Gauteng as a globally competitive city region

This is the province's main response to the challenges of poverty and unemployment. The success of the strategy depends on rapidly achieving economic competitiveness and growth that involves and benefits all segments of the population. The main areas of intervention are:

- Implementing the globally competitive city region roadmap
- Implementing the GGDS to achieve 8 percent growth by 2014
- Implementing sector strategies to promote shared growth and job creation
- Increased investment in economic infrastructure such as the Gautrain, the Innovation Hub and the OR Tambo Industrial Park
- Broadening wealth creation through further promotion of BBBEE and SMMEs
- Creating an enabling environment for greater regional and global investment
- Improving environmental management and skills development

The GGDS provides direction for the public and private sectors by indicating areas of opportunity and with the GCR perspective enables intergovernmental alignment and cooperation among the province's regions. Metro and district municipalities have been paired to strengthen service delivery and improve governance. The goal is to create conditions for a single metropolitan system of governance across the province.

The Global City Region Observatory, launched in September 2008, is the result of collaboration and consultation between the Gauteng Provincial Government (GPG) and its academic partners, i.e. the University of the Witwatersrand and the University of Johannesburg. Its purpose is to use research for long-term strategic planning for the province and to assist in finding solutions to the developmental challenges.

Through its plans and programmes, the province has already improved its socio-economic competitiveness,

increased investment in economic infrastructure and heightened innovation in technology and in knowledge intensive economic sectors. These outcomes will be further evaluated to assess their effectiveness and value for money.

Accelerating Integrated Social Development

The Gauteng Social Development Strategy was adopted in 2006 and incorporates two key elements of the five-year provincial vision. These are fighting poverty; and building safe, secure and sustainable communities of healthy, skilled and productive people. These are essential to building Gauteng as a globally competitive city region, enhancing social cohesion and correcting inherited marginalisation and inequalities.

The strategy involves collaboration between all stakeholders including civic and non-governmental organisations, civil society formations and businesses; and places children, women, the disabled and the elderly at the centre of development efforts. The Bana Pele programme is an integrated strategy for reducing child poverty, and further gives orphaned and vulnerable children access to a comprehensive social services package that includes; school uniforms, school fee exemption, scholar transport, nutrition, healthcare and psycho-social support. Children with HIV/ AIDS are cared for through community-based programmes; and in the Twenty Prioritised Townships (20 PTP) construction of early childhood development infrastructure that meets national norms and standards has already begun.

Overall, the aim is to provide social protection through increased access to social grants and through opportunities for skills development. While significant strides have been made in the implementation of this policy, challenges remain. These include the continuing high levels of migration into the province, and a rising demand for social services.

Building the capacity and organisation of the state

Significant progress has been achieved in putting into place policies, institutions and good governance practices, and in reorganising public services to serve all citizens. These have assisted in positioning Gauteng as a globally competitive city region and in accelerating social development. Attempts continue to be made in removing obstacles to service delivery and ensure increase in the responsiveness of the public sector. The institutions and capacity of the state have been expanded and good governance practices improved.

To address the challenge of improving public sector skills in driving economic growth and social transformation, the GPG has developed the HRDS. Areas of importance include engineering and project management. Future efforts will focus on ensuring increased collaboration and integrated planning and coordination across all spheres, particularly in relation to centralised planning capacity for the global city region.

The Medium Term Strategic Framework (MTSF)

For the period 2009/10 to 2011/12, the GPG has developed a MTSF that identifies and addresses core medium-term issues under the theme "Business Unusual". The MTSF focuses on completion of the 2004 mandate, on agreed-upon generic issues and other obligatory matters as well as "normal government business". Constraints to economic growth essential to halving poverty and unemployment will be addressed. The fiscal position will be tight due to the global economic environment, high food and fuel prices, the electricity crisis and the country's current account deficit.

The key elements are:

- *Transforming the provincial economy:* this includes ensuring prudent macroeconomic management; developing and extending current industrial policies and programmes; improving the business environment; and ensuring that people from marginalised communities have access to the labour market information systems and their penetration into marginalised communities. This area will also see second economy interventions to reduce structural barriers to SMMEs.
- *Fighting against poverty:* the focus here is on addressing the needs of the poor through comprehensive and coordinated anti-poverty measures. Continual efforts will be made to provide universal access to basic services and to improve the quality of education and health care. Increased attention will be given to combining social security with expanded access to economic activity.
- *Building a developmental state:* medium and long term planning will aim to ensure coordination and planning across the spheres of government, and between government and all relevant partners.

2. SUMMARY OF BUDGET AGGREGATES

TABLE 1: SUMMARY OF ACTUAL AND BUDGETED RECEIPTS AND PAYMENTS

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Equitable share	20 810 204	23 361 686	28 464 501	33 063 829	33 811 732	33 811 732	38 896 845	43 336 279	47 305 421
Conditional grants	4 489 738	8 469 324	10 532 800	11 213 996	11 483 549	11 483 549	13 350 949	10 800 945	11 572 159
Other (Gautrain)							4 200 000		
Own receipts	1 905 917	2 160 608	2 754 864	2 818 890	2 693 785	2 652 605	3 035 411	3 256 219	3 450 649
Total receipts	27 205 859	33 991 618	41 752 165	47 096 715	47 989 066	47 947 886	59 483 205	57 393 443	62 328 229
Current payments	20 207 702	22 638 279	27 457 174	30 96 213	33 397 514	35 804 517	39 133 818	41 276 484	44 916 589
Transfer payments	4 716 355	9 571 900	11 493 517	12 235 507	12 554 753	16 894 079	13 591 987	1 683 255	12 433 630
Capital payments	2 131 832	2 493 563	2 813 191	3 466 969	2 652 964	2 794 687	2 533 316	2 955 508	3 324 319
Total payments	27 055 889	34 703 742	41 742 112	46 671 689	48 605 231	55 493 282	55 259 121	55 915 247	60 674 538

Table 1 summarises the provincial estimates over a seven-year period from 2005/06 to 2011/12. It shows actual figures of revenues and expenditure for 2005/06 to 2007/08, appropriations and adjusted budgets for 2008/09, and the estimates over the 2009 MTEF.

The GPG is projecting revenue of R59 billion in 2009/10. This consists of equitable share of R39 billion, conditional grants of R13.4 billion, Gautrain loan amounting to R4.2 billion and provincial own revenue of R3 billion. Excluded in the own revenue amount is a deduction of R44.6 million for the remuneration of public office bearers as stipulated in the Public Office Bearers Act.

The significant increases in equitable share and conditional grants for the 2009/10 financial year are mainly due to additional funds for inflationary adjustments, personnel adjustments, infrastructure, baseline adjustment.

Total provincial payments for 2009/10 increase by approximately R6.4 billion from the 2008/09 adjusted appropriation; this is a 13.3 percent nominal increase. The increase is allocated to various departments to finance activities linked to provincial and national priorities. The allocation for occupation Specific Dispensation (OSD) for doctors and specialists has been set aside pending finalisation at national level. Once this has been concluded, funding will be allocated to the department.

3. BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

The purpose of the budget process is to provide a framework that guides the preparation of the provincial budget from planning to resource allocation as well as accountability stage. This takes into account the past performance, the current year's estimated outcome and the projection into the medium-term.

In line with the mandate of the government and aiming to maximise the social and economic welfare of the province's citizens, the GPG continues its service delivery responsibilities based on key provincial priorities. Within this context, the provincial budget process seeks to allocate limited available resources efficiently and equitably to address competing needs.

The overall budget process entails the involvement of various stakeholders, forums and committees that are central in ensuring efficient allocation of resources. The provincial budget process is designed in a way that allows critical stakeholders to directly partake and/ or influence the final budget. Although various stakeholders are involved at various stages of the budget process, the National Treasury and provincial departments remain central throughout the whole process. Furthermore; in ensuring integration between different spheres of government, principles of intergovernmental fiscal relations are observed. The following are the key stages of the provincial budget process, which highlight the key issues at each given stage:

Strategic planning stage:

This stage begins with the Provincial Executive Council (PEC) Retreat, which is mainly aimed at determining the

strategic direction of the province in light of the macro-economic imperatives. The provincial budget process was shortened in order to allow the provincial departments to focus on service delivery and complete the key projects of the 2004 -2009 electoral mandate and planning for the new financial year. In addition to the EXCO Retreat, the Budget Forums was hosted in June 2008 to inform the various stakeholders about the decisions taken at the Retreat and the key factors affecting the resource allocation.

Decision making stage:

At a technical level, the province convenes the Medium Term Expenditure Committee (MTEC) meetings annually in September. These meetings are chaired by Head of Treasury and consist of senior officials from Treasury, Office of the Premier, Department of Local Government, Department of Public Transport, Roads and Works, Finance Standing Committee representatives as well as officials from the National Treasury. The main objective of these meetings is to evaluate the budget submissions and determine whether the reprioritisation process within the MTEF baseline by departments has been undertaken in the context of allocative efficiency as well as to improve the alignment between the government's priorities and departmental strategic objectives and budgets.

The outputs of the MTEC meetings are a record of proceedings, reports and recommendations prepared by Gauteng Treasury and forwarded to the Premier's Budget Committee for final consideration to inform the preliminary provincial resource allocation to individual departments. In the current financial year, the MTEC focused on the following:

- Linking of departmental budget to national and provincial priorities, Gauteng Development Strategy (GDS), Gauteng Global City Region and Gauteng Social Development Strategy and any other provincial strategies.
- The capacity and ability of the department to spend the allocated budget.
- Outputs to be achieved by the department by focusing on performance information.
- The comprehensive information on new proposals including the credibility of costing and affordability of new proposals.
- Implementation Plans.
- Feasibility analysis/ studies with clear socio-economic and financial evaluations.

Flowing from the MTEC meetings, the province convenes the Premier Budget Committee (PBC) meetings. The PBC is a high level committee consisting of the Premier as the chairperson; three MEC's including the MEC for Finance and Economic Affairs, Director General of the province, senior officials from the Office of the Premier and Gauteng Treasury. The purpose of the PBC is to engage the departments' MECs on their budget submissions and consider the recommendations from the Treasury which will inform the provincial resource allocations to departments.

Production stage:

During this stage of the budget process, Gauteng Treasury consolidates all departmental budgets in preparation for the tabling of the budget at Gauteng Provincial Legislature. This stage also involves analysis and editing of departmental budget statements prior to the preparation of the provincial budget statements for printing. Various products delivered (documentation produced) during this stage include the following:

- Appropriation Bill – reflects individual allocations to departments per programme and economic classification.
- Budget Statement – presents the aggregates of provincial budget, detailed departmental budget per programme and economic classification as well as the infrastructure investment.
- Cabinet and explanatory memoranda – submissions to the Gauteng Provincial Legislature for authorisation by EXCO and for public discussion.
- Socio Economic Review - provides a detailed analysis of socio-economic indicators that impact on the overall quality of life for the citizens of the province.
- Budget speech – prepared by the Office of the MEC for Finance and Economic Affairs with the assistance of the Gauteng Treasury officials.
- Budget booklet – an easy to use guide to the budget.
- Budget inserts – key information published in the various newspapers to inform the citizens about the budget.
- Government gazette – shows the transfers framework and allocations to municipalities, schools and hospitals to improve transparency and accountability.

The above documents are submitted to the Gauteng Legislature for tabling by the MEC for Finance and Economic Affairs in February for consideration by the relevant standing committees and adoption.

