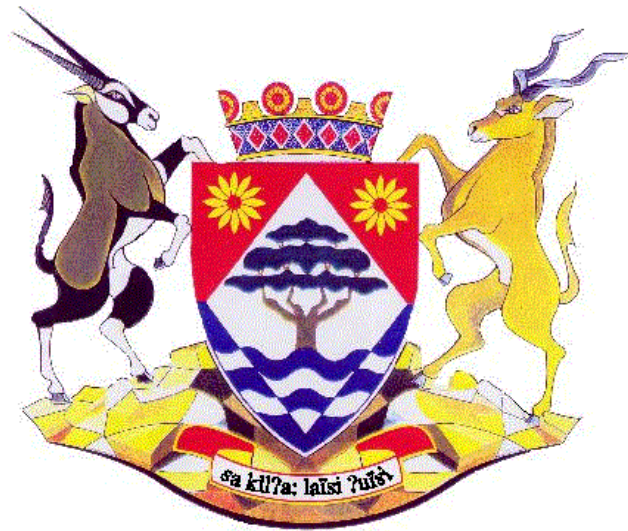


BUDGET STATEMENT 2009

**MEDIUM - TERM EXPENDITURE
FRAMEWORK**

2009/10-2011/12

**NORTHERN CAPE
PROVINCIAL GOVERNMENT**



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Foreword

By

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The government's broad developmental agenda remains the same to a great extent except for expansion of existing policy imperatives directed mainly at health, education and anti-poverty programmes. This budget further gives practical effect to policy commitments focused on growth, employment creation and social cohesion. Improving education and health care and the acceleration of infrastructure delivery remains central in the 2009/10 budget.

The challenge however, is that the 2009/10 budget is tabled against a background of a significant deterioration of both global economic environment and the domestic economic outlook, as indicated in the Minister of Finance's budget speech. Consequently this has led to a much faster than anticipated slow revenue growth resulting in a smaller growth in the provincial equitable share.

In view of the above, the 2009/10 provincial budget framework seeks to actively achieve the identified objectives through efficiency in spending and thereby rooting out waste, and the phasing out of ineffective programmes. This exercise is intended to ensure that funds are directed to service delivery rather than non-essential spending particularly operational costs.

The current strategy of limiting cash requisitions of departments based on the available budget is certainly curtailing over expenditure and this exercise will be continued in the new financial year. Departments will therefore be expected to review past performance which will provide essential feedback for spending on core activities which will add impetus in 2009/10.

In respect of Public Entities the Provincial Treasury will put more effort and capacity around the monitoring of both spending and performance to ensure that government derives value for money, henceforth Public Entities will for the first time be required to submit monthly expenditure reports in line with the requirements of the Public Finance Management Act.

Through dedicated efforts of Provincial Treasury the province formulated a budget credible in character, based on the principles of allocative efficiency and geared towards intensifying the fight against poverty and underdevelopment.

Progress since 1994 indicate that while both economic growth and government services have contributed to rising living standards across a broad range of indicators, however, high unemployment rate, shortcomings in the quality of health services and education outcomes stand out as challenges which will require extensive effort to reprioritize individual departmental budgets to ensure that the poor are protected against the effects of global economic recession.

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Budget Statement 1:

Budget Overview

BUDGET STRATEGY AND AGGREGATES

Introduction

The Northern Cape's 2009 Budget flow from the government's developmental priorities as identified in the medium-term strategic framework (MTSF) and the government's Programme of Action, as well as the "apex priorities". The spending priorities for the 2009 MTEF period include the following:-

- Improving the capacity and effectiveness of Departments to deliver services, and enhance service delivery.
- Continue to improve the quality of education and health and other social services by intensifying targeted anti-poverty initiatives.
- Enhancing job creation by supporting labour intensive projects and expanding employment-creating government programmes through Expanded Public Works Programme (EPWP).
- Enhancing the productive capacity of the economy, and investing in economic and social infrastructure to accelerate growth.
- Investing in human development and training.
- Ensure that key social and employment generating programmes in education, health, social development, housing, agriculture and roads and transport should continue to meet the broader social and developmental objectives of government.
- Ensure that non-core spending areas in departments are scaled down considerably.

In intensifying its developmental agenda, the provincial funding framework is informed by the following:

- National and Provincial priorities;
- A balance between National and Provincial policy imperatives;
- Acceleration of infrastructure spending;
- Continuing efforts to realise economic growth in the province;
- Progress in implementing the identified policies; and
- Acceleration in implementing infrastructure projects in line with IDIP processes.

The provincial funding framework is by large informed by the Medium Term Budget Policy Statement which takes into account the Government's Programme of Action which seeks to enhance social, cultural, and economic welfare of all the citizens of the province.

The strategic thrust emanating from the Premier's State of the Province Address is centred on the following broad objectives of the Northern Cape government:

- The reduction and eradication of poverty;
- Job creation and opportunities for all;
- Improving the level of skills and expertise;
- Deepening health care for all;
- Enhancing the capacity of local government to deliver more efficient social services;
- Dealing with the abuse of women and children and neglect of the elderly; and
- Creating an enabling environment for greater participation of differently-abled people.

Major Policy Priorities

The Medium Term Budget Policy Statement places a balance between competing priorities on public spending – the need to address immediate priorities with the longer-term requirements of the province’s needs remains critical. The 2009 MTEF budget makes provision for the scaling up of the School Nutrition Programme Grant and School Safety Infrastructure in Education department.

In Health, provision has been made for medical goods and services to counter the effect of medical inflation, Comprehensive HIV and Aids programmes and to accelerate health infrastructure amongst others.

Other budget priorities include the following;

- Investment in Agriculture through the Comprehensive Agricultural Support Programme and Letsema/Ilima.
- Funding road infrastructure through Infrastructure Grant to provinces and Expanded Public Works Programme.
- Enhancing social infrastructure through the acceleration of housing projects.
- Additional funding for Improvement of Conditions of service (ICS) personnel adjustments.

1.2 Summary of budget aggregates

Table 1: Summary of the main revenue and payment components of the budget.

Table 1 : Provincial budget summary

Project description R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Provincial receipts									
Transfer receipts from national	3 708 236	4 367 483	5 798 359	6 637 676	6 863 152	6 863 152	7 970 607	8 857 077	9 581 274
Equitable Share	3 142 085	3 451 507	4 637 822	5 340 965	5 464 846	5 464 846	6 192 507	6 801 249	7 320 267
Conditional grants	566 151	915 976	1 160 537	1 296 711	1 398 306	1 398 306	1 778 100	2 055 828	2 261 007
Provincial own receipts	110 927	127 049	141 258	145 635	145 635	152 304	141 066	149 818	167 128
Total Provincial receipts	3 819 163	4 494 532	5 939 617	6 783 311	7 008 787	7 015 456	8 111 673	9 006 895	9 748 402
Provincial Payments									
Current payments	3 080 605	3 470 976	4 543 992	5 207 535	5 455 332	5 734 070	6 024 382	6 618 063	7 139 948
transfers and subsidies	500 206	524 316	711 803	761 084	785 565	823 374	980 329	1 061 945	1 185 967
payments for capital assets	369 947	570 144	679 175	720 161	821 116	797 765	936 047	1 108 413	1 189 634
unallocated contingency reserves									
Total Provincial receipts	3 950 759	4 565 436	5 934 970	6 688 780	7 062 013	7 355 209	7 940 758	8 788 421	9 515 549
Surplus/(deficit) before financing	(131 596)	(70 904)	4 647	94 531	(53 226)	(339 753)	170 916	218 474	232 853
Financing									
Provincial rollovers	134 151	-	-	-	-	-			
Other	88 794	75 933	-	470	147 756	147 756	(69 960)	(86 777)	(103 806)
Debt Redemption					(40 000)	(40 000)	(95 000)	(95 000)	(95 000)
Surplus/(deficit) after financing	91 349	5 029	4 647	95 001	54 530	(231 997)	5 956	36 697	34 047

Total Provincial receipts is projected to increase at an average annual rate of 16 per cent over the MTEF from an adjusted budget of R7,008,787 million in 2008/09 to R9,748,402 million in 2011/12. This is mainly attributed to transfers from National Treasury. At the same time, receipts sourced internally (own receipts) increases from R145,635 million in 2008/09 to R167,128 million in 2011/12, representing an average annual growth rate of 1.4 per cent .

Financing

The province emanates its financing mainly through national transfers which relates to equitable share and conditional grants as well as provincial own receipts which accounts for 1.8 per cent of the total provincial budget.

Surplus

The province projects a net surplus of R170.916 million in 2009/10, R218.474 million in 2010/11 and R232, 583 million in 2011/12. Included in the surplus are the amounts of R56.545 million in respect of Government Employees Medical Scheme (GEMS) and R13.415 million for Occupation Specific Dispensation (OSD – Doctors). The money earmarked for Doctors’ OSD has not been allocated to the Department of Health because the framework has not been finalised.

The Province budgeted for a surplus of R95 million to finance the accumulated unauthorized expenditure which was incurred by provincial departments during the previous financial years.

2. BUDGET PROCESS AND MEDIUM-TERM EXPENDITURE FRAMEWORK

Budget process

Government uses the budget process to help set fiscal priorities, allocate resources and achieve policy objectives. These activities span many months and involve every department of the provincial government. Section 215 of the Constitution recognises the importance of the Budget and the budget process, by stating that “national, provincial and municipal budgets and budget processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector”. Chapter 4 in both the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA) give effect to this provision, by requiring transparency in the budget process and budget documents.

Our provincial budget process is linked to the national budget process to ensure synergy during the implementation stage. To give further impetus to the credibility of the budget process, all provincial departments are required to submit their departmental budget process linked to the provincial budget process. The budget process is submitted to the Executive Council for endorsement.

The provincial budget process commenced with Provincial Treasury issuing the budget process schedule which clearly outline the responsibility of all role players towards the crafting of a credible budget. Subsequent, the provincial departments and the legislature are expected to review their annual performance plans for the MTEF period. This process involves the entire staff of the respective votes to ensure correct alignment and buying in by everybody towards the same vision.

Provincial Treasury in the reviewing of these plans, offer advisory services to ensure that the norms and standards as set out by National Treasury are adhered to and the different strategic objectives set out by the departments follow the SMART principle and are within the available resources.

Provincial Medium-Term Expenditure Committee (PMTEC)

The entire department’s budget estimated proposals are deliberated extensively during the bilateral PMTEC discussions between National Treasury, Provincial Treasury and provincial departments, furthermore, MEC’s bilateral follow after the PMTEC to deal with policy imperatives at a political level.

Where necessary, departments must make separate presentations on provincial priorities, public agencies and entities as outlined in the guidelines. All proposals should be linked to national and provincial priorities and show a clear alignment with the Provincial Growth and Development Strategy of the province.

The continuity in planning and budgeting over the medium-term is deepened by strengthening the link between the overlapping periods covered by the 2009/10 to 2009/12 strategic plans and the new 2009 MTEF.

The budget process consists of the following five key stages

- National and Provincial policy priorities;
- Preparation of new MTEF submission / Review of 2009/10- 2011/12 strategic plans;
- Proposed medium term budget allocation process: Recommendation stage (evaluate changes in baseline in relation to priorities and spending plans);
- Approved medium term budget allocation process: Decision stage (Cabinet / Executive Council approves 2009/10- 2011/12 allocations) and
- Preparation and tabling of Budget Statements.

