

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE 2011



Gauteng Provincial Government

The Estimates of Provincial Revenue and Expenditure 2011 report is compiled using the available information from different sources. Some of this information is subject to revision.

To obtain additional copies of this document, please contact:
The Head Official of Treasury
Gauteng Provincial Government
Private Bag X091, Marshalltown, 2107

Tel: 011 227 9004

PR : 29/2011

ISBN : 978-0-621-39896-0

Title of Publication : Estimates of Provincial Revenue and Expenditure for the year 2011 METF



Mandla Nkomfe

MEC for Finance

FOREWORD

This Budget sets out a financial framework for implementing government agenda to improve the lives of our people. It is tabled within a tight fiscal space, which requires that everyone is prudent in the manner in which they deal with public funds. . It is based on the outcomes approach that has been adopted by the province. These outcomes are enunciated below:

- Quality basic education
- Long and healthy life for all South Africans
- All people in South Africa are and feel safe
- Decent employment through inclusive economic growth
- Vibrant and sustainable rural communities
- Sustainable human settlements and improved quality of household life
- Responsive, accountable, efficient and effective local government
- Efficient, effective and development oriented public service, and an empowered, fair and inclusive citizenship

Despite steady growth being experienced by economies of the world at the moment, there are still risks on the horizon, price of food is expected to increase, and the crude oil price has just passed the \$100 mark. Here in South Africa, the demand for public services is increasing, in particular around Gauteng due to an ever increasing population. Despite revenue showing a significant growth over the years, the demand for services is increasing at a faster rate not matched by revenue.

It is against this backdrop that we present the budget that puts more emphasis on job creation through the implementation of the various projects and programmes as well as stabilization and improvement in the quality of service delivery. These projects include youth employability programmes, community works programme, Senior Secondary Improvement Programme and infrastructure programme. The latter will cost the province R11.7 billion in 2011/12, R12.5 billion in 2012/13 and R11.9 billion in 2013/14. A total amount of R3.7 billion will be spent on maintenance and repairs, upgrading and additions and rehabilitation and refurbishment of economic and social infrastructure.

The total budget allocated to all Departments amounts to R64 billion. Social services constitute 76% of the total budget and reflect our ongoing commitment to improve services in these areas where there is the greatest demand.

Through this budget, we are confident that our efforts to ensure maximum impact on the lives of Gauteng citizens will yield positive results.

Mandla Nkomfe
MEC for Finance
Gauteng

LIST OF ABBREVIATIONS

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

GEPF	Government Employee Pension Fund
GEP	Gauteng Enterprise Propeller
GETC	Gauteng Education and Training Council
GFC	Gauteng Film Commission
GGB	Gauteng Gambling Board
GIPPS	Gauteng Information on Police Performance Systems
GJO	Gauteng Jazz Orchestra
GOLB	Gauteng Official Licensing Board
GPC	Gauteng Planning Commission
GPF	Gauteng Partnership Fund
GPPFA	Gauteng Political party Funding Act
GPSS	Gauteng Provincial Safety Strategy
GRSS	Gauteng Road Safety Strategy
GSDP	Gauteng Spatial Development Perspective
GSDS	Gauteng Social Development Strategy
GSSD	Gauteng Strategy for Sustainable Development
GTA	Gauteng Tourism Authority
GTMA	Gauteng Transport Management Authority
GYC	Gauteng Youth Commission
HCBC	Home Community Based Care Centres
HCW	Health Care Waste
HIS	Health Information System
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
HRMAS	Human Resource Management and Auxiliary Services
HRMDS	Human Resource Management Development Strategy
HRM	Human Resource Management
HRS	Human Resource Service
IBCP	Integrated Business Continuity Plan
ICT	Information Communication Technology
IDP	Infrastructure Development Programme
IDP	Integrated Development Plan
IEDS	Integrated Economic Development Services
IMSP	Integrated Master System Plan
IOD	Injury on Duty
IQMS	Integrated Quality Management System
ITSM	Information Technology Service Management
IWM	Integrated Waste Management
LEAs	Law Enforcement Agencies
LED	Local Economic Development
LOC	Local Organising Committee
LOLT	Language of Learning and Teaching
LSB	Legislature Services Board
LSEN	Learners with Special Education Needs
MAD	Members' Affairs Directorate
MATCH	Management, Accommodation, Ticketing, Computer solutions and Hospitality
MBFRC	Municipal Budgets & Financial Reporting and Compliance
MDR	Multi Drug Resistant
MFMA	Municipal Finance Management Act
MHDP	Mixed Housing Development Programme
MIDP	Municipal Integrated Development Planning
MMC	Member of the Mayoral Committee
MPAC	Municipal Public Accounts Committee
MPCC's	Multi-Purpose Community Centers
MSAU	Multi-Sectoral Aids Unit
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
NCCEMD	National Committee on Confidential Enquiries into Maternal Deaths

NCOP	National Council of Province
NCS	National Curriculum Statement
NCV	National Certificate Vocational
NEMA	National Environment Management Act
NGDS	National Growth and Development Summit
NGO	Non-governmental Organisations
NLTTA	National Land Transportation Transition Act
NOC	Network Operating Centre
NSDS	National Spatial Development Perspective
NSNP	National School Nutrition Programme
NSP	National Strategic Plan
OHS	Occupational Health and Safety
OPD	Out-Patient department
ORTIA	OR Tambo International Airport
OSD	Occupation Specific Dispensation
OVC	Orphans and Vulnerable Children
PAC	Provincial Aids Council
PANSALB	Pan South African Language Board
PAIA	Promotion of Access to Information
PBC	Premier Budget Committee
PDI	Previously Disadvantaged Individuals
PEBA	Performance Evaluation and Budget Analysis
PEP	Post-Exposure Prophylaxis
PERO	Provincial Economic Review and Outlook
PFMA	Public Finance Management Act
PFMG	Provincial Financial Management and Governance
PFMR	Provincial Financial Management Forums
PGDP	Provincial Growth and Development Plans
PHC	Primary Health Care
PHP	Peoples' Housing Process
PHRA-G	Provincial Heritage Resource Authority- GAUTENG
PMTCT	Prevention of Mother to Child Transmission
PMU	Programme Management Unit
POA	Programme of Action
PPP	Public-Private Partnership
PRF	Provincial Revenue Fund
PROS	Public Resource Optimisation System
PSCBC	Public Service Coordination Bargaining Council
RRSSW	Recruitment and Retention Strategy of Social Workers
SAHRA	South African Heritage Resource Agency Limited
SAICA	South African Institute of Chartered Accountants
SALSA	South African Legislatures Secretaries' Association
SANRAL	South African National Roads Agency
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SASCOC	South African Sports Confederation and Olympic Committee
SASSA	South African Social Security Agency
SCOA	Standard Chart of Accounts
SDBIP's	Service Delivery Budget Implementation Plans
SDS	Social Development Strategy
SDW	Sports Development Workers
SETAS	Sector Education and Training Authority
SGB	School Governing Body
SIOP	Self Instruction Observation Protocol
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprise
SOA	Service Oriented Architecture
SPTN	Strategic Public Transport Network
SRM	Sustainable Resource Management

SSIP	Secondary School Intervention Programme
SSNPP	School Sport Mass Participation Programme
StatsSA	Statistics South Africa
TB	Tuberculosis
TCCs	Traffic Control Centres
TOLABs	Transport Operating License Administrative Body Offices
TOPs	Threatened or Protected Species
TSS	Technology Support Services
URP	Urban Renewal Programme
VTS	Vehicle Testing Station
XDR	Extreme Drug Resistant

TABLE OF CONTENTS

Foreword	i
Abbreviations	

OVERVIEW OF THE PROVINCIAL ESTIMATES **3**

1.	Budget strategy and aggregates
2.	Budget process and the medium term expenditure framework
3.	Socio-economic outlook
3.1	Introduction
3.2	World economic review and outlook
3.3	National economic review and outlook
3.4	Gauteng economic review and outlook
3.5	Demographics
3.6	Conclusion
4.	Receipts
4.1	Overall position
4.2	Equitable share
4.3	Conditional grants allocation
4.4	Provincial own receipts
5.	Payments
5.1	Overall position
5.2	Payments by votes
5.3	Payments by economic classification
5.4	Payments by policy area
5.5	Transfers
5.5.1	Transfers to public entities
5.5.2	Transfers to local government
5.6	Personnel numbers and costs

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

VOTE 1: OFFICE OF THE PREMIER	29
1.	Overview
2.	Review of the 2010/11 financial year
3.	Outlook for the 2011/12 financial year
4.	Receipts and financing
5.	Payment summary
6.	Programme description
7.	Other programme information
8.	Cross cutting issues

VOTE 2: GAUTENG PROVINCIAL LEGISLATURE **57**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Payment summary
6. Programme description
7. Other programme information

VOTE 3: ECONOMIC DEVELOPMENT **79**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information

VOTE 4: HEALTH AND SOCIAL DEVELOPMENT **115**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information
8. Cross cutting issues

VOTE 5: EDUCATION **207**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information
8. Cross cutting issues

VOTE 6: LOCAL GOVERNMENT AND HOUSING **283**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information
8. Cross cutting issues

VOTE 7: ROADS AND TRANSPORT **315**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information

VOTE 8: COMMUNITY SAFETY **351**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information
8. Cross cutting issues

VOTE 9: AGRICULTURE AND RURAL DEVELOPMENT **383**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information

VOTE 10: SPORT, ARTS, CULTURE AND RECREATION **415**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information
8. Cross cutting issues

VOTE 11: FINANCE **467**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information
8. Cross cutting issues

VOTE 12: INFRASTRUCTURE AND DEVELOPMENT **517**

1. Overview
2. Review of the 2010/11 financial year
3. Outlook for the 2011/12 financial year
4. Receipts and financing
5. Payment summary
6. Programme description
7. Other programme information

GLOSSARY **545**



OVERVIEW OF PROVINCIAL ESTIMATES

OVERVIEW OF PROVINCIAL ESTIMATES

1. BUDGET STRATEGY AND AGGREGATES

Introduction

A key budgetary reform in the 2010/11 financial year was a transition from the strategic priorities-based planning and budgeting approach to the implementation of the outcomes-based planning and budgeting approach in the medium term.

After the January 2010 Cabinet Lekgotla had adopted 12 outcomes that will collectively address the government's main strategic priorities, the Provincial EXCO adopted 8 outcomes that the province will implement through provincial departments. The GPC played a pivotal role in the formulation of the provincial outcomes statements and the provincial departments' outcomes plans. Provincial departments' outcomes plans identify outputs that provincial departments will deliver to support the provincial outcomes. The plans also show performance indicators and targets for each output. Key activities involved in the delivery of the outputs reflect in the outcomes plans.

The province presented the departments' outcomes plans in the Provincial EXCO Lekgotla that was held in September 2010. These plans served as a basis for formulating the 2011/12 POA, APPs and the 2011 MTEF provincial budget.

The eight provincial outcomes are listed below:

- Quality basic education;
- Long and healthy life for all South Africans;
- All people in South Africa are and feel safe;
- Vibrant, equitable and sustainable rural communities contributing towards food security for all;
- Sustainable human settlements and improved quality of household life;
- Responsive, accountable, efficient and effective local government;
- Decent employment through inclusive economic growth; and
- Efficient, effective and development oriented public service, and an empowered, fair and inclusive citizenship.