Accountability Stage:

This stage relates to the regular and annual reporting on progress made during the budget implementation. Departments provide financial reports to Gauteng treasury on a monthly basis to inform about the budget implementation. Performance reporting takes place on a quarterly basis to inform the stakeholders about the progress on the extent to which departments are achieving the set performance targets. The reporting cycle is concluded by the annual reports that are produced for submission to the Auditor-General and the other stakeholders.

4. SOCIO-ECONOMIC REVIEW

4.1. Introduction

Socio-economic indicators are critical to informing resource allocation to address the province's relative challenges. This section summarises these indicators.

4.2. Population

Gauteng is the most populous province in South Africa with an estimated 10.5 million people, or 21.5 percent of the national total. KwaZulu-Natal province comes second, with an estimated 20.8 percent.

TABLE 2: GAUTENG POPULATION BY GENDER AND POPULATION GROUP, 2008

Population group	Male		Female		Total	
	Number	% of Total Male Population	Number	% of Total Female Population	Number	% of Total Population
Black	3 926 625	75.6	3 929 477	74.7	7 856 102	75.2
Coloured	186 921	3.6	203 267	3.9	390 188	3.7
Asian	137 984	2.7	143 611	2.7	281 595	2.7
White	942 635	18.1	981 193	18.7	1 923 828	18.4
Total	5 194 165	100	5 257 548	100	10 451 713	100

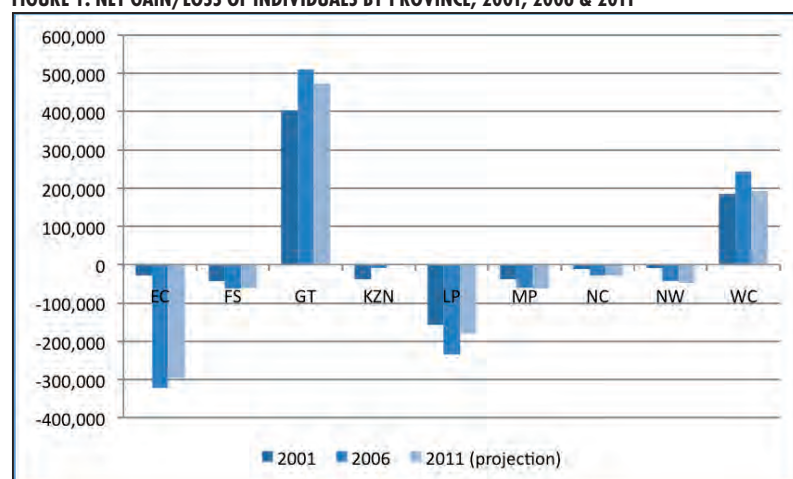
Source: Quantec Research, 2008

Table 2 gives the population of Gauteng by gender and by population group for 2008. 50.3 percent of the population were female. Blacks are the largest population group, at 75.2% of the total population, followed by Whites (18.4 percent), Coloureds (3.7 percent) and Asians (2.7 percent). The percentage of Whites in the province's population is larger than in the country as a whole, where they make up 9.2 percent.

4.3. Migration

Migration into Gauteng is an ongoing and inevitable phenomenon. As the hub of economic activity within South Africa and Africa as a whole, Gauteng attracts in-migrants wishing to access economic opportunities. This presents great challenges for the provision of social services and for province's infrastructure.

FIGURE 1: NET GAIN/LOSS OF INDIVIDUALS BY PROVINCE, 2001, 2006 & 2011*



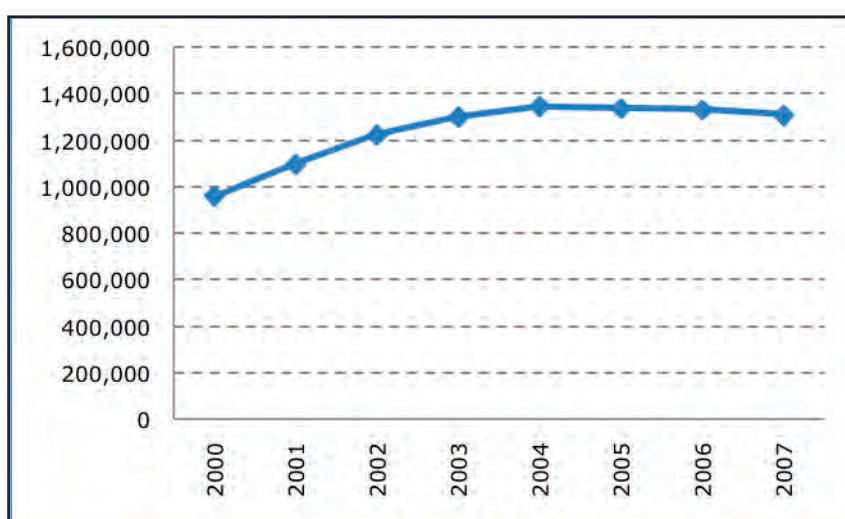
Source: StatsSA, Mid-year Population Estimates, 2007. Note: * indicates forecast data

Figure 1 shows the net population gain/loss across all provinces for 2001 and 2006, and projections for 2011. Gauteng and the Western Cape experience the greatest net gains, and these are projected to continue in 2011. Gauteng has experienced the larger inflow of the two provinces with an estimated 400,000 people for 2001, increasing to over 500,000 in 2006. The continuous net gain in Gauteng places a continuous strain on resources and infrastructure, a problem which infrastructure planning must take into account.

4.4. HIV/AIDS Profile

The HIV/AIDS pandemic remains a challenge at national and provincial levels. The social structure of communities and the broader society are threatened by the pandemic, with devastating economic and social consequences. This section demonstrate the demographic profile of HIV/AIDS in the province.

FIGURE 2: HIV POSITIVE POPULATION, GAUTENG, 2000-2007



Source: Global insight, 2008

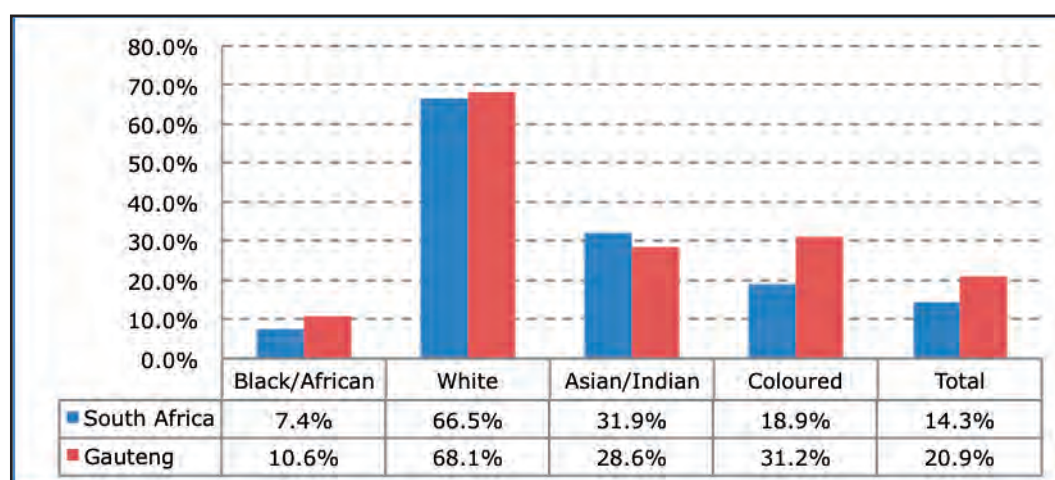
Figure 2 shows the trend in the number of HIV positive people in Gauteng over the period 2000 to 2007. The number of individuals infected with the virus increased markedly between 2000 and 2004 and showed a gradual decline from 2005 to 2007. In 2007, approximately 1.3 million people were HIV positive, a 12.4 percent of the provincial population.

4.5. Access to services

Access to basic services is one of the primary indicators of improvement in the quality of life, and there is a constitutional obligation on government to provide access to housing, clean water and sanitation, health care and electricity. An analysis of access to basic services assists government to determine the impact of these services.

4.5.1 Health

The government has a responsibility to provide free health care services to those in need of them and illegible. These services are offered mainly at public health institutions, especially for those who are not covered by medical aid.

FIGURE 3: MEDICAL AID COVERAGE BY POPULATION GROUP, GAUTENG AND SOUTH AFRICA, 2007

Source: StatsSA, 2007, General Household Survey

Figure 3 shows medical aid coverage by population group in Gauteng and South Africa. The racial disparities in medical aid coverage between the population groups are stark, with a lower percentage of Blacks having medical aid coverage compared with Coloureds, Asians and Whites. There is also a disparity in medical aid coverage between South Africa and Gauteng, with an estimated average of 20.9 percent of the province's population having medical aid compared with 14.3 percent at the national level.

4.5.2 Education

Investment in education is important for human development and the reduction of poverty. GPG is therefore committed to improving the spread and quality of education and its associated services. In 2007/08, 450 930 learners in 1 144 schools in the province were reached through school feeding schemes, 340 000 of them primary school learners. In the same year, scholar transport was provided for 46 336 learners living more than 5 km from school.

TABLE 3: PRIMARY AND SECONDARY SCHOOL CLASSIFICATION, GAUTENG, 2008

Type of School	Primary		Secondary	
	Number	%	Number	%
Private*	91	6%	148	16%
Semi-private*	51	3%	138	15%
Public	1 381	91%	634	69%
Total	1 523	100%	920	100%

Source: Gauteng Department of Education, 2008

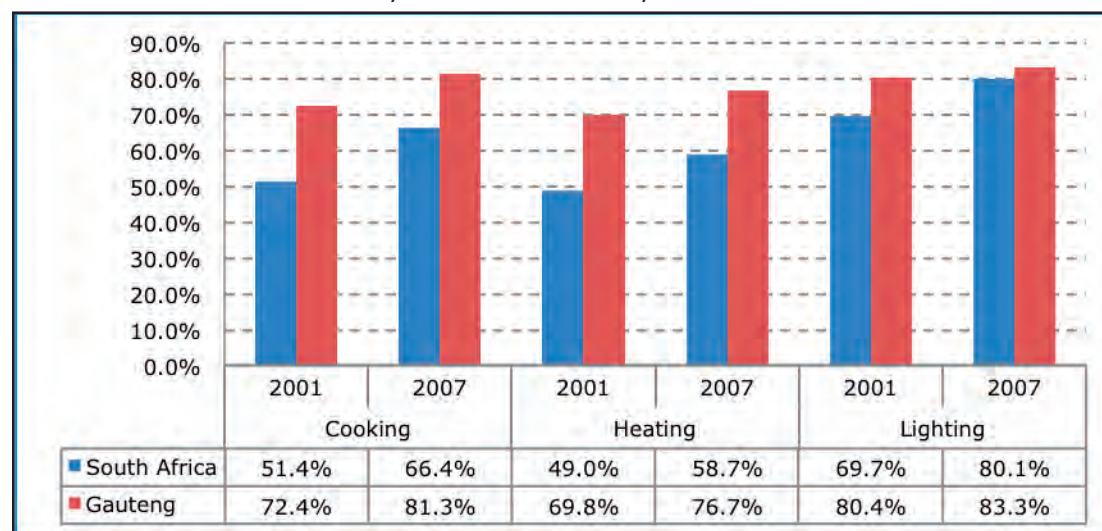
* Private – schools that are independent and non-subsidised.

* Semi-private – schools that are independent and subsidised.

Table 3 shows the number of primary and secondary schools in the province in 2008. There were 1 523 primary schools, the majority (91 percent) public, followed by 6 percent private and 3 percent semi-private. 69 percent of the 920 secondary schools are public, 16 percent private and 15 percent semi-private.