Municipal Finance Management Budget Process

- The Municipal Finance Management Act, No. 56 of 2003 (MFMA) requires municipalities to table their budgets at least ninety (90) days before their financial year. This is preceded by an intense process of consultations with communities on the IDP review. After tabling the budget municipalities must consult with other stake-holders, i.e. local communities, provincial and national government. The other stake-holders are afforded an opportunity to comment on the tabled budget. The municipality is required to consider these views before approving its budget.
- It is important that the municipal budget takes into consideration priorities as identified in the IDP, national and provincial. In determining their revenue it is important that municipalities be realistic, and ensures that the budget is fully funded.
- The council of the municipality must consider the annual budget for approval at least thirty (30) days before the start of the financial year. Should the municipal council not be able to approve the budget, council must reconsider the budget and vote on it again, within seven (7) days. This must be repeated until council approves the budget, but before the start of the financial year. Should council fail to approve the budget before the start of the financial year, the provincial executive council must intervene in the municipality in terms of section 139(4) of the Constitution. To date it has not been necessary for the province to intervene in any municipality since the promulgation of the MFMA.

Intergovernmental planning

The coordination of development planning across the three spheres of government is critical to realize the objective of optimal resource allocation and implementation for the state as a whole for the purposes of eradicating poverty and growing the economy.

At a national level, in order to realize the government's objectives of growing the economy and addressing poverty, the NSDP focuses the bulk of government fixed investment on areas with potential and need, and linked to this is the Medium Term Strategic Framework (MTSF), prepared by the Presidency and approved by National Cabinet.

At a provincial level, development planning occurs through the PGDS, and is driven through the Premier's office and adopted by Provincial Executive Council. Development planning in the Local Government sphere is conducted through the IDP's. Each municipality in terms of the Municipal Systems Act (2000) is responsible for formulating, adopting and implementing the IDP.

Role of Provincial Treasury

- To drive the department's strategic priorities that should inform both the strategic plans and budget formulation.
- Clear link between National and Provincial Priorities as stated in Provincial Growth and Development Strategy
- Ensure implementation of the Municipal Finance Management Act (MFMA) in Municipalities
- Assist provincial departments to improve Audit Outcomes.
- Ensure sound liquidity levels at all times in terms of cash flow.
- Advise and keep the Executive Council abreast with regard to budget process.
- Consolidation of financial statements.
- Assist departments in the implementation of supply chain management policies.
- Give technical support in terms of interlinked systems across departments.

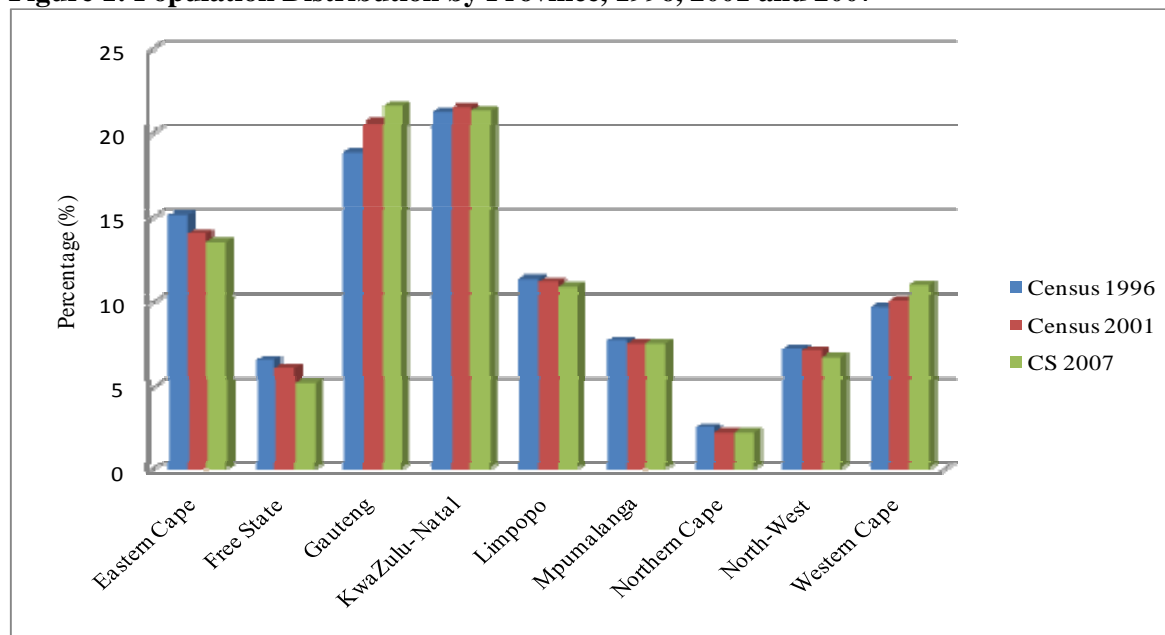
3. Socio-economic Outlook

This section presents the socio-economic outlook of the Northern Cape Province focusing on selected indicators that include demographic profile, economic performance and access to basic services. The outlook shows that although significant progress has been made in expanding access to basic services, challenges remains in growing the provincial economy and addressing unemployment.

3.1 Demographic profile

Although the Northern Cape is the largest in the country in terms of landmass it has the lowest population estimated at 1 058 051 in 2007. Its proportion to the national population averaged 2.4 percent between the years 2001-2007. The mid-year population estimates of 2008 estimates the population to have increased to 1 125 900. In the section below other aspects of the provincial population are explored.

Figure 1: Population Distribution by Province, 1996, 2001 and 2007



Source: Statssa, 2007

Figure 1 presents population percentage distribution for all provinces for the years 1996, 2001 and 2007. Percentage share of the total population in Northern Cape (NC) shows a decline for the period 1996-2001 but have remained constant for 2007 based on Community Survey (CS). Mpumalanga province (MP) follows the same trend, while Kwazulu-Natal (KZN) has remained almost constant throughout the three periods. Eastern Cape (EC), Free State (FS), Limpopo (LP) and North West (NW) show gradual declines in the percentage share since 1996. The percentages for Gauteng (GP) and Western Cape (WC) are gradually increasing.

Table 1: Population Size and Distribution by Districts, 2001-2007

Region	2001		2007		% change
	Total population	%	Total population	%	
Kgalagadi District Municipality	191538	19.3	174455	16	-1.5
Namakwa District municipality	108110	10.9	126490	12	2.7
Pixley ka Seme District municipality	164607	16.6	166845	16	0.2
Siyanda District municipality	202161	20.4	238063	23	2.8
Frances Baard District municipality	325501	32.8	353198	33	1.4
Total Northern Cape Population	991917	100.0	1058051	100	1.1

Source: Statssa, Census 2001, 2007 Community Survey

Table 1 shows population size and distribution by district municipalities in the Northern Cape for the period 2001 and 2007. Frances Baard district municipality has the largest population distribution for both 2001 and 2007 at 32.8 percent and 33 percent respectively, while Namakwa has the least distribution of 12 percent for both years. All districts except Kgalagadi have shown a positive growth. Siyanda and Namakwa districts have increased year on year by 2.8 and 2.7 percent respectively, while Kgalagadi has shown a decline of 1.5 percent. This means that the population decreased from 191 538 in 2001 to 174 455 in 2007

for the Kgalagadi District. Migration to the urban centres in search of employment and study opportunities coupled with HIV/AIDS related mortality can explain the decline in population for Kgalagadi District.

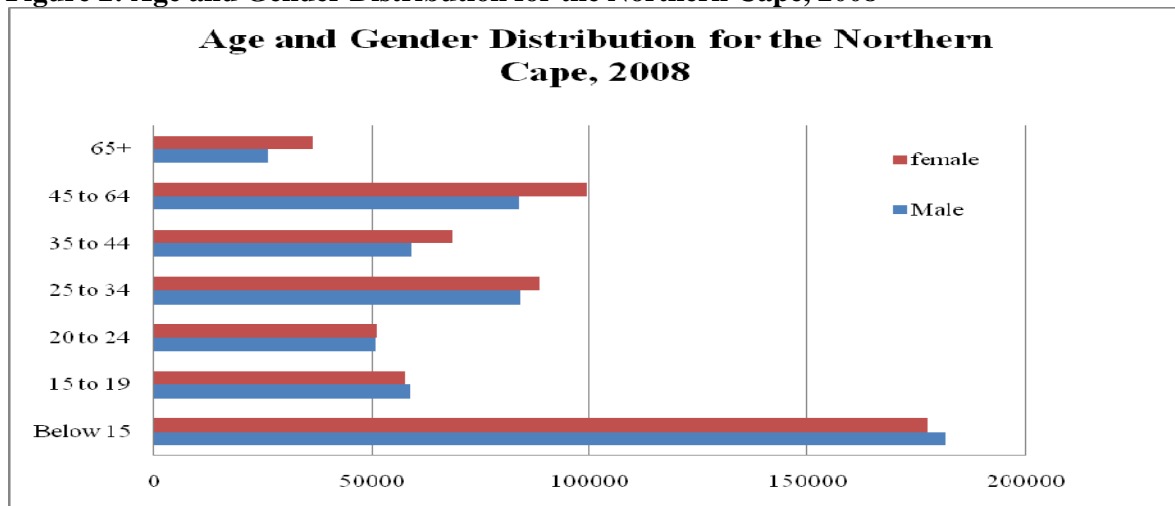
Table 2 :Changes in the Northern Cape demographic profile, 2001-2007

Description	Period	Effective change
Population growth	2001-2007	1.1% per annum; 991917 Thousand to 1058051 Million
Population increase	2001-2007	Increase of 66134 Thousand or 6.7%
Number of households	2001 2007	259631 264654 (1.9% increase)
Average households size	2001 2007	3.8 4

Source: Statssa, census 2001,2007 Community Survey

The table above highlights changes in the Northern Cape provincial population between the period 2001 and 2007. The provincial population has grown from 991 917 in 2001 to 1 058 051 in 2007 which is a year on year increase of 1.1 percent. This represents 6.7 percent increase. The number of households increased from 259 631 in 2001 to 264 654 in 2007 which is a 1.9 percent increase. Average number of people per household has increased from 3.8 in 2001 to 4 in 2007.

