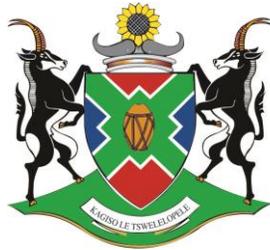


# NORTH WEST PROVINCIAL GOVERNMENT



**feed**

Department:

**Finance**

North West Provincial Government  
Republic of South Africa

# ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE 2016/17

for the  
year ending 31<sup>st</sup> March 2017

**PR84/2016**

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**Tabled: 03 March 2016**

## **Foreword**

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The sluggish economic performance which continues to impact negatively the economic growth might be seen as a threat towards the achievement of the National Development Plan by 2020. Bokone Bophirima remains committed to programmes that seek to improve the quality of life and free the potential of each person.

Consequently, the 2016 MTEF estimates constitute a package of funding solutions to the implementation of the National Development Plan through RRR (Rebranding, Repositioning and Renewal) approach, anchored on a new approach of five (5) concretes namely: Agriculture, Culture and Tourism (ACT); Village, Township and Small Dorpies (VTSD); Reconciliation, Healing and Renewal (RHR); Setsokotsane; and Saamwerk-Saamtrek philosophy.

The provincial budget reflects a nominal growth of 3.9 per cent, from R34.9 billion in 2015/16 to R36.2 billion in 2016/17. Over the 2016 MTEF period, the province will have R115.9 billion for expenditure budget. This budget is intended to maintain fiscal sustainability and manage risks, whilst continuing to support and promote inclusive economic growth and job creation.

The reduction of the 2016 MTEF baseline allocation gave the province an opportunity to assess programmes and projects that are important and yet not urgent including with the key objective of closing, suspending or deferring implementation of such projects.

In strengthening the cost containment measures, the none-core items have been capped at a zero per cent growth rate in order to contain the impact of the budget reduction on key priority items. Resultantly, funding for frontline services has been protected during the 2016/17 financial year while the allocation for the ACT as the focal areas for economic growth has received priority.

The 2016/17 Estimates of the Provincial Revenue and Expenditure outline how the provincial government will respond to the socio-economic imperatives and serves as a blueprint for the community to judge our performance.



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**WENDY NELSON**

**MEC FOR FINANCE, ECONOMY AND ENTERPRISE DEVELOPMENT**

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**List of Abbreviations**

<b>Abbreviation</b>	<b>Full description</b>
AET	Adult Education and Training
ACE	Advanced Certificate in Education
ACT	Agriculture, Culture and Tourism
AFR	Asset Financing Reserve
BAS	Basic Accounting Systems
BEE	Black Economic Empowerment
BPO	Business Process Outsourcing
CASP	Comprehensive Agricultural Support Programme
CFO	Chief Financial Officer
CPIX	Consumer Price Index
CSP	Comprehensive Service Plan
CSP	Community, Social and Personal services
DED	Directorate of Entrepreneurial Development
DOR	Division of Revenue Bill
DORA	Division of Revenue Act
ECD	Early Childhood Development
EMIS	Education Management Information System
EMS	Emergency Medical Services
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FSD	Farmer Support and Development
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GFS	Government Financial Statistics
GHS	General Household Survey
GIAMA	Government Immovable Asset Management Act
GRAP	Generally Recognized Accounting Practice
HCBC	Home Community Based Care
HCDS	Human Capital Development Strategy
HDIs	Historically Disadvantaged Individuals

HIV/Aids	Human Immune Virus/Acquired Immune Deficiency Syndrome
HPRR	Health Professionals Remuneration Review
HRP	Hospital Revitalization Programme
ICS	Improvement in Conditions of Service
ICT	Information Communication Technology
IDIP	Infrastructure Delivery Improvement Plan
IDPs	Integrated Development Plans
IES	Income and Expenditure Survey
IGP	Infrastructure Grant to Provinces
IMF	International Monetary Fund
ISDP	Integrated Service Delivery Plan
IT	Information Technology
IYM	In-Year Monitoring
LFS	Labour Force Survey
LG	Local Government
M & E	Monitoring and Evaluation
MDR-TB	Multi-Drug Resistant TB
MEC	Member of Executive Council
MEDS	Micro-Economic Development Strategy
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSP	Master Systems Plan
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
NGO	Non-governmental Organisation
NQF	National Qualification Framework
NSDF	National Spatial Development Framework
NSF	National Skills Fund
NTSG	National Tertiary Services Grant
NYS	National Youth Service
NWPG	North West Provincial Government