4.5.3 Electricity

FIGURE 4: ACCESS TO ELECTRICITY BY PURPOSE, GAUTENG AND SOUTH AFRICA, 2001 AND 2007



Source: StatsSA, Census 2001 & Community Survey 2007

Gauteng experienced an increase in the use of electricity between 2001 and 2007. Use of electricity for cooking and heating is higher for Gauteng than for South Africa as a whole, with a higher percentage of households in the province having access to electricity in comparison to the country as a whole.

4.5.4 Water

TABLE 4: ACCESS TO WATER, GAUTENG AND SOUTH AFRICA, 2001 AND 2007

Type of Access to Water	Gauteng		South Africa	
	2001	2007	2001	2007
Piped water inside the dwelling	46.4%	66.2%	32.3%	47.2%
Piped water inside the yard	36.4%	20.8%	29.0%	22.3%
Piped water from access point outside the yard	14.3%	10.9%	23.2%	19.2%
Other*	2.9%	2.0%	15.5%	11.4%

Source: StatsSA, Census 2001 & Community Survey 2007

*Other includes borehole, spring, rain tank, dam, pool, river & stream

Table 4 compares the access to water by type in Gauteng with that of South Africa as a whole in 2001 and 2007. Access to water inside the dwelling improved in Gauteng from 46.4 percent in 2001 to 66.2 percent in 2007, with declines in piped water accessed inside and outside the yard.

4.5.5 Housing

The aim of GPG, as indicated in the Growth and Development Strategy, is to upgrade and eradicate informal settlements by 2014.

TABLE 5: DWELLING TYPE BY PROVINCE, 2001 AND 2007

Province	2001				2007			
	Formal	Informal	Traditional	Other	Formal	Informal	Traditional	Other
Eastern Cape	51%	11%	37%	0%	55%	8%	37%	1%
Free State	66%	26%	7%	0%	71%	19%	5%	6%
Gauteng	75%	24%	1%	0%	74%	23%	0%	4%
KZN	60%	11%	29%	0%	61%	9%	27%	4%
Limpopo	73%	7%	20%	0%	83%	6%	9%	2%
Mpumalanga	72%	15%	13%	0%	77%	12%	7%	4%
Northern Cape	81%	11%	7%	1%	80%	11%	5%	5%

Province	2001				2007			
	Formal	Informal	Traditional	Other	Formal	Informal	Traditional	Other
North West	72%	23%	5%	0%	67%	24%	2%	7%
Western Cape	81%	16%	2%	0%	83%	14%	1%	2%
South Africa	69%	16%	15%	0%	71%	14%	12%	3%

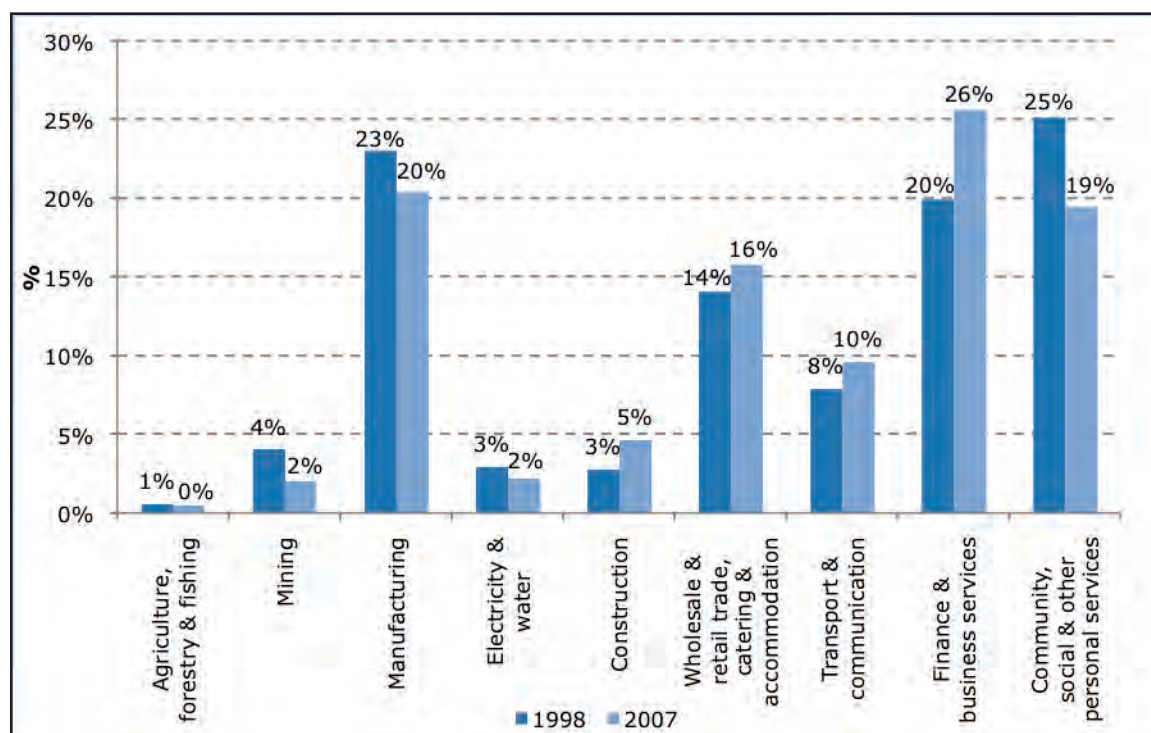
Source: StatsSA, Census 2001 & Community Survey 2007

Table 5 gives an indication of progress in the provision of formal housing, and provides an inter-provincial comparison of dwelling types in 2001 and 2007. In both years, formal dwellings constituted the largest percentage, followed by informal dwellings. Formal housing declined from 75 percent in 2000 to 74 percent in 2007, with informal dwellings declining from 24 percent to 23 percent, traditional dwellings declining from one percent to zero percent and other dwellings increasing from zero percent to four percent. The decline in traditional dwellings in Gauteng is in line with the fact that the province has the highest urbanisation rate in South Africa, with over 90 percent of the population residing in urban areas. Although there was somewhat of a percentage decline in formal dwellings, the provincial average is still higher than that at national level.

4.6. Economic Performance

Gauteng is the economic powerhouse of South Africa and is a major centre of economic activity, contributing 35.1 percent to the Gross Domestic Product (GDP) for 2007 and 2008 estimates showing the similar contribution. Between 2002 and 2007, the province's 5.7 percent rate of economic growth was slightly higher than the national rate of 5.1 percent. The provincial economy is estimated to have grown by 3.7 percent in 2008; this is in line with the rate at national level. This growth has occurred in difficult circumstances including increases in oil and commodity prices, high producer and consumer inflation rates, and electricity shortages resulting in load shedding.

FIGURE 5: SECTORAL CONTRIBUTIONS TO GDP, GAUTENG, 1998 AND 2007



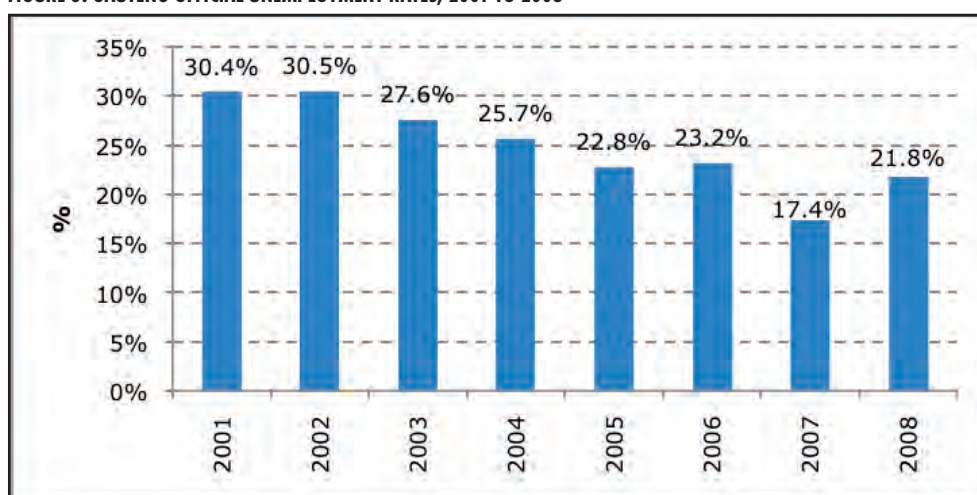
Source: Quantec Research, 2008

Figure 5 shows the province's sectoral contributions to Gross Domestic Product for 1998 and 2007. The composition of the provincial economy changed during the period from being primary-sector (agriculture and mining) to tertiary-sectors (from wholesale and retail trade to community and social services) dominated. Finance and business services play a major role in the province's economy, contributing 26 percent in 2007. Other sectors increasing their contributions were wholesale and retail trade, transport and communication, and construction. Although manufacturing contributes substantially, its contribution has declined over the period.

4.7. Unemployment

High unemployment remains one of Gauteng's most pressing challenges and acts as a constraint to economic growth.

FIGURE 6: GAUTENG OFFICIAL UNEMPLOYMENT RATES, 2001 TO 2008*



Source: Derived from Stats SA, Labour Force Survey, September 2007 and Quarter 1 and Quarter 2 2008

* uses the new LFS which is released on a quarterly basis.

Figure 6 shows the official unemployment rates for Gauteng for the period 2001 to 2008. The trend shows a small increase between 2001 and 2002, where it reached a peak of 30.5 percent. It then declined from 2003 indicating positive effects from the job creation strategies. In 2007, the province's unemployment rate was 17.4 percent, down by 13.1 percentage points from its peak in 2002. It increased by 4.4 percent in 2008 to 21.8 percent.

5. RECEIPTS

5.1 Overview of Provincial Revenue

Provincial revenue consists of national transfers (equitable share and conditional grants) and provincial own revenue from user charges and fees including motor vehicle license fees, hospital patient fees, and gambling and casino taxes. Other own revenue sources are minimal, due to the nature of provincial functions which are not revenue-generating.

TABLE 6: SUMMARY OF PROVINCIAL REVENUE

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
National Transfers									
Equitable share	20 810 204	23 361 686	28 464 501	33 063 829	33 811 732	33 811 732	38 896 845	43 336 279	47 305 421
Conditional grants	4 489 738	8 469 324	10 532 800	11 213 996	11 483 549	11 483 549	13 350 949	10 800 945	11 572 159
Other (Gautrain)							4 200 000		
Own receipts	1 905 917	2 160 608	2 754 864	2 818 890	2 693 785	2 652 605	3 035 411	3 256 219	3 450 649
Total receipts	27 205 859	33 991 618	41 752 165	47 096 715	47 989 066	47 947 886	59 483 205	57 393 443	62 328 229

Table 6 provides aggregates of provincial receipts, and projected receipts, from the 2005/06 to 2011/12

financial years. National transfers increase from R25 billion in 2005/06 to R58 billion in 2011/12. Total receipts will increase from R49.4 billion in 2008/09 to R64.0 billion in 2011/12, an annual average increase of 9 percent.

The provincial equitable share is the largest source of revenue for GPG, contributing R28 billion in 2007/08 as revised. This shows a contribution of 73 percent of the national transfers and 68 percent of the overall provincial receipts. Provincial equitable share is expected to grow from R33.8 billion in 2008/09 to R47.3 billion in 2011/12. Conditional grants are the second largest revenue source with an allocation of R13 billion in the 2009/10, and will marginally decrease to R11.6 billion in 2011/12 financial year. The decrease is a result of conditional grants that will end and those that have been phased into the equitable share. Provincial own revenue in 2007/08 was R2.8 billion, or 5.8 percent of provincial receipts; this is projected to increase from a revised R2.7 billion in 2008/09 to R3.5 billion in 2011/12, an annual average growth rate of 8.4 percent.