Figure 2: Age and Gender Distribution for the Northern Cape, 2008

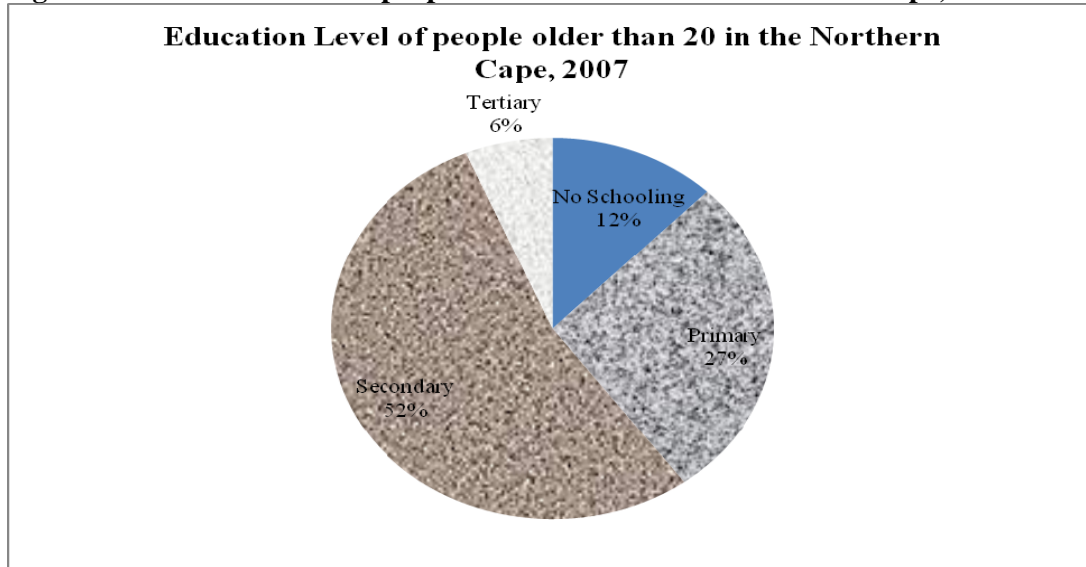


Source: Statssa, Mid-year estimates 2008

In terms of the structure of the population figure 2 shows age and gender distribution for the Northern Cape in 2008. According to the 2008 Mid-year estimates (Statistic South Africa) for the province, the largest share of the population is within 0-15 (children) age group, when compared to the share falling between the age groups 20-64 (economically active) and 65+ (old age). It is evident from the gender distribution analysis that the age group 0-19 consists of more males than females. However, in the age

categories of 20-64 and 65+, there has been a change in the proportion of gender representation, overall females constitutes the highest share of the population than their male counterparts.

Figure 3: Education Level of people older than 20 for the Northern Cape, 2007



Source: Statssa, 2007 community survey

Figure 3 reflects the level of education for people older than 20 years in the Northern Cape for 2007. According to the above chart 52 percent have obtained secondary education while only 6 percent have attained tertiary education. Furthermore 27 percent attained primary education whereas 12 percent have no schooling.

3.2 Socio-economic indicators

Table 3: Types of Dwelling in the Northern Cape, 2001 and 2007

Types of Dwelling	2001	2007
Formal	73.9	78.7
Informal	14.0	16.4
Traditional	6.6	4.5
Others	1.0	0.5

Source: Statssa, Census 2001 and 2007 Community Survey

Considerable progress has been in terms of providing shelter to residents of the Northern Cape. This is evident in table 3 which illustrates the types of dwelling in the Northern Cape for 2001 and 2007. In 2001, 73.9 percent of people resided in formal settlement whereas in 2007 the number increased to 78.7 percent, while traditional dwellings decreased from 6.6 percent to 4.5 for the same years. Although there has been an increase in informal dwellings from 14.0 percent to 16.4 percent for 2001 and 2007, there is an overall improvement in government’s provision of housing.

Table 4: Households with Access to Water in the Northern Cape, 2001 and 2007

	2001	2007
Piped in Dwelling	35.4	50.0
Piped in yard	37.3	30.3
Other	27.3	19.8

Source: Statssa, Census 2001 and 2007 Community Survey

Table 4 demonstrates the number of households with access to water in the Northern Cape for 2001 and 2007. Household with access to piped water in dwelling increased from 35.4 percent in 2001 to 50.0 percent in 2007. Access to piped water inside the yard decreased from 37.3 percent in 2001 to 30.3 percent in 2007, whereas other sources of access to water also decline from 27.3 percent to 19.8 percent for the same period.

Table 5: Households with Access to Toilet Facilities in the Northern Cape, 2001 and 2007

Toilet Facilities	2001	2007
Flush Toilet or Chemical Toilet	59.6	68.0
Pit Latrine	18.2	14.5
Bucket Latrine	9.5	4.4
None of the Above	12.7	6.2
Other	0.0	6.9

Source: Statssa, Census 2001 and 2007 Community Survey

The program of government to eradicate bucket system and provide adequate sanitation has made significant progress. Table 5 shows that access to flush or chemical toilet improved from 59.6 percent in 2001 to 68.0 percent in 2007. Furthermore there is a decline in household's usage of pit latrine from 18.2 percent in 2001 to 14.5 percent in 2007. Access to bucket latrine decreased from 9.5 percent to 4.4 percent for 2001 and 2007 respectively.

Table 6: Households with Access to Refuse Removal in the Northern Cape, 2001 and 2007

Refuse Removal	2001	2007
Removed by Local Authority at Least Once a Week	59.8	69.9
Removed by Local Authority Less Often	2.9	2.2
Community Refuse Dump	2.6	1.5
Own Refuse	30.1	23.1
No Rubbish Disposal	4.6	3.0

Source: Statssa, Census 2001 and 2007 Community Survey

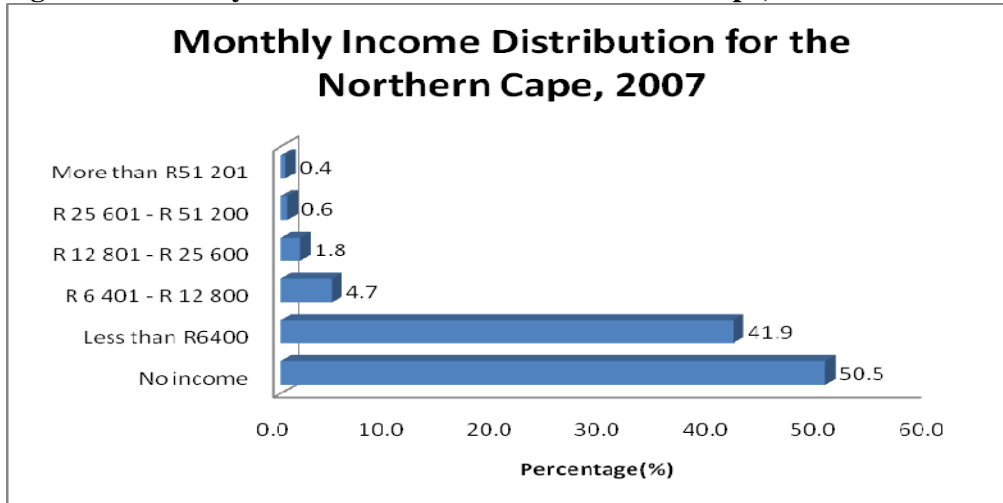
Table 6 shows households with access to refuse removal in the Northern Cape for 2001 and 2007. The number of households with access to refuse removal by local authority at least once a week has moved from 59.8 percent in 2001 to 69.9 percent in 2007. Other forms of refuse removal have declined for the same period.

Human Development Index and Poverty Levels

The Human Development Index measures the average progress of a region in human development, that is, it determines whether a region is developed, or is still developing, or is underdeveloped. The HDI below 0.5 is considered to represent low development, between 0.5 and 0.8 to be medium development and HDI of 0.8 or more is considered to represent high development. The Northern Cape has an average HDI of about 0.73 which has remained constant for the period 1996-2007; this makes it a medium developed region.

The Gini coefficient and income distribution are two other indicators used to measure the levels of inequality. The Gini coefficient varies from 0 to 1, zero indicates perfect equality where all households earn equal income, and 1 complete inequality where one household earns all the income and other households earn nothing. The province remains highly unequal with a reported Gini coefficient of 0.65 in 2006. Figure 4 below further illustrates this point by presenting the distribution of income for the Northern Cape in 2007.

Figure 4: Monthly Income Distribution for Northern Cape, 2007



Source: Statssa, Community Survey 2007

It is evident from figure 4 above that over 50.5 percent of the working age has no income, while 41.9 percent earns less than R6 400 per month. 4.7 percent of the working age earns within the range of R6 401- R12 800 and 1.8 percent within the range of R12 801- R25 600. Furthermore 0.6 percent earns within the range of R25 601-R51 201, while 0.4 percent earns more than R51 201.

3.3 Economic Indicators

In this section particular attention is focused on selected economic indicators in labour, unemployment, and economic growth trend as well as sector contribution to the GDP. In table 6 below, drawing from the Labour Force Survey of 2007, the labour market situation in the Northern Cape is outlined.

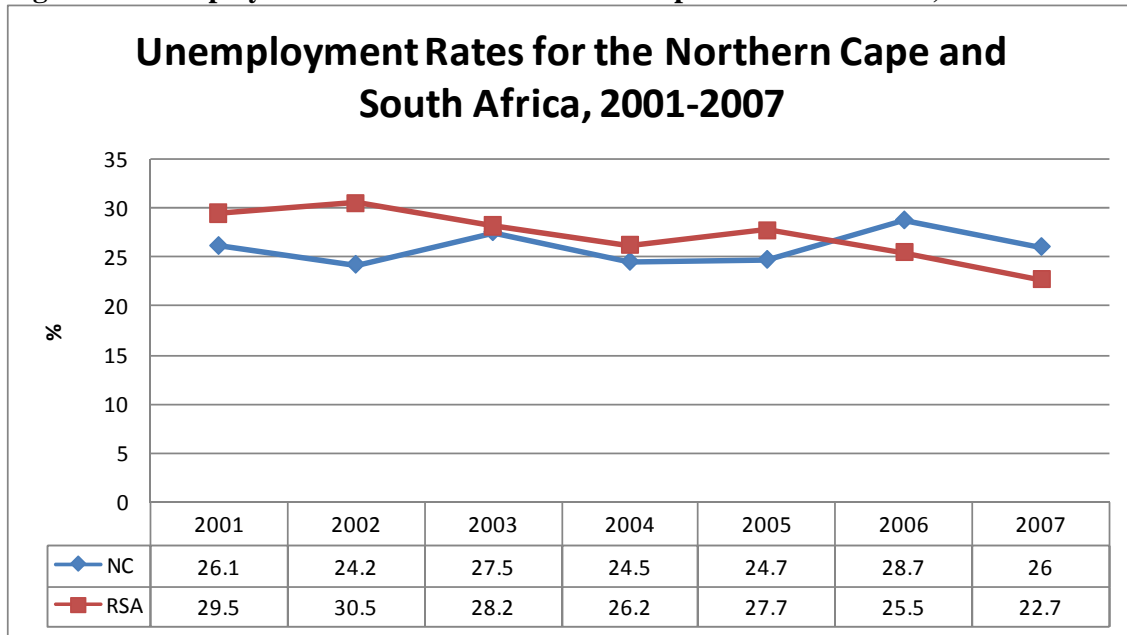
Table 6: Labour Market Status in the Northern Cape, 2007

Labour Market	Male	Female	Total	Rate
Employed	191 000	115 000	306 000	74%
Unemployed	47 000	60 000	107 000	26%
Total Economically Active	238 000	175 000	413 000	100%
Labour Activity	Male	Female	Total	Rate
Economically Active	238 000	175 000	413 000	57.7%
Not Economically Active	111 000	192 000	303 000	42.3%
Total	349 000	367 000	716 000	100%

Source: Labour Force Survey, 2008

According to the Labour Force Survey of September 2007, for the working age (15– 65 years) in the Northern Cape, 57.7 percent are economically active, of that 74 percent are employed and 26 percent are unemployed. About 42.3 percent of the working age is not economically active (using the official definition of unemployment). The unemployment rate for females is higher than that of their male counterparts which stands at 34.3 percent and 19.7 percent respectively.