Quality basic education

The government's interventions in improving the lives of South Africans through the quality basic education will be in the form of strengthening the foundation, intermediate, senior and senior secondary phases of education. The key focus will be in ensuring quality teaching and learning in schools, improving professionalism in educators, integrated implementation of the ECD strategy, providing enabling environment for learning, provision of multi-year infrastructure and scholar transport for plan.

Long and healthy life for all South Africans

The focus of the government interventions will be on reducing mortality rate and increasing life expectancy by implementing measures to detect children's diseases and curb the spread thereof. With regard to HIV/Aids, the government will extend its programmes that relate to education, male circumcision, treatment of pregnant mothers and the other infected and affected people.

In managing the TB load case, the government strategies relate to increasing training of community health workers, intensifying the door-to-door campaigns and controlling infections. The government will also increase the effectiveness of the health system by implementing strategies that reduce the time for waiting for health services in EMS and health institutions and by implementing strategies that increase the availability of health services to the citizens.

The strategies for promoting the primary health care involve increasing the availability of such a service by increasing working hours of the PHC institutions, training additional community health workers, deploying health professionals in areas of greatest need including the 50 poorest wards.

All people in South Africa are and feel safe

The government's interventions aim at intensifying a fight against crime and corruption while integrating the criminal justice system to improve its effectiveness. Some strategies that the government will implement will target violent crime reduction by enforcing liquor regulation, fighting substance abuse and implementing the Provincial Safety Plan and the Aggravated Robbery Strategy. The government will reduce crime against women and children by implementing the school safety plan, social crime prevention strategy and the victim empowerment and support programmes. The measures put in place to improve effectiveness of criminal justice system include facilitating establishment of specialised courts for serious and violent crimes and establishment of municipal courts.

Decent employment through inclusive economic growth

The government will boost economic activity in the province through strategies that will create direct employment opportunities; sustain development of enterprises and green economy; support development of tourism, agriculture, industries and socio economic infrastructure.

Youth employment strategy, Community Works Programme in 50 poorest wards and EPWP are interventions that aim to create direct employment. The implementation of Gauteng Industrial Policy and other strategies relating to creative industries, ICT, transport and logistics will support development of industries and other economic sectors in the province. The implementation of plans to improve Sedibeng Sewer Works and regenerate Ekandustria and Babelegi will boost the development of socio-economic infrastructure. The transport and logistics related interventions include the implementation of the Maize Triangle plan, Gauteng Freight Rail Strategy, Gauteng Tolling Strategy and completion of Gautrain project and key road networks. The SMMEs, cooperatives and informal businesses will benefit from initiatives to support enterprise development. The province will also implement the Gauteng Energy Strategy and will create green jobs to support development of green economy.

Vibrant, equitable and sustainable rural communities contributing towards food security for all

The Department of Agriculture and Rural Development is the lead department for this outcome and is responsible for implementing the functions of agriculture, rural development and environment. The key outputs identified that support the provincial outcomes, namely: support to local farmer entrepreneurs and associations, producers and cooperatives through the Letsema/ Ilima program; facilitating access to support and development for farmers in terms of finance, markets, technology, inputs, water, mechanisation, training and specialized advice; ensuring sustainable agriculture and increased production by facilitating soil conservation and combating natural resource degradation; management of the control of animal, zoonotic diseases and animal welfare in Gauteng to promote animal health, production and human health; reducing the number of undernourished children and creating safety nets for the most vulnerable people through the Siyazondla program (one household one food garden in the 50 poorest wards); creation of employment opportunities, income generation activities for the rural poor and exploitation of different economic drivers in rural areas; and reduction of atmospheric pollutants, carbon emissions and ensuring water resource protection.

Sustainable human settlements and improved quality of household life

The Department of Local Government and Housing (Housing division) takes the leading role in the achievement of this outcome. The Department identified the following key outputs, namely: accelerated delivery of housing opportunities, access to basic services, more efficient land utilisation and an improved property market.

The Department's various programmes for providing houses for different income groups, formalising informal settlements, rental stock will contribute in accelerating the delivery of housing opportunities. Completion of Alexandra, Bekkersdal and Evaton Urban Renewal Programmes and the implementation of the Inner City redevelopment strategies in three towns will also address the housing opportunities. The Department will implement plans to effectively manage utilisation of land from spatial planning, acquisition stage, stock control through land asset register and the disposal stage. In collaboration with the Department of Economic Development, the Department will implement the Gauteng Integrated Energy Strategy and roll out the solar geysers programme. A provision of support to municipal infrastructure master plans and the implementation of plans relating to provincial waste water works are amongst interventions to ensure communities' access to basic services.

Responsive, accountable, efficient and effective local government

The Department of Local Government and Housing (Local Government division) is a lead department that is responsible for the achievement of this outcome. The Department identified the following key outputs, namely: implementing differential approach to municipal financing, improving access to basic services, implementing

the Community Works Programme in partnership with the Department of Economic Development, implementing initiatives that are supportive to the human settlements, implement programmes that will deepen democracy through a refined Ward Committee model, offer comprehensive administrative and financial capability support to municipalities and development of a single window of coordination model through the implementation of the provincial inter-governmental relations (IGR) framework.

Efficient, effective and development oriented public service, and an empowered, fair and inclusive citizenship. This outcome has two components led by the Office of the Premier (i.e. an efficient, effective and development oriented public service) and the other by the Department of Sport, Arts, Culture and Recreation (i.e. an empowered, fair and inclusive citizenship). Office of the Premier identified key outputs such as the improved public service delivery and access, effective and efficient human resource management and development and working business processes, systems, decision rights and accountability. The Department of Sport, Arts, Culture and Recreation identified key outputs including the nation building and national identity, citizen participation and social cohesion.

TABLE 1: PROVINCIAL BUDGET SUMMARY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2009/10			2010/11	2011/12	2012/13
Equitable share	28 464 501	33 811 732	40 365 193	45 134 335	45 869 090	45 869 090	50 428 480	53 973 066	57 699 363
Conditional grants	10 040 725	11 635 549	13 836 764	13 728 634	13 962 117	13 962 117	14 586 174	15 498 855	16 557 819
Provincial own receipts	2 758 922	2 351 735	2 620 260	2 801 234	2 706 474	2 748 773	3 010 609	3 297 641	3 582 318
Total receipts	41 264 148	47 799 016	56 822 217	61 664 203	62 537 681	62 579 980	68 025 263¹	72 769 562²	77 839 500³
Current payments	27 449 088	34 613 236	42 808 377	45 551 221	47 057 613	48 950 710	53 208 048	56 719 153	59 819 191
Transfer payments	11 493 626	14 892 202	13 969 387	12 173 767	13 426 282	12 456 646	12 080 590	12 814 357	13 515 276
Payments for capital assets	2 788 101	2 371 629	2 258 879	3 131 658	2 479 862	2 250 570	2 356 707	2 371 644	2 585 622
Payments for financial assets	11 297	6 900	13 923			11 217			
Gautrain									
Total payments	41 742 112	51 883 967	59 050 566	60 856 646	62 963 757	63 669 143	67 645 345	71 905 155	75 920 089

1.2 Summary of budget aggregates

Table 1 above summarises the provincial actual expenditure and receipts from the 2007/08 to the 2009/10 financial years, and shows the estimated expenditure and revenue from the 2010/11 to the 2013/14 financial years. The provincial revenue increased from R41.3 billion in 2007/08 to R56.8 billion in 2009/10. It further increases to R61.7 billion in 2010/11 and will increase from R68 billion in 2011/12 to R77.8 billion in 2013/14.

Transfers from the national government form a major part of the provincial receipts. Provincial own receipts comprise mainly the motor licence revenue, health patient fees and the gambling tax revenue. Provincial own receipt decreased from R2.7 billion in 2007/08 to R2.6 billion in 2009/10 and it increases from R2.8 billion in 2010/11 to R3.6 billion in 2013/14.

The provincial expenditure is allocated to current payments and transfers and subsidies. The top five spending items within these classifications of expenditure are the compensation of employees; goods and services; transfers and subsidies to households; transfers and subsidies to non-profit institutions; and transfers and subsidies to departmental agencies and accounts.

The abovementioned top five spending items represent allocation to top four departments that jointly contribute approximately 90 percent of the total during the 7-year period under review. These departments are Education, Health and Social Development, Local Government and Housing and Roads and Transport.

2. BUDGET PROCESS AND THE MEDIUM-TERM EXPENDITURE FRAMEWORK

2.1 Introduction

The implementation of the outcomes-based planning and budgeting approach during the 2010/11 financial year necessitated the revision of the provincial budgeting process. The new approach required the province to allocate resources to outcomes that will ensure higher impact of government service delivery to the communities that the government serves. This approach had no direct impact to the key phase of the provincial budget process and the sequence of key phase of the budgeting process; however the provincial departments were required to provide additional planning information in the form of outcomes plans that are aligned to the provincial outcomes. The provincial budgeting process mechanism enables the province to set its fiscal objectives in respect of revenue and expenditure, repayments of debts and investments in order to maintain effective control, plan over the MTEF and ensure prudent financial management.

2.2 Strategic planning phase

In the previous financial years, the provincial budget process started with the "Budget Makgotla" that was constituted by Treasury and other external stakeholders, however due to the reconfiguration of provincial departments and the importance of integrating related service delivery, the planning process took a different focus. The scope of the Budget Makgotla was expanded beyond the budget issues to cover all financial matters; the Makgotla were therefore renamed "Finance Makgotla". The Office of the Premier, through the Planning Commission coordinated the provincial process on the implementation of eight outcome approach.

2.3 Decision making phase

At this stage, the Gauteng Department of Finance (Treasury Services) hosts Medium-Term Expenditure Committee meetings (MTEC) annually during September. The objective the MTEC discussions is to evaluate the budget submissions, spending proposals and to determine the extent to which the departments have embarked on a justification and reprioritization exercise for the current year and the MTEF baselines to inform the resource allocation process. The importance of reprioritization is communicated to all Gauteng Provincial Government (GPG) departments in various budget forums.

The MTEC meetings focused on assessing departmental plans and budgets in the context of outcomes approach. The approach aimed to ensure that resources are allocated to specific projects and programmes that impact on the set outcomes. The analysis is based on the draft budget documents submitted by departments to the provincial treasury. The composition of the MTEC approach changed into a cluster approach. These clusters are of the same form as provincial Sub-Committees, i.e. Governance, Social, Economic and Infrastructure Cluster.

The composition of the MTEC is as follows:

- Finance (Chairperson and Secretariat);
- Gauteng Planning Commission;
- Portfolio Committee on Finance;
- Department of Local Government and Housing (Local Government Division);
- Department of Infrastructure Development (To attend sessions for departments contributing to economic and infrastructure development).

The 2010 MTEC meetings focus on the following issues;

- The assessment of Departmental Outcome Plans for 2011/12 financial year
- Alignment of Provincial Outcome Plans with National Outcomes Plans
- Identification of projects not aligned or directly linked to Outcome Plans
- Analysis of personnel expenditure 2011/12
- Assessment of infrastructure requirements to attain Outcomes
- Assessment of budget databases
- Revenue analysis

On conclusion of the MTEC meetings, the Department of Finance compiled the MTEC's recommendations report for the consideration of the PBC when deciding provincial resource allocation. The PBC is an executive forum constituted by the Premier as the chairperson and three MECs, including the MEC for Finance, Director General of the Province, Senior Officials from the Office of the Premier and GDF. The purpose of this committee is to engage departments MEC, s on their budget submission and consider the recommendations from GDF to inform the provincial resource allocations to departments.

