

FOREWORD

By

J Block: MEC for Finance, Economic Development and Tourism

The tabling of 2010/11 MTEF Budget represents our commitment as provincial government to respond to the aspirations of the people of the Northern Cape. It is a reflective of political priorities and moreover an expression of provincial priorities.

This budget set out and illustrates how the priorities we set ourselves will be met through various programmes and projects over the MTEF. As we pursue our objectives we will be making some choices. This will be done in order to find the correct and best balance between funding short-term needs and long-term goals and objectives. This is crucial given the enormous recession challenges facing the country and more importantly the limited resources at our disposal.

Therefore, the job before us is clear. It is to build the progress we have made, to see it translated into good jobs, sustained growth and social programmes suited to the millennium that lies ahead. This budget is about consolidating the gains we have made. It is about addressing problems before they arise. It is about managing ahead, continuing to put in place new building blocks for security and prosperity.

In this regard, we continue to direct more resources towards social sector. Expenditure will be directed more towards primary health care, providing school feeding, learner support materials, no fee schools, free learner transport with a view to contribute towards developing healthy, skilled and productive communities. In addition, we will continue to allocate resources to infrastructure projects and provincial initiatives that promote and stimulate economic growth, create jobs and contribute in the fight against poverty. Resources are also made available to fund infrastructure for the 2010 Soccer World Cup legacy projects in the Northern Cape.

Delivering on our commitments begin with unrelenting dedication to sound financial management. A commitment to sound financial management is never easy and it is never over. It is not something to be done once, or just for a while and then set aside. It requires the steady, unrelenting application of rigorous fiscal discipline and vigilance at the macro level and at day-to-day micro level in how programmes and services get delivered. This will make sure that every rand spent is a rand well spent. If there is one area where we must never let up, it is effort to root out waste and inefficiency.

I trust that this document will be useful in contributing to the understanding and the analysis of this 2010 MTEF Budget.

CONTENTS

1. Budget strategy and aggregates

1.1. Introduction

The 2010 budget framework continues to put impetus and accelerate the provincial government's broad strategic goals which include;

- Comprehensive HIV and AIDS programme
- Expanded Public Works Programme Incentive Grant (EPWP) for the Infrastructure Sector
- Expanded Public Works Programme Incentive Grant for the Social Sector
- Continuation of the Infrastructure Development Improvement Programme (IDIP)
- War on poverty
- Crime Prevention Programmes
- Comprehensive Rural Development Strategy
- Upgrading and Maintenance of Roads Infrastructure.

Some of the revisions included in the 2010/11 budget relate to funding of the 2010 World Cup Infrastructure Legacy Projects, conversion of the Further Education and Training programme (FET) into a conditional grant (Further Education and Training Colleges Sector Grant) and Technical Secondary Schools Recapitalisation Grant (TSSRG) for the provision of equipment and proper facilities in technical high schools in the province.

The FET College Sector Grant is a priority in terms of skills development. It is thus crucial that salaries packages are attractive enough to lure highly skilled personnel, especially in key areas like engineering and information technology and money will be ring fenced to pay personnel in this regard. Provision has also been made in the allocation of the FET College Sector Grant for Occupation Specific Dispensation (OSD) for College Lecturers. An agreement on OSD for College Lecturers is in the process of being crafted around these additional allocations and will indicate how these increases will be linked to performance.

The budget also provide additional resources to assists the department of Health to further implement Occupation Specific Dispensation (OSD) for doctors, therapists and other categories of health professionals as well as OSD for Educators.

Additional funds have been provided in the baseline of Provincial Treasury to strengthen capacity, interventions and enhance hands-on support to municipalities across the province. This money will go a long way towards improving the Audit Outcomes and financial management in municipalities.

It is worth noting that the decision to convert the Further Education and Training programme has resulted in the reduction of the province's equitable share considerably. This reduction comes at a time when the Executive Council had made a conscious decision to cut other departments with the intention of channelling more resources to Education and Health in the province. This is against the backdrop that departments will still be required to eliminate wasteful and unnecessary expenditure in the 2010/11 financial year to make provision for the cut to stabilise the budgets of the departments of Education and Health.

The planning framework of the province is in sync with the following national planning framework and processes:

- Medium-Term Strategic Framework (MTSF)
- Medium-Term Expenditure Framework (MTEF)
- Provincial Growth Development Strategy (PGDS)
- Medium-Term Budget Policy Statement (MTBPS)
- Provincial Budget Process linked to the National Budget Process

The provincial framework funding is mainly informed by the Medium Term Budget Policy Statement (MTBPS) 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 Medium Term Expenditure Framework, President's State of the Nation Address and the Premier's State of the Province Address is centred on the following broad objectives of the Northern Cape government:

- Deliberate investment in infrastructure to deal backlogs of infrastructure in the province;
- Direct funding where greatest development potential and need can coincide;
- Invest in training and people development to attract and retain the skills in the province;
- Funding also directed towards major provincial policy decisions that the Executive Council have publicly pronounced.

Establishment of a Monitoring and Evaluation Unit

The Premier, in her State of the Province Address, indicated that in order to strengthen the capacity of the Provincial Administration, effective monitoring and evaluation systems have to be put in place to track output, outcome and performance of government programmes that impact directly on service delivery, to this effect, the province has been part of national discussions towards the formation and establishment of the Monitoring and Evaluation Unit in the Presidency, and as such has also formulated development indicators, aligned to the Medium Term Strategic Framework (MTSF) priorities of Government. Progress reports from sector departments will be weighed against those strategic objectives.

1.2. Summary of budget aggregates

Table 1.2.1 below outlines the summary of the revenue and payment components of the budget.

Table 1.2.1: Provincial budget summary

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09				2010/11	2011/12	2012/13
Provincial receipts									
Transfer receipts from national	4 367 483	5 898 359	6 915 152	7 970 607	8 233 781	8 134 997	9 278 999	9 958 718	10 635 827
Equitable Share	3 451 507	4 637 822	5 464 846	6 192 507	6 396 473	6 396 473	7 101 615	7 556 611	7 962 754
Conditional grants	915 976	1 260 537	1 450 306	1 778 100	1 837 308	1 738 524	2 177 384	2 402 107	2 673 073
Provincial own receipts	127 049	141 257	165 631	141 066	141 066	159 508	183 203	188 792	194 965
Total Provincial receipts	4 494 532	6 039 616	7 080 783	8 111 673	8 374 847	8 294 505	9 462 202	10 147 510	10 830 792
Provincial Payments									
Current payments	3 472 591	4 543 019	5 489 763	6 024 382	6 276 697	6 521 210	7 098 874	7 689 190	8 092 260
Transfers and subsidies	524 323	711 803	848 905	980 329	1 028 839	1 021 896	1 021 776	1 132 383	1 290 481
Payments for capital assets	570 145	679 195	754 269	936 047	1 085 167	897 644	1 041 856	1 139 273	1 229 970
Payments for financial assets	14	908	84		4	4			
Unallocated contingency reserves									
Total Provincial Payments	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 711
Surplus/(deficit) before financing	(72 541)	104 691	(12 238)	170 915	(15 860)	(146 249)	299 696	186 664	218 081
Financing									
Provincial roll-overs	64 394	9 441	22 829		47 657	47 657			
Debt Redemption	(85 000)	(95 000)	(54 531)	(95 000)	(95 000)	(95 000)	(131 697)	(121 000)	(130 000)
Unallocated (Incl GEMS & 2010 World Cup)	(18 333)	(26 387)		(69 960)			(167 998)	(57 617)	(84 036)
Other	49 519	67 661	124 927		69 695	69 695			
Surplus/(deficit) after financing	(61 961)	60 406	80 987	5 955	6 492	(123 897)	1	8 047	4 045

The Northern Cape Provincial allocation in terms of equitable share increased by 11per cent to R7.101 billion for 2010/11. A further amount of R2.177 billion is provided in the form of conditional grants. This together with own revenue to the estimated value of R183.203 million resulted in provincial receipt of R9.462 million for the 2010/11 financial year. This increases to R10.147 million in 2011/12 and R10.831 million in 2012/13 respectively.

1.3. Financing

The province's budget is mainly finance through transfers from national (equitable share and conditional grants) and provincial own revenue which constitute only 1.7 per cent of the total provincial budget.

Surplus

From the total amount of R299.696 million reflected as the surplus, R131.697 relates to the Debt Redemption to clear the unauthorised expenditure of previous financial years realised by provincial departments, a once-off amount of R97.308 million which has been provided for the World Cup Infrastructure Legacy Projects, R13.464 million that relates to GEMS, R6.289 million respect of ICS, and R5.282 million with regard to Infrastructure to Provinces (IGP) which will be allocated during the 2010/11 Adjustment Budget to provide estimated expenditure mostly in department of Health. The remaining amount of R45.656 million is an estimated increase in own revenue, mostly in the Department of Health. Since this amount has not been scientifically tested and its credibility being verified, it will only be utilised during 2010/11 adjustment statement.

2. Budget Process and the Medium-Term Expenditure Framework

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.

Section 26 of the Public Finance Management Act of 1999 requires each provincial legislature to appropriate money for each financial year to fund the services it provides to the community. The final tabling of the budget is therefore a consultative process between all provincial departments (including national departments in terms of sector priorities funded at a national level).

It is through the budget process that the Legislature can influence how the policies of government and particularly the ruling party are to be implemented in the period ahead. The Legislature and the provincial treasury assumes a central and leading role in terms of ensuring that both the budget process and tabled budget at the Legislature are credible and respond positively to the needs of the community.

The budget process itself is a dynamic tool and therefore the indicative dates are subject to change depending on other concurrent processes. To ensure synergy in the implementation of the provincial budget process, the dates reflected in the Provincial budget process are in sync with those of National Treasury but are subject to change due to either political or administrative imperatives.

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.

Strategic Planning and the Budget Processes

The provincial budget planning cycle consists of two inter-related phases, namely, the strategic planning phase and the medium-term budgeting planning phase. The former phase results in the following:

- The 5 year strategic plan which is tabled once in 5 years and is linked to the electoral cycle to afford the new Executive Authority the opportunity to give strategic political direction to the department.
- The 3-year Annual Performance Plan (APP) which is informed by the 5 year strategic plan and is tabled annually to update the objectives of the departments.
- It cannot be over emphasised that this remain a serious challenge in terms of harmonising the provincial
- The APP makes provision for the identification of measurable objectives, performance measures and targets; and
- The first year of the APP should translate into a departmental operational plan.

In preparing the department's 5 year strategic performance plans and the 2010/11 Budget, it is critical that departments take cognisance of the municipal IDP planning processes and endeavour to integrate their own planning processes with the municipal IDP process as far as possible.

Municipal Finance Management Budget Process

- Municipalities are required to table their budgets at least ninety (90) days before the start of the financial year. The priorities of the budget should be informed by the IDP processes of the municipality, as well as those identified by both national and provincial government.
- The municipality must review the IDP with their communities and identify the priorities to be addressed. The communities must feel as part of the process since municipalities are the closest sphere of government to communities.
- Municipalities must ensure that their budgets are fully funded. This means that they only budget for revenue that they can realistically anticipate to collect. It includes both own generated revenue and any grants by both national and provincial government.
- All municipalities are required to table their 2010/11 MTREF budget in compliance with the Municipal Budget and Reporting Regulations that have been prescribed in terms of section 20(1)(a) of the Municipal Finance Management Act, No 56 of 2003.
- After the tabling of the budget, municipalities must consult with their communities and other relevant stakeholders. The municipal council must consider their views in finalizing the final budget.
- The council of the municipality must consider the annual budget for approval at least thirty (30) days before the start of the financial year. The budget must be approved by council before the start of the financial year as failure to do that will result in an intervention by the provincial executive council.

Local Government Turn-Around Strategy

- After the 2009 national and provincial elections, government under the leadership of the national Department of Co-operative Governance and Traditional Affairs undertook an assessment of all the municipalities. From that process the Local Government Turnaround Strategy was adopted by Cabinet during December 2009.
- This requires all municipalities to develop their own turnaround strategies, which must be supported by government as a whole. This is in addition to the support provided by Siyenza Manje, under the auspices of the Development Bank of Southern Africa (DBSA). Government has undertaken a number of interventions to support municipalities, including Project Consolidate, Five Year Local Government Strategic Agenda and Siyenza Manje.
- It is important for government to support municipalities since problems in Local Government are both as a result of internal factors as well as external factors over which municipalities do not have much control. The external factors relate to demographic patterns and trends, macro and micro-economic conditions, undue political interference in councils and weaknesses in Inter-Governmental Relations (IGR). Both national and provincial government should play their role in assisting municipalities to address some of these challenges.

2009/10 Municipal Financial Situation

- The impact of the economic melt-down has been felt directly in municipalities. This was seen by the increasing debtors to municipalities, after some members of the communities had lost their jobs. Also more of the municipalities were not able to pay for the bulk purchases for electricity and water services. Communities, on the other hand, were expecting that municipalities provide these.