Figure 5: Unemployment Rates for the Northern Cape and South Africa, 2001-2007



Source: Statssa, Labour Force Survey, 2008

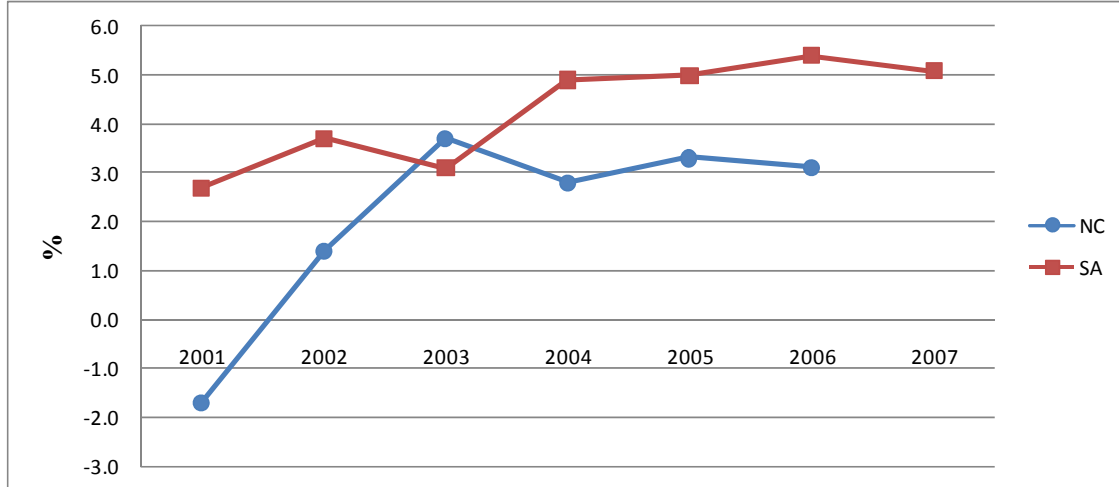
The high unemployment rate in the Northern Cape is one of the most pressing concerns that face the provincial government. According to the official definition, unemployment rate was estimated at 26.1 percent in 2001 and decreased to 26 percent in 2007. Although below the national rate by 3.4 percent in 2001, the provincial unemployment rate has decreased by 0.1 percent in 2007 (as illustrated in the above figure).

The causes of unemployment in South Africa are largely believed to be structural in nature. Individuals lack the relevant skills or qualifications to fill jobs available in the economy, which is due to poor education and training. The unemployment rate in the Northern Cape can be attributed to low and unsustainable economic growth rate manifested in low economic activity and investment rate which do not generate additional employment.

Economic Growth (Gross Domestic Product)

The growth of the provincial economy measured through the GDP is very important as it points to level of economic activity and the potential for development. Since the adoption of the Provincial Growth and Development Strategy, the province set itself an objective to promote the growth, diversification and transformation of the provincial economy and a target of maintaining an average annual economic growth rate of between 4 and 6 percent. In the immediate the structure of the provincial economy remains unchanged- dependent on the primary sector comprised of agriculture and mining. The recent downturn in the global is expected to impact adversely on the economic growth rate of the province. In the section below the growth trend and challenges are explored.

Figure 5: Economic Growth Rates, the Northern Cape v/s South Africa 2001-2007



Source: Statistics South Africa, 2008

Figure 5 compares the economic growth rates for the Northern Cape and South Africa from 2001-2007. Although the provincial growth rate was at its peak of 3.7 percent in 2003, it still maintained an average of 2.1 percent from 2001-2006. Contrary to the upward trend in the national growth rate the provincial economy experienced a declining growth rate from 3.3 percent in 2005 to 3.1 percent in 2006. The provincial economic growth rate (GDP) contributes the least share of about 2.2 percent to the national economy and remains on average below the national growth rate by 2 percent from 2001-2006.

The provincial economy faces a large number of growing constraints and unsustainable imbalances, pointing to a deceleration of growth in 2006. Although there is no official data on provincial economic growth rates for 2007, Quantec projects that it will drop to 2.1 percent. The economy has once again proved its resistance in achieving the expected growth rate of 4-6 percent, as indicated in the NCPGDS. This could be due to the adverse effects of unfavourable climate conditions, a volatile rand, not forgetting the electricity crisis, which continues to challenge the economic performance within the province.

The level economic activity can also be analyzed in terms of the performance and contribution of different sectors. Table 7 below shows Gross Geographic Product by sector for the Northern Cape in 2007.

Table 7: Gross Geographic Product by Sector for the Northern Cape, 2007

Sector	Percentage
Primary Sector	37.7%
Mining and quarrying	30.4%
Agriculture and fisheries	7.3%
Secondary Sector	6.7%
Manufacturing	3.3%
Electricity and water	2.1%
Construction	1.3%
Tertiary Sector	55.8%
Transport, storage and communication	8.5%
Finance, insurance, real estate and business services	12.5%
Government and community services	22.9%
Trade: Wholesale, retail and accommodation	11.9%
Total	100%

Source: Quantec, 2008

The tertiary sector which is the largest contributor to the provincial economy registered 55.8 percent in 2007 followed by the primary sector at 37.7 percent and secondary sector at 6.7 percent. The main contributors under the tertiary sector are: general government services; finance and business services at 22.9 percent and 12.5 percent respectively, with the least contributor being community, transport and communication at 8.5 percent. Under the primary sector, mining which is the mainstay of the provincial economy, is the major contributor at 30.4 percent as opposed to agriculture at only 7.3 percent.

4. RECEIPTS

4.1 Overall position

The total estimated revenue for the 2009/10 financial year is **R8.111 billion**. The amount is derived from national sources which are the equitable share, conditional grants, National Department of Transport which is a once off amount for upgrading of weigh bridges in the province and own revenue.

The equitable share from national constitutes 77 per cent of the total provincial receipts whilst the conditional grants constitute 22 per cent. Provincial own revenue makes up only 1.7 per cent of the total provincial receipts. The growth on own revenue remains constant at an average of 10.6 per cent over the MTEF.

The Provincial Equitable Share (PES) is the major revenue source, which contributes 76 per cent to the revenue envelope of the Province for 2009/10 financial year. The provincial equitable share increased from R5.465 billion to R6.192 billion which is R851.542 million or 16 per cent increase from the 2008/09 MTEF.

Table 2 : Summary of provincial receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Transfer receipts from National									
Equitable share	3 142 085	3 451 507	4 637 822	5 340 965	5 464 846	5 464 846	6 192 507	6 801 249	7 320 267
Conditional grants	566 151	915 976	1 160 537	1 296 711	1 398 306	1 398 306	1 778 100	2 055 828	2 261 007
Total transfer receipts from National	3 708 236	4 367 483	5 798 359	6 637 676	6 863 152	6 863 152	7 970 607	8 857 077	9 581 274
Provincial own receipts									
Tax receipts	72 131	81 306	87 469	91 362	91 362	98 531	94 062	99 282	114 854
Casino taxes	11 798	12 451	12 729	15 408	15 408	14 241	14 662	15 542	16 474
Horse racing taxes	393	518	532	649	649	548	530	562	595
Liquor licences	872	925	1 016	1 044	1 044	492	928	984	1 043
Motor vehicle licences	59 068	67 412	73 192	74 261	74 261	83 250	77 942	82 194	96 742
Sales of goods and services other than capital assets	29 529	27 921	40 761	45 155	45 155	41 638	36 546	39 085	40 444
Transfers received	-	424	62	-	-	-	30	30	31
Fines, penalties and forfeits	2 026	5 937	2 022	5 492	5 492	3 871	6 234	7 037	7 198
Interest, dividends and rent on land	5 867	2 255	3 314	2 960	2 960	570	2 856	2 971	3 087
Sales of capital assets	689	1 094	1 411	72	72	199	110	117	125
Financial transactions in assets and liabilities	685	8 112	6 219	594	594	7 495	1 228	1 296	1 389
Total provincial own receipts	110 927	127 049	141 258	145 635	145 635	152 304	141 066	149 818	167 128
Total provincial receipts	3 819 163	4 494 532	5 939 617	6 783 311	7 008 787	7 015 456	8 111 673	9 006 895	9 748 402

Provincial own revenue is sourced from specific taxes and user charges. Taxes are from mainly motor vehicle licence fees, gambling taxes and user charges of which patient fees are mostly notable.

4.2 Provincial Equitable Share (PES)

In terms of Section 214 and 227 of the Constitution an equitable share of nationally raised revenue shall be allocated to provincial sphere of government to enable the provinces to provide basic services and to perform functions and expenditure responsibilities allocated to them in terms of the constitution.

Table 3: Provincial Equitable Share: Weighted Average

Provinces	Education	Health	Basic	Poverty	Economic Activity	Institutional	Weighted Average
	51%	26%	14%	3%	1%	5%	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%	17.4%
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%	7.0%
Western Cape	8.2%	10.2%	10.8%	6.2%	14.6%	11.1%	9.2%
Total	100%	100%	100%	100%	100%	100%	100%

The Provincial equitable share (PES) is an unconditional grant and objective redistributive allocation to provinces according to a formula. Currently the formula includes six components with weights as shown in table 3.

The education component of the Northern Cape Provincial Equitable Share weighted average has remained constant at 2.7 percent, while health is at 2.3 percent. The basic component is at 2.3 percent of the 14 percent of national basic component. The provincial poverty component constitutes 2.6

percent of the national poverty component while economic activity and institutional component are at 2.2 percent and 11.1 percent respectively of their national components. The health component was reduced from 2.4 to 2.3 percent while the poverty component increased 2.5 to 2.6 percent.

The formula has evolved over the years. Up to the 2004 MTEF, the formula consisted of seven components i.e. an education share, health share, welfare component, basic share, backlog component, economic output component and institutional component. From 2005 the formula has comprised of six weighted components as indicated in table 3:

- An education component makes up 51 percent in the formula and is based on school age cohort and school enrolment data;
- A health component accounts for 26 percent and is based on the proportion of the population with and without medical aid insurance (with the ratio of those without medical aid weighted at four times that of those with medical aid);
- A basic component accounts for 14 percent and is derived from each province's share of the total national population;
- An institutional component accounts for 5 percent and is distributed equally among provinces;
- A poverty component accounts for 3 percent and facilitates a measure of redistribution in the formula, taking into account the indirect effects of poverty on provincial expenditure;
- An economic activity comprises of 1 percent and is based on Gross Domestic Product by Region (GDP-R).

The equitable share formula has been revised upward in order to address national and provincial specific pressures of provinces. These funds are earmarked for social services, especially schools, primary health care services and hospitals. The overall PES formula remains redistributive in nature, aiming to correct the significant social and economic inequities that informed its initial formulation.

4.3 Conditional grants

Conditional grants are transfers to provinces to implement specific national priorities in provincial budgets, and constitute 22 per cent of the total transfers to the province for 2009/10 financial year. The total conditional grants increased from R1.296 billion to R1.778 billion which is R481.389 or 37 per cent increase from 2008/09 to 2009/10.

Changes to the Conditional Grants Framework

One of the significant changes in the conditional grant framework is the introduction of two new conditional grants namely: Public Transport Operations Grant as well as Expanded Public Works Programme Incentive Grant.

The purpose of the Public Transport Operations Grant is to allow for improved monitoring and control of expenditure related to bus subsidies and other transport operations. Although the payment of bus subsidies to operators was previously funded on an agency arrangement between national and provincial government, recent legal action places a greater responsibility on government to ensure contractual obligations are met.