OSD	Occupational Specific Dispensation
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PHC	Primary Health Care
PPHC	Personal Primary Health Care
PPP	Public Private Partnerships
PSDF	Provincial Spatial Development Framework
PSIRA	Private Security Industry Regulatory Authority
PT	Provincial Treasury
PTRPA	Provincial Tax Regulation Process Act
QIDS-UP	Quality Improvement, Development, Support and Upliftment Programme
RED	Real Enterprise Development
SARB	South African Reserve Bank
SAWs	Social Auxiliary Workers
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SDFs	Spatial Development Frameworks
SEDA	Small Enterprise Development Agency
SEP-LG	Socio-Economic Profiles of Local Government
SETA	Sector Education Training Authority
SIP	Strategic Infrastructure Plan
SMME	Small Medium and Micro Enterprise
STI	Sexually Transmitted Infection
TB	Tuberculosis
NWED	North West Province Department of Education
XDR-TB	Extreme Drug Resistant TB

## **Provincial Economic Outlook**

South Africa and in particular the province of Bokone Bophirima does not have well developed internal capital market from which to finance investment for economic growth. Currently, the main suppliers for capital funding are the multinationals the majority of which are providing portfolio investments which are highly mobile depending on monetary decisions of the major market economies.

Interest rate increases by the United States and similar decisions likely to be taken by the European members states, is likely to result in capital moving out of the developing countries such as South Africa to the developed world. This will weaken the currencies of the developing countries and ultimately create inflationary pressures in the developing countries. This will force countries such as South Africa with policy on inflation target to respond by effecting changes on the monetary policy. Generally a weaker rand should serve as incentive for stimulating exporting of minerals from Bokone Bophirima, but in the long run input costs such as the price of capital assets required to operate mines may cancel the benefits of the weaker currency.

Recent economic developments across the world that are having the impact on the economy of South Africa have a direct impact on the economy of Bokone Bophirima province. The most recent developments include the prolonged platinum mine strikes mainly caused by the sector being unable to contain production costs. The South African mining industry is facing competition from other countries such as Chile, Australia and Russia that have gold, coal and platinum which has reduced the dominant position South Africa used to enjoy in the past. As a result, South Africa can no longer influence the price of these minerals except in the supply of the diamonds because of the current De Beers cartel.

During the past few years, China had become South Africa's main consumer of our mineral products. The increased demand for our minerals by China was as a result of massive capital investment that needed steel products processed by our mines. China has now reached the pick of their new investment and is now looking at their domestic consumption to drive their economy. This has resulted in the decrease in demand for our mineral products of which Bokone Bophirima is the main supplier.

Bokone Bophirima is aligning the budget policies to the national policies. This requires the province to support the national decision on fiscal consolidation by way of implementing radical cost containment measures. The provincial executive has recently taken a decision to reduce the salary bill through natural attrition, reviewing the departmental structures, fill only the most critical positions, reduction of subsistence and travel costs and reviewing the policies around the purchasing of goods and services by provincial departments. These measures have assisted the provincial administration to address budget shortfall and continue delivering on the core mandates despite reduction of unconditional and conditional grants from the national government.