2.4 Production stage

For this stage GDF consolidate all the departmental budget submission in preparation for tabling of the budget Gauteng. During this period the GDF analyze and edit the Estimates of departmental Revenue and Expenditure prior to the consolidation of the Estimates of Provincial Revenue and Expenditure for printing. The budget documentation is finalized during this phase which includes the following:

- Appropriation Bill – reflect individual allocations to departments per programme and economic classification.
- Estimates of Provincial Revenue and Expenditure- present the aggregate of provincial budget, detail department budget per programme and economic classification as well as the infrastructure investments.
- Cabinet and explanatory memoranda – submission to the Gauteng provincial Legislature for authorization by EXCO and for public discussion.
- Socio-Economic Review – provides a detail analysis of socio-economic indicators that impact on the overall quality of life for the citizens of the province.
- Budget Speech – prepared by the office of the MEC for Finance with the assistance of the Gauteng Department of Finance.
- Budget booklet – an easy to use guide to the budget
- Budget insert – key information published in the various newspapers to inform the citizens about the budget
- Government Gazette – shows the transfers framework and allocation to municipalities, schools and hospitals.

All the documents mentioned above, therefore are submitted to the Gauteng Legislature for the tabling by the MEC of Finance for consideration by the relevant standing committee and adoption.

2.5 Accountability Stage

The process covers the normal annual reporting on the progress made during the budget implementation. All provincial departments submit financial and non-financial reports to GDF on monthly and quarterly basis to provide information on budget implementation and inform the stakeholders about the progress on department's achievement against the set performance targets. The cycle is concluded by the annual reports that are produced for submission to the Auditor General and other stakeholders.

3. SOCIO-ECONOMIC OUTLOOK

3.1 Introduction

This section briefly gives the background on the emergence of the world economy from the recession and provides a short review of the country's economy and that of the province. It also analyses the demographic profile and shows the distribution of income amongst households in the Gauteng province.

3.2. World economic review and outlook

The year 2010 has been characterized by the emergence of positive economic growth rates in Gross Domestic Product (GDP). The global economy entered a recession in late 2008 and early 2009. The outbreak of the sub-prime lending crisis of 2007 in the United States of America (USA), led to a slowdown in global economic activity. The advanced economies experienced relatively weak growth during this period and in 2009 the world output and most advanced economies experienced negative GDP growth, with the Euro area characterized by the sovereign debt problem. However, growth within emerging market economies was more resilient, propelled by the superior performance of Asian markets, mainly China and India. The World Economic Outlook (WEO) of the International Monetary Fund (IMF)¹ has revised its estimates of the global output upward for 2010 and expects growth to remain positive throughout 2011 and 2012. GDP growth for South Africa is forecast at 3.4 percent, Sub-Sahara Africa at 5.5 percent and Africa at 5.1 percent. The world output is expected to post a GDP growth rate of 4.4 percent and the advanced economies 2.5 percent.

3.3. National economic review and outlook

For 17 years, the economy of South Africa has recorded steady growth in its GDP, until it entered recession in the first quarter of 2009. That same year, however, the country began a gradual recovery and returned to positive GDP growth rates in the third and fourth quarters. The country's GDP declined to R1.784 trillion in 2009 as the growth rate plummeted to -1.7 percent, due to the effects of the financial crisis. IHS Global Insight estimates that GDP reached R1.833 trillion in 2010 and forecasts that GDP will reach R2.122 trillion in 2014. South Africa is the major economic power in Africa and has been invited to join April's Brazil-Russia-India-China-South Africa (BRICS) Forum because of this economic standing within the continent.

¹ The information was obtained from the IMF's WEO update of January 2011.

According to IHS Global Insight, the three sectors which made the greatest contributions to the country's GDP in 2009 were finance and business services, government, personal and social services and manufacturing. It is expected that these sectors will still dominate contributions for 2010 and up to 2014. After experiencing a trade deficit of R36 billion in 2008, the trade balance improved to a marginal surplus of R2 billion. The country's major exports include precious metals and stones and major imports include mineral products and machinery.

3.4. Gauteng economic review and outlook

Gauteng is the smallest province geographically constituting 1.4 percent of South Africa's land size, it continues to be the economic hub of the country, contributing over 35 percent of the country's GDP. The Gross Domestic Product by Region (GDPR) has grown from R474 billion in 2002 to R625 billion² in 2009. IHS Global Insight estimates economic growth for 2010 to reach R645 billion and forecasts R754 billion for 2014.

TABLE 2: GROSS DOMESTIC PRODUCT-REGIONAL BY SECTOR, GAUTENG, 2009

	R Million	Percent Share
Mining and quarrying	11,015	2.0 %
Agriculture and fisheries	2,182	0.4 %
Primary Sector	13,197	2.4 %
Manufacturing	105,175	18.9 %
Electricity, gas and water	11,338	2.0 %
Construction	24,963	4.5 %
Secondary Sector	141,476	25.5 %
Wholesale and retail trade	77,505	13.9 %
Transport and communication	51,823	9.3 %
Finance and business services	149,508	26.9 %
Government, social and personal services	122,166	22.0 %
Tertiary Sector	401,002	72.2 %
Total at Basic Prices	555,675	100.0 %

Source: Stats SA, Gross Domestic Product, 3rd Quarter 2010

Table 2 provides information on the sectoral contributions to the GDPR of the province in 2009. The tertiary sector contributed the most at 72.2 percent, followed by 25.5 percent from the secondary sector and 2.4 percent by the primary sector. The finance and business services sub-sector made the highest single contributions at 26.9 percent. The dominance of the sub-sector emanates from the fact that the province houses head offices of most financial institutions. Manufacturing makes the highest contribution within the secondary sector at 18.9 percent.

3.5 Demographics

Gauteng is now the most populous province in the country after overtaking KwaZulu-Natal about three years ago. The province accounts for 22.4 percent of the country's population.

TABLE 3: POPULATION SIZE AND DISTRIBUTION BETWEEN REGIONS, 2010

Region	Total Population	Percent Share
Sedibeng	888,222.32	7.9 %
Metsweding	170,949.45	1.5 %
West Rand	590,427.41	5.3 %
Ekurhuleni	2,933,578.28	26.2 %
City of Johannesburg	4,112,385.27	36.7 %
City of Tshwane	2,496,466.37	22.3 %
Total/Gauteng	11,192,029.11	100 %

Source: Quantec Research, 2011

The table shows the total population of the province and the share by each municipality for 2010. The population of the province reached 11.192 million in 2010. The City of Johannesburg made up 36.7 percent of the total followed by Ekurhuleni at 26 percent and the City of Tshwane at 22 percent. Metsweding makes up the smallest share of the population at 1.5 percent.

² According to Stats SA, the GDP amounted to R621 billion in 2009.

TABLE 4: CHANGES IN PROVINCIAL DEMOGRAPHIC PROFILE, 2001–2010

Description	Period	Effective change
Population growth	2001 – 2010	1.9 percent per annum; 9,4 million to 11,2 million
Population increase	2001 – 2010	Increase of 1,8 million or 19 percent
Number of households	2001	2.9 Million
	2010	3.3 Million (13.8 percent increase)
Average household size	2001	3.3
	2010	3.3

Source: Quantec Research, 2011

Table 4 breaks down the changes in the demographical profile of the province for the period 2001 and 2010. The population has grown from 9.4 million in 2001 to 11.2 million in 2010, increasing by a total of 1.8 million over this period. The number of households has increased by 13.8 percent between the two years. The increase of the population size is largely as a result of in-migration of people from other provinces and countries. The average household size remained at 3.3 persons.

TABLE 5: GENDER AND AGE DISTRIBUTION, 2010

	Male	Female	Total	percent Share
Below 15	1,505,700	1,481,200	2,986,900	27 %
15-29	1,446,700	1,466,500	2,913,200	26 %
30-39	1,101,700	1,051,200	2,152,900	19.2 %
40-49	678,700	650,500	1,329,200	11.9 %
50-59	479,400	488,600	968,000	8.6 %
60+	382,500	459,000	841,500	7.5 %
Total	5,594,700	5,597,000	11,191,700	100 percent

Source: Stats SA, Midyear Population Estimates, 2010

According to the 2010 midyear population estimates by Stats SA, there were more females (5.597 million) than males (5.594 million) in the province in 2010. The below 15 years of age population group, made up the largest share of the population, followed by the 15-29 years category. The aged makes up the lowest share at 7.5 percent.

TABLE 6: INCOME DISTRIBUTION, 2009

Annual Income per Household	Number of Households	Percentage of Households
Less than R7,000	21,937	0.7 percent
R7,000 to R30,000	644,725	19.9 percent
R30,000 to R54,000	559,148	17.2 percent
R54,000 to R360,000	1,527,299	47.1 percent
R360,000 to R2,400,000	492,072	15.2 percent
Total	3,245,182	100 percent

Source: IHS Global Insight, 2010

Table 6 shows how income is distributed amongst the population of the province and divides the households into five categories of income levels. Less than one percent (0.7 percent) of households earn less than R7 000 per annum. More than 47 percent of the households earn a maximum annual income of R360 000 and about 20 percent of the households earn a maximum of R30 000 per annum.

3.6 Conclusion

The world economy and that of South Africa are slowly moving into recovery after the recession of late 2008 and early 2009. The country experienced a negative economic growth rate for 2008 but the outlook is positive with GDP estimated to reach R2.122 trillion in 2014. Gauteng continues to contribute the highest to the country's GDP and is the most populous province in the country at 11.2 million in 2010.

4. RECEIPTS

4.1 Overall position

Provincial Government in South Africa are financed through two main sources of revenue, that is national transfers (equitable share and conditional grants) and provincial own revenue. The Constitution (Act 108 of 1996) provides national government with greater taxing powers than any other sphere of government. While provincial and local governments are also permitted to raise revenue through taxation this is to a very limited extent. Section 228 of the Constitution allows provinces to impose taxes, levies and duties other than those nationally imposed, such as income tax, customs duties, general sales tax (VAT) and rates on property. Taking into account the limited ability of other spheres of government to raise revenue for their huge expenditure requirements, the Constitution does make provision for revenue sharing.

The provincial sphere of government sources are funded through national transfers and provincial own revenue. National transfers are provided for in Section 214(1) of the Constitution, and they can either be conditional or unconditional. The provincial equitable share is unconditional and is allocated to all nine provinces to address vertical imbalances among provinces. The equitable share also assists provinces in funding their operational and capital expenditure. However, it is expected that a significant portion of the equitable share will be spent on social and welfare services as they have been identified as government's main priorities. Nationally collected revenue is shared in two ways, which are vertical and horizontal divisions. Vertical division is the revenue sharing between the spheres of government where revenue collected nationally, minus funds to service debt and the contingency reserve, is shared. No formula is used to distribute revenue among the spheres of government, as it is priority-based.

National government remains responsible for any shortfall in revenue collected, including the ability to borrow funds. In considering this division, government takes into account the economic and social impact of services; the effectiveness with which extra funds can be spent; the scope for savings within budgets; and the impact of fluctuations in allocations, respectively. The horizontal division of revenue divides the revenue for the provinces among the nine provinces and municipalities. The horizontal division of allocations made between municipalities depends on the size of the overall allocation that is made to the local government sphere, while an explicit revenue sharing formula is used to divide the provincial equitable share among the nine provinces. Conditional grants, on the other hand, are provided with special requirements and are meant for funding specific nationally determined programmes or projects.