The Expanded Public Works Programme Incentive Grant is aimed at providing incentives for provinces and municipalities to increase labour intensive employment through programmes that maximise job creation and skills development as encapsulated in the EPWP guidelines.

Table 4.2.1 Summary of Conditional Grant by Grant

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Agriculture	33 720	83 387	76 159	43 173	99 621	99 621	67 388	95 341	130 309
Agricultural Disaster Management Grant	22 827	10 244	38 781	-	6 219	6 219	5 000	-	-
Comprehensive Agricultural Support Programme Grant	9 273	23 365	30 433	36 807	42 036	42 036	49 232	59 346	63 954
Land Care Programme Grant: Poverty Relief & Infrastructure Development	1 620	41 563	6 945	6 366	6 366	6 366	5 656	5 995	6 355
Letsema Projects	-	-	-	-	45 000	45 000	7 500	30 000	60 000
Education	30 798	41 563	49 054	59 751	70 287	70 287	59 518	88 109	108 904
Further Education and Training College Sector Recapitalisation Grant	-	10 000	8 000	7 620	7 620	7 620	-	-	-
HIV and Aids (Life Skills Education) Grant	2 028	2 279	3 922	3 648	3 648	3 648	3 828	3 573	3 788
National School Nutrition Programme Grant	28 770	29 284	37 132	48 483	59 019	59 019	55 690	84 536	105 116
Health	275 313	458 071	443 278	554 375	566 029	511 514	705 632	887 986	908 165
Comprehensive HIV and Aids Grant	48 559	72 682	74 091	91 444	91 444	91 444	113 703	157 150	168 559
Forensic Pathology Services Grant	256	15 383	34 959	19 169	29 376	21 672	20 187	22 868	24 240
Health Professions Training and Development Grant	41 069	41 069	43 122	45 278	45 278	45 278	58 304	61 802	65 510
Hospital Revitalisation Grant	109 076	236 651	180 331	246 364	246 364	201 000	340 197	420 218	410 892
National Tertiary Services Grant	76 353	92 286	110 775	152 120	153 567	152 120	173 241	225 948	238 964
Housing	102 542	104 714	231 022	161 312	167 274	183 274	325 011	273 260	313 187
Integrated Housing and Human Settlement Development Grant	102 542	104 714	231 022	161 312	167 274	183 274	325 011	273 260	313 187
National Treasury	194 204	202 217	337 226	390 161	405 661	405 528	492 388	593 565	675 819
Provincial Infrastructure Grant	194 204	202 217	337 226	390 161	405 661	405 528	492 388	593 565	675 819
Sport and Recreation South Africa	2 492	6 200	30 193	63 845	65 340	56 563	78 506	87 870	93 143
Mass Sport and Recreation Participation Programme Grant	2 492	6 200	8 702	18 722	19 534	18 722	19 686	21 927	23 243
Library Archives	-	-	21 491	45 123	45 806	37 841	58 820	65 943	69 900
Transport	-	-	-	24 094	24 094	24 094	49 657	29 698	31 480
Devolution of Property Rates	-	-	-	24 094	24 094	24 094	26 998	29 698	31 480
Expanded Public Works Programme Incentive Grant	-	-	-	-	-	-	500	-	-
Public Transport Operations Grant	-	-	-	-	-	-	22 159	-	-
Total conditional grants	639 069	896 152	1 166 932	1 296 711	1 398 306	1 350 881	1 778 100	2 055 829	2 261 007

Table 4.2.1 above shows a summary of the national conditional grants to the province by grant type and per department. Expenditure has grown from R639.069 million in 2005/06 to an allocation of R2.261 billion in 2011/12 which represents an annual average rate of 41 per cent. In terms of allocation per department, the Department of Health receives the highest allocation of 40 per cent of the total provincial conditional grants allocation. Infrastructure Grant to Provinces accounts for 28 per cent of the total provincial allocation.

4.4 Total Provincial Own Receipts (Own Revenue)

The province raise a small amount of revenue compared to the expenditure needs and it projects to collect an amount of R 141, 066 million for own provincial revenue for the 2009/10 financial year, which is only 1.7 percent of the total provincial receipts. For the two outer years, the province projects to collect R149, 818 million and R167, 128 million respectively.

The Province is basically reliant on national revenues to increase before service delivery can be extended and that is why so much effort is being made to ensure that the Province's concerns are addressed in the revenue-sharing formula.

The biggest sources of revenue in the Northern Cape Province are motor vehicle licenses, casino taxes and sales of goods and services other than capital assets of which hospital fees is the largest.

In the light of the budget constraints facing the Province, attempts have been made to take full advantage of the limited revenue sources and ensuring that the taxes are being collected efficiently and effectively. Steps are being taken to improve the collection of own revenue, as this will also enhance the province's ability to deliver services.

Table 1.9 shows a summary of provincial own sourced revenue over the 2009 MTEF and further highlights that the Department of Safety and Liaison, Economic Affairs and Department of Health remain predominant contributors to provincial own revenue.

Table 1.9: Summary of provincial own receipts by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 01: Office of the Premier	142	504	368	53	53	5 188	160	169	180
Vote 02: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 03: Safety and Liaison	63 394	73 296	81 184	79 810	79 810	93 551	84 199	89 252	103 982
Vote 04: Education	2 260	9 182	9 070	2 229	2 229	3 559	4 453	4 619	4 785
Vote 05: Transport, Roads and Public Works	3 165	2 220	3 365	6 501	6 501	6 547	3 271	3 467	3 675
Vote 06: Economic Affairs	13 079	14 022	14 395	17 101	17 101	15 346	16 120	17 088	18 112
Vote 07: Sport, Arts and Culture	149	131	555	43	43	735	260	275	290
Vote 08: Provincial Treasury	1 470	1 267	2 396	2 756	2 756	684	2 500	2 600	2 700
Vote 09: Housing and Local Government	940	611	854	267	267	398	380	405	431
Vote 10: Health	21 164	21 341	24 319	33 902	33 902	20 101	26 456	28 441	29 294
Vote 11: Social Services and Population Development	4 209	848	416	788	788	721	281	297	314
Vote 12: Agriculture and Land Reform	632	2 311	2 001	925	925	3 616	1 536	1 605	1 669
Vote 13: Tourism, Environment and Conservation	323	1 316	2 335	1 260	1 260	1 858	1 450	1 600	1 696
Total provincial own receipts by Vote	110 927	127 049	141 258	145 635	145 635	152 304	141 066	149 818	167 128

Motor vehicle licence fees

Motor vehicle licence fees are the largest contributor to tax receipts and are projected to increase from R74.261million in 2008/09 to R77.942 in 2009/10 ; R82.194 million in 2010/11 and R96.742 million in 2011/12.

Hospital patient fees

Sale of goods and services other than capital assets is the second largest contributor to tax receipts and is projected to increase from R45.155million in 2008/09 to, R36.546million ; R39.085million and R40.444million in 2009/10; 2010/11 and 2011/12 respectively. Included in these projections is hospital patient fees which is the highest in this item with a projected collection of R26.456million in 2009/10; R28.441million in 2010/11 and R29.294million in 2011/12.

Casino taxes

Casino taxes are projected to decline from R15.408 million in 2008/09 to R14.662million in 2009/10. However, the projected figures increases to R15.542 and R16.474 in 2010/11 and 2011/12 respectively.

5. PAYMENTS

5.1 Overall position

The available resources are allocated over the 2009 MTEF as follows;

- **Financial year 2009/10: R7.941 billion**
- **Financial year 2010/11: R8.788 billion**
- **Financial year 2011/12: R9.516 billion**

5.2 Payments by Vote

Table 1.10 shows how the available resources have been allocated per vote over the MTEF.

Table 1.10: Summary of provincial payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 01: Office of the Premier	88 863	106 806	118 356	132 997	149 102	149 102	136 745	142 279	151 026
Vote 02: Provincial Legislature	57 439	71 634	82 951	86 157	97 404	97 404	92 094	97 976	103 966
Vote 03: Safety and Liaison	46 421	62 638	77 135	87 048	90 352	90 352	94 688	100 657	106 828
Vote 04: Education	1 563 461	1 642 659	2 287 517	2 601 238	2 681 162	2 935 223	2 979 208	3 308 798	3 620 618
Vote 05: Transport, Roads and Public Works	335 028	371 715	540 583	648 887	688 232	688 232	738 180	811 434	871 081
Vote 06: Economic Affairs	57 116	88 999	85 290	112 240	112 794	78 436	121 359	136 078	146 875
Vote 07: Sport, Arts and Culture	61 509	81 894	118 052	160 763	173 569	166 121	177 736	193 258	204 996
Vote 08: Provincial Treasury	39 910	45 356	70 970	94 422	135 748	144 317	101 770	108 168	114 797
Vote 09: Housing and Local Government	252 909	260 531	394 314	340 088	348 672	364 672	520 895	481 662	534 375
Vote 10: Health	1 096 575	1 406 473	1 556 594	1 773 588	1 857 473	1 904 748	2 213 662	2 533 334	2 685 089
Vote 11: Social Services and Population Development	175 446	216 793	304 418	357 302	373 847	365 418	407 893	456 799	498 327
Vote 12: Agriculture and Land Reform	132 306	148 260	219 645	198 591	257 031	274 557	250 217	298 999	349 268
Vote 13: Tourism, Environment and Conservation	43 776	61 678	79 145	95 459	96 627	96 627	106 311	118 979	128 303
Total provincial payments and estimates by Vote	3 950 759	4 565 436	5 934 970	6 688 780	7 062 013	7 355 209	7 940 758	8 788 421	9 515 549

In real terms, the annual average nominal growth for provincial payments over the MTEF is 11 per cent year on year. Provincial payments continue to be informed by social sector policy priorities which are mainly determined by national government as stated in the 2008 Medium Term Budget Policy Statement (MTBPS). This is clearly reflected in table 1.10 above where Education, Health and Social Services show significant growth patterns at annual averages of 7.3, 12.2 and 10.9 per cent respectively.

Even with the continued focus on the social sector priorities, the Northern Cape Provincial Fiscal Framework still maintained increasing spending on provincial specific economic sector policy priorities. This is in an attempt to stimulate the provincial economy and job creation during this critical time of a global recession. This is reflected by the significant growths in spending in departments like Economic Affairs, Housing as well as Agriculture and Land Reform at annual average growth rates of 25; 15.4 and 9.1 per cent.

5.3 Payments by economic classification

Table 1.11 sets out the consolidated provincial expenditure by economic classification. This shows how the Province will use its resources over the 2009 MTEF.