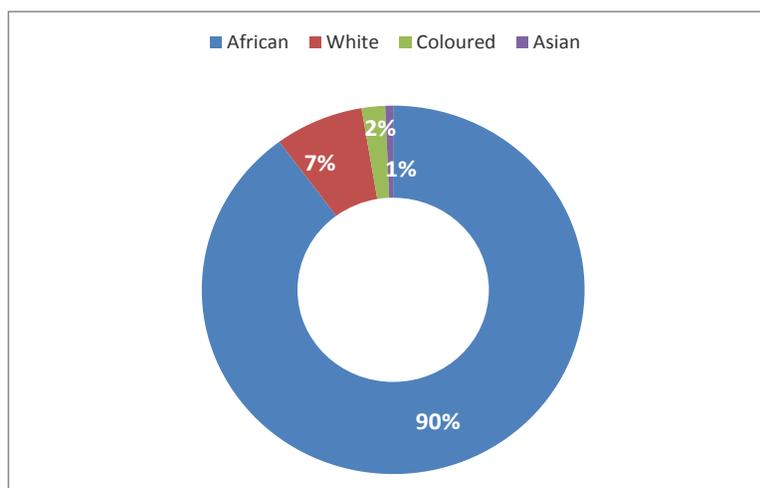
## 1. Socio-Economic Profile

The North West province is a home for 6.8 per cent (3.6 million) of the population of South Africa which means that the province is sparsely populated, and will require massive infrastructure investment to be able to make basic services accessible to the various communities. This suggest a different approach for the sharing of the nationally collected revenue because the current approach places more emphasis on the number of people living in a province than investment in infrastructure to make the province attractive to make it home for settlement.

This province is mostly rural and the fourth biggest provinces in South Africa. The province is characterized by under investment in infrastructure for basic services such as water and sanitation. The majority of the municipalities are found in rural areas that cover land owned by traditional leaders. The main source of revenue for these municipalities is the equitable share from national which is not enough to fund capital investment required that can support generation of revenue. As a result, these municipalities cannot borrow as they do not have the capacity to service loans from their own internal resources while the equitable share formula is mainly based on the municipal population numbers and not the development needs of the municipal areas.

The majority of the inhabitants of the province are Africans, who make about 90 per cent of the population as shown by figure one below. These are the people who do not have sufficient access to public services as they are mostly settled in the rural areas of the province. All the other race groups live mainly in towns, exceptions being the farming community members for obvious reasons.

Figure 1: North West population by race 2014



Source: Regional Explorer 2015

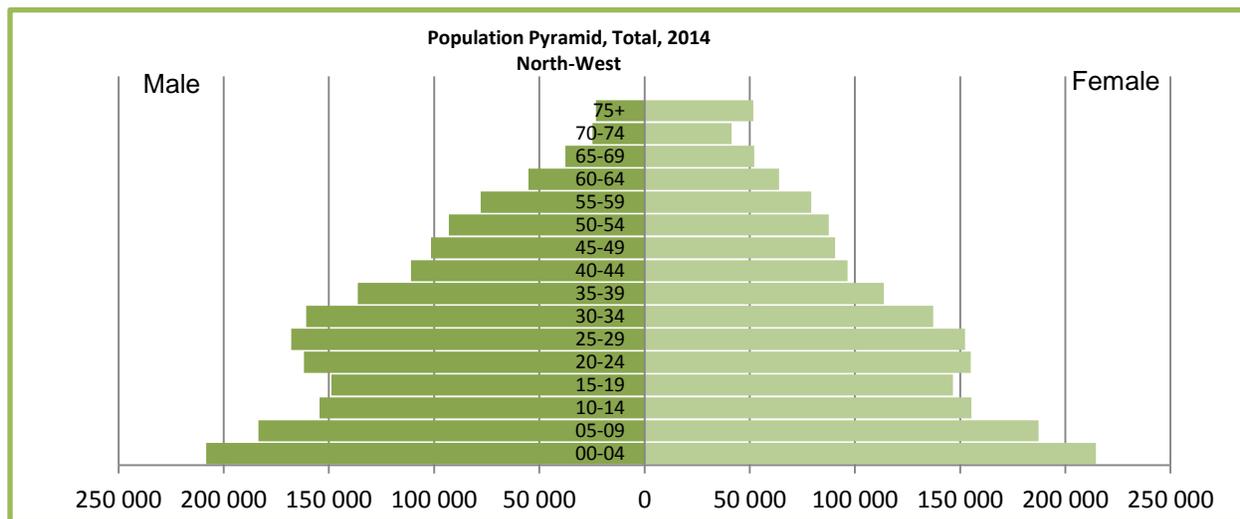
### Demographic Characteristics

As shown in figure 2 below, the majority of the inhabitants of the province are young Africans who are unemployed and depend on remittances for economic survival. It is important to indicate that this situation is not unique to the Bokone Bophirima province as the same applies in rural and urban part on the country parts of the country.