Inter-Governmental Planning and Forums

The following intergovernmental forums play an important role in influencing policy and resource-allocation decisions:

- Extended Cabinet and President's Co-ordination Council, which comprises of the national executive, nine premiers and the chairperson of the South African Local Government Association (SALGA) for Extended Cabinet. The Extended Cabinet is the highest co-operative mechanism advising the national Cabinet when finalising the fiscal framework and division of revenue on which MTEF budgets are based.
- Budget Council, which is constituted by the Minister of Finance and the nine Members of the Executive Council responsible for finance in the provinces.
- The Budget Forum, which is made up of the Budget Council and local government representatives.
- MinMECs, which are sectoral policy forums of the Ministers and their provincial counterparts.
- Joint MinMECs between selected sectors and the Budget Council.
- Benchmark Exercise which takes place every January between National and Provincial Treasuries officials, where the rationale and logic behind allocations made by Provincial Treasuries is explained.

There are also several inter-governmental forums comprising of senior officials which provide technical support to the political forums.

One measure bearing fruit is the peer learning forums established for financial officials in key sectors like education, health, social administration, housing and roads etc. These forums have contributed to developing uniform approaches to common challenges, providing a forum for promoting best practices, and at the same time allowing for comparisons of similar activities between different provinces. The forums need to be expanded, to cover non-financial aspects for non-financial staff, in areas like planning, personnel management, procurement and infrastructure.

The January Cabinet Lekgotla, State of the Nation address by the President and the State of the Province address by the Premier lay the foundation on what has to be considered in the 2010 provincial budgets and they normally shape the MTEF budget priorities. Provincial priorities include the following:

The role of the Provincial Treasury in the Budget Process

- To ensure budget allocations result in the realization of government's priorities through monitoring and reporting on performance.
- Ensure linkages between National and Provincial Priorities as encapsulated in the Provincial Growth and Development Strategy.
- Ensure implementation of the Municipal Finance Management Act (MFMA) in Municipalities and thereby improving financial management and Audit Outcomes.
- Ensure sound liquidity levels at all times in terms of availability of cash flow requirements.
- Inform, advise and keep the Executive Council and the Legislature abreast with regard to the provincial budget process.
- Consolidation of financial statements
- Assist departments in the implementation of sound and cost effective supply chain management practices.
- Provide technical support in terms of interlinked systems across departments.

3. Socio-economic outlook

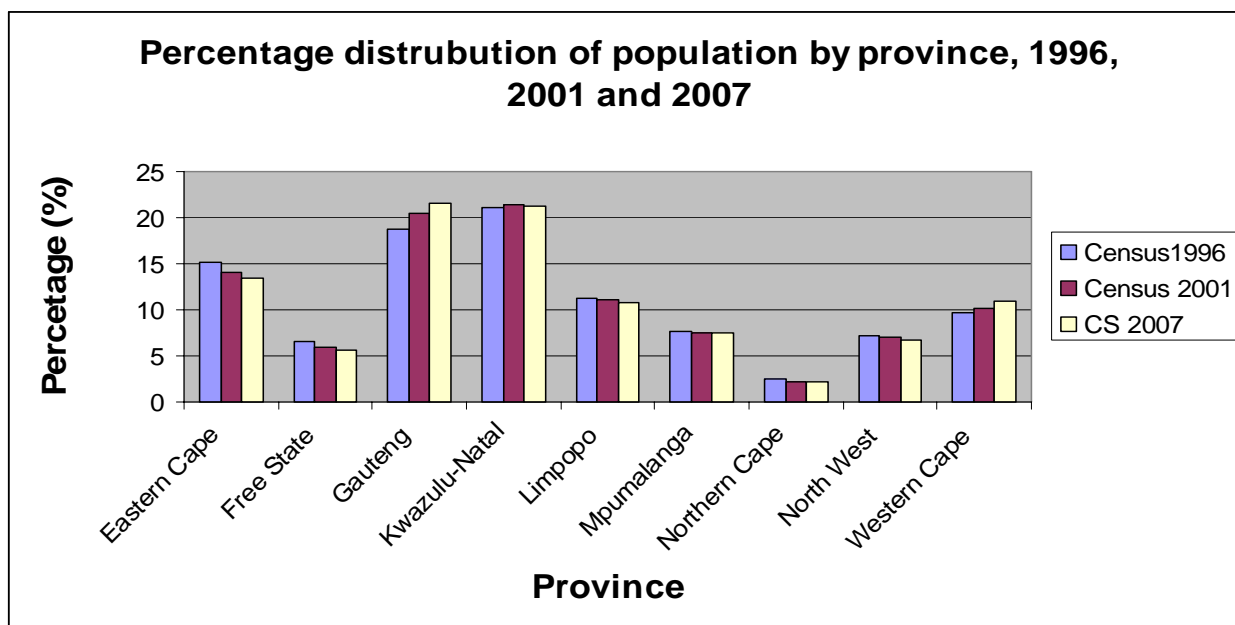
The provincial budget allocations for the 2010/11 Medium Term Expenditure Framework (MTEF) are tabled against the backdrop of a global economic crisis that resulted in national recession in the first quarter of 2009. The slowdown in economic performance has impacted adversely on both revenue and expenditure side of government finances. On the revenue side the national main budget revenue estimate is R70 billion lower than what was projected at the beginning of the financial year, a phenomenon characterized as a budget deficit. The expenditure side remains under pressure to finance the developmental agenda emanating from electoral mandate in the 2009 general elections.

On the eve of this budget statement the world economy began to recover albeit in a slow and uneven pattern. The growth projections have been revised upwards and most indicators remain positive. It is in this context that the allocations for the 2010/11 MTEF were made. In this section the socio-economic outlook of the Northern Cape Province focusing on selected indicators that include demographic profile, economic performance and access to basic services are presented. 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

The size, structure and distribution of the population are very important demographic process that have informs development planning and provision of public services. They determine the mix of goods and services appropriate for the population in a given area. In terms of size, the Northern Cape is the largest province in the country in landmass; however it has the lowest population estimated at 1 058 051 in 2007. Its proportion to the national population averaged 2.4 per cent between the years 2001-2007. The mid-year population estimates of 2009 estimates the population to have increased to 1 147 600. In the section below other aspects of the provincial population are explored.

Figure 3.1: Population distribution by Province, 1996, 2001 and 2007



Source: Statssa, 2007

Figure 3.1 presents population per centage distribution for all provinces for the years 1996, 2001 and 2007. Per centage 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 per centage share since 1996. The per centages for Gauteng (GP) and Western Cape (WC) are gradually increasing.

Table 3.1.1: Population Size and Distribution by Districts, 2001-2007

Region	2001		2007		% growth
	Total population	%	Total population	%	
Kgalagadi District Municipality	191 538	19.3	174 455	16.4	-1.5
Namakwa District municipality	108 110	10.9	126 490	12	2.7
Pixley ka Seme District municipality	164 607	16.6	166 845	15.8	0.2
Siyanda District municipality	202 161	20.4	238 063	22.5	2.8
Frances Baard District municipality	325 501	32.8	353 198	33.4	1.4
Total Northern Cape Population	991 917	100.0	1 058 051	100	1.1

Source: Statssa, Census 2001, 2007 Community Survey

Table 3.1.1 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 per cent and 33 per cent respectively, while Namakwa has the least distribution of 12 per cent for both years.

All districts except John Taolo Gaetsewe have shown a positive growth. Siyanda and Namakwa districts have increased year on year by 2.8 and 2.7 per cent respectively, while John Taolo Gaetsewe has shown a decline of 1.5 per cent. This means that the population decreased from 191 538 in 2001 to 174 455 in 2007 for the John Taolo Gaetsewe 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 3.1.2: Changes in the Northern Cape demographic profile, 2001-2007

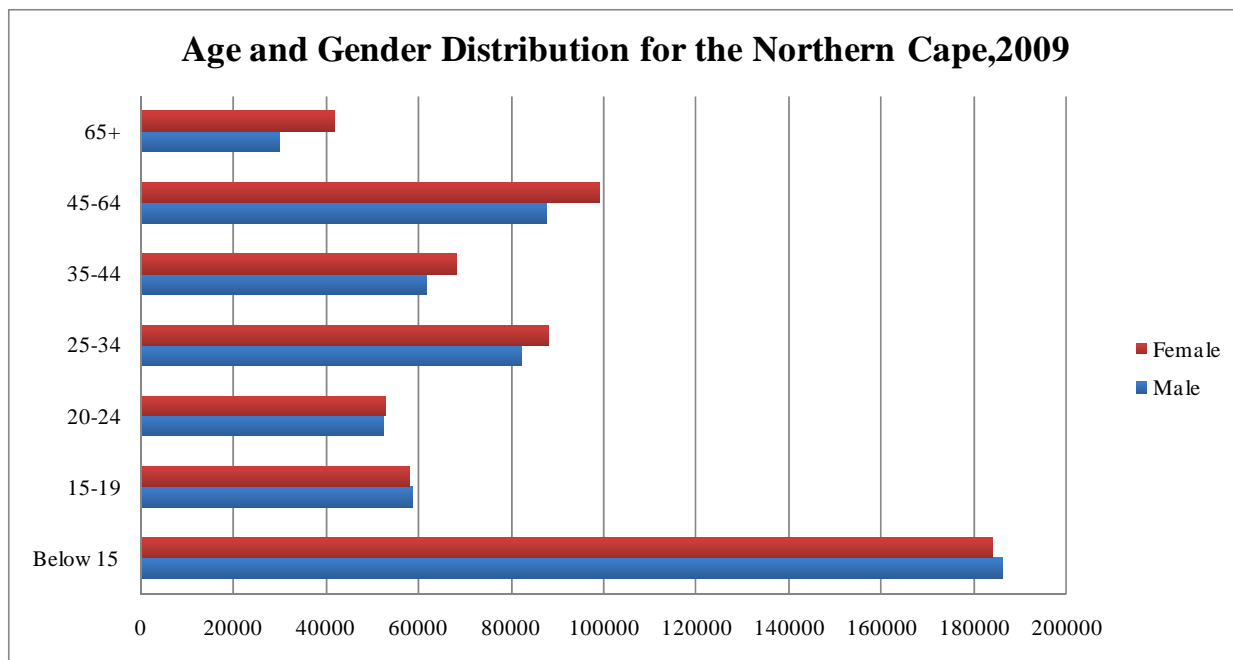
Description	Period	Effective change
Population growth	2001-2007	1.1% per annum; 991917 Thousand to 1058051 Million
Population increase	2001-2007	Increase of 66134 Thousand or 6.7%
Number of households	2001	259631
	2007	264654 (1.9% increase)
Average households size	2001	3.8
	2007	4

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 per cent. This represents 6.7 per cent increase for the given period. The number of households increased from 259 631 in 2001 to 264 654 in 2007 which is a 1.9 per cent increase. Average number of people per household has increased from 3.8 in 2001 to 4 in 2007.

The structure of the population in terms of age and gender is an important demographic process that informs development planning and provision of public services. Figure 2 people presents age and gender structure of the Northern Cape derived from the 2009 Mid-year population estimates.

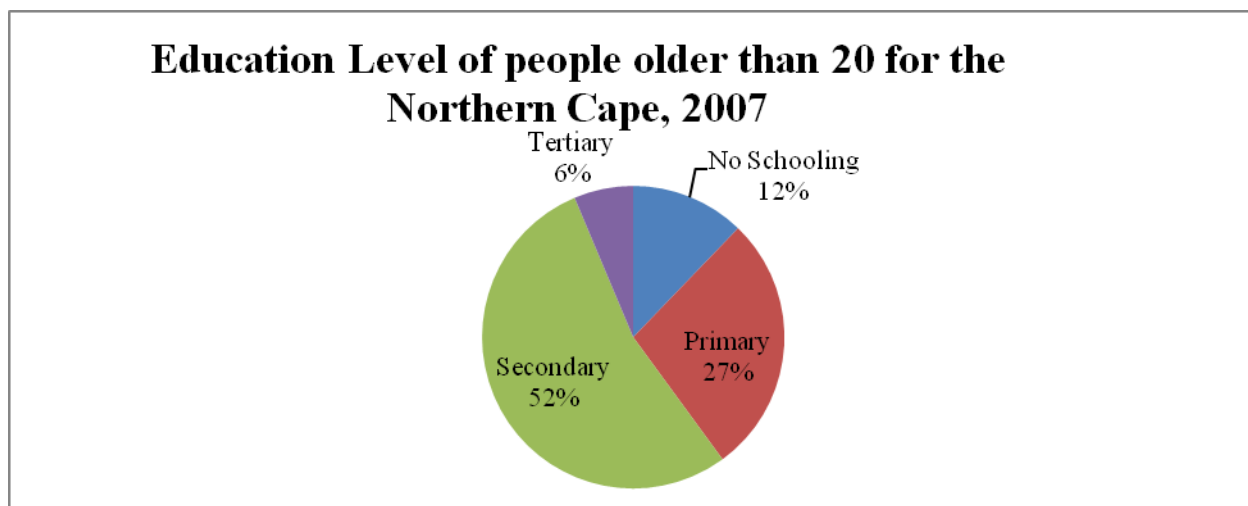
Figure 3.2: Age and Gender Distribution for the Northern Cape, 2009



Source: Statssa, Mid-year estimates 2009

The provincial population can be described as an inter-mediate population with the median age of 25. According to the 2009 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 3.3: Education Level of people older than 20 for the Northern Cape, 2007



Source: Statssa, 2007 community survey

Figure 3.3 reflects the level of education for people older than 20 years in the Northern Cape for 2007. According to the above chart 52 per cent have obtained secondary education while only 6 per cent have attained tertiary education. Furthermore 27 per cent attained primary education whereas 12 per cent have no schooling.

