

75 per cent of the total provincial spending or R7.7 billion has been allocated to the Social Services Sector.

Education: Total spending amount to R4 billion in 2011/12 or 40 per cent of the total budget.

Health: Total spending amount to R2.9 billion in 2011/12, or 29 per cent of the total budget.

Other sectors: Total budget for combined other sectors total to R3.2 billion or 25 per cent of the total budget for 2011/12

HOW DO WE SPEND THE PROVINCIAL BUDGET BY ECONOMIC CLASSIFICATION

What is economic classification?

“Current Payments” - means any payments made by a provincial department in respect of the operational requirements of a department, and includes, amongst others, compensation of employees, goods and services, interest, rental of immovable properties.

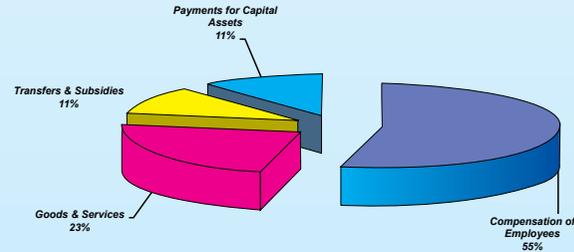
“Transfers and subsidies” - means any payments made by a provincial department to another organ of state or any other person in respect of which that department does not receive anything of similar value directly in return.

“Payments for capital assets” - means any payments made by a provincial department for assets that can be used continuously or repeatedly in production for more than one year.

Total allocated budget in 2011/12: R10.285 billion

- Compensation of Employees account for 53 per cent of total allocated budget.
- Goods and Services share 23 per cent of the total allocation. This represents a decrease of 2 per cent compared to 2010/11 budget.
- Transfers and Subsidies represent 11 per cent of the total allocation.
- Capital Spending accounts for 11 per cent of the total spending.

Figure 4: Allocation by Major Spending Items: 2010/11



Policy Priorities

The budget framework also provide for the following priorities:

- Comprehensive HIV and AIDS programme
- Expanded Public Works Programme Incentive Grant for the Social Sector.
- Continuation of the Infrastructure Development Improvement Programme (IDIP).
- National school nutrition programme
- Integrated Housing and Human Settlement Development Grant
- War on poverty
- Crime Prevention Programmes
- Comprehensive Rural Development Programme.
- Upgrading and maintenance of Roads Infrastructure
- Further implementation of Occupation Specific Dispensation (OSD) for doctors, therapists, education and Further Education and Training lecturers.

Infrastructure Spending

- Infrastructure expenditure is essential for effective service delivery, sustainable economic growth and job creation.
- The baseline for the provincial infrastructure projects has been revised upwards by R56.731 million in the 2011/12 financial year. The total infrastructure budget for the province amounts to R2.296 billion over the MTEF.

Table 3 : Summary of Payments by Economic Classification

R'000	Adjusted Budget		Medium Term Estimates					
	2010/11	% of Budget	2011/12	% of Budget	2012/13	% of Budget	2013/14	% of Budget
Current Payments	7 184 312	76%	8 030 506	78%	8 529 860	78%	9 024 790	78%
Compensation of Employees	4 998 060	53%	5 699 294	55%	6 009 161	55%	6 346 344	55%
Goods & Services	2 185 191	23%	2 329 849	23%	2 519 270	23%	2 676 921	23%
Other	1 062	0%	1 363	0%	1 429	0%	1 525	0%
Transfers & Subsidies	1 130 467	12%	1 158 961	11%	1 223 623	11%	1 317 454	11%
Provinces & municipalities	155 053	2%	86 286	1%	91 410	1%	97 658	1%
Public corporations & Private enterprises	109 887	1%	83 431	1%	90 749	1%	99 163	1%
Households	309 299	3%	360 191	4%	376 171	3%	396 558	3%
Non-profit Institutions	526 371	6%	590 168	6%	624 894	6%	681 814	6%
Other	29 857	0%	38 885	0%	40 399	0%	42 261	0%
Payments for Capital Assets	1 126 829	12%	1 095 770	11%	1 204 627	11%	1 251 655	11%
Buildings & Other fixed structure	956 346	10%	973 244	9%	1 067 220	10%	1 121 909	10%
Machinery & Equipment	165 556	2%	121 768	1%	136 639	1%	128 935	1%
Other	4 927	0%	758	0%	768	0%	811	0%
Payments for								
Total	9 441 608	100%	10 285 237	100%	10 958 110	100%	11 593 899	100%

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NORTHERN CAPE PROVINCE

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

2011



2011 – 2014 MTEF BUDGET

We Serve With Passion. We Deliver on Time.