Table 1.11: Summary of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Current payments	3 080 605	3 470 976	4 543 992	5 207 535	5 455 332	5 734 073	6 024 382	6 618 063	7 139 948
Compensation of employees	2 136 876	2 405 012	3 197 693	3 632 478	3 731 336	3 957 808	4 301 283	4 585 112	4 865 465
Goods and services	941 460	1 064 666	1 341 040	1 574 345	1 722 884	1 763 250	1 722 352	2 032 159	2 273 643
Interest and rent on land	431	646	632	712	1 112	794	747	792	840
Financial transactions in assets and liabilities	1 838	652	4 627	-	-	12 221	-	-	-
Transfers and subsidies to:	500 206	524 316	711 803	761 084	785 565	823 377	980 329	1 061 945	1 185 967
Provinces and municipalities	145 921	124 877	92 421	117 336	121 920	119 789	123 897	130 463	137 238
Departmental agencies and accounts	5 881	4 918	29 071	30 184	26 835	29 919	19 200	19 969	21 526
Universities and technikons	6 878	14 570	12 364	15 971	17 771	15 429	9 479	9 210	9 667
Public corporations and private enterprises	26 832	42 915	31 584	46 629	47 104	21 065	48 589	50 674	52 547
Foreign governments and international organisations	-	-	-	-	-	3	-	-	-
Non-profit institutions	192 327	210 529	287 479	361 795	376 145	430 142	428 210	550 717	622 544
Households	122 367	126 507	258 884	189 169	195 790	207 030	350 954	300 912	342 445
Payments for capital assets	369 947	570 144	679 175	720 161	821 116	797 765	936 047	1 108 413	1 189 634
Buildings and other fixed structures	289 164	429 710	588 244	650 458	728 823	703 465	828 110	995 478	1 036 048
Machinery and equipment	78 119	134 284	80 392	65 278	87 180	90 810	106 672	111 651	152 165
Cultivated assets	65	2 982	3 511	304	1 004	1 076	-	-	-
Software and other intangible assets	2 599	3 168	6 631	4 121	4 109	2 414	1 265	1 284	1 421
Land and subsoil assets	-	-	397	-	-	-	-	-	-
Total economic classification	3 950 759	4 565 436	5 934 970	6 688 780	7 062 013	7 355 215	7 940 758	8 788 421	9 515 549

The annual average nominal growth rate for provincial payments over the MTEF is 11 per cent year on year. The substantial growth in provincial payments relates to transfers and subsidies at 14.4 per cent and capital assets at 13 per cent. This is line with the special focus on infrastructure and economic development to stimulate the economy of the province.

Table 1.12 sets out the consolidated provincial goods and services expenditure. This shows details of how the Province will use its resources in terms of goods and services over the 2009 MTEF.

Table 1.12: Summary of provincial payments and estimates by economic classification "of which items"

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Current payments	3080605	3470976	4543992	5207535	5455332	5734070	6024382	6618063	7139948
Goods and services	941460	1064666	1341040	1574345	1722884	1763250	1722352	2032159	2273643
<i>of which</i>									
Administrative fees	10474	14120	25884	24622	64563	59943	18557	20113	21671
Advertising	10678	13417	18425	18271	18737	17056	18063	20533	21826
Assets -R5000	5830	7302	17230	14155	14168	10248	12402	13995	15577
Audit cost: External	10739	12255	13493	11090	12753	13806	14764	16577	17830
Bursaries (employees)	2568	5375	2060	2623	2624	2458	2739	2985	3166
Catering, Departmental activities	10179	16404	19066	20053	20599	18886	20202	23418	24304
Communication	34829	32682	40012	30406	31309	33039	34698	41285	44648
Computer services	18456	20279	33573	20204	19978	27692	21116	27002	28722
Cons/prof.business & advisory services	26793	31682	63627	60338	68303	60924	56157	63762	70480
Cons/prof. Infrastructure & planning	16544	14389	17599	33784	33323	41938	81976	88018	98943
Cons/prof. Laboratory services	38044	41476	40509	44593	92593	59280	66578	81449	93714
Cons/prof. Legal cost	4257	3494	3200	2086	2873	12439	2829	3325	3511
Contractors	69401	64029	80872	137289	117649	101211	122373	116578	138585
Agency & support/outsource services	13913	14760	11110	31922	31703	27433	26967	30160	33780
Entertainment	1948	3147	2331	643	699	561	1487	1634	1733
Government motor transport	6326	7292	13403	9653	9416	9047	9408	10269	11423
Housing	0	0	0	0	0	0	0	0	0
Inventory: Food and food supplies	11781	13642	30425	16255	21860	37614	35946	44989	49476
Inventory: Fuel, oil and gas	15655	31514	57284	29723	33924	58386	67351	82438	91611
Inventory:Learn & teacher support material	3821	5063	21220	76615	79044	73731	40957	53255	56843
Inventory: Raw materials	146	31	1355	212	212	10007	1002	1249	1288
Inventory: Medical supplies	122840	155703	175471	85115	86457	92171	178571	212521	248780
Medas inventory interface	0	0	0	0	0	0	0	0	0
Inventory: Military stores	0	0	21	22	23	24	30	32	40
Inventory: Other consumables	71	164	39387	18991	16198	28086	19283	15554	17934
Inventory: Stationery and printing	18456	20243	29841	29578	29712	27427	32637	38000	41471
Lease payments	71957	78286	96053	75784	86886	102363	112787	130312	138793
Owned & leasehold property expenditure	55345	72701	89182	26544	27029	84902	98661	129165	133989
Transport provided dept activity	36745	41407	61865	71652	89223	74409	82192	86404	90375
Travel and subsistence	68199	78074	114489	104218	105452	98871	100356	118238	129930
Training & staff development	4450	12397	6791	10894	10979	6874	8699	9161	9586
Operating expenditure	12631	17527	9389	22355	22215	23908	19095	20985	21000
Venues and facilities	6759	6037	5964	20535	18502	16543	9492	11174	12196
Other	231625	229775	199910	524122	553878	531974	404978	517581	600418
Total economic classification	3950759	4565436	5934970	6688780	7062013	7355209	7940758	8788421	9515549

The annual average nominal growth rate for provincial payments over the MTEF is 18 per cent year on year. The allocation increases from R1.722 billion to R2.032billion and R2.273 billion in 2009/10; 2010/11 and 2011/12 respectively.

5.4 Payments by policy area

Table 1.13: Shows summary of Provincial Payments and estimates by policy area

Table 1.13: Summary of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
General public services	186 212	223 796	272 277	313 576	382 254	390 823	330 609	348 423	369 789
Public order and safety	46 421	62 638	77 135	87 048	90 352	90 352	94 688	100 657	106 828
Economic affairs	524 450	608 974	845 518	959 718	1 058 057	1 041 225	1 109 756	1 246 511	1 367 224
Environmental protection	43 776	61 678	79 145	95 459	96 627	96 627	106 311	118 979	128 303
Housing and community amenities	252 909	260 531	394 314	340 088	348 672	364 672	520 895	481 662	534 375
Health	1 096 575	1 406 473	1 556 594	1 773 588	1 857 473	1 904 748	2 213 662	2 533 334	2 685 089
Recreation, culture and religion	61 509	81 894	118 052	160 763	173 569	166 121	177 736	193 258	204 996
Education	1 563 461	1 642 659	2 287 517	2 601 238	2 681 162	2 935 223	2 979 208	3 308 798	3 620 618
Social protection	175 446	216 793	304 418	357 302	373 847	365 418	407 893	456 799	498 327
Total provincial payments and estimates by policy area	3 950 759	4 565 436	5 934 970	6 688 780	7 062 013	7 355 209	7 940 758	8 788 421	9 515 549

Education

An amount of R2.979 billion has been allocated to the Department of Education. This represents 37.5 per cent of the total provincial budget in the 2009/10 financial year and an increase of 1.5 per cent from 2008/09. The considerably low growth rate can be directly attributed to the departments' projected over expenditure of 8.2 per cent on the adjusted budget. The annual nominal growth rate is steady at 11.1 and 9.4 per cent respectively in the outer years of the MTEF.

Social Development

R407.893 million has been provided for Social Development for the 2009/10 financial year. This represents 5.1 per cent of the total provincial budget for this year, an increase of 11.6 per cent from 2008/9 financial year. The annual average nominal growth rate over the 2009/10 MTEF is steady at 10.9 per cent.

Health

Health has been allocated an amount of R2.214 billion for the 2009/10 financial year. This represents 27.8 per cent of the total provincial budget for this year and an increase of 16.2 per cent from 2008/09 financial year. The annual average nominal growth rate over the 2009/10 MTEF is steady at 12.2 per cent.

Economic Affairs

The Economic Affairs function includes the Departments of Economic Affairs, Agriculture and Land Reform as well as Transport, Roads and Public Works. The total allocation for this function for the 2009/10 financial year amounts to R1.110 billion, this is 14 per cent of the total provincial budget. This allocation is in line with the focus on economic development and job creation in the province.

Housing and Community Amenities

The allocation for the Department of Housing and Local Government for the 2009/10 financial year amounts to R520.895 million; this is 6.6 per cent of the total provincial budget for this year. This is also in line with the focus on economic development and job creation in the province.

General Public Services

The General Public Services Function consists of the Office of the Premier, Legislature and Provincial Treasury. The total allocation for this function for the 2009/10 financial year is R330.609 million which is 4.2 per cent of the total provincial budget.

Recreation, Culture and Religion

The allocation for this function for 2009/10 amounts to R177.736 million; this is 2.2 per cent of the total provincial budget. The annual average nominal growth rate over the 2009/10 MTEF is steady at 7.3 per cent.

Public Order and Safety

The Public Order and Safety Function consist of the Department of Provincial Safety and Liaison. The total allocation for this function for the 2009/10 financial year amounts to R94.688 million. The annual average nominal growth rate over the 2009/10 MTEF is steady at 5.7 per cent.

5.5 Infrastructure payments

The Infrastructure Delivery Improvement Programme (IDIP) which was designed to help address challenges relating to capacity of delivery processes including skills, systems and governance - was implemented in the immovable asset intensive departments, namely the Department of Transport, Roads and Public Works, the Department of Education and the Department of Health. These long term programmes have helped identify and address deficiencies to effective and efficient delivery of infrastructure, as well as highlight the importance of immovable asset management.

In order to implement sustainable immovable asset management, the Provincial Government, in conjunction with IDIP is setting up processes, procedures, principles and systems to identify strategic immovable asset links to the Provincial Growth and Development Strategy (PGDS) and to monitor the delivery of immovable assets in terms of quality, timeous delivery, social impact and economic benefits. It is envisaged that these processes will ensure a sustainable, high quality fixed infrastructure backbone on which departments can expand their service delivery propositions.

The commitment of our provincial government through investment in immovable asset development is demonstrated by the fact that since 2005/06 a total amount of R2.883 billion has been spent on infrastructure. The total infrastructure budget of the province for the 2009/10 financial year amounts to R1.214 billion; which is an increase of R252.365 million or 22 per cent from the 2008/09 financial year. The total provincial infrastructure budget for the 2009/10 MTEF amounts to R4.140 billion.

Tables 1.14 below provide a summary of total capital infrastructure payments and estimates by vote.

Table 1.14: Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Vote 04: Education	57 080	45 040	75 083	75 993	75 993	97 993	112 625	133 196	173 952
Vote 05: Transport, Roads and Public Works	251 743	280 385	444 326	531 715	567 111	553 374	570 647	655 638	706 410
Vote 07: Sport, Arts and Culture	16 273	23 562	9 251	29 525	29 308	18 050	33 890	26 848	23 691
Vote 10: Health	136 541	241 647	222 808	294 936	282 236	229 239	429 746	503 608	487 040
Vote 11: Social Services and Population Development	4 758	2 853	5 077	6 117		6 117	7 504	7 945	8 410
Vote 12: Agriculture and Land Reform		32 890	44 312	51 938	57 167	57 167	59 893	83 655	115 844
Total provincial infrastructure payments and estimates by	466 395	626 377	800 857	990 224	1 011 815	961 940	1 214 305	1 410 890	1 515 347

After the tabling of the 2008 MTBPS, adjustments have been made to the conditional grant framework to provinces. Several new conditional grants were introduced in 2008/09 and these will continue as part of the 2009 MTEF, namely the *Letsema/Ilima Projects* grant which helps South African farming communities falling within poor economic and disaster prone areas of the country to achieve an increase of 10 to 15 per cent in Agricultural production.