Table 3.1.3: 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 3.1.1 which illustrates the types of dwelling in the Northern Cape for 2001 and 2007. In 2001, 73.9 per cent of people resided in formal settlement whereas in 2007 the number increased to 78.7 per cent, while traditional dwellings decreased from 6.6 per cent to 4.5 for the same years. Although there has been an increase in informal dwellings from 14.0 per cent to 16.4 per cent for 2001 and 2007, there is an overall improvement in government's provision of housing.

Table 3.1.4: 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 3.1.4 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 per cent in 2001 to 50.0 per cent in 2007. Access to piped water inside the yard decreased from 37.3 per cent in 2001 to 30.3 per cent in 2007, whereas other sources of access to water also decline from 27.3 per cent to 19.8 per cent for the same period.

Table 3.1.5: 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 3.1.5 shows that access to flush or chemical toilet improved from 59.6 per cent in 2001 to 68.0 per cent in 2007. Furthermore there is a decline in household's usage of pit latrine from 18.2 per cent in 2001 to 14.5 per cent in 2007. Access to bucket latrine decreased from 9.5 per cent to 4.4 per cent for 2001 and 2007 respectively.

Table 3.1.6: 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

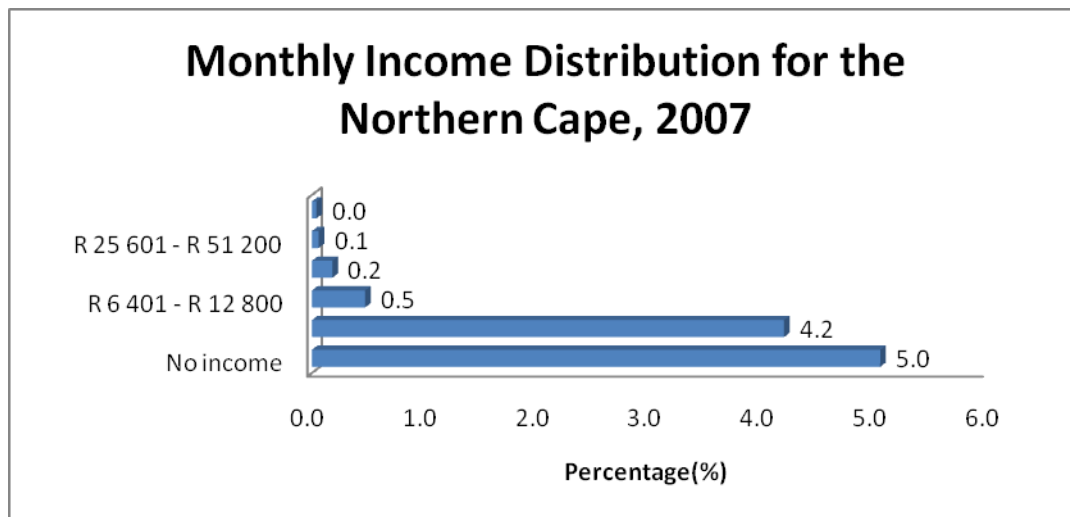
Table 3.1.6 shows households with access to refuse removal in the Northern Cape for 2001 and 2007. The number of households with access to refuse removal by local authority at least once a week has moved from 59.8 per cent in 2001 to 69.9 per cent in 2007. Other forms of refuse removal have declined for the same period.

3.2. 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 0.56 which has remained constant for the period 2001-2008; 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 3.4: Monthly Income Distribution for Northern Cape, 2007



Source: Statssa, Community Survey 2007

It is evident from figure 3.4 above that over 50.5 per cent of the working age has no income, while 41.9 per cent earns less than R6 400 per month. 4.7 per cent of the working age earns within the range of R6 401- R12 800 and 1.8 per cent within the range of R12 801- R25 600. Furthermore 0.6 per cent earns within the range of R25 601-R51 201, while 0.4 per cent earns more than R51 201

3.3. Economic Indicators

The economy is still reeling from the jolt of the worst economic crisis to hit the global economy in almost eight decades which has left government with nothing but fewer resources and growing needs. In the eve of this publication, the world economy started to recover albeit in a slow and uneven pattern. The growth rates have been revised upwards while most indicators remain positive. In the third quarter of 2009, the national economy returned to a positive growth path and it is forecasted to grow by 2.3 and 3.2 per cent in 2010 and 2011. 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.

The recent economic crisis deteriorated the unemployment situation the country and province with the national economy losing 959 000 and 61 000 provincially, in the first three quarters of 2009. However the economy showed signs of recovery in the fourth quarter of last year gaining total of 35 000 jobs were gained in that quarter. Table 3.3.1 below presents the labour market status for the Northern Cape using data from Quality Labour Force Survey of 2009.

Table 3.3.1: Labour Market Status in the Northern Cape, 2009

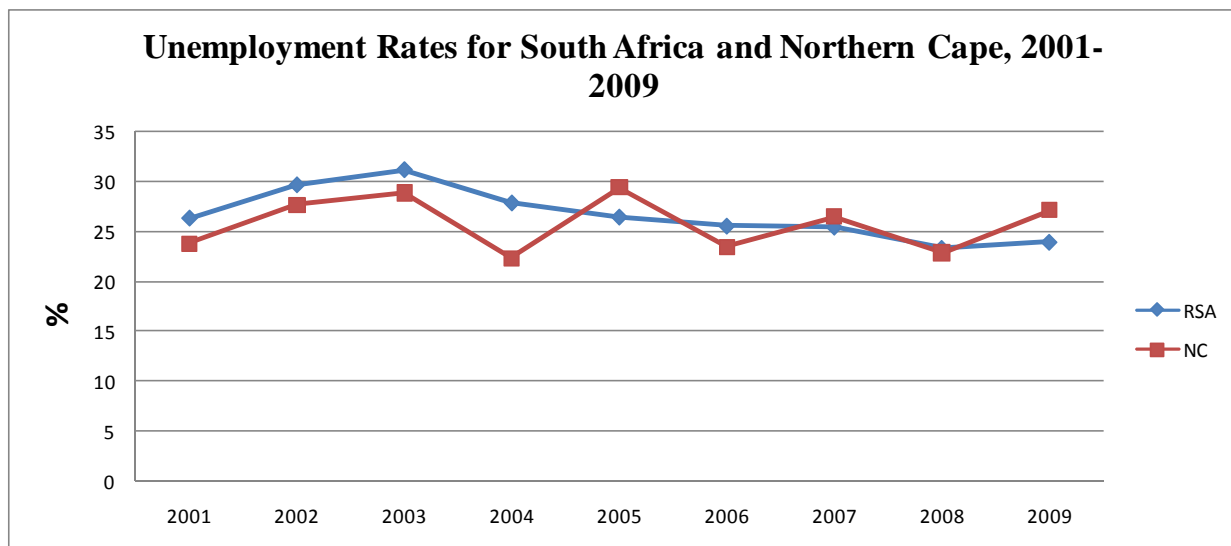
Labour Activity	Total	% Rate
Economically Active	380 000	54%
Not Economically Active	328 000	46%
Total	708 000	100%
Labour Market		
Employed	277 000	73%
Unemployed	103 000	27%
Total Economically Active	380 000	100%

Source: Statistics SA, QLFS 2009

It shows that the province has a working age population of 708 000 people representing 66.9 per cent of the total provincial population. An estimated 380 000 people or 46 per cent of the working age population is economically active while 328 000 or 46 per cent is not economically active. An estimated 277 000 or 73 per cent of the labour force is employed while 103 000 or 27 per cent of is unemployment. In the immediate and medium one of the biggest challenges facing the provincial economy is to achieve more rapid economic growth and employment.

Figure 3.5 below focuses closely on the unemployment situation in the province using data from the QLFS of 2009. It shows that unemployment rate has fluctuated for the 2001-2008 period. A reduction in unemployment was experienced in 2007 to 2008, with the national rate decreasing by 2.1 per cent and the Northern Cape declining by 3.6 per cent. Despite this decrease 959 000 jobs were lost nationally and 61 000 jobs provincially in the first three quarter of 2009 as a result of slow demand amidst bad economic conditions. It is worth noting that as a result of the moderate recovery in economic activity 89 000 jobs nationally and 35 000 jobs were created provincially in the last quarter of 2009. Between 2008 and 2009 the unemployment rate increased by 0.6 per cent nationally while the provincial rate increased by 4.3 per cent between 2008 and 2009.

Figure 3.5: Unemployment Rates for the Northern Cape and South Africa, 2001-2007



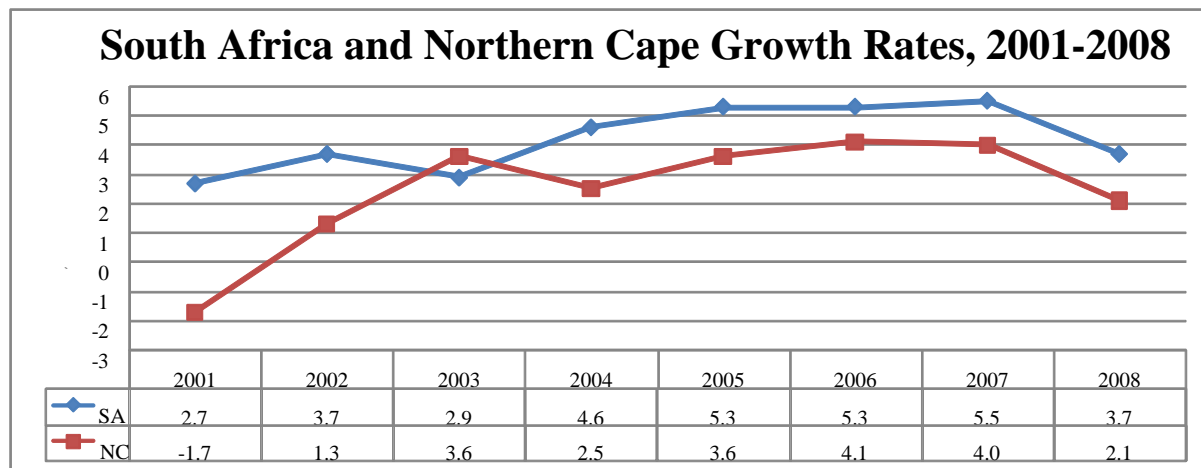
Source: Derived from Statssa, Quarterly Labour Force Survey, 2009

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. It must be noted that the global economic crisis that resulted in a recession in the country further worsened the unemployment situation. 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.

3.4. Economic Growth (Gross Domestic Product)

The provincial economy despite being below the national average has been riding on a positive growth trajectory since 2002, although it experienced a slight dip in 2004 and 2008. However, in line with the national economy the provincial economy also suffered the effects of the economic crisis evident from the growth rate declining to 2.1 per cent in 2008 from 4 per cent in 2007. Figure 3.6 below illustrates South Africa and the Northern Cape's growth rates between 2001 and 2008.

Figure 3.6: South Africa and Northern Cape Growth Rates, 2001-2008



Source: Statistics South Africa, P0441 3rd Quarter 2009

The Northern Cape's growth rate averaged 2.4 per cent between 2001 and 2008; making it the province with the lowest average, while the national economy averaged 4.2 per cent for the same period. The province's best performing years was between 2005 and 2007 where growth ranged between 3.6 and 4.1 per cent.

This means that in 2006 and 2007, the province reached the minimum band of the 4-6 per cent target as set out in the Provincial Growth and Development Strategy (NCPGDS). This minimum band was reached after Statistics South Africa revised GDP estimates following the benchmarking and rebasing process. The 4 per cent growth was a result of increased economic activity in the secondary sector. Manufacturing and construction grew by 15.7 and 12.3 per cent in 2005 and continued to do well until 2007.

Over the years the provincial economic sectors have continued to play an important role in the development of the region, albeit some sectors' contribution far outweighs the contribution of others. Table 3.4.1 presents different sector's contribution to the provincial economy from 2001 to 2008.