All the other race groups who jointly contribute about ten per cent of the provincial population have less unemployment rate than the African group. This means that the provincial government needs to design specific policies that can improve the living conditions of the Africans in general

Lack of economic opportunities, high unemployment and high rate of poverty amongst others, have a direct impact on youth and women empowerment and development which ultimately result in reduced chances for finding sustainable employment. This then result in women and young people remaining in the vicious cycle of poverty trap for the rest of their lives.

**Figure 2: North West Provincial Population**

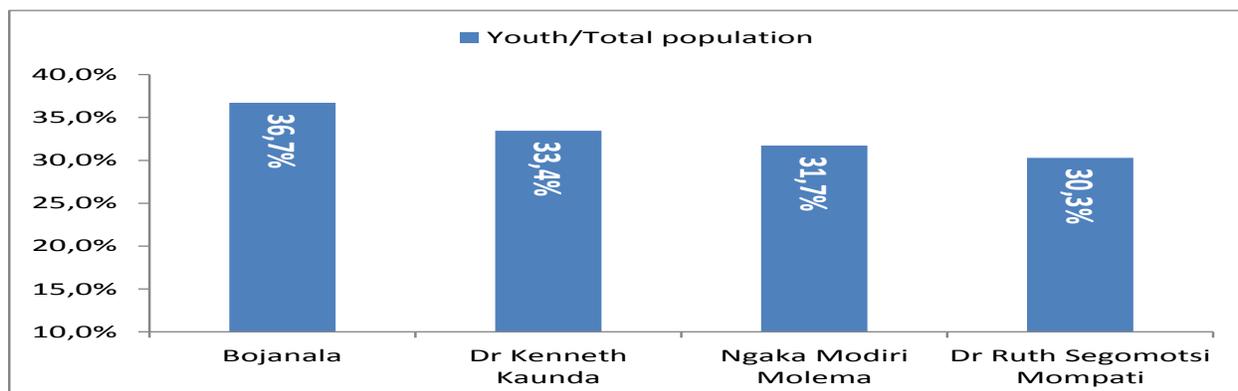


Source: Regional Explorer 2015

It is worth noting that, in the North West province women lives longer than men. As shown in figure 2 above, at birth there are more males born compared to females but from the ages of 60 and above there are more females surviving.

Figure 3 below present youth population by district municipalities in the North West Province. The youth contribute 34 per cent of the provincial population. The Bojanala district has the largest proportion of the provincial youth population at 47 per cent followed by Ngaka Modiri Molema and Dr Kenneth Kaunda districts with recording 22 per cent and 19 per cent shares respectively as shown by figure 3 below.

Figure 3: Youth Population by District (2014)



Source: Regional Explorer 2014

## Migrations

Although there are already some migrations between provinces, especially among North West, Limpopo, Gauteng and Northern Cape, there are also international migrants in the province. It is not easy to determine the exact number of international migrants in the province as these categories of migrants are likely to be highly mobile and to move between provinces in search of better opportunities. This is likely to create challenges for the provincial government and municipalities when compiling budgets to address service delivery needs of the inhabitants. Given that these people are not always covered during the census periods.

The province is also experiencing inward migration from Gauteng, Northern Cape, Eastern Cape, and the Free State and outside the country mainly because of the mining and the agricultural sector. Table one below reflects the inter-provincial migrations within South Africa. The table 1 indicates that Bokone Bophirima is one of the least preferred destinations for international migrants above the Free State, Eastern Cape and the Northern Cape.