The 2009 Budget also introduces two new grants namely the *Expanded Public Works Incentives Grant*, (EPWP) which is aimed at providing incentives for provinces and municipalities to increase labour intensive employment through programmes that maximize job creation and skills development as encapsulated in the EPWP guidelines.

The major projects that will be conducted for the Health department include the construction of the New Psychiatric Hospital in Kimberley of which 60 per cent has been completed, as well as the construction of the new Upington / Gordonia Hospital which commenced in November 2008 and is expected to be completed over the MTEF.

The department of Transport, Roads and Public Works will reseal various roads in the province, as well as construct access roads in the province. Other projects which will be conducted include the completion of the Kimberley Conference and Exhibition Centre and the construction of a main and access road, support base for the Karoo Array Telescope (KAT) 7 and Meerkat project for the Square Kilometer Array (SKA) which commenced in January 2008 for the main road and reach practical completion by February 2008. The KAT 7 and MeerKat project will be completed in the 2009/10 financial year.

The Department of Education and Transport Roads and Public Works will accelerate the delivery of school Infrastructure, School safety infrastructure and Grade R (ECD) infrastructure. Other projects include the completion of the De Aar Secure Centre, Irrigation schemes, Stack handling Facilities and the design and planning of the In-Patient Facility in Upington.

5.6 Transfers

5.6.1 Transfers to public entities

A summary of all transfers to public entities is presented and summarised by transferring department. The details thereof are to be presented in the relevant Vote as referred to in Section 5.5.1 of Budget Statement 2 in this document.

Table 1.15 shows allocations and transfers made by departments to public entities and Agencies. Public entities and Agencies will receive a total of R32 million in 2009/10.

Table 1.15: Summary of provincial transfers to public entities and Agencies by transferring department

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09	2009/10	2010/11
Vote 01: Office of the Premier	-	-	12 655	13 954	13 954	13 954	13 954	13 954	13 954
Vote 07: Sport, Arts and Culture	4 476	3 290	11 636	9 448	10 348	10 686	5 976	6 440	7 111
Vote 13: Tourism, Environment and Conservation	2 552	6 607	10 587	10 783	11 003	11 129	12 047	13 270	14 066
Total provincial transfers to public entities	7 028	9 897	34 878	34 185	35 305	35 769	31 977	33 664	35 131

5.6.2 Transfers to local government

The MEC for Finance is required to publish particulars of all allocations due to each municipality in terms of Municipal Finance Management Act, 2003. The Provincial Treasury is required by the Division of Revenue Act (DORA) to gazette the said allocation.

Table 1.16 reflects the total provincial transfers to municipalities by category.

Table 1.16: Summary of provincial transfers to local Government

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09	2009/10	2010/11
Category A	-	-	-	-	-	-	-	-	-
Category B	37,406	29,205	31,464	50,694	54,694	54,694	59,534	63,832	67,407
Category C	37,279	40,079	8,361	11,666	11,666	11,666	7,389	6,017	6,376
Total provincial transfer to local government	74,685	69,284	39,825	62,360	66,360	66,360	66,923	69,849	73,783

Transfers to category B are budgeted to decrease from R56.694 million in 2008/09 to R51.799 million in 2009/10 and in the two outer years to increase to R63.832 million and R67.407million respectively.

Transfers to category C are budgeted to decrease from R11.666 million in 2008/09 to R7.389 million in 2009/10 and in the two outer years to further decrease to R6.017 million and R6.376 million respectively.

Definitions of municipal categories as defined in the Constitution of South Africa, Act No 108, are as follows:

Category B: A municipality that shares municipal executive and legislative authority with a category C municipality within whose area it fall, such municipality are often referred to as “local municipalities”.

Category C: A municipality having municipal executive and legislative authority in an area that includes more than one municipality, such municipalities are often referred to as “district municipalities”.

5.7 Personnel numbers and costs

Table 1.17 shows numbers of personnel employed in the province.

Table 1.17: Summary of personnel numbers and costs by Vote¹

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
Vote 01: Office of the Premier	191	210	261	286	289	289	289
Vote 02: Provincial Legislature	102	127	141	117	226	226	236
Vote 03: Safety and Liaison	221	215	279	309	355	365	365
Vote 04: Education	9327	9151	11651	13104	13108	13108	13108
Vote 05: Transport, Roads and Public Works	382	394	589	568	727	727	727
Vote 06: Economic Affairs	97	103	142	136	177	184	184
Vote 07: Sport, Arts and Culture	154	399	481	624	732	732	732
Vote 08: Provincial Treasury	124	127	175	219	230	276	287
Vote 09: Housing and Local Government	363	393	537	658	711	739	778
Vote 10: Health	5147	5425	6037	5822	6065	6067	6067
Vote 11: Social Services and Population Development	568	624	798	841	915	978	1012
Vote 12: Agriculture and Land Reform	295	314	456	473	553	598	647
Vote 13: Tourism, Environment and Conservation	138	179	199	213	238	238	238
Total provincial personnel numbers	17109	17661	21746	23370	24326	24527	24670
Total provincial personnel cost (R thousand)	2 136 876	2 405 012	3 197 693	3 957 808	4 301 283	4 585 112	4 865 465
Unit cost (R thousand)	125	136	147	169	177	187	197

Over the 2009 MTEF the unit cost of personnel is projected to increase from 147 as at 31st March 2008 to 197 as at 31st March 2012.

Table 1.18: Summary of provincial personnel numbers and costs

	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Total for province									
Personnel numbers (head count)	17109	17661	21746	24001	23489	23370	24326	24527	24670
Personnel cost (R thousands)	2 136 876	2 405 012	3 197 693	3 632 478	3 731 336	3 957 808	4 301 283	4 585 112	4 865 465
Human resources component									
Personnel numbers (head count)	262	291	302	357	347	355	389	402	419
Personnel cost (R thousands)	25 961	34 082	37 771	46 947	48 195	47 896	58 610	60 884	63 690
Head count as % of total for province	1.5%	1.6%	1.4%	1.5%	1.5%	1.5%	1.6%	1.6%	1.7%
Personnel cost as % of total for province	1.2%	1.4%	1.2%	1.3%	1.3%	1.2%	1.4%	1.3%	1.3%
Finance component									
Personnel numbers (head count)	316	349	354	389	378	387	471	481	485
Personnel cost (R thousands)	34 352	43 358	47 170	56 478	59 935	59 670	76 570	82 081	86 328
Head count as % of total for province	1.8%	2.0%	1.6%	1.6%	1.6%	1.7%	1.9%	2.0%	2.0%
Personnel cost as % of total for province	1.6%	1.8%	1.5%	1.6%	1.6%	1.5%	1.8%	1.8%	1.8%
Full time workers									
Personnel numbers (head count)	15889	16260	19991	21491	21219	21150	22000	22247	22373
Personnel cost (R thousands)	1 503 883	1 665 871	2 255 417	2 364 075	2 408 254	2 665 138	2 821 225	3 040 414	3 247 292
Head count as % of total for province	92.9%	92.1%	91.9%	89.5%	90.3%	90.5%	90.4%	90.7%	90.7%
Personnel cost as % of total for province	70.4%	69.3%	70.5%	65.1%	64.5%	67.3%	65.6%	66.3%	66.7%
Part-time workers									
Personnel numbers (head count)	332	272	454	541	544	539	555	555	555
Personnel cost (R thousands)	26 644	22 767	30 581	138 527	139 831	143 130	153 415	163 865	172 812
Head count as % of total for province	1.9%	1.5%	2.1%	2.3%	2.3%	2.3%	2.3%	2.3%	2.2%
Personnel cost as % of total for province	1.2%	0.9%	1.0%	3.8%	3.7%	3.6%	3.6%	3.6%	3.6%
Contract workers									
Personnel numbers (head count)	548	802	998	1 608	1 418	1 412	1 436	1 385	1 389
Personnel cost (R thousands)	8 100	15 874	25 661	74 820	78 866	89 650	66 989	66 214	69 479
Head count as % of total for province	3.2%	4.5%	4.6%	6.7%	6.0%	6.0%	5.9%	5.6%	5.6%
Personnel cost as % of total for province	0.4%	0.7%	0.8%	2.1%	2.1%	2.3%	1.6%	1.4%	1.4%

5.8 Payments on Training

The Skills Development Act, 1998 requires that departments should budget one per cent of their payroll for the training and education of departmental employees.

Table 1.19 reflects a summary of provincial expenditures on training per vote.

Table 1.19: Summary of provincial payments on training by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09	2009/10	2010/11
Vote 01: Office of the Premier	43	79	97	188	190	194	211	231	228
Vote 02: Provincial Legislature	382	332	259	524	524	524	551	581	623
Vote 03: Safety and Liaison	280	613	1,559	1,516	1,516	1,746	1,956	1,969	2,324
Vote 04: Education	9,081	16,354	19,283	18,362	18,362	18,362	19,274	20,429	21,655
Vote 05: Transport, Roads and Public Works	332	859	899	935	935	935	981	1,031	1,093
Vote 06: Economic Affairs	439	540	545	771	771	771	909	1,005	1,090
Vote 07: Sport, Arts and Culture	101	205	270	344	344	344	450	460	510
Vote 08: Provincial Treasury	247	264	280	439	439	439	586	715	800
Vote 09: Housing and Local Government	307	315	391	479	479	479	620	740	816
Vote 10: Health	2,479	3,609	15,983	13,048	13,048	13,048	13,770	5,837	6,246
Vote 11: Social Services and Population Development	1,676	1,071	2,700	3,038	3,038	3,038	3,213	3,408	3,612
Vote 12: Agriculture and Land Reform	25	32	512	570	570	545	627	636	681
Vote 13: Tourism, Environment and Conservation	247	1,003	690	706	1,154	693	706	769	823
Total provincial payments on training	15,639	25,276	43,468	40,920	41,370	41,118	43,854	37,811	40,500