3.4.1: Northern Cape's Sector Contribution, 2001-2008

Sectors	2001	2002	2003	2004	2005	2006	2007	2008
Primary Sector	34.6	34.6	33.3	32.1	30.4	31.6	33.4	35.5
Agriculture, Forestry and Fishing	6.0	5.6	8.5	8.2	6.5	6.9	8.1	7.9
Mining and Quarrying	28.6	28.9	24.8	23.9	23.8	24.7	25.3	27.6
Secondary Sector	7.0	6.5	6.6	6.8	6.4	6.4	6.0	5.9
Manufacturing	3.2	3.4	3.5	3.3	3.3	2.9	2.5	2.4
Electricity and Water	2.3	1.9	2.0	2.2	1.9	2.1	2.0	1.9
Construction	1.5	1.2	1.1	1.3	1.2	1.4	1.6	1.7
Tertiary Sector	49.3	49.9	50.8	50.8	52.4	50.4	49.4	49.1
Wholesale and Retail Trade	9.3	9.1	10.5	10.7	10.6	11.0	10.8	11.2
Transport and Communication	8.6	8.6	8.6	8.3	8.6	8.3	7.3	7.3
Finance, Real Estate and Business Services	11.5	11.9	10.9	12.2	12.2	12.8	13.2	12.5
Community, Social and other Personal Services	7.7	8.0	8.3	8.4	8.5	8.0	7.7	7.0
General Government Services	12.2	12.2	12.5	11.1	12.6	10.3	10.4	11.2
All Industries at Basic Prices	90.9	90.9	90.7	89.6	89.2	88.5	88.9	90.6
Taxes less Subsidies on Products	9.1	9.1	9.3	10.4	10.8	11.5	11.1	9.4
GDP at Market Prices	100	100	100	100	100	100	100	100

Source: Statistics South Africa, 3rd Quarter 2009

The biggest contributor to the provincial GDP remains the tertiary sector, averaging at around 50 per cent for the period, followed by primary and the secondary sectors at 33 and 6.5 per cent respectively. Under the tertiary sector the general government services, finance, real estate and business services as well as wholesale and retail trade are the main industries contributing well over 10 per cent annually. That was as a result of a continuous demand for housing and business services and also improved sales in wholesale and retail trade.

The primary sector's biggest growth was in 2006 where it increased sharply by 20 per cent and maintained the same momentum until 2008. This was the period where prices of commodities were at their highest. Mining and agriculture are traditionally strong industries both in terms of contribution to the economy and employment. These industries however are sensitive to external factors such as price changes, the value of currency, demand and climatic conditions hence their contributions fluctuate from year to year.

In terms of the secondary sector, the manufacturing industry has generated strong growth nationally, largely because of significant growth in consumer demand for semi-durable and durable goods. However, this growth has not occurred in the province as its contribution averages only 3 per cent. The development and potential growth for the province is locked in this sector through the beneficiation of the abundance of primary products in agriculture and mining industries hence the urgent need to develop this sector.

3.5. Point of Departure

In the immediate the structure remains unchanged. However, in December 2009 the province held an economic summit with the purpose developing a strategy to deal with the impact of the recession and fast track economic growth and development in the province. The resolutions of the economic summit form the basis of economic planning in the medium term and will also serve to inform the review of the Provincial Growth and Development Strategy. It is expected that effective implementation of these strategies will contribute to the growth, transformation and diversification of the provincial economy while creating employment opportunities.

4. Receipts

4.1. Overall position

The total estimated revenue for the 20010/11 financial year is **R9.462 billion**. The amount is derived from national sources which are equitable share, Conditional Grants and Own revenue which is generated within the province.

In the 2009/10 financial year the province projects to receive total revenue of R8.295 billion, of which equitable share is R6.396 billion, conditional grants is R1.739 billion and own revenue amounts to R159.508 million. Of which the per centage share per item is 75per cent, 23per cent and 2 per cent respectively.

Table 4.1.1: Summary of provincial receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
Transfer receipts from National									
Equitable share	3 451 507	4 637 822	5 464 846	6 192 507	6 396 473	6 396 473	7 101 615	7 556 611	7 962 754
Conditional grants	915 976	1 260 537	1 450 306	1 778 100	1 837 308	1 738 524	2 177 384	2 402 107	2 673 073
Total transfer receipts from National	4 367 483	5 898 359	6 915 152	7 970 607	8 233 781	8 134 997	9 278 999	9 958 718	10 635 827
Provincial own receipts									
Tax receipts	81 306	87 469	106 333	94 062	94 062	109 958	110 712	114 545	118 344
Casino taxes	12 451	12 729	13 874	14 662	14 662	14 201	15 542	16 474	17 298
Horse racing taxes	518	532	513	530	530	521	562	595	625
Liquor licences	925	1 016	1 049	928	928	918	984	1 043	1 095
Motor vehicle licences	67 412	73 192	90 897	77 942	77 942	94 318	93 624	96 433	99 326
Sales of goods and services other than capital assets	27 904	40 545	43 849	36 596	36 596	39 436	68 791	70 369	72 616
Transfers received	424	62	-	30	30	-	-	-	-
Fines, penalties and forfeits	5 937	2 022	2 896	6 234	6 234	3 758	1 577	1 623	1 671
Interest, dividends and rent on land	2 255	3 052	918	2 806	2 806	3 630	624	648	649
Sales of capital assets	1 094	1 392	340	110	110	183	117	125	131
Transactions in financial assets and liabilities	8 129	6 715	11 295	1 228	1 228	2 543	1 382	1 482	1 555
Total provincial own receipts	127 049	141 257	165 631	141 066	141 066	159 508	183 203	188 792	194 965
Total provincial receipts	4 494 532	6 039 616	7 080 783	8 111 673	8 374 847	8 294 505	9 462 202	10 147 510	10 830 792

The total Provincial receipts are set to grow at an annual average of 9 per cent over the 2010 MTEF to R10.831 billion in 2012/13. It grows by R1.168 billion or 14 per cent from a revised estimate of R8.294 billion in 2009/10 to R9.462 billion in 2010/11.

Provincial Equitable Share and Conditional Grants combined are set to increase by R1.144 billion or 14 per cent from a revised estimate of R8.135 billion in 2009/10 to R9.279 billion in 2010/11. The combined are estimated to grow to R10.636 billion in 2012/13 at an annual rate of 9 per cent over the 2010 MTEF.

4.2. Equitable Share

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.

The equitable share 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 Provincial Equitable Share (PES) is the major revenue source, which contributes 75 per cent to the revenue envelop of the Province for 2010/11 financial year. The PES increases from R7.101 billion in 2010/11 to R7.557 billion in 2011/12 which is R454 million or 6 per cent increase. As a result of function shift of Further Education Training (FET) colleges from the provincial sphere to national, a decrease of R287.268 million over the 2010 MTEF to PES has been affected.

4.2.1. Provincial Equitable Share (PES) Formula

The PES is an unconditional grant and objective redistributive allocation to provinces according to a formula. The overall PES formula remains redistributive in nature, aiming to correct the significant social and economic inequities that informed its initial formulation.

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 2:

- An education component makes up 51 per cent in the formula and is based on school age cohort and school enrolment data;
- A health component accounts for 26 per cent 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 per cent and is derived from each province's share of the total national population;
- An institutional component accounts for 5 per cent and is distributed equally among provinces;
- A poverty component accounts for 3 per cent 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 per cent and is based on Gross Domestic Product by Region (GDP-R).

Table 4.2.1.1: Provincial Equitable Share by province for 2010 MTEF

	Education	Health	Basic share	Poverty	Economic activity	Institutional	Weighted average
	51%	26%	14%	3%	1%	5%	100%
Eastern Cape	16.8%	14.0%	13.5%	16.7%	7.8%	11.1%	15.2%
Free State	5.6%	5.9%	5.9%	6.1%	5.4%	11.1%	6.0%
Gauteng	15.4%	19.9%	21.8%	15.3%	33.5%	11.1%	17.4%
Kw aZulu-Natal	23.2%	22.2%	21.2%	22.8%	16.2%	11.1%	22.0%
Limpopo	13.9%	11.3%	10.6%	13.9%	6.9%	11.1%	12.6%
Mpumalanga	8.4%	7.5%	7.3%	8.7%	6.9%	11.1%	8.1%
Northern Cape	2.2%	2.4%	2.3%	2.6%	2.2%	11.1%	2.7%
North West	6.2%	6.7%	6.5%	7.6%	6.5%	11.1%	6.7%
Western Cape	8.2%	10.1%	10.9%	6.2%	14.5%	11.1%	9.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1. The weighted shares include the re-alignment to the new boundaries for Gauteng and North West.

Source: National Treasury

The education component of the Northern Cape Provincial Equitable Share weighted average is constant at 2.2 per cent, while health has slightly increased to 2.4 per cent. The provincial basic component is at 2.3 per cent of the 14 per cent of the national component. The provincial poverty component constitutes 2.6 per cent of the national component while economic activity and institutional component are at 2.2 per cent and 11.1 per cent respectively of their national components.

Table 4.2.1.2: Implementation of the equitable share weights, 2009/10 – 2012/13

	2009/10 weighted shares	2010/11 2010 MTEF weighted shares	2011/12 3-year phasing	2012/13 3-year phasing
Percentage				
Eastern Cape	15.6%	15.5%	15.4%	15.2%
Free State	6.2%	6.1%	6.1%	6.0%
Gauteng	16.9%	17.3%	17.4%	17.4%
Kw aZulu-Natal	21.6%	21.7%	21.8%	22.0%
Limpopo	12.9%	12.8%	12.7%	12.6%
Mpumalanga	8.2%	8.2%	8.2%	8.1%
Northern Cape	2.7%	2.7%	2.7%	2.7%
North West	7.0%	6.6%	6.7%	6.7%
Western Cape	9.0%	9.1%	9.1%	9.2%
Total	100.0%	100.0%	100.0%	100.0%

1. The re-alignment to the new boundaries for Gauteng and North West takes effect with no phasing in over the 2010 MTEF

Source: National Treasury

The new data updates that informed the weighted share changes on the equitable share formula, with the exception of re-demarcation shifts, will be phased in over next 3 years as shown in Table 4.2.1.2 above. The phasing in approach will mitigate the impact of the data updates on the 2010/11 budget.

4.3. Conditional grants

Conditional grants are transfers to provinces to implement specific national priorities. They constitute 23 per cent of the total transfers to the province for the 2010/11 financial year. The total revised conditional grants increased from R1, 837 billion to R2, 177 billion which is R439 million or 25 per cent increase from 2009/10 to 2010/11 financial year.

4.3.1. Changes to conditional grants framework

Four conditional grants have been introduced in the 2010/11 budget. Of the four conditional grants R1.28 billion has been added to the FET Colleges Sector Grant over the MTEF. This is as a result of function shift of Further Education Training (FET) colleges from a provincial sphere to a national sphere. Included in the grant are funds to address improvements in conditions of service (ICS) and cost of Occupation Specific Dispensation (OSD) for college lecturers.

Additional funding of R2.616 million and R1.167 million have also been added to the provincial conditional grants framework in the 2010/11 budget for Expanded Public Works Programme Grant for the Social Sector and Expanded Public Works Programme Incentive Grant for the Infrastructure Sector respectively. The former is intended to assist in funding the non-profit organizations to pay salaries to volunteers currently working in the Home Community Based Care Sector. While the latter is a wage-based incentive mechanism that seeks to encourage government departments to use funds in their baseline budgets for labour-intensive projects.

The National Department of Arts and Culture shifted funds from the national budget to finance operations relating to community library services in addition to the existing Library Archival Grant to form a Community Library Services Grant. The province has been allocated R65.943 million, R66.900 million and R73.395 million of the combined grants over the 2010 MTEF.

Table 4.3.1.1 below shows the summary of national conditional grants to the province by grant type and per department.