Provincial own revenue remains the least but very important source of provincial government as it is solely the discretion of provincial governments how they allocate or use it. This source of revenue is generated through tax and non tax receipts. Tax receipts comprises of motor vehicle licensing fees, and gambling taxes (casino, and horse racing taxes). Non tax receipts are largely made up of hospital patient fees and other less significant revenue such as the sale of scrap, insurance commissions, examination fees, debt recovery and employees parking fees.

TABLE 7: SUMMARY OF GAUTENG PROVINCIAL GOVERNMENT RECEIPTS

R 'thousand	Outcome			Main appropriation	Adjusted appropriation	Revised Estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2010/11		
National Transfers	38 505 226	45 447 281	54 201 957	58 862 969	59 831 207	59 831 207	65 014 654	69 471 921	74 257 182
Equitable Share	28 464 501	33 811 732	40 365 193	45 134 335	45 869 090	45 869 090	50 428 480	53 973 066	57 699 363
Conditional Grants	10 040 725	11 635 549	13 836 764	13 728 634	13 962 117	13 962 117	14 586 174	15 498 855	16 557 819
Provincial own receipts	2 758 922	2 351 735	2 620 260	2 801 234	2 706 474	2 748 773	3 010 609	3 297 641	3 582 318
Total Receipts	41 264 148	47 799 016	56 822 217	61 664 203	62 537 681	62 579 980	68 025 263	72 769 562	77 839 500

Source: National Treasury Allocation Letter, 2010

Table 7 shows aggregates of provincial receipts over a seven year period. The total transfers from national government have increased from R38.5 billion in 2007/08 to R65.1 billion in 2011/12. National transfers contribute 95.6 per cent of overall receipts in 2011/12. For 2012/13 national transfers are projected to record R69.5 billion in 2012/13 and R74.3 billion in 2013/14. This represents an increase by 7.4 per cent over the MTEF. For 2011/12 the equitable share accounts for R50.4 billion or 74.1 per cent of total receipts, while conditional grants account for R14.7 billion or 21.5 per cent and own revenue contributes just under R3 billion or 4.4 per cent. The contribution of own revenue amounts to an average of 4 percent over the MTEF in comparison to national transfers.

4.2 Equitable share

The provincial equitable share (PES) is an unconditional and objective redistributive allocation to the Province according to a formula. The formula is flexible in that it allows for annual adjustments to accommodate changing service load and poverty proxies, demographics and economic growth rates. This ensures annual refinement of the different components, updates of the components with new data, adjustments of the weighting of the components and the addition of new components to the formula. Provincial governments have limited discretion on how to allocate the equitable share between functions assigned to them by the Constitution within the framework of government policy priorities.

TABLE 8: SUMMARY OF GAUTENG PROVINCIAL RECEIPTS

R'thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2009/10	2010/11	2011/12
Equitable Share	28 464 501	33 811 732	40 365 193	45 134 335	45 869 090	45 869 090	50 428 480	53 973 066	57 699 363

Source: National Allocation Letter, 2011

Table 8 shows the growth in the equitable share over a seven-year period. On 8 December 2010 Cabinet agreed to 0.3 per cent cut to be effected across all national votes and the provincial equitable share. Prior to this cut, Cabinet agreed to increases to the provincial equitable share from the policy reserve that should be directed to priorities in health. The equitable share increases from R28.5 in 2007/08 to R50.4 billion in 2011/12. Over the MTEF this important revenue source is projected to increase by 7.9 per cent. As part of the 2010/11 national adjustment, an additional R734.8 million was allocated to the GPG. This amount includes R653.6 million for improvement in salaries and other conditions of service (housing allowance), and R81.2 million for unforeseeable and unavoidable allocation including Occupational Specific Dispensation (OSD) for health therapeutic and doctors. The growth in revenue is projected at 7.9 per cent over the MTEF.

In making the adjustment allocations government took into account the impact of the updates on the provincial equitable shares which are to be phased in over the MTEF. These updates to the equitable share are informed by the data from the 2010 Mid-year Population Estimates, the 2010 Education Snap Survey, the 2008 Gross Domestic Product by Region (GDP-R), the District Health Information Services patient day data for 2008 and 2009, the Risk Equalisation Fund, and the 2005 Income and Expenditure Survey. The adjustments are to be phased in over a period of three years.

National government, having felt the impact of the 2009 recession with lower than anticipated revenue collection, has made it clear that, over the next three years, all spheres of government must identify cost savings, eliminate non-essential expenditure and prioritize high-priority programmes over lower-priority ones. As a result, provinces are required to seek efficiency gains and shift their funding towards core government priorities.

TABLE 9: PROVINCIAL EQUITABLE SHARE WEIGHTED AVERAGE

Components	Education	Health	Basic	Poverty	Economic Activity	Institutional	Weighted average
Weightings	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%	33.6%	11.1%	17.4%
KwaZulu-Natal	23.2%	22.2%	21.2%	22.8%	16.2%	11.1%	22.0%

Components	Education	Health	Basic	Poverty	Economic Activity	Institutional	Weighted average
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%	6.8%	6.6%	7.9%	6.4%	11.1%	6.7%
Western Cape	8.2%	10.2%	10.8%	6.2%	14.6%	11.1%	9.2%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SOURCE: Budget Review, 2010

The equitable share of provinces is determined using six main components. In order to ensure that the formula is objective and redistributive it is revised and updated with new data annually. The PES is currently being reviewed by the national treasury after the FFC completed the first phase of the review.

The education component, which is equal to 51 per cent, is intended to enable provinces to fund school education. The formula uses school-age population (ages 5-17), based on Census 2001, and actual enrolment drawn from the 2009 School Realities data to reflect relative demand for education.

The health component, which constitutes 26 per cent, addresses the need for provinces to deliver primary and secondary health services based on the proportion of the population with and without access to medical aid, using the latest Gauteng Health Service figures. The aim of the health component is to address the need for provinces to deliver health care. In determining each provinces' share people without medical aid are assigned a weight four times that of those with medical aid, on the grounds that the former group is likely to use public health care more. The 2009 mid-year population estimates are used to update the subcomponent "people without medical aid".

The basic component was split into a basic share distributed from each province's share of the total population of the country and accounts to 14 per cent of the formula. For the 2010 MTEF, population data are drawn from the 2009 mid-year population estimates.

The institutional component is distributed equally between provinces and constitutes 5 per cent of the total equitable share, of which each province receives 11.1 per cent. The institutional component recognises that the costs associated with running a provincial government and providing services, are not directly related to population.

The poverty component introduces a redistributive element within the formula and is assigned a weight of 3 per cent. The poor population comprises persons who fall in quintiles 1 and 2, based on the 2005 Income and Expenditure Survey. Each province's share is then expressed as the percentage of the "poor" population residing in that province, where the population figure is drawn from the 2009 mid-year population estimates.

The economic activity component is based on GDP-R data. The economic activity component is a proxy for provincial tax capacity and is assigned a weight of 1 per cent.

4.3 Conditional grants allocations

The conditional grants are funds assigned to provinces to achieve of specific national objectives and targets or service over and above those considered as basic. The uses of conditional grants have been motivated by a need to ensure minimum nation-wide standards for the provision of services of national concern.

TABLE 10: CONDITIONAL GRANTS ALLOCATION FOR GAUTENG PROVINCE

R 'thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2010/11		
							2011/12	2012/13	2013/14
Conditional Grants	10 040 725	11 635 549	13 836 764	13 728 634	13 962 117	13 962 117	14 586 174	15 498 855	16 557 819

Table 10 provides provincial conditional grant allocation over a seven-year period. The provincial conditional grants are sets out to supplement various programmes partly funded by provinces, such as infrastructure and central hospitals and other agreed programmes and priorities. Conditional grants increase from R10.0 billion in

2007/08 to R14.6 billion in 2011/12. The grants are expected to increase at an average annual rate of 5.96 per cent over the MTEF. This increase is due to the introduction of new conditional grants to provinces. The new grants are the Provincial Disasters Grant as an unallocated grant to cater for funding disaster responses and Education Infrastructure Grant by the Department of Education and lastly the Provincial Roads Maintenance Grant by the Department of Transport. Health Infrastructure grant and education infrastructure grant is also introduced to address infrastructure needs which are health and education related infrastructure while the Infrastructure grant to Provinces has been withdrawn.

TABLE 11: CONDITIONAL GRANT PER DEPARTMENT

Department/ Conditional Grant	Medium Term Expenditure Estimates		
	2011/12	2012/13	2013/14
Comprehensive Agricultural Support Programme Grant	41 173	45 931	52 594
Ilima/Letsema Projects Grant	20 000	21 000	22 155
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 044	6 246	6 163
Community Library Services Grant	54 716	57 452	60 611
Further Education and Training College Sector Recapitalisation Grant	1 012 089	1 101 754	1 233 994
Dinaledi Schools Grant	14 140	20 200	21 311
Education Infrastructure Grant	461 011	508 633	536 608
HIV and Aids (Life Skills Education) Grant	28 175	29 217	30 824
National School Nutrition Programme Grant	509 798	548 690	578 868
Technical Secondary Schools Recapitalisation Grant	30 596	32 127	33 894
Comprehensive HIV and Aids Grant	1 620 673	1 934 057	2 294 326
Forensic Pathology Services Grant	97 966		
Health Infrastructure Grant	142 694	157 434	166 093
Health Professions Training and Development Grant	690 803	725 310	765 202
Hospital Revitalisation Grant	801 965	828 552	760 206
National Tertiary Services Grant	2 759 968	2 933 361	3 100 895
Integrated Housing and Human Settlement Development Grant	3 804 611	3 970 951	4 186 987
Devolution of Property Rate Funds Grant	270 775	284 314	299 951
Mass Sport and Recreation Participation Programme Grant	71 148	74 705	78 814
Gautrain Rapid Rail Link Grant	5 300		
Provincial Roads Maintenance Grant	566 917	583 226	625 542
Public Transport Operations Grant	1 577 612	1 635 695	1 702 781
TOTAL	14 586 174	15 498 855	16 557 819
Unallocated EPWP Incentive Grant for the Social and Infrastructure Sector	79 058	41 818	50 181
Total Grants: GPG	14 665 232	15 540 673	16 608 000

Table 11 shows a breakdown of the MTEF conditional grants and allocations of each. The conditional grant allocated increased from R10.0 billion in 2007/08 to an adjusted appropriation of R13.9 billion in 2010/11. Over the MTEF, the conditional grant increases to R14.6 billion in 2011/12, and thereafter to R15.5 billion in 2012/13 and R16.6 billion in 2013/14.

The Department of Agriculture overall the allocation is expected to grow from R62.2 million in to R80.9 million in 2013/14 financial year, with the highest allocated to the Comprehensive Agricultural Support Programme Grant to provide support for newly established and emerging farmers. The Department of Arts and Culture has been allocated R54.7 million, R57 4 million and R60. 6 million over the MTEF allocated to the Department Community Library Services grant.

The Department of Basic Education conditional grants are allocated R1. 0 billion in 2011/12, R1.1 billion in 2012/13 and R1.2 billion in 2013/14. The Dinaledi School Grant is to enhance the quality of maths and science in Dinaledi schools by providing additional resources. The Department of Basic Education administers the national school nutrition programme grant, the Dinaledi schools grant, the technical secondary schools

recapitalisation grant and the HIV and Aids (life skills education) grant. The national school nutrition programmes is aimed at improving nutrition of poor school children and enhancing active learning capacity, thereby improving attendance in schools. The technical secondary schools recapitalisation grant provides for equipment and facilities in technical high schools.