Table 1: Inter-provincial Migration Forecast for 2016

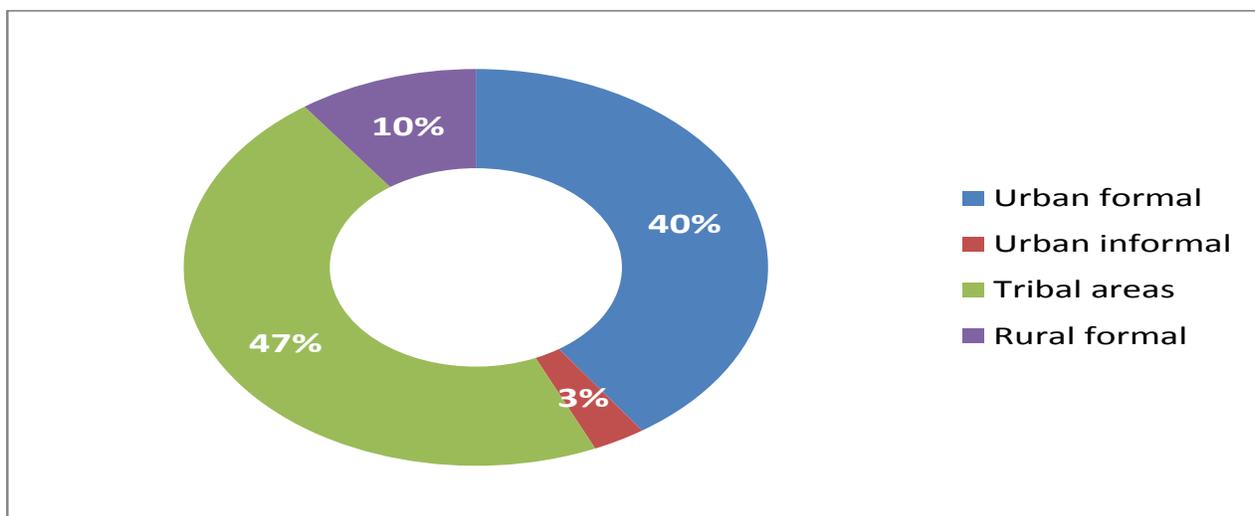
FS	7 237	-	65 762	7 489	5 870	9 657	6 599	21 177	10 557	134 348	128 703	-5 646
GP	58 818	47 585	-	80 226	101 365	94 184	15 065	119 261	108 139	624 643	1 106 375	481 732
KZN	18 199	9 479	147 160	-	6 922	25 435	2 242	9 033	21 413	239 883	232 872	-7 012
LIM	3 820	5 149	220 752	6 587	-	32 301	2 031	23 335	9 126	303 101	241 469	-61 632
MP	4 944	5 797	116 722	14 034	27 100	-	2 230	13 757	8 978	193 562	231 381	37 818
NC	4 398	8 779	19 165	5 782	2 499	4 409	-	12 894	18 883	76 809	72 917	-3 892
NW	4 947	12 351	112 568	5 822	19 007	11 355	21 113	-	8 675	195 837	261 090	65 254
WC	60 301	7 652	73 302	15 310	6 784	7 897	14 977	8 385	-	194 609	344 830	150 221
Outside SA	14 158	22 489	280 642	53 234	65 073	37 612	4 776	34 435	79 489			

Source: StatsSA (2014)

## Disability

According to United Nations (UN) estimates, there are more than 600 million persons with disabilities throughout the world, 70 per cent of them in developing countries. Disability is caused by disease, malnutrition, incorrect treatment or non-treatment, physical or mental violence and war, accidents due to inadequate protection at the workplace and in traffic situations, and, increasingly, age-related diseases. The number of people with disability in the province increased from 83 676 to 586 606 between 2003 and 2013. The majority of these people live in tribal and urban areas as depicted by the following figure.