Table 4.3.1: Summary of Conditional Grant by Grant

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
Agriculture	41 824	76 159	72 690	67 388	90 610	91 198	94 270	130 309	136 824
Agricultural Disaster Management Grant	10 244	38 781	2 436	5 000	5 134	5 134			
Comprehensive Agricultural Support Programme Grant	23 365	30 433	33 879	49 232	57 389	57 977	58 275	63 954	67 152
Ilima/Letsema Projects Grant			31 535	7 500	20 905	20 905	30 000	60 000	63 000
Land Care Programme Grant: Poverty Relief and Infrastructure Development	8 215	6 945	4 840	5 656	7 182	7 182	5 995	6 355	6 672
Education	41 563	49 054	70 287	59 518	59 518	59 518	144 144	170 935	182 298
Dinaledi Schools Grant									
Education Disaster Management Grant									
Further Education and Training College Sector Recapitalisation Grant	10 000	8 000	3 648				52 101	52 905	55 530
HIV and Aids (Life Skills Education) Grant	2 279	3 922	7 620	3 828	3 828	3 828	4 084	4 357	4 649
National School Nutrition Programme Grant	29 284	37 132	59 019	55 690	55 690	55 690	84 536	105 116	113 135
Technical Secondary Schools Recapitalisation Grant							3 423	8 557	8 984
Health	458 071	443 278	480 844	705 632	716 738	621 211	913 142	934 897	995 384
Comprehensive HIV and Aids Grant	72 682	74 091	91 363	113 703	113 703	113 753	182 306	208 307	232 350
Forensic Pathology Services Grant	15 383	34 959	18 022	20 187	31 293	21 293	22 868	24 240	25 452
Health Disaster Response (Cholera) Grant									
Health Professions Training and Development Grant	41 069	43 122	37 677	58 304	58 304	58 304	61 802	65 510	68 583
Hospital Revitalisation Grant	236 651	180 331	181 817	340 197	340 197	254 620	420 218	410 892	431 754
National Tertiary Services Grant	92 286	110 775	151 965	173 241	173 241	173 241	225 948	225 948	237 245
World Cup Health Preparation Strategy Grant									
Human Settlements	104 723	231 021	219 274	325 011	325 011	325 011	273 260	313 187	426 941
Housing Disaster Relief Grant									
Integrated Housing and Human Settlement Development Grant	104 723	231 021	219 274	325 011	325 011	325 011	273 260	313 187	426 941
Rural Development and Land Reform									
Land Distribution: Alexandra Urban Renewal Project Grant									
National Treasury	202 217	337 226	401 777	492 388	496 233	492 388	598 847	688 471	755 831
Infrastructure Grant to Provinces	202 217	337 226	401 777	492 388	496 233	492 388	598 847	688 471	755 831
Public Works			24 094	27 498	37 798	37 798	30 865	31 480	33 054
Devolution of Property Rate Funds Grant			24 094	26 998	37 298	37 298	29 698	31 480	33 054
Expanded Public Works Programme Incentive Grant				500	500	500	1 167		
Sport, Art and Culture	6 200	30 479	54 113	78 506	89 241	89 241	89 870	95 263	100 026
Community Library Services Grant		21 777	34 888	58 820	69 435	69 435	65 943	69 900	73 395
Mass Sport and Recreation Participation Programme Grant	6 200	8 702	19 225	19 686	19 806	19 806	23 927	25 363	26 631
Transport				22 159	22 159	22 159	30 370	37 565	42 715
Public Transport Operations Grant				22 159	22 159	22 159	30 370	37 565	42 715
Other (not included above)							2 616		
Expanded Public Works Programme Grant to Provinces for Social Sector							2 616		
Total conditional grants	854 598	1 167 217	1 323 079	1 778 100	1 837 308	1 738 524	2 177 384	2 402 107	2 673 073

4.4. Total Provincial Own Receipts (Own Revenue)

Apart from the equitable share and conditional grants the province generates additional funding provincial revenue sources which contribute an annual average of 2 per cent to the total provincial receipts.

In 2008/09 the provincial own revenue collected was R165.631 million or 2 per cent of the total provincial receipts, this is projected to increase from R183.203 million in 2010/11 to R194.965 million in 2012/13, an annual average growth rate of 7 per cent over the MTEF. This increase in own revenue over the 2010 MTEF comes after 2009/10 budget was decreased due to operational challenges the provincial Department of Health. The revised estimate shows a decline of R5, 958 million or 4 per cent as a result of downward adjustment of the revenue budget of the Department of Health.

There are three major revenue generating departments in the province and they are as follows: Department of Transport, Safety and Liaison, Department of Health and the Department of Economic Development and Tourism. It is estimated that these three departments combined will contribute just over 90 per cent of the total own revenue over the 2010 MTEF.

Table 4.4.1: Major collecting departments of provincial own revenue

Department	2008/09		2009/10		2010/11		2011/12		2012/13	
	Outcome		Revised estimate		Medium-term estimates					
	R'000	% Share	R'000	% Share	R'000	% Share	R'000	% Share	R'000	% Share
Vote 03: Transport, Safety and Liaison	103,515	62%	105,236	66%	103,224	56%	106,338	56%	109,531	56%
Vote 10: Health	22,916	14%	20,709	13%	50,441	28%	51,294	27%	52,759	27%
Vote 06: Economic Development and Tourism	15,511	9%	15,694	10%	17,088	9%	18,112	10%	19,018	10%
Others	23,689	14%	17,869	11%	12,450	7%	13,048	7%	13,658	7%
Total	165,631	100%	159,508	100%	183,203	100%	188,792	100%	194,965	100%

Table 4.4.2 below shows own revenue collection per vote from the 2006/07 financial year to the current financial year including the 2010 MTEF.

Table 4.4.2: Summary of provincial own receipts by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09				2010/11	2011/12	2012/13
Vote 01: Office of the Premier	504	368	5 403	160	160	119	169	180	189
Vote 02: Provincial Legislature									
Vote 03: Transport, Safety and Liaison	73 296	81 184	103 515	84 199	84 199	105 236	103 224	106 338	109 531
Vote 04: Education	9 182	9 070	6 068	4 453	4 453	4 356	4 299	4 454	4 677
Vote 05: Roads and Public Works	2 220	3 363	3 110	3 271	3 271	3 679	3 196	3 387	3 542
Vote 06: Economic Development and Tourism	14 022	14 395	15 511	16 120	16 120	15 694	17 088	18 112	19 018
Vote 07: Sport, Arts and Culture	131	555	795	260	260	432	273	290	315
Vote 08: Provincial Treasury	1 267	2 396	621	2 500	2 500	3 590	606	627	620
Vote 09: Co-Operative Governance, Human Settlement and Traditional Affairs	611	855	464	380	380	423	405	431	452
Vote 10: Health	21 341	24 319	22 916	26 456	26 456	20 709	50 441	51 294	52 759
Vote 11: Social Development	848	416	529	281	281	476	297	314	330
Vote 12: Agriculture, Land Reform and Rural Development	2 311	2 001	3 722	1 536	1 536	1 546	1 605	1 669	1 752
Vote 13: Environment and Nature Conservation	1 316	2 335	2 977	1 450	1 450	3 248	1 600	1 696	1 781
Total provincial own receipts by Vote	127 049	141 257	165 631	141 066	141 066	159 508	183 203	188 792	194 965

4.5. Motor Vehicle Licence Fees

Motor vehicle licence fees are the biggest contributors of own revenue in the province, projected to generate R93.624 million or 53 per cent of 2010/10 financial year's own revenue budget of R183.205 million. Motor vehicle licence fees also represent 90 per cent of the Department of Transport, Safety and Liaison own revenue budget, which they collect. In 2008/09 motor vehicle licence fees collected were R90.897 million or 88 per cent of the department's own revenue budget. In 2009/10 this item is projected to generate R94.318 million as at year end and expected to grow at an annual average of 3 per cent over the 2010 MTEF.

The population of passenger motor vehicles is expected to increase as the economy recovers from the financial crisis and banks beginning to ease up on the lending criteria on required vehicle finance.

Abnormal loads permits generated R9.104 million in 2008/09 financial year and are expected to generate R5.434 million by the end of 2009/10 financial year. This decrease in revenue is due to the decline in mining activities during the period the country's economy was in recession. However abnormal loads revenue is expected to grow by 47 per cent in 2010/11, 3 per cent in 2011/12 and 2012/13. The projected growth in abnormal loads is mainly can be attributed to ongoing upgrades and infrastructure development in Kathu area, western region of the province that is rich in iron ore; this has seen an increase in applications for truck permits.

4.6. Casino Taxes

Casino taxes are important revenue generating component, contributing averagely 90 per cent of the of Economic Development and Tourism's own revenue budget, and the department being the third biggest own revenue collector in the province. In 2008/09 casino taxes generated R13.874 million or 89 per cent of the department's total own revenue collections. Casino taxes estimated to be collected for the current financial year 2009/10 amount to R14.201 million.

Casino taxes estimated collections for the 2010 MTEF are as follows: R15.542 million in 2010/11, an increase of 9 per cent, R16.474 million in 2011/12, an increase of 6 per cent and R17.298 in 2012/13 with an increase of 5 per cent. The slow growth in revenue in this area can be attributed to problems encountered by the third casino licensee in the process of kick-starting the operations.

4.7. Hospital Patient Fees

Hospital patient fees collected by the Department of Health are the second largest contributor to provincial own revenue. This form of revenue is generated from among others, medical aids, Compensation for Occupational Injuries and Disease (COIDA) and other government institutions such as South African Police Service, South African National Defence Force and Department of Justice after providing health care services to their respective beneficiaries.

The revenue budget was downwardly adjusted from R33.901 million in 2008/09 to R26.456 million in 2009/10. This budget decrease was necessitated by the department's inability to reaching collect as budgeted due to operational challenges experienced.

The total departmental collection grows at an annual average rate of 49 per cent over the 2010 MTEF. It grows by R29.732 million or 144 per cent from revised estimates of R20.709 million in 2009/10 to R50.441 million in 2010/11. This major increase is an attempt by the department to maximize their revenue collection as well as reverse the budget decrease that they initially made. For the department to attain its said goal, it must to effectively implement the newly developed revenue enhancement strategy which includes amongst others:

- Build human resources capacity at the provincial head office and at all hospitals in the province;
- The introduction of the Electronic Data Interchange (EDI) at the major hospitals to ensure improved payment rate of medical aid claims;
- Implementing a billing system in all Emergency Medical Services (EMS) vehicles.
- Procure new electronic system for revenue and debtor's management and introducing the speed point services at major hospitals in the province.

4.8. New Sources of Own Revenue

While the Northern Cape Provincial Treasury is working with all provincial departments to optimise revenue collections on current revenue streams, another parallel process of identifying new sources of revenue are underway. It is hoped that the results of this process if successfully implemented, will possibly go a long way in increasing and enhancing provincial own revenue collections.

5. Payments

5.1. Overall position

The total payments for 2010 MTEF period are as follows;

- **Financial year 2010/11: R9.163 billion**
- **Financial year 2011/12: R9.960 billion**
- **Financial year 2011/12: R10.613 billion**

In real terms, the average growth rate for provincial payments over the MTEF is 14 per cent year on year. The growth in provincial payments continue to be informed by social sector policy priorities which are mainly determined by national government as stated in the 2009 Medium Term Budget Policy Statement (MTBPS).

5.2. Payments by Vote

Table 5.2.1 shows how the available resources have been allocated between votes over the MTEF.

Table 5.2.1: Summary of provincial payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
Vote 01: Office of the Premier	71 634	82 951	108 755	92 094	114 625	114 625	114 368	121 235	127 409
Vote 02: Provincial Legislature	102 130	108 990	130 003	123 318	135 298	130 524	130 461	138 633	145 691
Vote 03: Transport, Safety and Liaison	70 896	90 076	102 516	134 411	138 768	138 768	152 266	166 872	178 569
Vote 04: Education	1 642 659	2 287 517	2 852 550	2 979 208	3 169 930	3 235 273	3 457 789	3 807 607	4 007 313
Vote 05: Roads and Public Works	363 457	527 642	669 202	698 457	711 635	711 635	797 864	861 108	924 576
Vote 06: Economic Development and Tourism	102 151	103 497	110 469	150 335	150 495	151 199	174 058	189 226	198 770
Vote 07: Sport, Arts and Culture	82 763	118 052	158 388	177 736	196 244	189 112	197 752	209 874	220 501
Vote 08: Provincial Treasury	50 032	76 156	141 904	108 738	134 889	132 245	133 094	140 934	147 885
Vote 09: Co-Operative Governance, Human Settlement and Traditional Affairs	260 537	398 449	404 963	527 354	541 519	540 427	493 017	546 645	672 337
Vote 10: Health	1 407 236	1 556 594	1 742 109	2 213 662	2 301 429	2 310 267	2 657 301	2 825 403	2 985 596
Vote 11: Social Development	216 793	304 418	357 648	407 893	428 766	419 006	464 212	505 130	530 753
Vote 12: Agriculture, Land Reform and Rural Development	148 259	219 645	245 315	250 217	283 814	283 814	304 055	356 475	376 904
Vote 13: Environment and Nature Conservation	48 526	60 938	69 199	77 335	83 295	83 859	86 269	91 703	96 408
Total provincial payments and estimates by Vote	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 712

The annual average growth for provincial payments over the MTEF is 8.2 per cent. The growth in Education is higher than the average growth of province, which demonstrate that more investment is directed to this sector.

The share of Education is the highest at 37.7 per cent of the total provincial budget, followed by the department of Health at 29 per cent and the department of Roads and Public Works at 8.7 per cent which mainly relates to infrastructure investment.

5.3. Payments by economic classification

Table 5.3.1 shows provincial expenditure by economic classification.