The Department of Health Conditional grants which constitute of Comprehensive HIV and Aids grant to enables the health sector to response to HIV and Aids, Forensic Pathology Services grant which is meant to transfer of medico-legal mortuaries from the South African Police Service to the health sector and to provide comprehensive forensic pathology services for the criminal justice system. Health Professions Training and Development grant are costs associated with the training of health professionals, and the development and recruitment of medical specialists. Hospital Revitalisation grant is for the transforming and modernising infrastructure and equipment in hospitals. National Tertiary Services grant aims to provide strategic funding to enable provinces to plan modernise and transform the tertiary hospital service delivery platform in line with national policy objectives and Health Infrastructure grant is for sector infrastructure related projects. The allocation are at an increase of R6.1 billion in 2011/12, R6.5 billion in 2012/13 and R7.0 billion in 2013/14.

The Department of Higher Education allocation total allocation over MTEF is R1.0 billion in 2011/12 increasing to R1.1 in 2012/13 and R1.2 billion in 2013/14. The further education and training colleges grant was introduced to protect current spending on these colleges by provinces while the legislative processes required to shift this function to national government are completed. Total expenditure on further education and training colleges was taken out of the equitable share and shifted into this conditional grant. The value of the conditional grant to each province is based on historical spending on this grant.

The Human Settlements Development Grant facilitates the establishment of habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities. The programme targets the eradication or formalisation of informal settlements on a phased basis and aims to have this accomplished by 2014. This grant is allocated R3.8 billion in 2011/12 increasing to R4.2 billion in 2013/14.

The Department of Public Works administrators three grants. The devolution of the property rate funds grant was introduced in 2008/09 to ensure that provinces take over the responsibility of paying property rates and municipal charges on properties that were administered by national government on their behalf. This grant has been allocated R3.5 billion over the MTEF. The expanded public works programme incentive grant to provinces for the infrastructure sector provides incentives to provinces and municipalities to increase spending on labour-intensive programmes. It is awarded to provinces on a performance basis, measured on the number of work opportunities they create through specific programmes. An allocation of R349 million is made for these grants in 2011/12.

The 2010 budget introduces a new grant on the public works vote: the expanded public works programme grant for the social sector. This grant will be paid to non-profit organisations that have been using the services of unpaid volunteers so that these volunteers can receive some form of remuneration.

The Department of Sport, Arts, Culture and Recreation Mass Sport and Recreation Grant promotes mass participation by historically disadvantaged communities in a selected number of developmental sporting activities. An allocation of R71.1 million is made in 2011/12.

With the Transport grants, the Department of Transport is allocated a final contribution to the construction of the Gautrain Rapid Rail Link. An amount of R5.3 million is available in 2011/12 to cover the cost of any foreign exchange losses. The overload control grant funds initiatives to ensure the preservation of road infrastructure through the reduction of overloading practices. The public transport operations grant subsidises commuter bus services. The payment of bus subsidies to operators was previously funded through an agency arrangement between national and provincial government, and this grant enables government to take greater responsibility in ensuring that contractual obligations are met. An amount of R2.2 billion is made available in 2011/12.

The Provincial Disasters Grant is introduced in the 2011/12 as an unallocated grant of an amount of R14.6 billion to cater for funding disaster responses. This grant will be disbursed to areas within three days to three months after an area is declared a disaster as per the Disaster Management Act. The grant will fund the immediate needs following disasters and will not fund projects of a long term nature such as repairs to infrastructure.

The Provincial Disasters Grant is introduced in the 2011 MTEF as an unallocated grant to cater for funding

disaster responses. This grant will be disbursed to areas within three days to three months after an area is declared a disaster as per the Disaster Management Act. The grant will fund the immediate needs following disasters and will not fund projects of a long term nature such as repairs to infrastructure. If provinces receive an allocation through this grant before they table their adjustments budget they will need to reflect this expenditure in their adjustments budget. If an allocation is received after the province has tabled the adjustment budget it will need to pass a finance bill that provides ex-post authorization of expenditure of the grant. The finance bill will typically be tabled after the annual report pertaining to the relevant budget has been adopted.

4.4 Provincial own revenue

All monies received by a provincial government, including the province's equitable share, conditional grants granted in terms of the annual Division of Revenue Act as well as provincially own generated receipts must be paid into the provincial revenue fund. The Gauteng Provincial Government generates own revenue from two broad sources; tax receipts: which include casino taxes, horse racing taxes, and motor vehicle licensing fees. Non-tax receipts: include amongst others, the sale of goods and services other than capital assets such as hospital patient fees. Other revenue sources include commission earned on insurance premiums, sale of scrap, sale of capital assets, fines, penalties and forfeits.

Provincial emphasis on own revenue is largely on the three main departments, that is the Department of Roads and Transport; Department of Economic Development; and Department of Health and Social Development. The combined contribution of these three departments amount to about 97 percent of total own revenue. Other notable departments are the Department of Finance, and Department of Education. The contribution of other provincial departments' are very limited owing largely to their activities which are not channeled towards significant revenue generation but on service provision.

TABLE 12: GPG OWN REVENUE PER CLASSIFICATION

R million	Outcome			Main Appropriation	Adjustments	Revised estimates	Medium term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Tax receipts	1 976 530	1 737 385	2 072 663	2 227 963	2 211 963	2 211 963	2 409 244	2 624 818	2 860 428
<i>Casino taxes</i>	502 128	521 608	506 143	525 203	525 203	525 203	556 716	590 118	625 525
<i>Horse racing taxes</i>	30 691	31 871	32 307	72 671	72 671	72 671	77 030	81 652	86 551
<i>Liquor licenses</i>				16 000					
<i>Motor vehicle licenses</i>	1 443 711	1 183 906	1 534 213	1 614 089	1 614 089	1 614 089	1 775 498	1 953 048	2 148 352
Non tax receipts	782 392	614 350	547 597	573 271	494 511	536 810	601 365	672 823	721 890
<i>Sales of goods and services other than capital assets</i>	385 461	391 902	406 122	463 561	417 885	439 858	507 358	556 983	606 718
<i>Transfers received</i>					12				
<i>Fines, penalties and forfeits</i>	5 370	5 305	4 156	7 227	7 252	7 067	7 950	8 745	9 270
<i>Interest, dividends and rent on land</i>	335 978	141 310	62 244	55 124	19 736	35 416	36 522	56 864	57 308
<i>Of which interest</i>									
<i>Sales of capital assets</i>	1 802	8	2 372	72	134	80	72	72	70
<i>Financial transactions in assets and liabilities</i>	53 781	75 825	72 703	47 287	49 492	54 389	49 463	50 159	48 524
Total	2 758 922	2 351 735	2 620 260	2 801 234	2 706 474	2 748 773	3 010 609	3 297 641	3 582 318

This table shows own revenue collection over seven-years according to source. The provincial own experienced a drop in 2008/09 and made a slight recovery in 2009/10. This recovery is expected to continue in 2010/11 and well over the MTEF. In 2010/11 tax receipts are expected to contribute R2.2 billion. The non tax receipts also depict a sizeable contribution to provincial own revenue with R502.0 million that is expected to be collected, this contribution constitutes about 18.5 per cent of total provincial revenue. These revenue sources are dominated by the sales of goods and services which are mainly from hospital patient fees collected by the Department of Health and Social Development.

TABLE 13: SUMMARY OF ACTUAL AND BUDGETED OWN SOURCE RECEIPTS BY DEPARTMENT

R million	Outcome			Main	Adjustments	Revised	Medium term estimates		
	2007/08	2008/09	2009/10	Appropriation	2010/11		2011/12	2012/13	2013/14
Education	33 760	31 692	40 639	23 501	23 501	29 128	25 689	26 408	27 678
Health	381 777	399 625	407 314	448 097	402 984	407 640	489 514	535 049	577 856
Social Development									
Office of the Premier	203	92	773	100	674	677	103	110	116
Gauteng Provincial Legislature									
Economic Development	547 431	555 199	546 182	614 124	598 124	598 124	635 078	673 102	713 408
Local Government and Housing	3 848	2 451	4 908	3 996	4 580	1 226	3 995	4 194	4 424
Roads and Transport	1 446 362	1 190 826	1 539 663	1 634 135	1 634 135	1 652 735	1 798 510	1 979 468	2 178 682
Community Safety	10 105	6 968	8 330	10 762	10 762	10 479	11 712	12 681	13 442
Agriculture And Rural Development	971	1 253	1 089	1 275	1 275	1 460	1 348	1 374	1 390
Sport, Arts, Culture And Recreation	555	220	282	326	326	326	359	365	382
Finance	331 717	134 971	56 903	50 629	15 824	32 689	31 341	51 357	51 373
Infrastructure Development	2 193	28 438	14 177	14 289	14 289	14 289	12 960	13 533	13 567
Total	2 758 922	2 351 735	2 620 260	2 801 234	2 706 474	2 748 773	3 010 609	3 297 641	3 582 318

This table shows own revenue collection over a seven-year period. Total own revenue in 2007/08 amounted to R2.8 billion before decreasing to R2.4 billion in 2008/09 and then R2.6 billion in 2009/10. Revenue for the MTEF is projected to increase to under R3 billion in 2011/12 and increasing again to R3.6 billion in 2013/14.

Own revenue collection is largely determined by the three main departments. The Department of Roads and Transport derives revenue from motor vehicles licensing fees, which are the most productive and important revenue source for the department and entire GPG. Motor vehicle licensing fees are mainly collected by municipalities in line with the Road Traffic Act (Act 93 of 1996) which provides for the registration and licensing system of motor vehicles in the country, and for agreements between the Department and Metro/Local authorities for collection of licensing fees on an agency basis. The South Africa Post Office is also used as a collection agency the department. The primary focus of this department has been on optimising revenue collection while reducing the cost of agency fees paid to municipalities and the Post Office. The Department has also been in discussions with a number of stakeholders, including the Department of Finance to ensure that motor vehicle fees in Gauteng are aligned to those of other provinces thereby addressing the structural imbalances that exist in fees charged across the country. In 2011/12 Department of Roads and Transport projects to collect R1.8 billion, and thereafter R1.9 billion in 2012/13. For 2013/14 collection is anticipated to amount to R2.2 billion.

The Department of Economic Development derives its revenue mainly from gambling (casino and horse racing) taxes which contributes on average 80 per cent of departmental revenue. The collection of gambling taxes is underway the Gauteng Gambling Board which is a provincial entity paid a commission of 8 percent. The Gauteng Department of Finance has recommended that commission paid to the entity be reduced to 6 percent with effect from 01 April 2011. The operations of this entity are unlikely to be affected as it has other viable and self sustaining sources of revenue. For 2011/12 revenue is projected to amount to R635.1 million in 2011/12 and thereafter increase to R673.1 million in 2012/13. In 2013/14 revenue projections increase to R713, 048 million.