WHAT IS A BUDGET?

A Provincial Budget is:

- A plan of how the provincial government spend tax payer's money.
- How much revenue does it raise through different kinds of taxes
- What activities are funded
- How much does it spend for health, education, roads, etc

The three year spending plan of the Government is called the Medium-Term Expenditure Framework (MTEF).

OVERVIEW

The 2011/12 budget framework presents a serious challenge particularly for the Northern Cape Province considering the huge reduction on the provincial equitable share as a result of new data and component changes in the equitable share. This will force us to do even more with less as no department will be allowed to overspend or scale down on pro – poor programmes resulting from this technical adjustment.

However, in spite of the provincial equitable share reduction mentioned above, the 2011/12 MTEF provides additional money to the departments of Education and Health in the form Earmarked National Priorities which relate to Occupation Specific Dispensation (OSD) for both educators (phase 2) and other categories of health professionals including therapeutic, nursing colleges and maintenance, maternal child health etc. The other additions include the carry – through effect in the shortfall of Improvement on Conditions of Services (ICS) for which all employees qualify for.

- R145.096 million over the MTEF for OSD for Educators
- R28.534 million OSD for Doctors and other categories for health professionals
- R24.369 million over the MTEF for public hospital norms and standards
- R10.233 million over the MTEF for Paeditiricians, Registrars and critical posts.
- R16.920 million for Comprehensive Rural Development Programme over the MTEF
- R289.158 million to Education to deal with elimination of mud structures and unsafe schools.
- Further Education and Training has been allocated a further R158 million.
- R110. 650 million for Public Transport operations.
- R7. 731 million for Expanded Public Works Programme (Payment of Stipends for Home Community Based Care – HIV/AIDS);
- R6.159 million for Expanded Public Works Programme (ECD Centres);
- R761.708 million for Comprehensive HIV and AIDS over the MTEF period;
- R189 million for Ilima/Letsema projects grant over the MTEF period.

Where does the money come from and where does it go to?

The fiscal framework consists of equitable share, conditional grants and provincial own collected revenue.

Figure 1: Provincial Revenue - Where it comes from Receipts: R9.5 billion

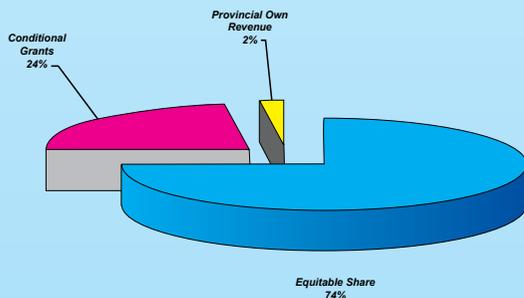


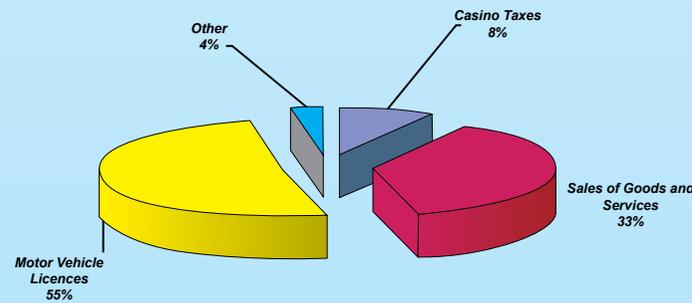
Table 1 : Total Provincial Revenue

R'000	Adjusted Budget	Medium Term Estimates		
	2010/11	2011/12	2012/13	2013/14
Transfers from National	9 392 952	10 285 237	10 958 110	11 593 899
Equitable Share	7 201 470	7 811 792	8 287 697	8 756 896
Conditional Grants	2 191 482	2 473 445	2 670 413	2 837 003
Provincial Own Revenue	165 512	194 710	204 803	218 524
Total	9 558 464	10 479 947	11 162 913	11 812 423
Tax Receipts	110 712	125 751	130 111	137 266
Non-Tax Receipts	52 361	66 165	71 382	77 384
Sales of goods and services other than capital assets	49 356	63 767	68 929	74 845
Fines, penalties and forfeit	2 160	1 593	1 639	1 680
Interest, dividends and rent on land	845	805	814	859
Transfers received	0	0	0	0
Sales of capital assets	361	125	131	138
Financial Transactions	2 078	2 669	3 179	3 736
Total	165 512	194 710	204 803	218 524

98 per cent of the Provincial revenue comes from national transfers (equitable share and conditional grants). Provincial own revenue accounts for only 2 per cent.