5.2 Provincial Equitable Share

The South African Constitution provides that each sphere of government is entitled to an unconditional equitable share of revenue raised nationally to enable it to provide basic services and to perform the functions allocated to it. The equitable division of revenue takes into account these functions and the capacity of each government to pay for them through own receipts and revenues. Provincial and local governments, being distinct spheres of government, are fully responsible for these funds and are directly accountable for how they are spent. Government policies influence provincial and local government spending indirectly, through cooperative agreements and framework legislation setting norms and standards.

TABLE 7: PROVINCIAL EQUITABLE SHARE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Equitable Share	20 810 204	23 361 686	28 464 501	33 063 829	33 811 732	33 811 732	38 896 845	43 336 279	47 305 421

Since the tabling of the 2008 Medium Term Budget Policy Statement on 21 October 2008, both the global economic environment and the domestic economic outlook have deteriorated significantly. One of the consequences of this deterioration is that revenue growth has slowed faster than anticipated. In addition, conditions for emerging markets to raise debt have also worsened considerably. In order to mitigate the impact on government's fiscal position and to increase the policy scope for responding to this economic crisis, it has become necessary to revisit allocations to provinces and national departments.

Table 7 above shows the revised equitable share allocation for the 2009 MTEF and the equitable share reduction. The equitable share allocation increased from R20.8 billion in 2005/06 to R28.5 billion in 2007/08. The main appropriation for the 2008/09 was adjusted upwards mainly to provide more funding for salary adjustments. Despite the reduction of share, it is expected to grow from a revised R38 billion in 2009/10 to R47 billion in 2011/12. The first two years of the MTEF will not gain a health increase in the allocation, but only in 2011/12 the budget will increase to R47 billion, this shows a 9 percent increase year on year.

TABLE 8: PROVINCIAL EQUITABLE SHARE

Province	Education 51%	Health 26%	Basic 14%	Poverty 3%	Economic Activity 1%	Institutional 5%	Weighted Average 100%
Eastern Cape	16.8%	13.8%	13.5%	16.7%	7.8%	11.1%	15.2%
Free State	5.7%	5.8%	5.9%	6.1%	5.4%	11.1%	6.0%
Gauteng	15.1%	20.5%	21.5%	15.0%	33.6%	11.1%	16.9%
KwaZulu-Natal	23.0%	21.2%	20.8%	22.2%	16.3%	11.1%	21.5%
Limpopo	14.2%	11.4%	10.8%	14.2%	6.8%	11.1%	12.8%
Mpumalanga	8.5%	7.5%	7.4%	8.7%	6.8%	11.1%	8.2%
Northern Cape	2.2%	2.3%	2.3%	2.6%	2.2%	11.1%	2.7%
North West	6.5%	7.2%	7.0%	8.2%	6.4%	11.1%	7.1%
Western Cape	8.2%	10.2%	10.8%	6.2%	14.6%	11.1%	9.2%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The formula consists of four main components and two relatively small elements, which capture the relative

demand for services between provinces and take into account particular provincial circumstances. The current structure of the formula is made up of the following components:

- An education component (51 percent) based on the size of the school-age population (ages 5-17), as based on Census 2001 and actual enrolment of learners (Grade R to 12) from the yearly Snap Survey.
- A health component (26 percent) based on the proportion of the population with and without access to medical aid using the latest Gauteng Health Service (GHS) figures.
- A basic component (14 percent) derived from each province's share of the total population of the country.
- An institutional component (5 percent) divided equally among the provinces.
- A poverty component (3 per cent) which reinforces redistribution in the equitable share formula.
- An economic output component (1 percent) based on Gross Domestic Product by Region (GDPR) data.

Table 8 illustrates the province's equitable share weighted average, with the total allocation revised to 16.9 percent. In the education component, Gauteng weighs the third highest (15.1 percent), implying that the enrolment of learners is higher than in six of the other provinces. The health component is the second highest with 20.5 per cent; this is related to increasing numbers of the population with medical aid. At 33.6 percent, Gauteng has the highest economic component because of its major contribution to South Africa's GDP.

5.3 Conditional Grant Allocations

In addition to their equitable share, provinces and local governments may also receive other allocations from the national share to which national government may attach conditions. These are called conditional grants, and are assigned to provinces for the achievement of specific national objectives and targets or services over and above those considered as basic. The uses of conditional grants are motivated by a need to ensure minimum nation-wide standards for the provision of services of national concern.

TABLE 9: CONDITIONAL GRANT ALLOCATIONS TO GAUTENG

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Conditional Grants	4 489 738	8 469 324	10 532 800	11 213 996	11 483 549	11 483 549	13 350 949	10 800 945	11 572 159

Conditional grants supplement various programmes such as infrastructure and central hospitals, and support specific programmes. The allocations of conditional grants grew from R4.5 billion in 2005/06 to R10.5 billion in 2007/08, an annual growth rate of 53.2 percent. The total growth rate over the 2009 MTEF is a positive 1.1 percent; this is due to the downward allocation from R13.4 billion in 2009/10 to R10.8 billion in 2010/11 and an upward increase in 2011/12 to R11.6 billion.

TABLE 10: SUMMARY OF CONDITIONAL GRANTS ALLOCATION BY DEPARTMENT

	Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term estimates		
R thousand	2008/09			2009/10	2010/11	2011/12
Agriculture	28 757	37 356	37 356	49 943	54 612	68 009
Comprehensive Agricultural Support Programme	25 329	28 928	28 928	33 844	40 797	43 965
Agricultural Disaster Management		5 000	5 000	10 000		
Ilima / Letsema Projects				2 500	10 000	20 000
Land Care Programme: Poverty Relief and Infrastructure Development	3 428	3	3	3 599	3 815	4 044
		428	428			
Arts and Culture	35 321	35 321	35 321	46 043	51 619	54 716
Community Library Services	35 321	35 321	35 321	46 043	51 619	54 716
Education	363 153	400 552	400 552	276 843	415 962	538 501
HIV/ AIDS (Life Skills Education)	23 886	23 886	23 886	25 253	27 078	28 703
National School Nutrition Programme	172 111	209 510	209 510	251 590	388 884	509 798
Further Education and Training	167 156	167 156	167 156			
Health	4 134 350	4 266 167	4 266 167	4 540 766	4 970 337	5 231 082
Comprehensive HIV/ AIDS	541 119	649 631	649 631	760 879	866 452	932 511
Forensic Pathology Services	77 472	79 972	79 972	81 584	92 421	97 966
Health Professions Training & Development	610 828	610 828	610 828	614 812	651 701	690 803
Hospital Revitalisation	718 312	718 312	718 312	755 190	798 609	805 967
National Tertiary Services	2 186 619	2 207 424	2 207 424	2 328 301	2 561 154	2 703 835

R thousand	Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term estimates		
	2008/09			2009/10	2010/11	2011/12
Housing	2 579 973	2 654 671	2 654 671	3 187 086	3 771 831	4 322 945
Integrated Housing and Human Settlement Development	2 579 973	2 654 671	2 654 671	3 187 086	3 771 831	4 322 945
Local Government		17 040	17 040			
Disaster relief grant		17 040	17 040			
National Treasury	606 206	606 206	606 206	770 400	936 879	1 082 318
Infrastructure Grant to Provinces						
Health	86 981	86 981	86 981	97 272	110 499	120 063
Education	199 947	199 947	199 947	257 612	365 722	471 205
Transport	315 079	315 079	315 079	411 106	455 925	486 095
Treasury	4 200	4 200	4 200	4 410	4 733	4 955
Public Works	155 265	155 265	155 265	173 983	191 381	202 864
Devolution of Property Rate Funds Grant to Provinces	155 265	155 265	155 265	173 983	191 381	202 864
EPWP Incentive Grant				500		
Sport and Recreation South Africa	44 978	44 978	44 978	63 834	67 664	71 724
Mass Sport and Recreation Participation Programme Grant	44 978	44 978	44 978	63 834	67 664	71 724
Transport	3 265 993	3 265 993	3 265 993	2 832 691	340 660	
Gautrain Rapid Rail Link	3 265 993	3 265 993	3 265 993	2 832 691	340 660	
Overload Control Grant				5 034		
Total conditional grants	11 213 996	11 483 549	11 483 549	13 350 949	10 800 945	11 572 159

The table above shows that the 2008/09 main appropriation was adjusted upwards from R11.2 billion to R11.5 billion due to additional funding made available during adjustments for national tertiary services and the disaster relief grants. The main reasons for the fluctuation in allocations over the 2009 MTEF relates to the phasing out of some conditional grants while others have no additions to their baselines.

The Department of Agriculture has introduced a new Ilima/Letsema Projects grant and Agricultural Disaster Management grant both aimed at assisting South African farming communities and providing relief to farmers affected by natural disasters. Overall, the Department's allocation is expected to grow from R50 million in 2009/10 to R68 million in 2011/12. The Department of Arts and Culture has been allocated R46 million, R51 million and R54 million over the 2009 MTEF period with only one conditional grant (the Community Library Services grant).

The Department of Education's allocation over the 2009 MTEF is R1.2 billion, an annual average growth rate of 39.5 percent. This allocation is to firstly; ensure that all the Quintiles 1 to 3 primary school learners can be fed on all school days and gradually to expand the programme to secondary schools through the National School Nutrition Programme grant. Secondly; the HIV/ AIDS (Life skills education) grant is to coordinate and support the structured integration of life skills and HIV/AIDS programmes across all learning areas in the school curriculum.

The biggest portion of the conditional grant allocation is given to the Department of Health to implement national policies and revitalise hospital services. Conditional grants consist of the Comprehensive HIV/ AIDS grant, the Forensic Pathology Services grant, the Health Professions Training and Development grant, the Hospital Revitalisation grant, the National Tertiary Services grant and a share of the Infrastructure Grant to Provinces as administered by the Treasury. From R4.5 billion in 2009/10, the allocations increase to R4.9 billion in 2010/11 and R5.2 billion in 2011/12. The average annual growth rate during the 2009 MTEF is 7.3 percent and the total allocation is R14.7 billion. The funds will assist to compensate for the effects of inflation and ensure that hospitals are well equipped and modernised. They will also deal with inflation-related increases for goods and services purchased by tertiary hospitals.

The Integrated Housing and Human Settlement Development grant, administered by the Department of Housing, is R3.2 billion in 2009/10, R3.8 billion in 2010/11 and R4.3 billion in 2011/12. The Department receives the second biggest portion of the conditional grant allocation totalling an amount of R11.3 billion over the 2009 MTEF period, at an average annual growth rate of 16.5 percent.

The allocation for the Infrastructure Grant to Gauteng Province is R770 million in 2009/10, R936 million in 2010/11 and R1.1 billion in 2011/12. The expected annual average growth rate is 18.5 percent over the 2009 MTEF period and the total allocation amounts to R2.8 billion. The grant is divided between the

Department of Education (Grade R infrastructure (Quids-Up) and Special School Infrastructure), Department of Health, Department of Public Works, Roads and Transport and lastly Gauteng Treasury. The main focus of these allocations for the Department of Education is to address school infrastructure needs, upgrading schools for learners with special needs; constructing school libraries, laboratories, sports fields and sufficient Grade R classrooms, and improving levels of maintenance. Other departments are also devoting their share of this grant to infrastructure requirements.