Table 5.3.1: Summary of provincial payments and estimates by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation 2009/10	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09				2010/11	2011/12	2012/13
Current payments	3 472 591	4 543 019	5 489 763	6 024 382	6 276 697	6 521 210	7 098 874	7 689 190	8 092 260
Compensation of employees	2 406 627	3 197 693	3 881 253	4 301 283	4 548 932	4 548 341	4 912 419	5 304 756	5 553 601
Goods and services	1 064 881	1 344 582	1 607 760	1 722 352	1 726 438	1 971 145	2 185 396	2 383 379	2 537 547
Interest and rent on land	1 084	744	750	747	1 327	1 724	1 059	1 055	1 113
Transfers and subsidies to:	524 323	711 803	848 905	980 329	1 028 839	1 021 896	1 021 776	1 132 383	1 290 481
Provinces and municipalities	124 877	92 425	111 399	123 897	142 821	134 238	130 625	137 858	144 022
Departmental agencies and accounts	4 917	29 072	41 016	19 200	15 119	25 449	14 338	16 322	17 206
Universities and technikons	14 570	12 364	12 135	9 479	11 199	16 385	7 038	5 920	6 342
Foreign governments and international organisations			5						
Public corporations and private enterprises	42 915	31 651	19 383	48 589	48 782	40 213	50 215	52 073	54 683
Non-profit institutions	210 529	287 479	415 986	428 210	455 083	444 637	504 752	562 656	594 005
Households	126 515	258 812	248 981	350 954	355 835	360 974	314 808	357 554	474 223
Payments for capital assets	570 145	679 195	754 269	936 047	1 085 167	897 644	1 041 856	1 139 273	1 229 970
Buildings and other fixed structures	424 001	588 244	667 430	828 110	933 087	745 373	942 151	1 005 716	1 080 990
Machinery and equipment	140 007	80 421	81 711	106 672	149 565	148 933	98 279	132 292	147 671
Heritage assets									
Specialised military assets	54								
Biological assets	2 982	3 502	1 079		1 100	1 746			
Land and sub-soil assets		486	912		53				
Software and other intangible assets	3 101	6 542	3 137	1 265	1 362	1 592	1 426	1 265	1 308
Payments for financial assets	14	908	84		4	4			
Total economic classification	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 711

The annual average growth rate for provincial payments over the MTEF is 8.2 per cent. The substantial growth in provincial payments over the MTEF period relates to goods and services at 14 per cent and compensation to employees at 6.9 per cent.

Table 5.3.2: Summary of provincial payments and estimates by economic classification "of which items"

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
Current payments	3 472 591	4 543 019	5 489 763	6 024 382	6 276 697	6 521 210	7 098 874	7 689 190	8 092 260
Goods and services	1 064 881	1 344 582	1 607 760	1 722 352	1 726 438	1 971 145	2 185 396	2 383 379	2 537 547
of which									
Administrative fees	14 712	25 835	42 679	21 312	16 673	14 342	12 711	14 265	15 429
Advertising	15 043	19 643	27 459	22 863	22 167	20 372	26 242	28 359	29 994
Assets <R5000	10 371	17 565	41 411	17 432	18 340	15 809	17 000	15 746	16 756
Audit cost: External	13 733	13 556	22 392	17 749	17 501	26 635	26 353	28 244	29 844
Bursaries (employees)	6 057	2 161	2 450	4 192	3 506	2 195	5 820	6 268	6 671
Catering: Departmental activities	12 943	19 183	30 334	25 431	28 408	23 121	30 687	32 645	34 851
Communication	35 589	40 730	58 158	45 261	50 291	50 944	50 447	55 411	58 927
Computer services	21 843	33 837	47 813	27 989	29 889	42 588	48 274	51 819	54 619
Cons/prof: business & advisory services	32 955	64 204	43 566	79 812	76 061	60 869	119 326	152 547	145 791
Cons/prof: Infrastructure & planning	9 293	13 504	36 582	81 976	58 670	56 362	92 977	110 201	114 288
Cons/prof: Laboratory services	44 259	43 578	47 578	94 390	95 390	132 232	113 709	90 921	107 267
Cons/prof: Legal cost	3 509	3 172	5 628	3 301	7 707	5 742	3 997	4 210	4 411
Contractors	61 161	80 524	128 322	152 933	73 725	76 263	100 035	108 028	116 573
Agency & support/outourced services	17 428	11 766	46 877	46 990	53 269	56 871	89 956	113 272	106 389
Entertainment	4 283	2 542	2 590	2 230	1 467	1 293	2 212	2 370	2 497
Government motor transport	10 559	14 219	18 106	10 779	11 663	11 704	11 054	12 524	13 454
Housing		14	14	21	21	21			
Inventory: Food and food supplies	13 661	30 430	48 267	53 314	53 384	53 166	69 878	78 353	78 653
Inventory: Fuel, oil and gas	33 045	57 534	45 280	76 151	81 879	93 306	93 956	101 041	107 940
Inventory: Learn & teacher support material	5 568	21 220	57 911	36 976	27 585	38 787	29 277	32 463	35 668
Inventory: Raw materials	159	1 355	2 629	1 188	1 270	1 289	1 469	1 517	1 600
Inventory: Medical supplies	155 705	175 453	135 165	186 180	195 177	211 598	234 218	264 444	301 893
Medsas inventory interface									
Inventory: Military stores		21	113		112	269			
Inventory: Other consumables	13 957	43 521	19 989	26 068	24 441	28 899	37 074	43 219	46 429
Inventory: Stationery and printing	21 181	30 027	31 382	37 174	36 651	37 260	41 473	45 127	47 948
Lease payments	83 898	96 602	143 058	126 860	138 126	154 906	173 591	173 270	183 403
Owned & leasehold property expenditure	74 439	88 760	134 523	107 556	195 009	343 292	321 685	337 177	367 329
Transport provided dept activity	41 400	61 934	82 608	83 724	83 821	101 962	10 565	11 666	13 374
Travel and subsistence	82 115	116 381	133 567	128 850	137 447	140 488	169 952	183 751	192 698
Training & staff development	14 097	7 688	14 081	23 019	23 972	34 150	49 178	48 558	52 922
Operating expenditure	19 479	19 404	12 812	17 981	19 499	21 983	42 554	49 106	53 087
Venues and facilities	6 182	12 099	9 714	12 593	13 364	13 285	10 330	11 883	12 220
Other	186 256	176 121	134 700	150 058	129 954	99 144	149 398	174 974	184 624
Total economic classification	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 711

The annual average growth rate for provincial payments for goods and services over the MTEF is 14 per cent. The allocation increased from R2.1 billion to R2.3 billion and R2.5 billion in 2010/11 and 2011/12 respectively.

The medical supplies expenditure increased by 20 per cent in 2010/11 compared to the 2009/10 adjusted budget. This growth rate reduces to the average growth rate of 15.7 per cent over the MTEF period.

There is a 65 per cent increase in own and leased property expenditure in 2009/10 compared to the adjusted budget 2009/10. The growth rate for the MTEF period reduces to an average of 6.9 per cent.

5.4. Payments by policy area

Table 5.4.1: Summary of Provincial Payments and Estimates by Policy Area

Table 5.4.1: Summary of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriatio -	Adjusted appropriatio -	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
General public services	587 253	795 739	1 049 864	1 022 607	1 096 447	1 089 029	1 175 787	1 261 910	1 345 561
Public order and safety	24 547	28 919	36 330	39 668	42 068	42 068	43 697	46 328	47 900
Economic affairs	296 759	384 299	421 970	495 295	531 009	531 713	586 682	666 246	706 343
Environmental protection	48 526	60 938	69 199	77 335	83 295	83 859	86 269	91 703	96 408
Housing and community amenities	260 537	398 449	404 963	527 354	541 519	540 427	493 017	546 645	672 337
Health	1 407 236	1 556 594	1 742 109	2 213 662	2 301 429	2 310 267	2 657 301	2 825 403	2 985 596
Recreation, culture and religion	82 763	118 052	158 388	177 736	196 244	189 112	197 752	209 874	220 501
Education	1 642 659	2 287 517	2 852 550	2 979 208	3 169 930	3 235 273	3 457 789	3 807 607	4 007 313
Social protection	216 793	304 418	357 648	407 893	428 766	419 006	464 212	505 130	530 753
Total provincial payments and estimates by policy area	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 712

5.4.1. Education

An amount of R3.4 billion has been allocated to Education. This represents 38 per cent of the total provincial budget in 2010/11 and an increase of 16 per cent from 2009/10 financial year.

5.4.2. Social Development

R464.2 million has been provided for Social Development for the 2010/11 financial year. This represents 5 per cent of the total provincial budget in 2010/11 and an increase of 14 per cent from 2009/10 financial year.

5.4.3. Health

Health has been allocated an amount of R2.6 billion for the 2010/11 financial year. This represents 29 per cent of the total provincial budget in 2010/11 and an increase of 20 per cent from 2009/10 financial year.

5.4.4. Economic Affairs

The Economic Affairs Function includes the Departments of Economic Development and Tourism, Agriculture, Land Reform and Rural Development and the Roads and Public Works functions. The allocation for this function for the 2010/11 financial year amounts to R1.2 billion, which is 14 per cent of the total provincial budget. This allocation should be sufficient to continue on the path of economic development in the Province.

5.4.5. Housing and Community Amenities

The allocation for the Department of Co-Operative Governance, Human Settlement and Traditional Affairs for the 2010/11 financial year amounts to R493 million, which is 5 per cent of the total provincial budget.

5.4.6. General Public Services

The General Public Services Function consists of the Votes Premier, Legislature, and Finance. The total allocation for this function for the 2010/11 financial year is R377 million which is 4 per cent of the total provincial budget.

5.4.7. Recreation, Culture and Religion

The allocation for this function for 2010/11 amounts to R197 million, which is 17 per cent more than the corresponding provision for 2009/10.

5.4.8. Public Order and Safety

The Public Order and Safety Function consist of the Department of Transport, Safety and Liaison. The total allocation for this function for the 2010/11 financial year amounts to R152 million, an increase of 13 per cent over the 2009/10 budget.

5.5. Infrastructure payments

The commitment of our provincial government through investment in immovable asset development is demonstrated by the fact that since 2006/07 a total amount of R 3.345 billion has been spent on infrastructure. The total infrastructure budget of the province for the 2010/11 financial year amounts to R1.312 billion; which is an increase of R184.248 million or 14% from the 2009/10 financial year. The total provincial infrastructure budget over the 2010/11 MTEF amounts to R 4.337 billion.

Table 1.14 shows Capital Infrastructure by Vote

Table 5.5.1: Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2009/10	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09				2010/11	2011/12	2012/13
Vote 03: Transport, Safety and Liaison			2 650	4 220	5 527	5 527	4 439	4 648	4 862
Vote 04: Education	38 972	79 017	130 714	112 625	101 826	98 588	119 220	181 386	198 114
Vote 05: Roads and Public Works	251 743	280 385	474 454	489 497	489 497	555 281	591 457	637 215	688 646
Vote 07: Sport, Arts and Culture	20 620	8 976	10 823	33 890	48 238	42 578	23 465	23 691	23 769
Vote 10: Health	249 082	201 944	275 308	424 746	426 492	357 908	498 608	493 740	494 633
Vote 11: Social Development	10 876	21 835	29 550	6 713	23 388	23 388	7 116	7 543	7 920
Vote 12: Agriculture, Land Reform and Rural Developm	31 165	36 077	65 478	50 361	50 361	50 361	83 655	115 894	121 689
Total provincial infrastructure payments and estir	602 458	628 234	988 977	1 122 052	1 145 329	1 133 631	1 327 960	1 464 117	1 539 633

Total amount budgeted for infrastructure for 2010/11 financial year amounts to R1.3 billion which is an increase of R171 million or 15 per cent from 2009/10 financial year.

The above table gives an indication that departments of Roads and Public Works and Health account for the bulk of the infrastructure budget as compared to the other five departments

The table shows a growth of 21 per cent for the department of Roads and Public Works from the adjusted appropriation to 2010/11 and the per centage growth remains constant in 2011/12 to 2012/13 at a rate of 8 per cent. The table also shows a growth rate of 14 per cent from the adjusted appropriation to 2010/11 and 38 per cent and 8 per cent for 2011/12 and 2012/13 respectively for the department of Health.

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 Roads and Public Works, the Department of Education and the Department of Health.

This long term program has helped identify and address deficiencies to effective and efficient delivery of infrastructure; as well as highlight the importance of immovable asset management. The IDIP phase III will commence in the 2010 MTEF. Additional funds have been earmarked within the National Treasury vote to support the IDIP programme.

If the appropriate infrastructure services have been provided, and these services are effectively managed, they promote economic growth, equity, sustainable development and job creation.

Individuals benefit from the provision of water, sanitation, transport, shelter, and energy and telecommunication infrastructure. Communities are less prone to sickness; enjoy better access to facilities, to work opportunities and to markets; and income-earning opportunities arise in service delivery and in construction and maintenance of infrastructure.

Government Immovable Asset Management Act (GIAMA).

In 2007 the GIAMA (Act 19 of 2007) was promulgated. In terms of the Presidential Minute of 14 April 2009 the “Act shall come into operation ... on 1 April 2010 for any custodian or user which is a provincial department”.