Major sources of own revenue collection in the 2010/11 financial year are motor vehicle licenses at 55 per cent , Sale of goods and services at 33 per cent , casino taxes at 8 per cent and other sources of provincial own revenue at 4 per cent.

Figure 2: Composition of Provincial Own Revenue

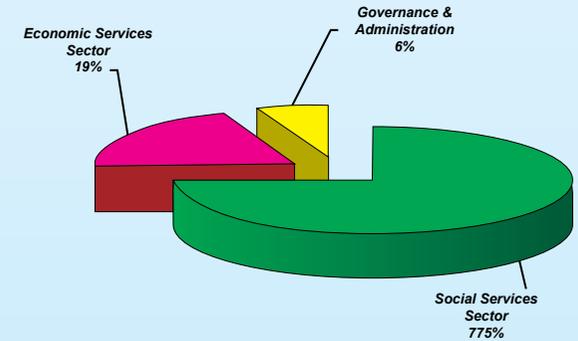


- The budget for 2011/12 totals R10.285 billion which is R843 million more than last year's adjusted budget of R9.441 billion.
- Conditional grants increased to R2.473 billion, an increase of R307 million in 2011/12 financial year.
- Provincial Own Revenue increased to R194 million in 2011/12 financial year. This revenue is generated from sources like traffic fines, hospital receipts, casino taxes etc.

Provincial Spending

The provincial government's receipts amount to R10.479 billion in 2011/12. Total spending amounts to R10.285 billion, which is divided into several categories as shown in Chart 3 below.

Figure 3: How the Provincial Revenue is Used



The largest slices of the spending goes to Social Services Sector which provides health care services to the people of the province, investing in education system and social development. This accounts for 75 per cent of the total provincial spending.

Economic Sector spending totals to R1, 961 billion in 2011/12. This account for 19 per cent of the total provincial spending.

Administration and Governance Sector total to R582 million in 2011/12. This accounts for 6 per cent of the total provincial spending.

2010 MTEF Expenditure

Summary of Expenditure per Department

R'000	Adjusted Budget	Medium Term Estimates			Annual percentage growth		
	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Social Services Sector	6 873 568	7 742 294	8 240 036	8 712 115	13%	6%	6%
Education	3 509 409	4 062 149	4 294 892	4 535 442	16%	6%	6%
Health	2 655 462	2 946 839	3 173 731	3 363 558	11%	8%	6%
Social Development	479 340	520 271	547 576	577 284	9%	5%	5%
Sports, Arts & Culture	229 357	213 035	223 837	235 831	-7%	5%	5%
Economic Services Sector	1 991 397	1 961 127	2 103 560	2 231 336	-2%	7%	6%
Economic Development	224 518	192 778	202 528	213 146	-14%	5%	5%
Roads & Public Works	856 936	756 061	828 516	882 290	-12%	10%	6%
COGHSTA	497 671	560 480	586 939	618 578	13%	5%	5%
Agriculture, Land Reform & Rural Development	320 309	357 084	385 968	412 488	11%	8%	7%
Environmental & Nature Conservation	91 963	94 724	99 609	104 834	3%	5%	5%
Governance & Administration	576 643	581 816	614 514	650 448	1%	6%	6%
Office of the Premier	119 051	125 002	131 384	138 275	5%	5%	5%
Legislature	151 192	141 236	148 445	156 227	-7%	5%	5%
Provincial Treasury	144 868	143 580	150 684	158 584	-1%	5%	5%
Transport, Safety & Liaison	161 532	171 998	184 001	197 362	6%	7%	7%
Total	9 441 608	10 285 237	10 958 110	11 593 899	9%	7%	6%