The Department of Health and Social Development derives revenue mainly from the sales of goods and services which comprises of hospital patient fees. The department's primary focus during the 2010/11 financial year has been on improving administration and billing to debtors such medical schemes. Other initiatives aimed at revenue optimisation include improving collection of outstanding amounts and verification of patient details. The department is in the process of reviewing some of its administrative processes with regard to all revenue generating activities such as rentals and parking fees. One other initiative is the liaising and entering into agreements with

other provinces that refer patients to Gauteng for treatment and ensuring that payments are made in line with the service level agreement. Another initiative already implemented is Electronic Data Interchange (EDI) which is tool that administers and improves revenue collection in the form of patient fees. This system is a structured transmission of data among organisations by electronic means, which means a transmission of electronic claims information from Gauteng health institutions to a chosen service provider. This system is currently being used by pharmaceuticals and private healthcare institutions. The implementation of the EDI system will ensure that the gap between service delivery and revenue collection is minimised. This system allows for an immediate upload of patient information from the admission point. This allows for errors in information to be easier identifiable and also for minimising billing errors. It will result in an increased cash flow as patient information and discharge information will be recorded more accurately. The 2011/12 revenue projections are estimated at R489.5 million increasing to R577.5 million in 2013/14.

The Department of Finance is no longer considered a significant revenue contributing department. Unauthorised and overspending of the previous financial year has had a huge impact on the ability of this department to optimize on revenue collection since the provincial surplus has been depleted and funds available for investment are limited. The significant drop in interest income in 2008/09 is forecasted to be trend with R31.3 million projected in 2011/12 and R51.4 million the following year.

The Department of Education contribution is also notable at a projected R25.7 million in 2011/12 and increasing to R27.7 million in 2013/14. These projections are modest and taken into account that revenue sources for this department fluctuate.

The activities of other provincial departments are not geared towards significant revenue raising as a result their revenue contribution is minimal and accounts for a combined contribution of approximately 2 per cent.

For 2011/12 total revenue provincial own revenue is projected at R3.0 billion, and increasing to R3.3 billion and R3.6 billion in 2012/13 and 2013/14 respectively. The average growth projected over the MTEF is 9.69 percent.

5. PAYMENTS

5.1 Overall position

TABLE 14: SUMMARY OF PAYMENTS

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Total provincial payments and estimates	41 742 112	51 883 967	59 050 566	60 856 646	62 963 757	63 669 143	67 645 345	71 905 155	75 920 089

Table 14 above shows that the provincial expenditure increases from R41.7 billion in 2007/08 to R59 billion in 2009/10 at an annual average rate of R9 billion. It reaches R60 billion mark in 2010/11 and grows by R4 billion on average per annum from R67.4 billion in 2011/12 to R75.9 billion in 2013/14.

The social sector departments (i.e. Education, Health and Social Development), Local Government and Housing and Roads and Transport contribute significantly to this expenditure that is allocated mainly to current payments and transfers and subsidies.

5.2 Payments by votes

TABLE 15: SUMMARY OF PAYMENTS BY VOTE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2010/11		
Vote 1: Office Of The Premier	111 735	216 941	212 985	211 336	217 284	200 441	217 539	228 592	243 149
Vote 2: Gauteng Provincial Legislature	203 041	235 365	232 551	294 408	310 148	309 993	400 000	410 000	423 000
Vote 3: Economic Development	592 160	825 829	820 173	1 084 655	1 087 082	1 087 082	805 580	940 214	1 006 604
Vote 4: Health and Social Development	14 424 035	17 421 818	20 272 357	22 237 371	22 568 438	23 518 841	25 262 369	27 642 552	29 583 711
Vote 5: Education	13 829 368	16 688 394	20 058 080	22 485 539	22 841 486	23 118 357	25 965 171	27 041 950	28 157 835
Vote 6: Local Government And Housing	3 308 811	3 630 163	4 057 029	4 511 575	4 635 778	4 635 777	4 568 343	4 704 300	4 966 897
Vote 7: Roads And Transport	6 225 005	9 363 544	9 400 698	6 178 849	7 315 249	6 734 470	6 241 504	6 509 676	6 849 076
Vote 8: Community Safety	299 321	365 291	368 659	369 940	374 397	396 981	423 747	446 336	473 997
Vote 9: Agriculture And Rural Development	297 779	351 037	409 908	444 373	443 672	444 020	489 850	519 482	553 369
Vote 10: Sport, Arts, Culture And Recreation	333 559	373 055	345 958	337 928	341 177	341 177	375 598	373 863	395 921
Vote 11: Finance	1 218 219	1 325 211	1 505 711	1 496 433	1 515 008	1 674 966	1 555 163	1 642 012	1 738 330
Vote 12: Infrastructure Development	899 079	1 087 319	1 366 457	1 204 239	1 314 038	1 207 038	1 340 481	1 446 178	1 528 200
Total provincial payments and estimates	41 742 112	51 883 967	59 050 566	60 856 646	62 963 757	63 669 143	67 645 345	71 905 155	75 920 089

Presentation of provincial expenditure per department indicates that four departments jointly contribute approximately 90 percent of the total during the 7-year period under review. These departments are Education, Health and Social Development, Local Government and Housing and Roads and Transport.

Department of Health and Social Development allocation increased from R20.2 billion in the 2009/10 financial year to R29.6 billion in the 2013/14 financial year. The significant increase is attributed to higher than anticipated wage agreement between government and unions for the improvement of conditions of services(ICS), funds for the OSD shortfall for doctors ,dentists, medical specialists, pharmacists and pharmacists assistance. The increase also results from the additional allocation to central hospital services to supplement the medical equipment and medicine costs and health facilities management; funding of the budgetary shortfall at Natalspruit Hospital; provincialisation of primary health care services for the Odi and Jubilee hospitals to address the backlog in surgical equipment and wheelchairs; mitigating the impact of MDR TB, XDR TB and TB on the public health system. The infrastructure programme is projecting to spent R2.2 billion in 2011/12, R2.3 billion in 2012/13 and R2.3 billion in 2013/14 for the upgrade, rehabilitation, and maintenance projects. There will be no new health infrastructure construction due to an increased focus on reducing maintenance backlog. the social development services expands the old age home and community based care, ECD services for children in conflict with the law, implementation of monitoring and evaluation programmes, implementation of Social Workers' OSD and construction of ECD facilities and old age homes in the 20 PTP underpin budget increases.

Education expenditure increases from R20.1 billion in 2009/10 financial year to R278.2 billion in 2013/14 financial year. The increases of budget are mostly as a result of beginning of prioritising the sectors' concern of improving the quality of learning in institutions, maintenance, providing learning spaces and implementation of the no-fee school policy, nutrition, scholar transport, skills development and training, and the expansion of Grade R, ABET & FET.

The Department of Roads and Transport's budget increased from R6.2 billion in 2007/08 to R6.8 billion in 2013/14 mainly for the Gautrain Rapid Rail Link project and road network construction and maintenance.

5.3 Payments by economic classification

TABLE 16: EXPENDITURE BY ECONOMIC CLASSIFICATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2010/11		
Current payments	27 449 088	34 613 236	42 808 377	45 551 221	47 057 613	48 950 710	53 208 048	56 719 153	59 819 191
Compensation of employees	19 008 391	23 193 276	28 023 099	29 910 978	31 151 074	32 553 891	36 009 247	37 999 864	39 958 528
Goods and services	8 440 267	11 415 365	14 778 016	15 640 243	15 906 526	16 396 558	17 198 601	18 719 079	19 860 442
Interest and rent on land	430	4 596	7 262		13	261	200	210	221
Transfers and subsidies to:	11 493 626	14 892 202	13 969 387	12 173 767	13 426 282	12 456 646	12 080 590	12 814 357	13 515 276
Provinces and municipalities	441 107	493 545	570 471	874 026	941 006	714 248	915 542	954 464	986 764
Departmental agencies and accounts	5 324 279	8 310 641	6 895 553	3 337 717	4 468 801	3 698 695	2 680 281	2 862 871	3 025 543
Universities	1 826	11 011	11 616	13 561	14 184	14 184	14 878	14 628	15 360
Foreign governments and international organisations		3 591							
Public corporations and private enterprises	95 505	301 678	220 067	360 362	261 442	269 448	200 888	232 314	254 297
Non-profit institutions	2 580 407	2 692 530	2 898 339	3 512 095	3 548 112	3 554 024	4 225 503	4 506 202	4 746 822
Households	3 050 502	3 079 206	3 373 341	4 076 006	4 192 737	4 206 047	4 043 498	4 243 878	4 486 490
Payments for capital assets	2 788 101	2 371 629	2 258 879	3 131 658	2 479 862	2 250 570	2 356 707	2 371 644	2 585 622
Buildings and other fixed structures	2 247 993	1 867 123	1 723 422	2 298 756	1 432 254	1 550 703	1 386 312	1 516 080	1 934 287
Machinery and equipment	405 060	469 350	375 458	767 684	982 258	637 338	878 294	773 741	548 485
Heritage Assets									
Specialised military assets									
Biological assets	10 899								
Land and sub-soil assets	30 016	17 142	146 056	65 162	65 162	54 315	52 500	40 000	59 050
Software and other intangible assets	94 133	18 014	13 944	56	188	8 214	39 601	41 823	43 800
Payments for financial assets	11 297	6 900	13 923			11 217			
Total economic classification	41 742 112	51 883 967	59 050 566	60 856 646	62 963 757	63 669 143	67 645 345	71 905 155	75 920 089

Allocation of provincial expenditure per economic classification indicates the top five spending items as the compensation of employees; goods and services; transfers and subsidies to households; transfers and subsidies to non-profit institutions; and transfers and subsidies to departmental agencies and accounts.

Compensation of employees increases from R19 billion in 2007/08 to R40 billion in 2013/14, at a rate of R3.5 billion per annum. The nominal growth in expenditure level represents an average share of 49 percent of the total expenditure per annum. The personnel expenditure growth relates to all aspects of personnel policy including unanticipated higher personnel costs that arise from higher inflation, general salary increases, carry through costs for personnel and increase in departmental establishment and Occupation Specific Dispensation (OSD).

Goods and services increase from R8.4 billion in 2007/08 to R19.9 billion in 2013/14. This represents an average growth of R1.9 billion per annum. Goods and services expenditure relates to operating costs, property

payments and the procurement of learner support material and medical supplies, medical laboratory services, minor maintenance of provincial infrastructure such as schools, buildings, roads.

Transfers and subsidies to agencies and departmental accounts, to non-profit organisations and to households individually contribute approximately 7 percent on average per annum to the total expenditure. Transfers and subsidies to departmental agencies and departmental accounts comprise capital allocations for the construction of the Gautrain Rapid Rail Link project in the Department of Roads and Transport. Allocations for this projects decrease from R7.7 billion in 2008/09 to R2.4 billion in 2013/14 main due to the near completion of the construction phase.

The Department of Education and the Department of Health and Social Development makes transfers and subsidies to non-profit institutions to mainly for HIV/AIDS community home based programme, services to children living in the street, support to abused women and children, health care on behalf of government and school funding.

Transfers and subsidies to households comprise the conditional grant for human settlement in the Department of Local Government and Housing. These capital transfers finance housing development in the province and they increase from R2.8 billion in 2007/08 to R4.2 billion in 2013/14.

Total payments for capital assets expenditure funds the construction of new schools to address the backlog caused by in-migration in the province; the construction and revitalisation of health facilities and the construction of provincial roads.