GIAMA’s main objective is to ensure that immovable assets are managed effectively to provide an efficient service delivery environment for government departments and enterprises. Currently GIAMA is only applicable to the National and Provincial spheres of government, but the principals are applicable to the municipals sphere as well.

Currently the Department of Roads and Public Works is working with the National Department of Public Works to assist all provincial departments in meeting their User obligations. In addition the DRPW is compiling the NC provincial asset register that will form the base of future provincial immovable asset management.

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

R thousand	Outcome			Main appropriatio n	Adjusted appropriatio n	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
Vote 01: Office of the Premier		12 655	13 954	10 552	3 336	3 336			
Vote 04: Education			4 241						
Vote 06: Economic Development and Tourism		2 172	10 784			10 287	5 184	4 910	5 157
Vote 07: Sport, Arts and Culture	3 290	12 236	11 583	6 776	8 973	8 973	5 971	7 981	8 350
Total provincial transfers to public entities	3 290	27 063	40 562	17 328	12 309	22 596	11 155	12 891	13 507

5.6.2. Transfers to local government

Summary of transfers to local government by category

Table 5.6.2.1: Summary of provincial infrastructure payments and estimates by category

R thousand	Outcome			Main appropriation	Adjusted appropriation 2007/08	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07				2008/09	2009/10	2010/11
Category A									
Category B	30 486	32 205	50 858	59 199	77 007	69 952	75 024	79 758	69 142
Category C	80 738	57 195	63 067	64 693	65 278	64 348	66 917	70 094	73 289
Total provincial transfer to local government	111 224	89 400	113 925	123 892	142 285	134 300	141 941	149 853	142 430

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

Category A: A municipality having exclusive municipal executive and legislative authority within its area. These are often known as “metropolitan areas”. There are no metropolitan municipalities in the Northern Cape.

Category B: A municipality that shares municipal executive and legislative authority with a category C municipality within whose area it falls, such municipalities 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 5.7.1 provides a summary of personnel numbers for the province

Table 5.7.1: 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	177	183	192	209	209	209	210
Vote 02: Provincial Legislature	90	107	118	136	136	136	144
Vote 03: Transport, Safety and Liaison	256	260	310	344	344	351	350
Vote 04: Education	8 863	11 156	12 873	12 700	12 700	12 700	12 700
Vote 05: Roads and Public Works	396	487	621	694	694	592	618
Vote 06: Economic Development and Tourism	110	142	145	187	187	187	200
Vote 07: Sport, Arts and Culture	428	480	639	717	711	714	748
Vote 08: Provincial Treasury	146	194	247	270	270	259	292
Vote 09: Co-Operative Governance, Human Settlement and	593	698	728	728	722	722	803
Vote 10: Health	2 097	5 403	5 962	6 232	5 850	5 882	6 146
Vote 11: Social Development	624	798	850	865	865	865	1 080
Vote 12: Agriculture, Land Reform and Rural Development	313	332	467	483	483	488	564
Vote 13: Environment and Nature Conservation	132	168	195	207	207	209	224
Total provincial personnel numbers	14 225	20 408	23 347	23 772	23 378	23 314	24 079
Total provincial personnel cost (R thousand)	2 406 627	3 197 693	3 881 253	4 301 283	4 548 932	4 548 341	4 912 419
Unit cost (R thousand)	169	157	166	181	195	195	204

1. Full-time equivalent

Table 5.7.2: Summary of provincial personnel numbers and costs

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10			2010/11	2011/12	2012/13
Total for province									
Personnel numbers (head count)	14225	20408	23347	23772	23378	23314	24079	24283	24446
Personnel cost (R thousands)	2 406 627	3 197 693	3 881 253	4 301 283	4 548 932	4 548 341	4 912 419	5 304 756	5 553 601
Human resources component									
Personnel numbers (head count)	238	317	341	369	358	342	376	385	400
Personnel cost (R thousands)	34 921	40 653	48 160	59 117	59 638	60 522	64 494	67 094	68 619
Head count as % of total for province	1.7%	1.6%	1.5%	1.6%	1.5%	1.5%	1.6%	1.6%	1.6%
Personnel cost as % of total for province	1.5%	1.3%	1.2%	1.4%	1.3%	1.3%	1.3%	1.3%	1.2%
Finance component									
Personnel numbers (head count)	313	363	384	406	401	404	460	462	467
Personnel cost (R thousands)	37 110	45 294	55 241	67 800	71 874	69 029	77 476	81 593	85 956
Head count as % of total for province	2.2%	1.8%	1.6%	1.7%	1.7%	1.7%	1.9%	1.9%	1.9%
Personnel cost as % of total for province	1.5%	1.4%	1.4%	1.6%	1.6%	1.5%	1.6%	1.5%	1.5%
Full time workers									
Personnel numbers (head count)	13425	18914	21249	21195	21240	20820	21636	21822	21918
Personnel cost (R thousands)	1 584 422	2 141 224	2 646 633	2 719 142	2 741 358	2 755 736	3 164 392	3 426 032	3 581 945
Head count as % of total for province	94.4%	92.7%	91.0%	89.2%	90.9%	89.3%	89.9%	89.9%	89.7%
Personnel cost as % of total for province	65.8%	67.0%	68.2%	63.2%	60.3%	60.6%	64.4%	64.6%	64.5%
Part-time workers									
Personnel numbers (head count)	24	83	71	454	457	456	464	464	464
Personnel cost (R thousands)			842	74 235	74 235	74 225	77 430	78 792	78 372
Head count as % of total for province	0.2%	0.4%	0.3%	1.9%	2.0%	2.0%	1.9%	1.9%	1.9%
Personnel cost as % of total for province	0.0%	0.0%	0.0%	1.7%	1.6%	1.6%	1.6%	1.5%	1.4%
Contract workers									
Personnel numbers (head count)	627	898	1 127	1 542	1 310	1 347	1 254	1 223	1 223
Personnel cost (R thousands)	13 303	17 505	28 663	64 442	64 347	77 710	70 373	66 200	68 186
Head count as % of total for province	4.4%	4.4%	4.8%	6.5%	5.6%	5.8%	5.2%	5.0%	5.0%
Personnel cost as % of total for province	0.6%	0.5%	0.7%	1.5%	1.4%	1.7%	1.4%	1.2%	1.2%

5.8. Payments on Training

Table 5.8.1: Summary of provincial payments on training by Vote

R thousand	Outcome			Main appropriatio –	Adjusted appropriatio –	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	–	2009/10	–	2010/11	2011/12	2012/13
Vote 01: Office of the Premier									
Vote 02: Provincial Legislature									
Vote 03: Transport, Safety and Liaison									
Vote 04: Education	7 667	10 647	15 466	19 237	16 623	19 378	24 902	26 377	28 451
Vote 05: Roads and Public Works	1 007	899	1 064	1 174	1 174	1 506	1 235	1 304	1 375
Vote 06: Economic Development and Tourism									
Vote 07: Sport, Arts and Culture	270	344	485	660	660	660	723	789	823
Vote 08: Provincial Treasury									
Vote 09: Co-Operative Governance, Human Settlements									
Vote 10: Health	539	2 183	786	8 127	12 416	17 204	34 090	33 804	33 821
Vote 11: Social Development		1 015	921	1 183	1 183	1 183	1 254	1 329	1 395
Vote 12: Agriculture, Land Reform and Rural Development	273	326	419	406	406	434	485	529	577
Vote 13: Environment and Nature Conservation									
Total provincial payments on training	9 756	15 414	19 141	30 787	32 462	40 365	62 689	64 132	66 442

ANNEXURE TO BUDGET STATEMENT 1

Table A.1: Information relating to Conditional grants

Vote and Grant	Purpose	Adjusted	Actual	Audited	Adjusted	Actual	Audited	Adjusted	Actual	Audited	Adjusted	Revised	Revised	Medium-term estimates		
		appropriation	transfer	expenditure	appropriation	transfer	expenditure	appropriation	transfer	expenditure	appropriation	transfer	expenditure	2010/11	2011/12	2012/13
		2006/07	2006/07	2006/07	2007/08	2007/08	2007/08	2008/09	2008/09	2008/09	2009/10	2009/10	2009/10			
R thousand																
Agriculture		21 562	41 028	41 824	34 630	79 630	76 159	43 173	99 621	72 690	67 388	90 610	91 198	94 270	130 309	136 824
Agricultural Disaster Management Grant			10 874	10 244		45 000	38 781		6 219	2 436	5 000	5 134	5 134			
Comprehensive Agricultural Support Programme Grant		15 777	22 496	23 365	28 555	28 555	30 433	36 807	42 036	33 879	49 232	57 389	57 977	58 275	63 954	67 152
Ilimal/Lelema Projects Grant									45 000	31 535	7 500	20 905	20 905	30 000	60 000	63 000
Land Care Programme Grant: Poverty Relief and Infrastructure Development		5 785	7 658	8 215	6 075	6 075	6 945	6 366	6 366	4 840	5 656	7 182	7 182	5 995	6 355	6 672
Education		42 104	44 657	41 563	49 054	49 054	49 054	70 287	70 287	70 287	59 518	59 518	59 518	144 144	170 935	182 298
Dinaledi Schools Grant																
Education Disaster Management Grant																
Further Education and Training College Sector Recapitalisation Grant		10 000	10 000	10 000	8 000	8 000	8 000	3 648	3 648	3 648				52 101	52 905	55 530
HIV and Aids (Life Skills Education) Grant		2 457	2 747	2 279	3 922	3 922	3 922	7 620	7 620	7 620	3 828	3 828	3 828	4 084	4 357	4 649
National School Nutrition Programme Grant		29 647	31 910	29 284	37 132	37 132	37 132	59 019	59 019	59 019	55 690	55 690	55 690	84 536	105 116	113 135
Technical Secondary Schools Recapitalisation Grant														3 423	8 557	8 984
Health		539 238	548 887	458 071	425 139	515 955	443 278	554 375	566 029	480 844	705 632	716 738	621 211	913 142	934 897	995 384
Comprehensive HIV and Aids Grant		68 603	72 682	72 682	74 091	74 091	74 091	91 444	91 444	91 363	113 703	113 703	113 753	182 306	208 307	232 350
Forensic Pathology Services Grant		23 631	27 718	15 383	24 185	36 520	34 959	19 169	29 376	18 022	20 187	31 293	21 293	22 868	24 240	25 452
Health Disaster Response (Cholera) Grant																
Health Professions Training and Development Grant		41 069	41 069	41 069	43 122	43 122	43 122	45 278	45 278	37 677	58 304	58 304	58 304	61 802	65 510	68 583
Hospital Revitalisation Grant		313 649	315 132	236 651	172 966	251 447	180 331	246 364	246 364	181 817	340 197	340 197	254 620	420 218	410 892	431 754
National Tertiary Services Grant		92286	92286	92286	110775	110775	110775	152120	153567	151965	173241	173241	173241	225948	225948	237245
World Cup Health Preparation Strategy Grant																
Human Settlements		104 774	104 774	104 723	230 976	231 036	231 021	219 274	219 274	219 274	325 011	325 011	325 011	273 260	313 187	426 941
Housing Disaster Relief Grant																
Integrated Housing and Human Settlement Development Grant		104 774	104 774	104 723	230 976	231 036	231 021	219 274	219 274	219 274	325 011	325 011	325 011	273 260	313 187	426 941
Sport, Arts and Culture		6 200	6 200	6 200	31 291	31 291	30 479	63 845	65 340	54 113	78 506	89 241	89 241	89 870	95 263	100 026
Community Library Services Grant					21 777	21 777	21 777	45 123	45 806	34 888	58 820	69 435	69 435	65 943	69 900	73 395
Mass Sport and Recreation Participation Programme Grant		6 200	6 200	6 200	9 514	9 514	8 702	18 722	19 534	19 225	19 686	19 806	19 806	23 927	25 363	26 631
National Treasury		201 733	206 358	202 217	337 226	337 226	337 226	401 777	389 077	401 777	492 388	496 233	492 388	593 565	688 471	755 831
Infrastructure Grant to Provinces		201 733	206 358	202 217	337 226	337 226	337 226	401 777	389 077	401 777	492 388	496 233	492 388	593 565	688 471	755 831
Transitional Grant: North West																
Transport								24 094	24 094	24 094	49 657	59 957	59 957	61 235	69 045	75 769
Devolution of Property Rate Funds Grant								24 094	24 094	24 094	26 998	37 298	37 298	29 698	31 480	33 054
Expanded Public Works Programme Incentive Grant											500	500	500	1 167		
Public Transport Operations Grant											22 159	22 159	22 159	30 370	37 565	42 715
Other														2 616		
Expanded Public Works Programme Grant to Provinces for Social Sector														2 616		
0																
Total conditional grants		915 611	951 904	854 598	1 108 316	1 244 192	1 167 217	1 376 825	1 433 722	1 323 079	1 778 100	1 837 308	1 738 524	2 172 102	2 402 107	2 673 073