The Department of Public Transport, Roads and Works administers the Devolution of Property Rate Funds grant with an allocation growing from R173 million in 2009/10 to R202 million in 2011/12 at an annual average growth rate of 8 percent over the 2009 MTEF. The purpose of this grant is to pay rates and taxes for all provincially owned properties.

The Department of Sport, Arts, Culture and Recreation Mass Sport and Recreation Participation Programme grant is intended to revive and promote sport and recreation activities in communities and schools through mass participation in and development of sport. An amount of R203 million is allocated over the 2009 MTEF to address the purpose of the grant with annual average growth rate of 6 percent.

The Gautrain Rapid Rail Link grant is administered by the Department of Public Transport, Roads and Works. The construction of the Gautrain is in progress and will continue over the next two years. Allocated funds for 2009/10 are R2.8 billion, declining to R340 million in 2010/11 to cover the inflation related costs of the construction.

Lastly, the newly introduced Overload Control grant (Department of Community Safety) is to preserve road infrastructure by ensuring that overloading practices are significantly reduced. The allocation for the 2009/10 financial year is R5 million. Subsequently, it will be funded by the province.

5.4 Departmental receipts

Own revenue is collected by departments and/or agencies and deposited into the Provincial Revenue Fund. It is then generally allocated back to the respective collecting department. The biggest sources of own revenue are motor vehicle licenses, casino taxes, health patient fees, and interest. On average, these four revenue sources account for 98 percent of provincial own revenue. The activities of most provincial departments are not geared towards raising significant revenue with the result that their contribution tends to be small.

TABLE 11: SUMMARY OF DEPARTMENT'S OWN REVENUE PER CLASSIFICATION

R' thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Tax receipts	1 374 291	1 584 491	1 976 530	2 074 966	2 089 892	2 003 916	2 237 666	2 395 232	2 526 335
Casino taxes	388 748	427 034	502 128	536 063	551 006	465 030	593 911	636 414	687 168
Horse racing taxes	25 966	27 111	30 691	32 669	32 652	32 652	32 085	34 331	37 078
Liquor licences									
Motor vehicle licences	959 577	1 130 346	1 443 711	1 506 234	1 506 234	1 506 234	1 611 670	1 724 487	1 802 089
Sales of goods and services other than capital assets	215 871	254 407	385 070	433 071	397 355	489 868	465 677	506 961	572 566
Sales of goods and services produced by department (excl. capital assets)	214 944	254 344	385 026	431 808	396 092	489 837	464 409	505 688	571 150
Sales by market establishments	1	233 144	361 424	2 795	5 549	2 389	3 049	3 504	4 023
Administrative fees	270		426	205	235		237	239	265
Other sales	214 673	21 200	23 176	428 808	390 308	487 448	461 123	501 945	566 862
Of which:									
Health Patient Fees	204 642			318 368	318 365	410 344	354 286	390 750	422 603

R' thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Interest	223 189	227 689	326 019	236 500	128 994	124 547	254 240	273 308	285 607
Sales of scrap, waste, arms and other used current goods (excl. capital assets)	927	63	44	1 263	1 263	31	1 268	1 273	1 416
Transfers received from	1	3			1	304			
Other governmental units (Excl. equitable share and conditional grants)					1	4			
Universities and technikons									
Foreign governments									
International organisations									
Public corporations and private enterprises	1	3							
Households and non-profit institutions						300			
Fines, penalties and forfeits	5 829	6 618	5 370	6 064	6 040	5 890	6 604	6 932	7 261
Interest, dividends and rent on land	232 018	235 419	335 893	260 217	157 141	156 345	279 534	300 256	313 950
Interest	232 018	235 176	335 893	260 217	157 141	156 345	279 534	300 256	313 950
Dividends									
Rent on land		243							
Sales of capital assets	9 610	3 201	2 537	72	120	295	72	72	59
Land and subsoil assets	2 911	2 786	1 643						
Other capital assets	6 699	415	894	72	120	295	72	72	59
Financial transactions in assets and liabilities	68 297	76 469	49 464	44 500	43 236	(4 013)	45 858	46 766	30 478
Total own receipts	1 905 917	2 160 608	2 754 864	2 818 890	2 693 785	2 652 605	3 035 411	3 256 219	3 450 649

Motor vehicle license fees

Motor vehicle licensing is by far the most important and productive own revenue source for the provincial government. Licensing fee collections vary from year to year depending on issues such as live vehicle population, payment of direct charges and escalation in fees. The Road Traffic Act of 1996 provides for collection of motor vehicle licenses, and for agreements between the Department and Metros/local authorities for collection of license fees on an agency basis. The Department pays back an average of 30 percent of the collected sum to those agencies. Gauteng Province has the largest population, estimated at 40 percent, of all vehicles in the country. Therefore, the potential to increase this revenue source is enormous.

Casino taxes

Casino taxes are the second largest contributor to provincial revenue. All casino taxes are collected by the Gauteng Gambling Board (GGB) for a 5 percent commission. A variety of factors, such as unexpected increases in disposable income as a result of low interest and exchange rates and the stable economy, explain the real growth rate of casino taxes. These factors are largely exogenously determined, and make it difficult for the authorities to project casino tax revenue. Exogenous shocks may therefore dramatically reverse the current situation.

Patient fees

Hospital fees are the third largest contributor to provincial revenue. They are mainly generated from the sales of services by public hospitals to private patients in a competitive market. The payments are normally sourced from medical schemes, the Workmen's Compensation Fund, the Motor Vehicle Accident Fund and other government departments such as the national Department of Justice, Safety and Security to which the Department of Health renders a nominal fee-based service. The Department also has a revenue retention agreement with Gauteng Treasury, whereby amounts collected above a set target are appropriated back to the Department to further improve revenue collection, administration and billing systems.

Interest

Interest fees are the fourth largest contributor to provincial revenue. However, being an irregular source, they occasionally generate more than hospital fees. Interest is earned from monies deposited in the Provincial Revenue Fund. This remains one of the most unstable revenue sources for the provincial government, which is to be attributed to the nature of interest rates and variations in the amounts of money invested. Interest revenue depends on a number of factors including the department's investment policy; the depletion of part of the provincial reserves due to spending requirements by departments, and improvements in market analysis. The implementation of further phases of the Intergovernmental Cash Coordination project will place investment powers with the CPD.

TABLE 12: OWN REVENUE RECEIPTS PER DEPARTMENTS

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
OoP	383	258	203	83	83	143	91	100	104
DED	405 381	480 422	547 431	617 007	596 562	514 196	668 680	715 485	772 716
DOH	253 901	264 203	377 642	373 044	372 969	401 909	408 962	445 426	485 045
DOE	22 627	22 411	33 760	16 366	20 075	24 790	16 858	17 500	18 288
DSD	6 563	9 620	4 135	3 487	2 009	2 009	3 670	3 865	4 039
DoH	1 840	2 660	3 375	3 210	2 185	2 343	3 530	3 530	3 530
DLG	386	498	473	296	296	390	460	466	466
DPTRW	980 241	1 141 938	1 448 555	1 557 110	1 557 110	1 566 307	1 666 108	1 782 735	1 865 958
DCS	8 043	8 856	10 105	9 060	9 060	7 584	9 875	10 668	11 546
DACE	761	456	971	1 090	1 444	1 600	1 156	1 225	1 298
SACR	578	402	555	317	244	244	341	346	330
GSSC	2 024	1 185	1 605	1 320	2 754	6 441	1 440	1 565	1 722
GT	223 189	227 699	326 054	236 500	128 994	124 649	254 240	273 308	285 607
TOTAL	1 905 917	2 160 608	2 754 864	2 818 890	2,693,785	2 652 605	3 035 411	3 256 219	3 450 649

The table above provides a detailed breakdown of departmental own revenue receipts for the 2005/06 to 2011/12 financial period. Four departments, the Department of Public Transport, Roads and Works; Economic Development; Health, and Gauteng Treasury contribute the most revenue. The activities of other GPG departments are not geared towards significant revenue generation: their contribution is minimal and varies from year to year.

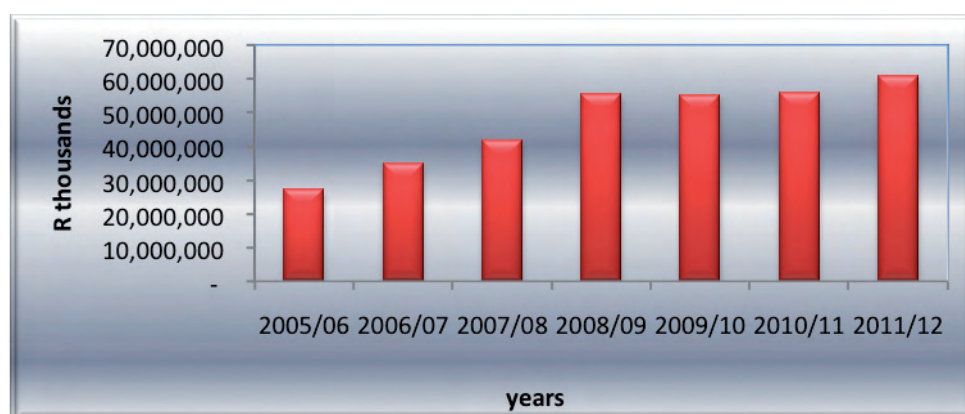
The provincial own receipt shows a growth trend from R1.9 billion in 2005/06 to a R3.5 billion in 2011/12 financial year. The trend depicts a healthy growth rate over seven years. Gauteng Treasury has put in place revenue incentive schemes that are designed to encourage department to put systems in place to enhance their management and collection of own revenues. Departments that collect more get a share of their collection back for the purpose of enhancing their collection systems.

6. PAYMENTS

6.1 Overall position

Total provincial expenditure takes into account the funding of programmes that give effect to provincial priorities, i.e. building Gauteng as a globally competitive city region; accelerating integrated social development and building the capacity and organisation of the state. These priorities will continue to form the basis for continued service delivery over the MTEF, inclusive of additional imperatives identified by the new government. The 2009/10 MTEF budget updates the province's fiscal policy framework and makes to further progress towards provincial goals. Estimated outlays over the MTEF are R55.2 billion in 2009/10; R55.9 billion in 2010/11 and R60.7 billion in the 2011/12 financial years.

FIGURE 7: PROVINCIAL PAYMENTS AND BUDGET ALLOCATIONS



6.2 Payments by vote and economic classification

The table below presents Gauteng Province actual and projected payment estimates for the seven year period from 2005/06 to 2011/12.