FIGURE 1: SUMMARY OF ECONOMIC CLASSIFICATION

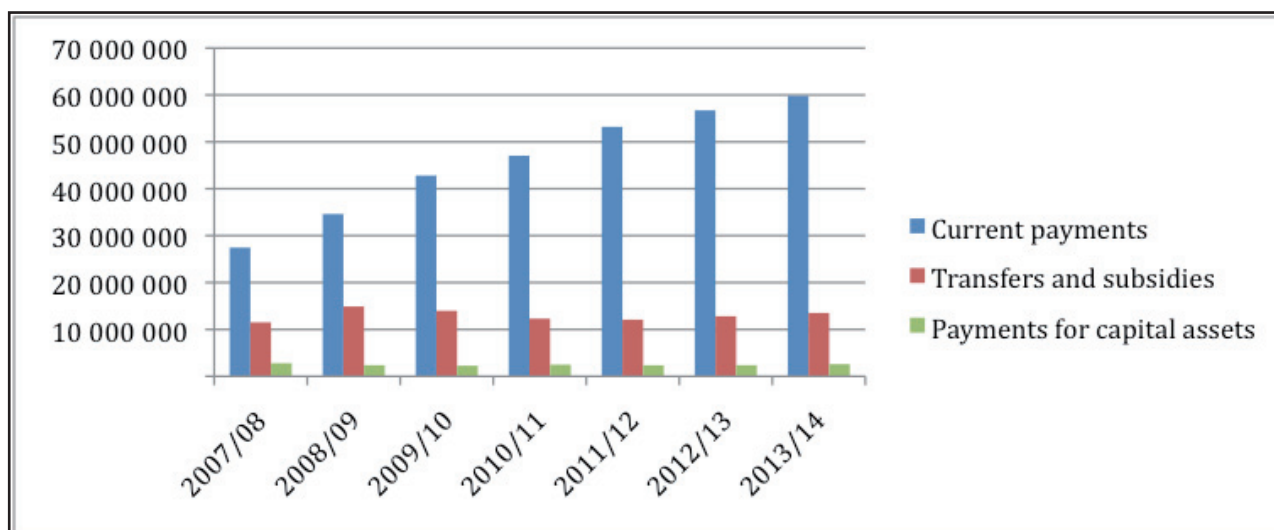


Figure 1 above illustrates that current payments progressively increase during the 7-year period under review mainly due to compensation of employees. Transfers and subsidies fluctuate between R11.5 billion and R13.5 billion. These transfers comprise the budget mainly for the housing delivery, transfers to schools and the Gautrain Rapid Rail Link project in the Department of Local Government and Housing, Department of Education and the Department of Roads and Transport, respectively. Payments for capital assets remain stable in the region of R2.6 billion.

TABLE 17: SECTORAL SPLIT

Department	% of provincial budget
Education	39%
Health and Social Development	37%
Roads and Transport	9%
Other	15%
TOTAL	100%

Table 17 shows the percentage share or split of the sector variables against the provincial outlay. The social sector, which comprises The Department of Education and the Department of Health and Social Development sectors, receives 76 percent of the provincial budget. This budget funds mainly the personnel; learner teacher support material; property payments; medicines and medical supplies; transfers to schools; the delivery of social welfare infrastructure and the social welfare services through non-governmental institution; and the delivery of the health, social development and education infrastructure programme. The Department of Roads and Transport receives 9 percent of the total budget mainly for the Gautrain Rapid Rail Link Project whose construction phase is nearing completion. The "other" category includes the Department of Local Government and Housing that receives sizeable amount of budget for the provision of housing in the province.

5.4 Payments by policy area

TABLE 18: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY POLICY AREA

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
General public services	2 493 153	3 071 899	3 467 699	3 304 545	3 477 969	3 620 929	3 669 291	3 847 347	4 051 965
Public order and safety	299 321	365 291	368 659	369 940	374 397	396 981	423 747	446 336	473 997
Economic affairs	7 390 103	10 783 958	10 875 073	7 920 445	9 057 629	8 367 935	7 797 415	8 231 698	8 691 014
Environmental protection	62 941	85 207	87 621	136 047	124 170	126 433	117 062	125 940	133 228
Housing and community amenities	2 909 632	3 094 345	3 575 119	4 077 650	4 178 491	4 178 490	4 034 692	4 195 469	4 432 418
Health	13 184 674	15 855 367	18 582 811	20 249 243	20 564 042	21 575 231	23 010 748	25 297 187	27 107 899
Recreation, culture and religion	333 559	373 055	345 958	337 928	341 177	341 177	375 598	373 863	395 921
Education	13 829 368	16 688 394	20 058 080	22 485 539	22 841 486	23 118 357	25 965 171	27 041 950	28 157 835
Social protection	1 239 361	1 566 451	1 689 546	1 988 128	2 004 396	1 943 610	2 251 621	2 345 365	2 475 812
Total provincial payments and estimates by policy area	41 742 112	51 883 967	59 050 566	60 869 465	62 963 757	63 669 143	67 645 345	71 905 155	75 920 089

Table 18 above presents provincial payments according to the functions of the government. These functions are general public services, which relate to oversight functions provided by the Office of the Premier, provincial legislature, and provincial treasury services; public order and safety, which the Department of Community Safety performs; economic affairs, which is mandated to the Department of Economic Development, Agriculture and Transport; and environment protection, which the Department of Agriculture and Rural Development performs. The balance of the categories is self-explanatory since it relates directly to the names of provincial departments. It includes housing and community amenities; health; recreation, culture and religions, education and social protection.

The provincial outcome on provision of quality basic education receives the largest share of the budget (i.e. an average of R26 billion per annum over the MTEF). This budget will deliver the outcome-linked outputs, namely: strengthened foundation, intermediate, senior and senior secondary phases of education. The provincial outcome of ensuring a long and healthy life for all South Africans, through the health functions, receives a slightly smaller share than the education function at an annual average of R25 billion over the MTEF). This budget will result in lower mortality and increased life expectancy, fight against HIV/ Aids and TB, improved health system effectiveness and promotion of primary health care. The transport function within the economic affair function ranks the third due to the Gautrain Rapid Rail Link project; the economic affairs function is allocated an annual average of R8.2 billion over the MTEF. This budget will contribute to the creation of "decent employment through inclusive economic growth" outcome. The housing function ranks the fourth at an annual average of R4.3 billion over the MTEF. This allocation will contribute to the provincial outcome on "sustainable human settlement and improved quality of household life".

5.5 Transfers

The main rationale for the agencification, establishment of semi-autonomous entities at government's arm length, is to improve the quality and cost of services available to citizens and to provide advice to facilitate investment. Through this service delivery model government can 'do more with less', specialised and quality services can be delivered in a more accessible way hence the need for agencification. This may also include services that will best be delivered within municipal competencies. Gauteng makes provision for transferring funds to entities and municipalities for various purposes.

5.5.1 Transfers to public entities

TABLE 19: SUMMARY OF TRANSFERS TO PUBLIC ENTITIES

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2010/11	2011/12	2012/13
1. Gauteng Economic Development Agency	70 486	56 993	61 000	65 836	65 836	65 836	45 362	54 846	58 685
2. Gauteng Tourism Agency	40 500	58 786	48 500	64 151	67 551	67 551	46 488	52 045	62 016
3. Gauteng Film Office	48 550	39 036	16 400	16 070	16 070	16 070	14 747	15 607	17 163
4. Gauteng Enterprise Propeller	103 009	53 650	116 341	128 559	131 659	131 659	91 445	104 300	124 280
5. Blue IQ Investment Holding (Pty) Ltd	93 211	295 558	216 165	355 747	358 947	358 947	197 088	226 223	247 920
6. Gauteng Gambling Board	1 700								
Total departmental transfers to public entities	357 456	504 023	458 406	630 363	640 063	640 063	395 130	453 021	510 064

The Department of Economic Development transfers funds to the entities in the table shown above for the implementation of key projects and policies.

The mandate of the Gauteng Economic Development Agency (GEDA) is to develop and grow prioritised sectors in order to improve their competitiveness and create sustainable and decent jobs, to reduce social exclusion through increased access to sustainable decent jobs, to facilitate and promote the Gauteng City Region as an investment, trade and tourism destination and to promote innovation and a greener economy in the province and beyond. Over the medium term transfers to the Gauteng Economic Development Agency gradually increase from R63.8 million in 2011/12 to R66 million in the 2012/13 financial year to support job creation and other projects such as Sedibeng steel sector regeneration and green jobs involving the solar water heating and solar power industries.

The Gauteng Tourism Authority (GTA) develops, promotes, coordinates and facilitates responsible and sustainable tourism in Gauteng. During 2010/11 the budget for GTA was adjusted upwards from by R3.4 million in order to fund the Gateway Strategy. An amount of R46.5 million will be transferred to the GTA in the 2011/12 financial year and this allocation will grow to R62 million in the 2013/14 financial year for job creation initiatives, SMME support and sector development and promotion.

The mandate of the Gauteng Film Commission (GFC) is to market, promote and facilitate new filmed productions in Gauteng. Total transfers to the GFC in 2011/12 amounts to R14.7 million and grows to R17.2 million at an annual average rate of 8 percent. The GFC will continue to focus on its key strategic objectives to position and promote Gauteng as preferred location for film production and media exchange; to develop and grow the export markets for local film content deliver professional film commission services. To address both the national and provincial strategic goal of creation of decent jobs, the Commission will focus to significantly increase

the number of participants in terms of black, youth and women film makers; production and distribution of independently made films in Gauteng. The Commission will strive to ensure transformation through support programs to emerging filmmakers through the established film incubation centre and provision of related support programmes.

The Gauteng Enterprise Propeller's (GEP) mandate is to ensure and promote the development and sustainability of SMMEs and cooperatives in the Gauteng City Region. In this regard the GEP aims to increase the sustainability and profitability of SMMEs and cooperatives through integrated services at regional level and to provide products and services that are critical to create viable enterprises that are responsive to a vibrant economy. The GEP will continue to participate in innovative programmes like Global Business Opportunities in partnership with other partners to promote entrepreneurship among the youth, women and people with disabilities. During the 2010/11 financial year the budget of GEP was adjusted upwards by R3.1 million to support the Gateway project. The budget for the Gauteng Enterprise Propeller (GEP) grows from R91.4 million in 2011/12 to R124.3 million in the 2013/14 financial year. Its role is to assist co-operatives in the province, to fund business incubation and thus improve the survival rate of SMMEs and to increase the Captive Fund that will assist SMMEs financially. Furthermore, the allocation to the Micro-Finance programme will also be increased to enable the GEP to provide micro-loans to start-up businesses.

Blue IQ Investment Holdings (Pty) Ltd's mandate is to unlock the economic potential of the province and lead to measurable improvements in sustainable growth and job creation. It aims to deliver strategic economic infrastructure to catalyse sustainable economic growth and to indirectly contribute to job creation to influence the composition of exports, and influence the diversification of Gauteng's GGP. Transfers to Blue IQ (Pty) Ltd will fund sustainable employment through automotive projects (such as Ford Training and Incubator Management projects) and green jobs (such as the Clean Development Mechanism Desk and Solar Farm Infrastructure).

The mandate of the Gauteng Gambling Board (GGB) is to license and control the gambling industry and promote responsible gambling in Gauteng.

Given the provincial focus areas highlighted by the Gauteng MTSF and the GEGDS, the Department of Economic Development and its agencies are currently undergoing a thorough and robust review of its organisational and governance structure, capacity and capabilities. The organisational review process seeks to ensure that the department and its agencies are aligned appropriately so as to improve service delivery, maximise impact and achieve highest levels of governance and accountability. The restructuring and alignment of the Department of Economic Development and its agencies is a key strategic priority over the 2011 MTEF.