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2009/10	Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/9				2010/11	2011/12	2012/13
Current payments	3 472 591	4 543 019	5 489 763	6 024 382	6 276 697	6 521 210	7 098 874	7 689 190	8 092 260
Compensation of employees	2 406 627	3 197 693	3 881 253	4 301 283	4 548 932	4 548 341	4 912 419	5 304 756	5 553 601
Salaries and wages	2 084 872	2 858 962	3 387 424	3 717 931	3 937 189	3 933 941	4 009 238	4 332 389	4 533 163
Social contributions	321 755	338 731	493 829	583 352	611 743	614 400	903 180	972 367	1 020 438
Goods and services	1 064 881	1 344 582	1 607 760	1 722 352	1 726 438	1 971 145	2 185 396	2 383 379	2 537 547
Communication	35 589	40 730	58 158	45 261	50 291	50 944	50 447	55 411	58 927
Computer services	21 843	33 837	47 813	27 989	29 889	42 588	48 274	51 819	54 619
Cons/prof: business & advisory services	32 955	64 204	43 566	79 812	76 061	60 869	119 326	152 547	145 791
Cons/prof: Infrastructure & planning	9 293	13 504	36 582	81 976	58 670	56 362	92 977	110 201	114 288
Cons/prof: Laboratory services	44 259	43 578	47 578	94 390	95 390	132 232	113 709	90 921	107 267
Cons/prof: Legal cost	3 509	3 172	5 628	3 301	7 707	5 742	3 997	4 210	4 411
Contractors	61 161	80 524	128 322	152 933	73 725	76 263	100 035	108 028	116 573
Agency & support/outourced services	17 428	11 766	46 877	46 990	53 269	56 871	89 956	113 272	106 389
Entertainment	4 283	2 542	2 590	2 230	1 467	1 293	2 212	2 370	2 497
Government motor transport	10 559	14 219	18 106	10 779	11 663	11 704	11 054	12 524	13 454
Housing		14	14	21	21	21			
Inventory: Food and food supplies	13 661	30 430	48 267	53 314	53 384	53 166	69 878	78 353	78 653
Inventory: Fuel, oil and gas	33 045	57 534	45 280	76 151	81 879	93 306	93 956	101 041	107 940
Inventory: Learn & teacher support material	5 568	21 220	57 911	36 976	27 585	38 787	29 277	32 463	35 668
Inventory: Raw materials	159	1 355	2 629	1 188	1 270	1 289	1 469	1 517	1 600
Inventory: Medical supplies	155 705	175 453	135 165	186 180	195 177	211 598	234 218	264 444	301 893
Medsas inventory interface									
Inventory: Military stores		21	113		112	269			
Inventory: Other consumables	13 957	43 521	19 989	26 068	24 441	28 899	37 074	43 219	46 429
Inventory: Stationery and printing	21 181	30 027	31 382	37 174	36 651	37 260	41 473	45 127	47 948
Lease payments	83 898	96 602	143 058	126 860	138 126	154 906	173 591	173 270	183 403
Owned & leasehold property expenditure	74 439	88 760	134 523	107 556	195 009	343 292	321 685	337 177	367 329
Transport provided dept activity	41 400	61 934	82 608	83 724	83 821	101 962	10 565	11 666	13 374
Travel and subsistence	82 115	116 381	133 567	128 850	137 447	140 488	169 952	183 751	192 698
Training & staff development	14 097	7 688	14 081	23 019	23 972	34 150	49 178	48 558	52 922
Operating expenditure	19 479	19 404	12 812	17 981	19 499	21 983	42 554	49 106	53 087
Venues and facilities	6 182	12 099	9 714	12 593	13 364	13 285	10 330	11 883	12 220
Other (big spending items not included above)	186 256	176 121	134 700	150 058	129 954	99 144	149 398	174 974	184 624
Interest and rent on land	1 084	744	750	747	1 327	1 724	1 059	1 055	1 113
Interest		32	430		85	521		271	197
Rent on land	1 084	712	320	747	1 242	1 203	788	849	916
Transfers and subsidies to¹:	524 323	711 803	848 905	980 329	1 028 839	1 021 896	1 021 776	1 132 383	1 290 481
Provinces and municipalities (T)	124 877	92 425	111 399	123 897	142 821	134 238	130 625	137 858	144 022
Provinces (T)	5 024	269	126			174			
Provincial Revenue Funds (T)						92			
Provincial agencies and funds (T)	5 024	269	126			82			
Municipalities (T)	119 853	92 156	111 273	123 897	142 821	134 064	130 625	137 858	144 022
Municipalities (m) (T)	19 460	20 083	43 469	46 083	57 875	49 118	48 593	51 808	53 921
Municipal agencies and funds (T)	100 393	72 073	67 804	77 814	84 946	84 946	82 032	86 050	90 101
Departmental agencies and accounts (T)	4 917	29 072	41 016	19 200	15 119	25 449	14 338	16 322	17 206
Social seTily funds (T)	1 627	2 009	454	1 872	2 810	2 853	3 183	3 431	3 699
Entities (T)	3 290	27 063	40 562	17 328	12 309	22 596	11 155	12 891	13 507
Universities and technicians (T)	14 570	12 364	12 135	9 479	11 199	16 385	7 038	5 920	6 342
Foreign governments and international organisations (T)			5						
Public corporations and private enterprises (T)	42 915	31 651	19 383	48 589	48 782	40 213	50 215	52 073	54 683
Public corporations (T)	42 892	30 561	11 548	42 542	42 673	34 474	43 649	45 151	47 411
Subsidies on production (pc) (T)									
Other transfers (pc) (T)	42 892	30 561	11 548	42 542	42 673	34 474	43 649	45 151	47 411
Private enterprises (T)	23	1 090	7 835	6 047	6 109	5 739	6 566	6 922	7 272
Subsidies on production (po) (T)									
Other transfers (po) (T)	23	1 090	7 835	6 047	6 109	5 739	6 566	6 922	7 272
Non-profit institutions (T)	210 529	287 479	415 986	428 210	455 083	444 637	504 752	562 656	594 005
Households (T)	126 515	258 812	248 981	350 954	355 835	360 974	314 808	357 554	474 223
Social benefits (T)	5 645	3 357	3 797	1 020	2 429	2 827	1 125	1 165	1 194
Other transfers to households (T)	120 870	255 455	245 184	349 934	353 406	358 147	313 683	356 389	473 029
Payments for capital assets	570 145	679 195	754 269	936 047	1 085 167	897 644	1 041 856	1 139 273	1 229 970
Buildings and other fixed structures	424 001	588 244	667 430	828 110	933 087	745 373	942 151	1 005 716	1 080 990
Buildings	281 925	320 224	340 469	507 995	614 528	521 435	551 510	579 524	630 315
Other fixed structures	142 076	268 020	326 961	320 115	318 559	223 938	390 641	426 192	450 675
Machinery and equipment	140 007	80 421	81 711	106 672	149 565	148 933	98 279	132 292	147 671
Transport equipment	31 592	4 555	7 778	13 473	21 654	21 926	12 847	13 000	14 709
Other machinery and equipment	108 415	75 866	73 933	93 199	127 911	127 007	85 432	119 292	132 962
Heritage assets									
Specialised military assets	54								
Biological assets	2 982	3 502	1 079		1 100	1 746			
Land and sub-soil assets		486	912		53				
Software and other intangible assets	3 101	6 542	3 137	1 265	1 362	1 592	1 426	1 265	1 308
Payments for financial assets	14	908	84		4	4			
Total economic classification	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 711
<i>Of which: Capitalised compensation²</i>									

1) Details of capital transfers to be included in a note to the budget statement.

2) Includes all grants to provinces and grants from national departments to provincial entities.

3) Includes all grants to local government and grants from national departments to local government entities.

4) This only includes national agencies grouped into various categories, e.g. regulatory, SETAs, etc. - no business entities included here.

5) Category exclusively for business like entities, National Treasury to decide which entities to be included.

6) Refer to the Guidelines for Implementing the New Economic Reporting Formats - October 2003.

Table A4(b): Details 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									
Executive and Legislature	173 764	191 941	238 758	215 412	249 923	245 149	244 829	259 868	273 100
Office of the Premier	71 634	82 951	108 755	92 094	114 625	114 625	114 368	121 235	127 409
RDP									
Provincial Legislature	102 130	108 990	130 003	123 318	135 298	130 524	130 461	138 633	145 691
Financial and Fiscal Services	50 032	76 156	141 904	108 738	134 889	132 245	133 094	140 934	147 885
Provincial Treasury	50 032	76 156	141 904	108 738	134 889	132 245	133 094	140 934	147 885
General Services (Public Works, Local Government)	363 457	527 642	669 202	698 457	711 635	711 635	797 864	861 108	924 576
Total: General Public Services	587 253	795 739	1 049 864	1 022 607	1 096 447	1 089 029	1 175 787	1 261 910	1 345 561
Public Order and Safety									
Police Services	24 547	28 919	36 330	39 668	42 068	42 068	43 697	46 328	47 900
Safety and Liaison	24 547	28 919	36 330	39 668	42 068	42 068	43 697	46 328	47 900
Total: Public Order and Safety	24 547	28 919	36 330	39 668	42 068	42 068	43 697	46 328	47 900
Economic Affairs									
General Economic Affairs	102 151	103 497	110 469	150 335	150 495	151 199	174 058	189 226	198 770
Dept of Economic Development and Tourism	102 151	103 497	110 469	150 335	150 495	151 199	174 058	189 226	198 770
Agriculture	148 259	219 645	245 315	250 217	283 814	283 814	304 055	356 475	376 904
Vote 12: Agriculture, Land Reform and Rural Development	148 259	219 645	245 315	250 217	283 814	283 814	304 055	356 475	376 904
Transport	46 349	61 157	66 186	94 743	96 700	96 700	108 569	120 544	130 669
Department of Transport, Safety and Liaison	46 349	61 157	66 186	94 743	96 700	96 700	108 569	120 544	130 669
Total: Economic Affairs	296 759	384 299	421 970	495 295	531 009	531 713	586 682	666 246	706 343
Environmental Protection	48 526	60 938	69 199	77 335	83 295	83 859	86 269	91 703	96 408
Environmental Protection	48 526	60 938	69 199	77 335	83 295	83 859	86 269	91 703	96 408
Total: Environmental Protection	48 526	60 938	69 199	77 335	83 295	83 859	86 269	91 703	96 408
Housing and Community Amenities									
Housing Development	260 537	398 449	404 963	527 354	541 519	540 427	493 017	546 645	672 337
Co-Op Governance, Human Settlement and Traditional Affairs	260 537	398 449	404 963	527 354	541 519	540 427	493 017	546 645	672 337
Total: Housing and Community Amenities	260 537	398 449	404 963	527 354	541 519	540 427	493 017	546 645	672 337
Health									
Outpatient services	526 246	763 508	855 430	988 906	1 034 140	1 093 940	1 194 888	1 307 728	1 387 662
R and D Health (CS)	30 584	23 146	28 567	32 898	36 117	39 669	74 028	78 614	81 735
Hospital Services	850 406	769 940	858 112	1 191 858	1 231 172	1 176 658	1 388 385	1 439 061	1 516 199
Total: Health	1 407 236	1 556 594	1 742 109	2 213 662	2 301 429	2 310 267	2 657 301	2 825 403	2 985 596
Recreation, Culture and Religion									
Sporting and Recreational Affairs	82 763	118 052	158 388	177 736	196 244	189 112	197 752	209 874	220 501
Sport, Arts and Culture	82 763	118 052	158 388	177 736	196 244	189 112	197 752	209 874	220 501
Total: Recreation, Culture and Religion	82 763	118 052	158 388	177 736	196 244	189 112	197 752	209 874	220 501
Education									
Pre-primary & Primary Phases	818 788	1 110 422	1 398 196	1 447 218	1 589 983	1 644 977	1 662 984	1 783 146	1 823 443
Secondary Education Phase	408 969	572 076	673 977	745 184	762 184	795 322	927 724	1 019 168	1 104 232
Subsidised Services to Education	47 090	49 668	55 614	52 804	52 804	55 967	59 201	60 559	63 781
Education not defined by level	367 812	555 351	724 763	734 002	764 959	739 007	807 880	944 734	1 015 857
Total: Education	1 642 659	2 287 517	2 852 550	2 979 208	3 169 930	3 235 273	3 457 789	3 807 607	4 007 313
Social protection									
Social Security Services									
Social Services and Population Development	216 793	304 418	357 648	407 893	428 766	419 006	464 212	505 130	530 753
Total: Social protection	216 793	304 418	357 648	407 893	428 766	419 006	464 212	505 130	530 753
Total provincial payments and estimates by policy area	4 567 073	5 934 925	7 093 021	7 940 758	8 390 707	8 440 754	9 162 506	9 960 846	10 612 712