TABLE 13: SUMMARY OF PAYMENTS BY VOTE

Department	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Education	10 406 370	11 622 696	13 829 368	16 629 082	16 677 714	17 127 669	18 987 053	20 94 719	23 147 152
Health	9 974 183	11 114 978	13 085 137	13 889 251	14 908 327	16 718 157	16 589 941	18 351 041	19 877 289
Social Development	816 182	1 011 634	1 338 898	1 729 184	1 741 619	1 771 035	1 935 797	2 173 298	2 362 264
Office Of The Premier	103 238	101 105	111 735	135 318	206 417	210 774	207 984	203 917	214 021
Gauteng Provincial Legislature	111 139	144 793	203 041	200 525	235 473	276 371	210 482	220 589	230 943
Economic Development	536 187	655 002	592 160	698 922	913 167	921 859	913 715	1 115 694	1 238 211
Housing	1 673 302	2 137 215	3 056 546	3 101 521	3 339 289	3 834 198	3 757 410	4 202 054	4 773 512
Local Government	128 484	203 389	252 265	224 470	315 020	320 146	238 858	213 911	223 977
Public Transport, Roads And Works	2 080 627	6 226 864	7 124 084	7 612 570	7 699 441	11 637 946	9 841 890	5 819 035	5 873 993
Community Safety	181 538	205 007	299 321	342 464	364 458	364 740	345 475	357 558	374 417
Agriculture, Conservation And Environment	217 346	235 041	297 779	353 811	374 903	374 903	436 843	447 294	481 002
Sport, Arts, Culture And Recreation	172 432	232 806	333 559	415 395	391 477	391 477	358 297	339 134	346 280

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Department	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Gauteng Shared Service Centre	636 351	771 067	1 106 294	1 153 627	1,246 897	1 352 978	1 222 480	1 308 173	1 302 357
Gauteng Treasury	18 510	42 145	111 925	185 549	191 029	191 029	212 896	218 830	229 120
Total payments	27 055 889	34 703 742	41 742 112	46 671 689	48 605 231	55 493 282	55 259 121	55 915 247	60 674 538

TABLE 14: SUMMARY OF PAYMENTS BY ECONOMIC CLASSIFICATION

Department	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	20 207 702	22 638 279	27 457 174	30 96 213	33 397 514	35 804 517	39 133 818	41 276 484	44 916 589
Compensation of employees	14 266 142	15 844 540	19 008 579	21 627 205	22 311 634	23 399 793	25 639 247	27 319 474	29 501 404
Goods and services	5 910 950	6 781 216	8 415 077	9 342 008	11 085 880	12 404 690	13 494 571	13 957 010	15 415 185
Interest and rent on land	110	83	9			25			
Financial transactions in assets and liabilities	30 500	12 440	11 739			10			
Transfers and subsidies (Total):	4 716 355	9 571 900	11 493 517	12 235 507	12 554 753	16 894 079	13 591 987	1 683 255	12 433 630
Provinces and municipalities	552 521	441 113	441 124	513 050	585 963	587 353	532,681	570 242	599 549
Departmental agencies and accounts	732 502	5 007 384	5 324 286	5 572 010	5 435 830	9 245 136	6 139 629	3 221 936	3 007 452
Universities and technikons	69 084	1 641	1 827	755	17 388	22 953	9 595	10 515	10 560
Public corporations and private enterprises	179 885	170 416	95 511	190 111	573 062	574 362	321 369	501 383	597 033
Foreign governments and international organisations	10								
Non-profit institutions	1 432 666	1 712 727	2 580 407	3 102 853	2 856 528	2 900 050	3 048 078	3 403 361	3 672 954
Households	1 749 687	2 238 619	3 050 362	2 856 728	3 085 982	3 564 225	3 540 635	3 975 818	4 546 082
Payments for capital assets	2 131 832	2 493 563	2 813 191	3 466 969	2 652 964	2 794 687	2 533 316	2 955 508	3 324 319
Buildings and other fixed structures	1 179 182	1 880 916	2 263 362	2 822 400	1 882 654	2 130 124	1 993 570	2 397 371	2 747 947
Buildings	771 771	1 659 286	2 146 694	1 697 391	1 776 888	2 021 136	1 956 269	2 326 406	2 580 330
Other fixed structures	407 411	221 630	116 668	1 125 009	105 766	108 988	37 301	70 965	167 617
Machinery and equipment	898 235	544 354	403 286	637 948	763 389	653 676	459 665	533 052	546 283
Transport equipment	3 009	14 923	27 116	249 649	249 649	33 000	30 514	10 539	10 563

Department	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Other machinery and equipment	895 226	529 431	376 170	388 299	513 740	620 676	429 151	522 513	535 720
Cultivated assets	3 214		200						
Software and other intangible assets	23 804	50 056	94 854	621	921	4 887	81	85	89
Land and subsoil assets	27 397	18 237	51 489	6 000	6 000	6 000	80 000	25 000	30 000
Total economic classification	27 055 889	34 703 742	41 742 112	46 671 689	48 605 231	55 493 282	55 259 121	55 915 247	60 674 538

Provincial expenditure has increased from R27.1 billion in 2005/06 and is set to reach a level of R60.7 billion over the seven-year period to 2011/12. The departments that have experienced most budgetary growth over the seven years are Education, which grew by R12.7 billion; Health by R9.9 billion; Public Transport, Roads and Works by R3.7 billion and Housing by R3.1 billion. This seven years trend shows the alignment of the budget with demands in the province for increased provision of social services, for low cost housing to eradicate informal settlements and for improvement of provincial roads and other transport infrastructure, including Gautrain.

During the four-year period from 2005/06 to 2007/08, total expenditure increased significantly, reaching R41.7 billion. This trend is projected to continue to reach an amount of R55.5 billion at the end of the 2008/09 financial year. The significant increase in 2008/09 is attributed to higher than anticipated salary adjustments and an increase in the price of goods and services due to high inflation and baseline adjustments. During this period, the Department of Education rolled out the Education Management Information System and implemented improvements in conditions of service for educators. The Department of Social Development expanded social welfare services through continued partnerships with non-governmental organisations and through constructing and modernising social welfare infrastructure as well as adjusting social workers' salaries. Implementation of infrastructure projects such as the Gautrain Rapid Rail Link, roads construction and maintenance, housing delivery and formalisation of informal settlements also contribute to the upward trend in expenditure.

Table 14 above shows that expenditure is projected to increase further from the 2008/09 adjusted budget of R48.6 billion to R60.7 billion in 2011/12, showing an annual average growth rate of 8 percent. In 2009/10 MTEF cycle, additional funding has been made available for building general capacity in the health sector, dealing with Tuberculosis (XDR and MDR) and for medical goods and services.

The budget of the Department of Health has been increased from R14 billion in 2008/09 to R19.9 billion in 2011/12. The budget contains baseline allocations and additional funding intended for the adjustment of the baselin, reducing infant and child mortality, implementation of OSD and improvement of conditions of service. Funding for the implementation of OSD for doctors, dentists and pharmacists has not been allocated to the Department but will be made available when the implementation plan is finalised at a national level.

There are additional allocations to the Department of Education amounting to R371.1 million, R899.4 million and R1.4 billion over the MTEF years to fund extension of the "No-Fee" policy to quintile 3 schools, to reduce the teacher:learner ratio in quintile 1 schools by increasing the number of teachers, and to making public schools more inclusive. The other key areas receiving funding in the Department relate to personnel, leaner and teacher support material, early childhood development, scholar transport, infrastructure and the Global City Region Academy.

An amount totalling R732 million over the MTEF was allocated to the Department of Social Development to fund the expansion of home and community based care, ECD services for children in conflict with the law, implementation of monitoring and evaluation programmes and implementation of OSD for welfare services.

The other non-social sector departments has been allocated funding totaling R643 million in 2009/10, R851 million in 2010/11 and R841 million in 2011/12. This includes resources for the Gauteng Fund; for the Gauteng Youth Commission to implement youth-related activities; for the construction and maintenance of provincial roads and for commitments to the motor sport events scheduled to take place in the province.

Allocations made to the Department of Public Transport, Roads and Works for key provincial programmes amount to R11.7 billion over the MTEF. These programmes relate to the Gautrain Rapid Rail Link, infrastructure grants, workfare, the Kopanong Precinct project and road infrastructure. The provincial allocation to augment the national funding for the construction of the Gautrain Rapid Link project totals R6.3 billion and a total of R1.6 billion for maintenance and upgrading is allocated to augment the road infrastructure conditional grant over the MTEF. The balance of the provincially earmarked allocations relate to the subsidy for the bus service inherited from the North West Province through the demarcation process, the GPG precinct (R772.7 million) and workfare programmes (R627.8 million).

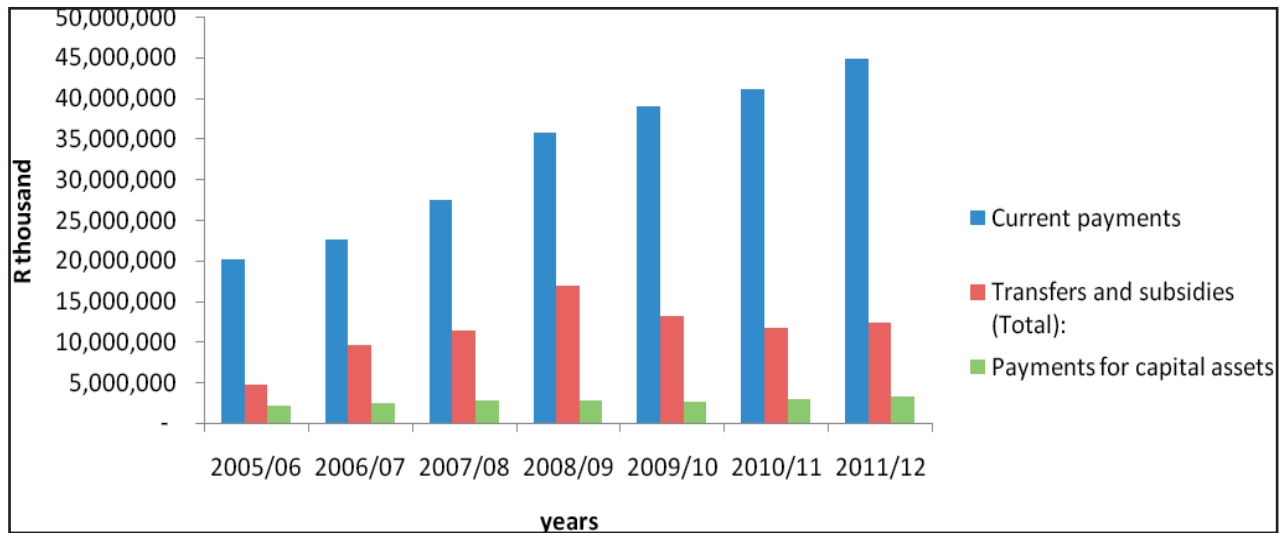
Total payments and estimates by economic classification reveal that over the seven-year reporting period, current payments account for approximately 70 percent, followed by transfers and subsidies which account for 20 per cent. Payments for capital assets constitute 10 percent on average. Compensation of employees grew by an annual average of 17.9 per cent between 2005/06 and 2008/09 and continues to grow steadily at an annual average rate of 8 per cent from 2008/09 to the outer year of the MTEF. The growth in expenditure on personnel relates to all aspects of personnel policy including, general salary increases, carry-through costs for personnel and increases in the departmental establishment and OSD.

Goods and services expenditure increased by 28 percent from 2005/06 to 2008/09. This results from the procurement of learner support material and medical supplies; minor maintenance of provincial infrastructure such as schools, buildings, roads, etc, and other administrative costs. The implementation of provincial strategies including the Social Development Strategy, the Human Resource Development Strategy, and the Gauteng Safety Strategy contributed to this growth. Expenditure projections show that goods and services will increase at an annual average of 7.5 percent from 2008/09 to 2011/12.

Total transfer and subsidy allocations are inclusive of current and capital transfers and subsidies. The major expenditure for current transfers and subsidies represents transfers to non-governmental organisations which undertake services such as HIV/AIDS community home based programmes, services to children living in the street, support to abused women and children, health care on behalf of government, school funding and the Gautrain Rapid Rail Link project. Between 2005/06 and 2008/09, transfer payment expenditure grew by an annual average of 53 percent mainly due to Gautrain related expenditure.