5.5.2 Transfers to local government

TABLE 20: TRANSFERS TO LOCAL GOVERNMENT (BY CATEGORY AND MUNICIPALITY)

	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Total	356,459	324,096	432,559	475,540	461,390	453,807	534,738	556,444	573,445
Category A									
City of JHB	143,019	136,955	126,429	176,140	178,990	179,090	201,050	213,868	220,845
City of Tshwane	58,288	52,721	74,838	87,930	79,330	79,330	90,534	103,937	107,240
Ekurhuleni	155,152	134,420	231,292	211,470	203,070	195,387	243,154	238,639	245,360
Category B	17,128	102,283	43,457	39,286	39,786	47,369	36,044	37,200	36,188
Westonaria	1,461	2,599	3,379	3,316	3,316	3,316	2,600	3,850	3,850
Randfontein	1,980	14,813	7,829	3,400	3,400	3,400	2,600	3,850	3,850
Nakeng Tsa									
Taemane	887	13,620	3,340	3,400	3,400	3,400	2,800		
Merafong	278			7,000	7,000	7,000	4,850	5,350	5,390
Kungwini	828	20,909	3,340	3,400	3,400	3,400	2,800		
Lesedi	1,947	4,055	4,948	4,920	4,920	4,920	4,494	5,200	5,240
Emfuleni	3,411	23,417	12,553	5,150	5,650	5,650	7,700	8,350	8,258
Midvaal	1,739	2,044	3,289	3,400	3,400	3,400	2,800	3,850	3,850
Mogale City	4,597	20,826	4,779	5,300	5,300	12,883	5,400	6,750	5,750

	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Total									
Category C	64,148	49,181	73,530	67,003	84,603	84,603	73,985	76,506	77,180
Metsweding	2,115		1,330		10,150	10,150			
Sedibeng	29,060	13,301	35,750	35,670	42,970	42,970	38,599	39,954	40,353
West Rand	32,973	35,880	36,450	31,333	31,483	31,483	35,386	36,552	36,827
Total Transfers to Municipalities	437,735	475,560	549,546	581,829	585,779	585,779	644,767	670,150	686,813

The Municipal Finance Management Act, 2003 (MFMA) requires that the MEC for Finance must, to the extent possible, when tabling the provincial budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of the provincial budget, including the amount to be transferred to the municipality during each of the next three financial years for the implementation of provincial projects within municipalities.

Division of Revenue Act requires a provincial treasury to publish in the Government Gazette the indicative allocation that the province will make to municipalities from the province's own funds. The envisaged division of the allocation contemplated in respect of each municipality for the next financial year and the 2013/14 financial year; and the conditions and other information in respect of these allocations to facilitate measurement of the financial performance and the use of required inputs and outputs.

Transfers to municipalities increased from R437.7 in 2007/08 to R549.6 million in 2009/10 at an annual average of 11 percent. The 2010/11 allocations increase by R32.4 million from the 2009/10 financial year. Allocations increase further from R644.8 million to R686.8 million over the MTEF.

The municipalities that receive large amount of transfers are the three metropolitan municipalities, Sedibeng and West Rand. Sedibeng Municipality receives an annual average of R33 million over the 7 year period. The West Rand Municipality receives a slightly higher annual average of R34.9 million. The City of Tshwane Metropolitan Municipalities receives an average of R81 million per annum, followed by the City of Johannesburg Metropolitan Municipalities at an annual average of R173 million and Ekurhuleni Metropolitan Municipalities receives the largest share (i.e. annual average R222 million).

Provincial departments transferred to the various municipalities in 2009/10 as follows:

The Department of Social Development transferred funds to the various municipalities for the construction of the ECD centres and the day care centres for the aged persons. Ekurhuleni Metropolitan Municipality received R40 million for projects in Daveyton, Duduza, Katlehong, Wattville, Tsakane, Tembisa and KwaThema townships. The City of Johannesburg Metropolitan Municipality received R15.5 million for projects in Mamelodi Township. Lesedi Local Municipality received R8.2 million in Ratanda Township. Emfuleni Local Municipality received R1 million for 2 projects in Bophelong, Boipatong and Sharpeville townships. Nokeng Tsa Taemane received R6.4 million for a substance abuse outpatient centre in Refilwe Township. Mogale City Local Municipality received R11.3 million for two projects and Randfontein Local Municipality received R5.5 million for 2 projects in Mahlakeng.

The Department of Local Government and Housing transferred funds for the HIV/ Aids programme in municipalities. The Department of Finance transferred R423 000 to various municipalities to fund the appointment and training of Financial Municipal intern per delegated municipality.

Provincial departments transferred funds to various municipalities in 2010/11 as follows:

The Department of Social Development transferred a total of R26 million for the continuation of various projects in various townships. Department of Agriculture and Rural Development transferred a total of R4.6 million for the various local economic development projects such as establishment of the Business Processing and Outsourcing Incubator in the City of Johannesburg Metropolitan Municipality, Shared Industrial Production Facility and Township Hub in Winterveldt, Buy Back Centre in the City of Tshwane Metropolitan Municipality and the Township Hub in Tembisa (Ekurhuleni Metropolitan Municipality).

The Department of Sport, Arts, Culture and Recreation transferred R500 000 for transform urban and rural community library infrastructure, facilities and services through a recapitalized programme in the West Rand District Municipality. It also transferred R2 million to Metsweding, Sedibeng, West Rand and Ekurhuleni municipalities for the mass sport and recreation participation programme.

Planned transfers during the MTEF include transfers from the Department of Agriculture and Rural Development and the Department of Sport, Arts, Culture and Recreation.

The Department of Agriculture and Rural Development's projects in municipalities are allocated R2.1 million for the cleanup of Diepsloot/ Kaalfontein River in the City of Johannesburg Metropolitan Municipality and the eradication of alien vegetation in Emfuleni, Lesedi and Merafong municipalities.

The Department of Sport, Arts, Culture and Recreation has a budget of 52.2 million for funding community libraries through the recapitalized programme and R7.3 million for implementing the library plan that financially support the administration of municipal libraries.

5.6 Personnel numbers and costs

TABLE 21: PROVINCIAL PERSONNEL NUMBERS

Department	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014
Office of the Premier	158	251	265	267	275	275	275
Gauteng Provincial Legislature	270	268	304	350	390	420	438
Economic Development	334	320	348	348	435	435	435
Health and Social Development	48 894	55 567	61 245	69 444	73 297	74 860	74 959
Education	89 088	89 424	93 565	84 531	97 792	100 564	103 324
Local Government and Housing	1 709	1 993	1 762	1 816	1 953	2 065	2 332
Roads and Transport	7 331	2 122	2 154	1 638	1 764	1 764	1 764
Community Safety	761	899	997	972	972	972	1 023
Agriculture and Rural Development	735	763	774	787	787	787	787
Sport, Arts, Culture and Recreation	375	448	382	334	441	445	449
Finance	1 931	1 997	1 790	1 870	1 940	1 940	1 940
Infrastructure Development	1 319	1 365	1 378	2 248	1 840	1 840	1 840
Total provincial personnel numbers	152 905	155 417	164 964	164 605	181 886	186 367	189 566

One of the provincial outcomes relates to building "an efficient, effective and development oriented public service". The government's interventions in this regard involve strategies aim at building committed public service cadres and the human resource management and development.

The government's workforce plays a key role in the delivery of services and outputs that contribute to the provincial outcomes, with an ultimate aim of improving the lives of South Africans. Table ... above illustrate shows trends in the provincial personnel numbers over the seven year period under review. Personnel number gradually increased from 152 905 in 2008 to 164 964 in 2010 and then decreases to 164 605 in 2011. Personnel will increase to 181 886 in 2012 and further grow to 189 566 in 2014. The biggest employing department is Education, with at least 55 per cent contribution to the provincial total numbers per annum. Health and Social Development employs at least 30 per cent of the provincial workforce.

Total personnel numbers decreased by 359 personnel from 2010 to 2011 due to the implementation of one of provincial measures to maintain fiscal discipline by applying a moratorium on filling of posts except for the critical posts.

Department of Education estimated growth in personnel numbers over the MTEF period due to a concerted effort to meet the policy targets for public schools in respect of the learner educator ratios that are now within the policy targets. The increase in personnel numbers for Department of Health and Social Development over the MTEF is due to the estimated number of personnel to be appointed for monitoring and evaluation as well as for the appointment of community development practitioners.

The province project to reach a target of 189 566 employees at a cost of R39 959 million during the 2013/14 financial year, compared to 152 905 people employed during the 2007/08 financial year at a cost of R19 008 million. This represents an increase of 36 661 number of employees and an increase in total costs of R20 951. The table further shows an increasing trend in the number of personnel over the 2011 MTEF, which signifies the provincial government's contribution to halving unemployment and creating sustainable job opportunities and ultimately increase its capacity to deliver public services effectively and efficiently.

TABLE 22: PAYMENTS ON TRAINING

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10				2010/11	2011/12	2012/13
Office of the Premier	1 150	3 345	800	2 309	2 309	1 722	1 655	1 738	1 834
Gauteng Provincial Legislature	763	1 056	2 170	1 322	1 322	1 322	1 897	2 086	2 300
Economic Development	2 359	12 900	13 101	13 687	13 687	13 687	14 410	14 410	14 410
Health and Social Development	35 208	42 738	35 277	95 900	95 899	46 594	17 944	17 461	17 870
Education	195 832	111 227	305 783	382 292	498 698	489 349	379 702	382 632	386 683
Local Government and Housing	2 165	4 062	4 631	5 146	5 146	5 146	5 146	6 100	6 100
Roads and Transport	6 949	8 413	4 811	22 040	22 040	22 040	12 108	12 970	13 683
Community Safety	1 090	1 530	2 278	1 759	1 759	1 759	1 759	1 759	4 214
Agriculture and Rural Development	950	489	518						
Sport, Arts, Culture and Recreation	13 954	1 053	1 819	4 279	2 267	833	2 771	3 129	3 419
Finance	12 408	10 826	12 341	14 570	15 297	15 297	16 062	16 866	17 709
Infrastructure Development	6 744	10 020	11 940	10 654	10 654	3 732	11 024	11 975	12 642
Total payments on training	279 572	207 659	395 469	553 958	669 078	601 481	464 478	471 126	480 864

The table above illustrates the summary of payment on training by provincial departments. The Skills Development Act, 1998 requires that departments should budget one per cent of their payroll for the training and education of departmental employees. The implementation of the government's human resource development plan will contribute to the achievement of the efficient and effective public service outcome.

The Department of Education and the Department of Health and Social Development are the main contributors to this expenditure; they account for 82 per cent (Education) and 4 per cent (Health and Social Development). Total payments on training reflect an increase of R201 million from 2007/08 to 2013/14 resulting from the increase in personnel numbers and costs for Education. The department of Education shows an increase of R184 million compared to the previous year (from 2007/08 to 2011/12) due to increase in personnel numbers.

Over the MTEF, the province projects to spend an amount of R481 million on training in the 2013/14 financial year; this reflects the budget growth of 2 per cent from 2011/12 to 2013/14 financial year. The Departments that are expected to incur the most significant expenditure for training during the 2011/12 financial year, are the Department of Health and Social Development (R18 million), the Department of Education (R380 million) and Department of Finance (16 million). Further details of information on training are reflected in each of the departmental chapter.



ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