Figure 4: Disability Concentrations



Source: StatsSA Nestar 2013

## Unemployment

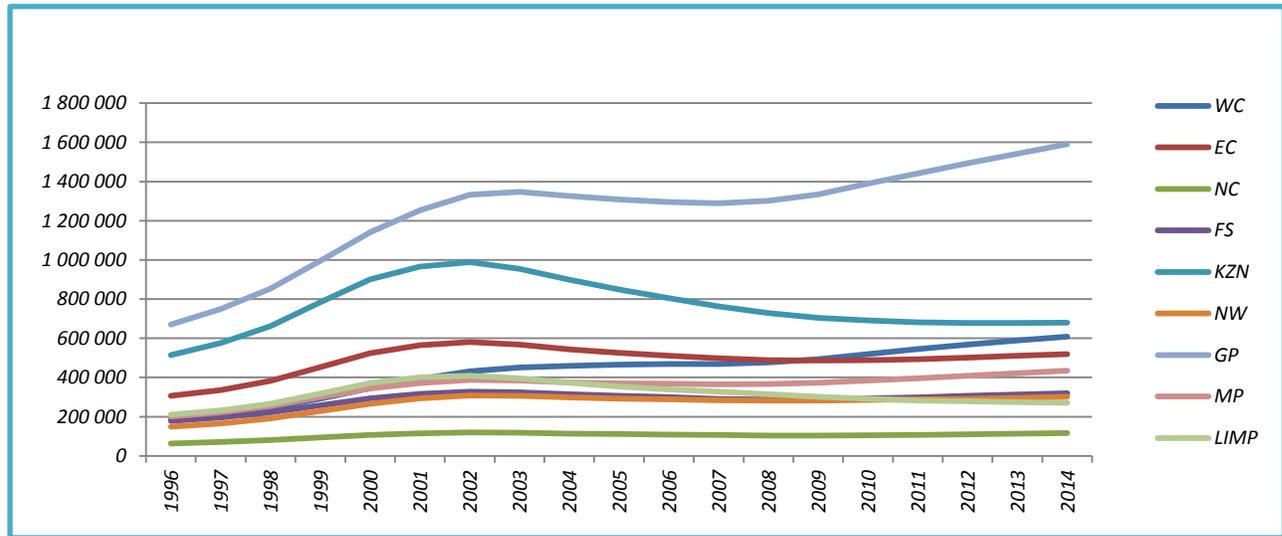
During 2015, the province had an unemployment rate of 25.5 per cent based on the number of economically active population. The economically active population (EAP) is defined as the number of people who are able, willing and who are actively looking for work and who are between the ages of 15 and 65. It thus includes both employed and unemployed people.

Africans have the highest unemployment numbers across all races in the province. This indicates the willingness of African population to work and participate in the economy mainly because they do not have necessary skills and qualifications or the economy is unable to absorb them.

Figure 5 below shows unemployment numbers trend by province. Gauteng province have the largest number of unemployment followed by KwaZulu Natal and Western Cape while North West Province recoding the third lowest number by 2015 just above Northern Cape and Limpopo. It is also worth noting

that North West province has the third smallest economically active population just above Free State and Northern Cape.

Figure 5: Unemployment in the North West Province



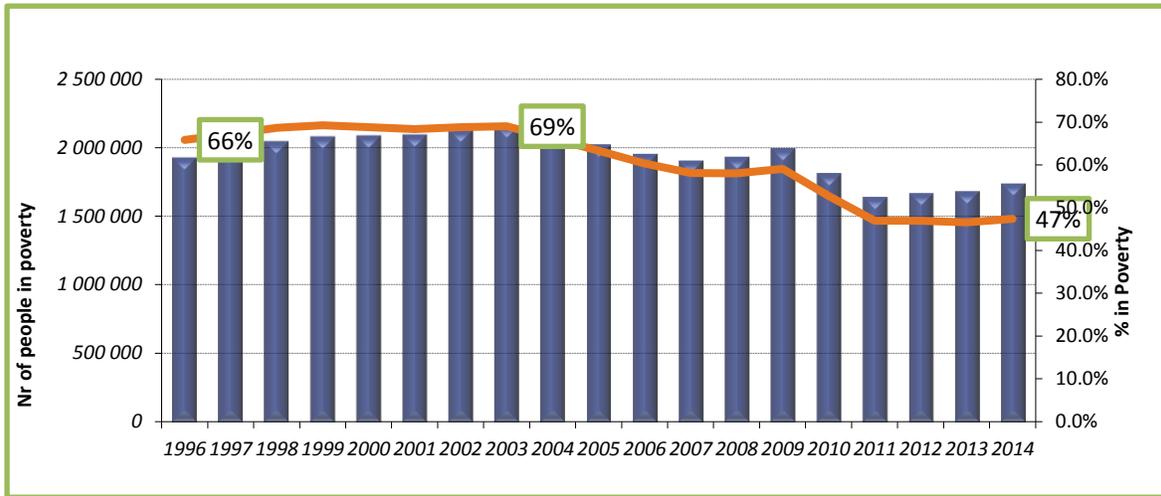
Data Source: Global Insight (2015)

## Poverty

About 1.5 Million people in the province were reported to be living in poverty in 2013. Since then not much has changed to improve the economic situation of the province as StatsSA (2015) and Global Insight (2014) reports show that the rate of unemployment has actually increased to 25.5 in 2015 from the previously reported 25.4 in 2014. It is however important to indicate that poverty in the province has been gradually declining since 2004 even though the current number of people living in poverty still makes the provincial government uncomfortable.