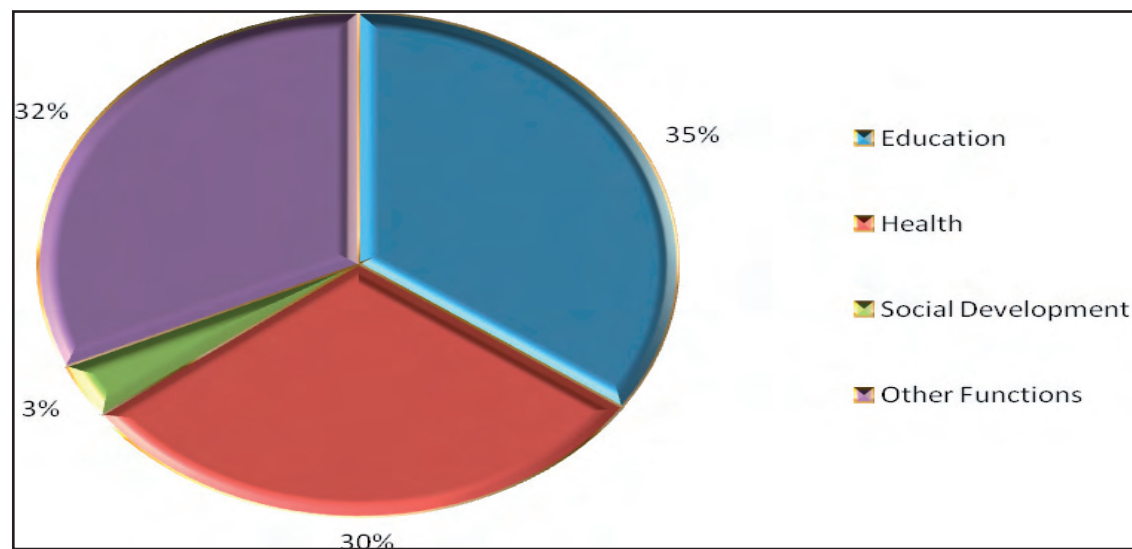
The majority of payments under capital assets expenditure fund the construction of new schools to address the backlog caused by in-migration in the province; the construction and revitalisation of health facilities and the construction of provincial roads. The period 2005/06 to 2008/09 experienced expenditure growth of 9.4 percent on average following the implementation of the Infrastructure Improvement Development Programme in the Departments of Education; Public Transport, Roads and Works, and Health. Over the medium term, payments for capital assets expenditure are expected to grow by 6 percent on average from the 2008/09 adjusted budget to the outer year of the MTEF.

FIGURE 8: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION



6.3 Social and non-social sector split

FIGURE 9: SOCIAL AND NON-SOCIAL SECTOR SPLIT



The overall social sector is comprised of the Education, Health and Social development sectors.

The chart above shows the percentage share of these sectors in relation to total provincial outlay. The social sector takes 68 percent of the provincial outlay, with Education standing at 35 percent, Health taking a share of 30 percent and Social Development accounting for 3 percent of the provincial estimates. The sector classified as 'other' constitutes 32 percent. This includes the economic and governance sectors.

The social sector's growth is mainly driven by the provincial commitment to firstly; deliver public services such as public education, school infrastructure and compensation for educators, secondly; the delivery of public health and medical services such as primary health care, health infrastructure and the cost of health personnel and lastly; the delivery of social welfare infrastructure and the social welfare services through non-governmental institutions.

6.4 Payments by policy area

TABLE 15: PAYMENTS BY POLICY AREA

	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
General Public Service	997 722	1 262 499	1 785 260	1 89 489	2 194 836	2 351 298	2 092 700	2 165 420	2 200 417
Public Order & Safety	181 538	205 007	299 321	342 464	364 458	364 740	345 475	357 558	374 417
Economic Affairs	2 810 601	7 093 187	7 987 038	8 612 724	8 936 992	12 884 189	11 111 254	7 298 487	7 505 664
Environment	23 559	23 720	26 985	52 579	50 519	50 519	81 194	83 536	87 542
Housing and Community amenities	1 673 302	2 137 215	3 056 546	3 101 521	3 187 289	3 834 198	3 757 410	4 202 054	4 773 512
Health	9 974 183	11 114 978	13 085 137	13 889 251	14 908 327	16 718 157	16 589 941	18 351 041	19 877 289
Recreation, culture and religion	172 432	232 806	333 559	415 395	391 477	391 477	358 297	339 134	346 280
Education	10,406 370	11 622 696	13,829 368	16 629 082	16 677 714	17 127 669	18 987 053	20 944 719	23 147 152
Social protection	816, 82	1 011 634	1 338 898	1 729 184	1 741 619	1 771 035	1 935 797	2 173 298	2 362 264
Total provincial payments by policy area	27 055 889	34 703 742	41 742 112	46 671 689	48 453 231	55 493 282	55 259 121	55 915 247	60 674 537

Classification of expenditure relates not only to economic classification but also by functions; this is known as classification by policy area. It is designed to show how the provincial outlay is shared amongst various government services. The functional areas in the table above reflects the outcomes from 2005/06 to 2007/08 financial year, the main estimates, the adjusted budget and the revised estimates for the current financial year, as well as the estimates of provincial expenditure over the 2009 MTEF.

The budget grows from R27.1 billion in 2005/06 to an estimated R60.7 billion in 2011/12, a growth of almost 30 percent over seven years. Major spending appears in the following functional areas; provision of public education, health care services, economic development initiatives, and housing and community amenities. The budget for these policy areas accounts for a major share of expenditure over the medium term period.

6.5. Transfers to local government

TABLE 16: TRANSFERS TO LOCAL GOVERNMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimates	Medium term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Category A	339 406	298 744	356 459	406 240	403 925	403 326	425 222	461 715	486 735
Ekurhuleni Metro	159 010	92 781	155 152	177 073	176 673	176 673	186 776	200 857	211 747
City of Johannesburg	119 572	114 198	143 019	157 304	156 389	155 789	163 852	181 398	191 468
City of Tshwane	60 499	91 765	58 288	71 863	70 863	70 864	74 594	79 460	83 520
Category B	1 467	1 015	18 628	28 842	83 556	84 155	36 151	34 848	34 904
Nokeng Tsa Taemane		39	2 387	2 490	14 691	14 341	4 417	3 363	3 130
Kungwini	55	76	828	3 475	21 300	21 300	3 737	4 935	5 182
Emfuleni		686	3 111	5 482	1 323	2 751	5 288	6 556	6 563
Midvaal			1 739	1 544	2 185	2 185	3 436	2 442	2 449
Lesedi		39	1 947	3 421	4 196	4 196	5 095	4 846	4 853
Magale City		88	4 597	4 540	20 967	20 488	4 426	4 362	4 369
Randfontein	10	49	2 280	4 091	14 954	14 954	6 226	4 772	4 779

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimates	Medium term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Westonaria	1 400	19	1 461	2 599	2 740	2 740	3 526	3 572	3 579
Merafong	2	19	278	1 200	1 200	1 200			
Category C	157 595	122 345	64 148	77 968	79 778	79 778	70 867	70 620	74 200
Metsweding	16 038	14 309	2 715	14 272	2 820	2 820	4 170	1 820	1 820
Sedibeng	76 617	59 335	33 860	35 570	35 667	35 667	36 920	38 470	40 360
West Rand	64 940	48 701	27 573	28 126	41 291	41 291	29 777	30 330	32 020
Total transfers to local government	498 468	422 104	439 235	513 050	567 259	567 259	532 240	567 183	595 839

In terms of section 43(2a)(i) of the Division of Revenue Act, 2009, the Gauteng Provincial Treasury is required to publish the transfer allocations to local government as budgeted by each department by means of a Gazette. These allocations must also be published in the budget documents of the provincial Treasury.

The aim of gazetting the budgetary allocations to be transferred to municipalities is to ensure that municipalities are aware of the cash inflow from respective provincial departments to allow them to effectively include such allocations in their service delivery plans for coming years. The practice of gazetting these transfers also promotes the government's role of promoting good governance, intergovernmental relations, transparency and accountability by relevant institutions.

The above table shows actual and estimated transfers to local government over a seven-year period. On average, actual transfers decreased by 6.1 percent from 2005/06 to 2007/08. The most significant decrease appears in category C, which decreased by R93 million from R157 million in 2005/06 to R64.1 million in 2007/08. The total transfers to municipalities increased by 16.8 percent from R439.2 million in 2007/08 to R513 million in 2008/09. Category B was adjusted upwards from R28.8 million to R83.6 million while category A decreased slightly by 0.6 percent from R406.2 million to R403.9 million in the 2008/09 financial year.

Over the MTEF period, total transfers to municipalities increase by R83 million from 2008/09 to 2011/12. Table 16 reflects total transfers to local government by the following departments for the purposes mentioned hereunder:

- Gauteng Treasury: Municipal intern grant for capacity enhancement in identified municipalities
- Department of Agriculture, Conservation and Environment: Technology development and support, and sustainable resource management
- Department of Economic Development: Financial support for local economic development (LED) projects
- Department of Health: Primary health care and emergency medical services
- Department of Sport, Arts, Culture and Recreation: Cultural affairs, library information services, sport and recreation; and recapitalisation of community libraries
- Department of Local Government: For HIV/AIDS programmes, local government capacity building and LED support

6.6. Transfers to public entities

TABLE 17: TRANSFERS TO PUBLIC ENTITIES

R Thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1 Gauteng Economic Development Agency	30 600	42 500	70 486	57 000	57 000	57 000	57 000	57 000	59 565
2 Gauteng Tourism Agency	31 700	33 500	40 500	44 500	44 500	44 500	49 500	52 500	52 500
3 Gauteng Film Commission	4 700	14 100	48 550	3 550	3 550	3 550	20 000	20 000	20 000

R Thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Entity name	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
4 Gauteng Enterprise Propeller	73 000	80 000	103 009	53 650	53 650	53 650	136 324	142 459	144 870
5 Blue IQ Investment Holdings(Pty)Ltd	177 018	157 231	93 211	187 211	346 211	187 211	314 781	488 683	587 784
6 Gauteng Gambling Board		9 213							
Total transfers to public entities	317 018	336 544	355 756	345 911	504 911	345 911	577 605	760 642	864 719

The provincial public entities indicated in table 17 (above) are responsible for implementing the socio-economic development policies that the Department of Economic Development formulate.

Gauteng Economic Development Agency (GEDA) is the official economic, investment and trade promotion agency that identifies and markets investment opportunities in the province. It's expenditure rose from R30.6 million in 2005/06 to R70.5 million in 2007/08. Allocations will remain at a level of R57 million between 2008/09 and 2010/11 and increase to R59.6 million in 2011/12. EXCO approved a new strategy that will position GEDA as a Development Agency for the Global City Region in 2007/08.

Gauteng Tourism Agency (GTA) which aims to create a world-class destination that will attract tourists, business people and other visitors in order to contribute to the province's economic growth spent a total of R105.7 million during the first 3 years under review. Its allocations will increase from R49.5 million in 2009/10 to R52.5 million as from 2010/11. The Gauteng Tourism Development Strategy that GTA finalised during 2007/08 was adopted by EXCO in October 2007. The aim of the strategy is to position the province as a globally competitive tourism destination within the GPG's Global City Region Perspective.

Blue IQ aims to deliver strategic economic infrastructure to catalyse economic growth and contribute to job creation. The Blue IQ is indicated to have shifted the provincial economy to a higher level of development (i.e. higher output, investment, and slow down in job shedding). Its expenditure ranged between R93.2 million and R177 million during the first 3 years. Allocations will increase from R314.8 million in 2009.10 to R587.8 million in 2011/12. One of its contributions to the provincial economy is through the hosting of international motor sports events in 2008/09.

The balance of the R2.2 billion allocated to the public entities over the MTEF relates to the development and promotion of the film and audiovisual industry through the Gauteng Film Commission and also relates to the promotion and support of small, medium and micro enterprises through the Gauteng Economic Propeller.