ANNEXURE TO BUDGET STATEMENT 1

Table A.1: Information relating to Conditional grants

Vote and Grant	Purpose	Adjusted appro-riation	Actual transfer	Audited expend-iture	Adjusted appro-riation	Actual transfer	Audited expend-iture	Adjusted appro-riation	Actual transfer	Audited expend-iture	Adjusted appro-riation	Revised transfer estimate 2008/09	Revised expend-iture estimate	Medium-term estimates		
		2005/06	2005/06	2005/06	2006/07	2006/07	2006/07	2007/08	2007/08	2007/08	2009/10	2010/11	2011/12			
Agriculture		53,632	53,633	34,222	41,028	41,028	41,824	79,630	79,630	76,159	99,621	99,621	99,621	67,388	95,341	130,309
Agricultural Disaster Management Grant		-	-	-	-	-	-	-	-	-	6,219	6,219	6,219	5,000	-	-
Comprehensive Agricultural Support Programme Grant		15,992	15,993	9,274	22,496	22,496	23,365	28,555	28,555	30,433	42,036	42,036	42,036	49,232	59,346	63,954
Land Care Programme Grant: Poverty Relief & Infrastructure Development		3,439	3,439	1,620	7,658	7,658	8,215	6,075	6,075	6,945	6,366	6,366	6,366	5,656	5,995	6,355
Letsema Projects		-	-	-	-	-	-	-	-	-	45,000	45,000	45,000	7,500	30,000	60,000
Drought Relief		33,701	33,701	22,828	10,874	10,874	10,244	45,000	45,000	38,781	-	-	-	-	-	-
Poverty Relief		500	500	500	-	-	-	-	-	-	-	-	-	-	-	-
Education		33,351	33,351	30,798	44,656	44,656	41,563	49,054	49,054	49,054	70,287	70,287	70,286	59,518	88,109	108,904
Further Education and Training College Sector Recapitalisation Grant		-	-	-	10,000	10,000	10,000	8,000	8,000	8,000	7,620	7,620	7,620	-	-	-
HIV and Aids (Life Skills Education) Grant		2,318	2,318	2,028	2,747	2,747	2,279	3,922	3,922	3,922	3,648	3,648	3,648	3,828	3,573	3,788
National School Nutrition Programme Grant		31,033	31,033	28,770	31,909	31,909	29,284	37,132	37,132	37,132	59,019	59,019	59,018	55,690	84,536	105,116
Health		295,065	295,065	285,396	548,887	548,887	458,071	515,955	515,955	443,278	566,029	637,145	511,514	705,632	887,986	908,165
Comprehensive HIV and Aids Grant		52,638	52,638	48,559	72,682	72,682	72,682	74,091	74,091	74,091	91,444	91,444	91,444	113,703	157,150	168,559
Forensic Pathology Services Grant		4,363	4,363	256	27,718	27,718	15,383	36,520	36,520	34,959	29,376	29,376	21,672	20,187	22,868	24,240
Health Professions Training and Development Grant		41,069	41,069	41,069	41,069	41,069	41,069	43,122	43,122	43,122	45,278	45,278	45,278	58,304	61,802	65,510
Hospital Management and Quality Improvement Grant		10,083	10,083	10,083	-	-	-	-	-	-	-	-	-	-	-	-
Hospital Revitalisation Grant		110,559	110,559	109,076	315,132	315,132	236,651	251,447	251,447	180,331	246,364	317,480	201,000	340,197	420,218	410,892
Malaria and Cholera Prevention Grant		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
National Tertiary Services Grant		76,353	76,353	76,353	92,286	92,286	92,286	110,775	110,775	110,775	153,567	153,567	152,120	173,241	225,948	238,964
Housing		99,917	99,917	102,542	104,774	104,774	104,714	231,036	231,036	231,021	167,274	167,274	183,274	325,011	273,260	313,187
Integrated Housing and Human Settlement Development Grant		99,917	99,917	102,542	104,774	104,774	104,714	231,036	231,036	231,021	167,274	167,274	183,274	325,011	273,260	313,187
Sport and Recreation South Africa		2,640	2,640	2,492	6,200	6,200	6,200	33,544	33,544	30,479	65,340	65,340	56,563	78,506	87,870	93,143
Mass Sport and Recreation Participation Programme Grant		2,640	2,640	2,492	6,200	6,200	6,200	9,514	9,514	8,702	19,534	19,534	18,722	19,686	21,927	23,243
Library Archives		-	-	-	-	-	-	24,030	24,030	21,777	45,806	45,806	37,841	58,820	65,943	69,900
National Treasury		198,844	198,844	194,204	202,217	202,217	202,217	351,318	351,318	337,226	405,661	405,661	408,309	492,388	593,565	675,819
Infrastructure Grant to Provinces		198,844	198,844	194,204	202,217	202,217	202,217	351,318	351,318	337,226	405,661	405,661	408,309	492,388	593,565	675,819
Public Works		-	-	-	-	-	-	-	-	-	24,094	24,094	24,094	49,657	29,698	31,480
Devolution of Property Rates		-	-	-	-	-	-	-	-	-	24,094	24,094	24,094	26,998	29,698	31,480
Expanded Public Works Programme Incentive Grant		-	-	-	-	-	-	-	-	-	-	-	-	500	-	-
Public Transport Operations Grant		-	-	-	-	-	-	-	-	-	-	-	-	22,159	-	-
Total conditional grants		683,449	683,450	649,654	947,762	947,762	854,589	1,260,537	1,260,537	1,167,217	1,398,306	1,469,422	1,353,661	1,778,100	2,055,829	2,261,007

Table A.2: Details of total provincial own receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09	2009/10	2010/11
Tax receipts	72131	81306	87469	91362	91362	98531	94062	99282	114854
Casino taxes	11798	12451	12729	15408	15408	14241	14662	15542	16474
Horse racing taxes	393	518	532	649	649	548	530	562	595
Liquor licences	872	925	1016	1044	1044	492	928	984	1043
Motor vehicle licences	59068	67412	73192	74261	74261	83250	77942	82194	96742
Sales of goods and services other than capital assets	29529	27921	40761	45155	45155	41638	36546	39085	40444
Sale of goods and services produced by department (excluding capital assets)	29529	27921	37644	45155	45155	41638	36546	39085	40444
Sales by market establishments	2901	2212	5833	444	444	646	466	487	506
Administrative fees	2301	2412	367	1882	1882	3908	3753	3882	4009
Other sales	24327	23297	31444	42829	42829	37084	32327	34716	35929
<i>Of which</i>									
<i>Health patient fees</i>									
<i>Other (Specify)</i>									
<i>Other (Specify)</i>									
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	0	0	3117	0	0	0	0	0	0
Transfers received from:	0	424	62	0	0	0	30	30	31
Other governmental units	0	0	0	0	0	0	30	30	31
Universities and technicians	0	0	0	0	0	0	0	0	0
Foreign governments	0	0	0	0	0	0	0	0	0
International organisations	0	0	0	0	0	0	0	0	0
Public corporations and private enterprises	0	424	62	0	0	0	0	0	0
Households and non-profit institutions	0	0	0	0	0	0	0	0	0
Fines, penalties and forfeits	2026	5937	2022	5492	5492	3871	6234	7037	7198
Interest, dividends and rent on land	5867	2255	3314	2960	2960	570	2856	2971	3087
Interest	5867	2255	3314	2960	2960	570	2856	2971	3087
Dividends	0	0	0	0	0	0	0	0	0
Rent on land	0	0	0	0	0	0	0	0	0
Sales of capital assets	689	1094	1411	72	72	199	110	117	125
Land and subsoil assets	0	0	0	0	0	100	0	0	0
Other capital assets	689	1094	1411	72	72	99	110	117	125
Financial transactions in assets and liabilities	685	8112	6219	594	594	7495	1228	1296	1389
Total provincial own receipts	110927	127049	141258	145635	145635	152304	141066	149818	167128

Table A.3: Details of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation 2008/09	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2009/10	2010/11	2011/12
Current payments	3 078 767	3 470 324	4 539 365	5 207 535	5 455 332	5 721 852	6 024 382	6 618 063	7 139 948
Compensation of employees	2 136 876	2 405 012	3 197 693	3 632 478	3 731 336	3 957 808	4 301 283	4 585 112	4 865 465
Salaries and wages	1 844 476	2 084 286	2 859 504	3 141 704	3 234 076	3 423 251	3 720 135	3 961 905	4 191 368
Social contributions	292 400	320 726	338 189	490 774	497 260	534 557	581 148	623 208	674 097
Goods and services	941 460	1 064 666	1 341 040	1 574 345	1 722 884	1 763 250	1 722 352	2 032 159	2 273 643
<i>of which (refer to section 5.3, table 1.11 in Budget Statement 1)</i>									
<i>Specify item</i>									
<i>Specify item</i>									
Interest and rent on land	431	646	632	712	1 112	794	747	792	840
Interest	423	610	617	700	1 100	782	735	779	826
Rent on land	8	36	15	12	12	12	12	13	14
Financial transactions in assets and liabilities	1 838	652	4 627	-	-	12 221	-	-	-
Transfers and subsidies to:	500 206	524 316	711 803	761 084	785 565	823 374	980 329	1 061 945	1 185 967
Provinces and municipalities	145 921	124 877	92 421	117 336	121 920	119 789	123 897	130 463	137 238
Provinces ²	87	5 024	269	-	-	113	-	-	-
Provincial Revenue Funds	16	-	-	-	-	34	-	-	-
Provincial agencies and funds	71	5 024	269	-	-	79	-	-	-
Municipalities ³	145 834	119 853	92 152	117 336	121 920	119 676	123 897	130 463	137 238
Municipalities	96 558	70 554	40 310	62 643	67 227	64 932	46 627	49 016	51 774
<i>of which: Regional service council levies</i>									
Municipal agencies and funds	49 276	49 299	51 842	54 693	54 693	54 744	77 270	81 447	85 464
Departmental agencies and accounts	5 881	4 918	29 071	30 184	26 835	29 919	19 200	19 969	21 526
Social security funds	1 405	1 628	2 008	1 783	1 783	2 571	1 872	1 985	2 104
Provide list of entities receiving transfers ⁴	4 476	3 290	27 063	28 401	25 052	27 348	17 328	17 984	19 422
Universities and technicians	6 878	14 570	12 364	15 971	17 771	15 429	9 479	9 210	9 667
Transfers and subsidies to: - continued									
Public corporations and private enterprises ⁵	26 832	42 915	31 584	46 629	47 104	21 065	48 589	50 674	52 547
Public corporations									
Subsidies on production	3	-	-	-	-	-	-	-	-
Other transfers	26 777	42 892	30 494	45 928	46 148	19 720	42 542	44 091	45 608
Private enterprises									
Subsidies on production	-	-	-	-	-	3	-	-	-
Other transfers	52	23	1 090	701	956	1 342	6 047	6 583	6 939
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	192 327	210 529	287 479	361 795	376 145	430 142	428 210	550 717	622 544
Households	122 367	126 507	258 884	189 169	195 790	207 030	350 954	300 912	342 445
Social benefits	2 235	5 640	3 089	845	1 030	2 630	1 020	1 065	1 105
Other transfers to households	120 132	120 867	255 795	188 324	194 760	204 400	349 934	299 847	341 340
Payments for capital assets	367 283	563 994	668 636	715 736	816 003	794 275	934 782	1 107 129	1 188 213
Buildings and other fixed structures	289 164	429 710	588 244	650 458	728 823	703 465	828 110	995 478	1 036 048
Buildings	179 482	281 698	320 224	378 111	433 664	393 007	507 995	562 143	571 485
Other fixed structures	109 682	148 012	268 020	272 347	295 159	310 458	320 115	433 335	464 563
Machinery and equipment	78 119	134 284	80 392	65 278	87 180	90 810	106 672	111 651	152 165
Transport equipment	18 941	31 592	4 555	11 160	14 120	8 869	13 629	9 955	11 164
Other machinery and equipment	59 178	102 692	75 837	54 118	73 060	81 941	93 043	101 696	141 001
Cultivated assets	65	2 982	3 511	304	1 004	1 076	-	-	-
Software and other intangible assets	2 599	3 168	6 631	4 121	4 109	2 414	1 265	1 284	1 421
Land and subsoil assets	-	-	397	-	-	-	-	-	-
Total economic classification	3 950 759	4 565 436	5 934 970	6 688 780	7 062 013	7 355 212	7 940 758	8 788 421	9 515 549