6.7. Transfers to Public Private Partnership

TABLE 18: TRANSFERS TO PPP

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Projects under implementation	55 564								
PPP unitary charge									
Advisory fees	10 315								
Revenue generated (if applicable)									
Project monitoring cost	45 249								
New projects		11 000	12 000	12 600	12 600	12 600	13 320	167 000	434 000
PPP unitary charge								167 000	434 000
Advisory fees		11 000	12 000	12 600	12 600	12 600	13 320		
Project monitoring cost									
Total	55 564	11 000	12 000	12 600	12 600	12 600	13 320	167 000	434 000

There are two departments to which the PPP projects relate during the 7-year period under review, namely Economic Development in 2005/06 and Health from 2006/07 onwards.

Economic Development is responsible for the Cradle of Humankind project and the Dinokeng project. The Cradle of Humankind is a world heritage site that is fast becoming a premier tourist attraction in the north-western region of Gauteng. Dinokeng is a game reserve situated in the north-eastern quadrant of the province that was established as a premier tourist destination.

In implementing these projects the Department incurred expenditure totalling R55.6 million, comprising R10.3 million advisory fees and R45.2 million project monitoring cost. The complexity of issues regarding the site hindered the progress of the project. Given that payments on the projects are based on milestones reached, there is no expenditure incurred while the Transaction Advisory team (comprising of legal, environment, financial, engineering specialists, etc) has been working on resolving the complexity of site matter. Now that the matter is resolved the project is expected to continue.

Health is responsible for the construction of the Chris Hani Baragwanath Hostipital (CHBH). Expenditure on advisory fees increased from R11 million in 2006/07 to R12 million in 2007/08. Allocations for advisory fees will increase to R12.6 million in 2008/09 to R13.3 million in 2009/10.

The project relates to the transformation of the CHBH to a tertiary facility that will provide health services based on referrals from the district health facilities. The period between 2006/07 and 2009/10 relates to the feasibility study on the PPP arrangement for the administration and operation of the hospital. It is scheduled that the commissioning and construction phase of the project will commence in 2010/11. The commissioning phase relates to site enablement, i.e. rezoning, technical viability, etc. The province has committed a total amount of R601 million for this phase.

Key achievements to date include completion to the feasibility study, which indicates the magnitude of the project and the implementation approach; and the commencement of the Treasury approval review process that relates to the affordability and/or financial assessment of the project.

6.8. Provincial personnel numbers

TABLE 19: PROVINCIAL PERSONNEL NUMBERS

Personnel numbers	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012
Office Of The Premier	177	170	158	292	313	313	313
Provincial Legislature	191	211	252	309	311	311	311
Economic Development	281	226	334	320	354	354	354
Health	42 475	45 246	47 262	50 053	50 053	50 473	51 052
Education	63 028	63 028	72 919	72 919	73 919	73 919	73 919
Social Development	1 889	2 216	2 750	2 810	3 110	3 110	3 250
Housing	669	758	886	1 167	1 311	1 311	1 131
Local Government	408	706	823	951	951	951	951
Public Transport, Roads And Works	3 078	3 926	4 485	4 485	5 046	5 046	5 046
Community Safety	739	776	904	1 184	1 184	1 184	1 184
Agriculture Conservation and Environment	838	950	848	1 098	1 100	1 100	1 100
Sport, Recreation, Arts and Culture	286	368	375	448	448	448	448
Gauteng Shared Service Centre	1 317	1 411	1 763	1 763	1 763	1 763	1 675
Gauteng Treasury	38	80	168	234	280	284	284
Total provincial personnel numbers	115 414	119 745	133 927	138 033	140 143	140 567	141 018

Table 19 indicates the number of personnel per provincial department from 31 March 2006 to 31 March 2012. Over this period, numbers increase from 115 414 to 141 018, with the Departments of Health and Education constituting the majority share of personnel components. The majority of the personnel numbers appears under the Department of Education and Health is due to the fact that these departments employ more personnel for the delivery of educational and health care services.

The main component of the provincial personnel profiles is attributed to the number of educators and administrative support staff in the Department of Education; the employment of nurses and doctors by the Department of Health and other professionals. The Department of Public Transport, Roads and Works, on the other hand employs more personnel that is responsible for the construction and maintenance of the provincial infrastructure.

The table further shows an increasing trend in the number of personnel over the 2009 MTEF, which signifies the provincial government's contribution to halving unemployment and creating sustainable job opportunities and ultimately increase its capacity to deliver public services effectively and efficiently.

6.9. Provincial payments on training

TABLE 20. PROVINCIAL PAYMENTS ON TRAINING

Payments on training	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Office of the Premier	1 795	1 382	1 150	1 549	1 549	1 565	779	822	859
Provincial Legislature	1 254	1 052	1 035	2 305	2 305	1 137	2 408	2 528	2 680
Economic Development	2 176	338	2 359	12 900	12 900	12 900	13 271	13 687	14 410
Health	30 381	43 026	46 122	51 285	51 285	51 285	55 985	58 938	61 550
Education	85 833	89 340	49 737	217 309	217 309	217 309	343 897	321 918	336 404
Social Development	2 231	2 894	3 320	9 953	9 953	9 953	7 044	7 634	7 978
Housing	1 407	1 600	2 165	3 000	3 000	3 000	3 500	4 000	4 000
Local Government	1 100	1 051		1 062	1 062	1 062	1 131	1 146	1 146
Public Transport, Roads And Works	16 090	6 949		15 407	8 305	38 039	16 793	16 793	16 793
Community Safety	1 909	1 090	1 090	1 530	1 530	1 530	1 637	1 759	1 759

Payments on training	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Agriculture									
Conservation and Environment	4 509	6 236	6 986	7 413	7 413	7 413	7 865	8 327	8 827
Sport, Recreation, Arts and Culture	3 797	742	363	900	900	900	2 000	2 500	2 500
Gauteng Shared Service Centre	1 080	831	2 773	1 830	2 592	2 592	1 940	2 056	2 180
Gauteng Treasury	521	574	816	895	895	895	1 030	1 030	1 030
Total Provincial Payments on Training	154 083	157 105	117 916	327 338	320 998	349 580	459 280	443 138	462 116

Skills development is one of the major challenges in the province. In an endeavour to develop a multi-skilled workforce, provincial departments have budgeted for the training of personnel in terms of the Skills Development Levies Act. Training for all departments is guided by their annual Workplace Skills Plans, which are in turn aligned with individual performance plans of personnel in departments. Training is provided on the job and through external service providers. The total expenditure incurred in the previous years and to be spent over the medium-term includes payments for tuition, subsistence on travel and bursaries offered to staff in the departments.

In 2005/06, provincial expenditure on training amounted to R154 million, and it is estimated to increase to R462 million in 2011/12. The Department of Education has the largest percentage of the total spend over the seven-year period. The Department embarks on a number of formal and certified programmes for Chief Specialist Educators and public service personnel. The Gauteng City Region Academy, an institution that aims to provide comprehensive training and development interventions to address scarce and critical skills and to build executive leadership competencies as part of building human capital for the Gauteng City Region as the employer of choice. The Academy is designed to assess capacity and to implement human resource development strategies to assist where gaps exist, including the skills needed within local government. The expenditure for the Department of Health relates only to administrative training and the implementation of generic training programmes.

The table above does not take into account the training outlay in the health sector funded through the health training and sciences grant from national, which is meant to fund training and capacity development of nurses and paramedics provided at nursing and ambulance training colleges. The department ensures that these professionals are trained or they enhance their skills at colleges through offering bursaries and skills development packages to ensure that they deliver quality health care services.

6.10. Provincial infrastructure payments

TABLE 21: PROVINCIAL INFRASTRUCTURE

Programme	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
New infrastructure assets	1 671 408	3 083 281	7 057 190	8 440 381	8 465 568	8 987 054	9 275 684	7 092 746	7 633 432
Gautrain				4 765 993	4 766 993	4 766 993	5 212 691	2 430 660	2 188 230
Other new				374 064	374 064	309 779	122 767	35 111	-
Existing infrastructure assets	1 408 652	1 215 112	2 437 988	2 898 056	3 095 523	3 184 188	3 334,574	3 870 933	3 908 855
Maintenance and repair	539 978	299 015	983 795	987 080	978 857	987 567	1 281,725	1 436 695	1 502 436
Upgrading and additions	591 458	566 929	1 211 157	1 405 667	1 429 395	1 732 563	1 860 345	2 046 970	1 987 496

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	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Programme	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Rehabilitation and refurbishment	277 216	349 168	243 036	505 309	687 271	464 058	192 505	387 268	418 923
Current infrastructure	539 978	299 015	983 795	987 080	978 857	990 160	1 366 225	1 527 776	1 593 517
Capital infrastructure	2 540 082	3 999 378	8 511 383	10 351 357	10 582 234	11 109 024	10 895 083	9 330 875	9 978 351
Total DPTRW infrastructure	3 080 060	4 298 393	9 495 178	11 338 437	11 561 091	12 171 242	12 610 258	10 963 679	11 542 287

The provincial Infrastructure programme includes payments for capital assets (which is mainly departmental capital spending as discussed earlier), capital transfers (mainly housing programmes and special infrastructure projects to promote economic growth and development), maintenance (routine, planned and emergency maintenance) and other capital projects.

Table 21 above shows the infrastructure investment for each department according to the new construction, rehabilitation/ upgrading, maintenance and other capital projects categories for 2009/10, 2010/11 and 2011/12.

The infrastructure total allocation amounts to R35.1 billion over the MTEF, out of which a total of R24 billion (or 68 percent) relates to the new infrastructure assets. Included in the new infrastructure assets are the Gautrain Rapid Rail Link allocation of R9.9 billion and housing allocation of R8.5 billion. The balance of the allocation relates to the maintenance, upgrading and rehabilitation of existing infrastructure assets.

Table 22 below presents the infrastructure programme per department. The combined allocation of Public Transport, Roads and Works as well as Housing amounting to R26.3 billion forms 75 percent or the largest share of the total provincial infrastructure programme. The Gautrain Rapid Rail Link project and the rehabilitation of the infrastructure are the main drivers of the Public Transport, Roads and Works' infrastructure programme. The largest portion of Housing allocation is in the form of new construction.

TABLE 22: GPG MTEF INFRASTRUCTURE PROGRAMME PER DEPARTMENT

R thousand	Adjusted appropriation	Revised estimate	Medium-term estimates		
			2009/10	2010/11	2011/12
Health	1 608 746	1 356 300	1 560 566	1 963 229	2 205 745
Education	699 080	812 637	754 710	888 139	1 016 719
Social Development	198 856	190 322	155 420	134 510	139 424
Housing	2 829 671	3 515 187	3 432 086	3 859 831	4 415 081
Public Transport, Roads and Works	6 224 738	6 296 796	6 707 476	4 117 970	3 765 319
Total infrastructure	11 156 091	12 171 242	12 610 258	10 963 679	11 542 288

Further details on department specific capital projects are contained in the Budget Statement 3.

7. CONCLUSION

The Gauteng Provincial Government has from the beginning of the 2004 electoral cycle, increased its resource allocation to ensure that the priorities of government are achieved. The socio-economic outlook of the province and the global economic downturn has recently presented challenges to be faced ahead, but Gauteng takes pride in that with these challenges, it shall continue with programmes that will make Gauteng a better place to live in. This year's budget showcases the commitment that the province has in delivering quality services that will improve the lives of the people of Gauteng and maximise the social and economic benefits to all.