The Setsokotsane programme and other targeted measures such as helping community members to establish different types of cooperatives, and the expanded public works programmes are direct interventions by the provincial government to eradicate poverty in the communities. This has resulted in the reduction of the number of people living in poverty as reflected by figure 6 below.

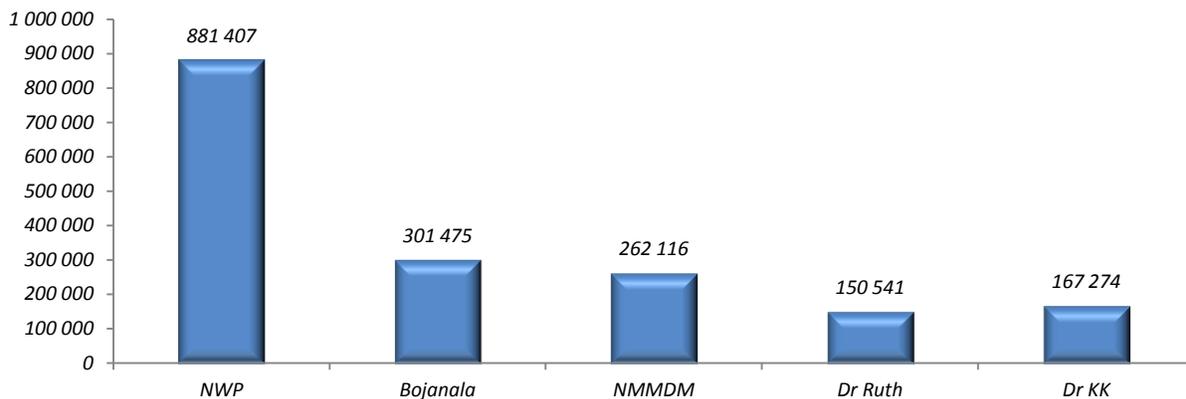
Figure 6: People Living in Poverty (1997-2014)



Source: Global Insight (2015)

The majority of the people living in poverty are concentrated in the district of Bojanala. This is mainly because urbanisations push and pull factors. The push factors being that poverty and unemployment is driving those affected out of their home areas even beyond the provincial borders of North West while the pull factors are the prospects and hope of finding employment at the platinum mines. The majority of those living in poverty are found in Bojanala district as reflected by the following figure.

Figure 7: People Living Below the Food Poverty Line (2014)



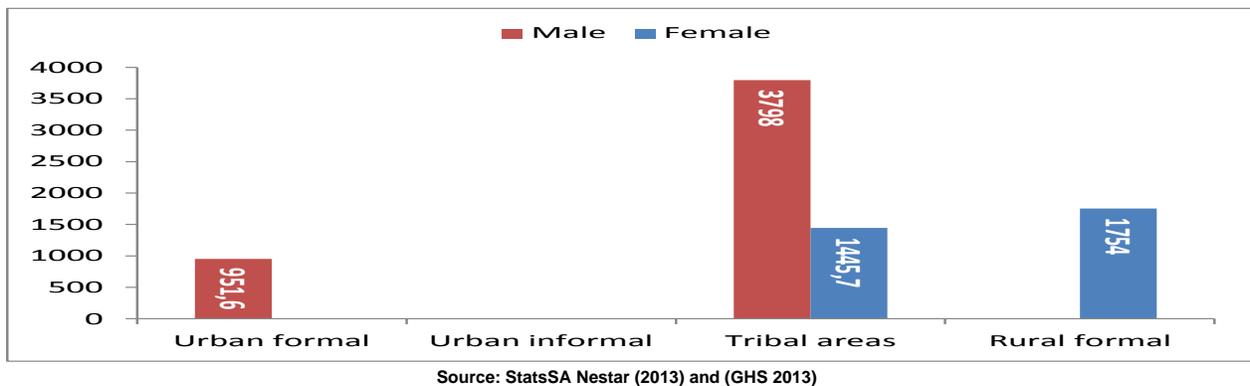
Data Source: Global Insight (2015)

The less number of people living in poverty within the Dr. Ruth Mompoti district area is a reflection of the district population size of the area.

### Child Headed Household

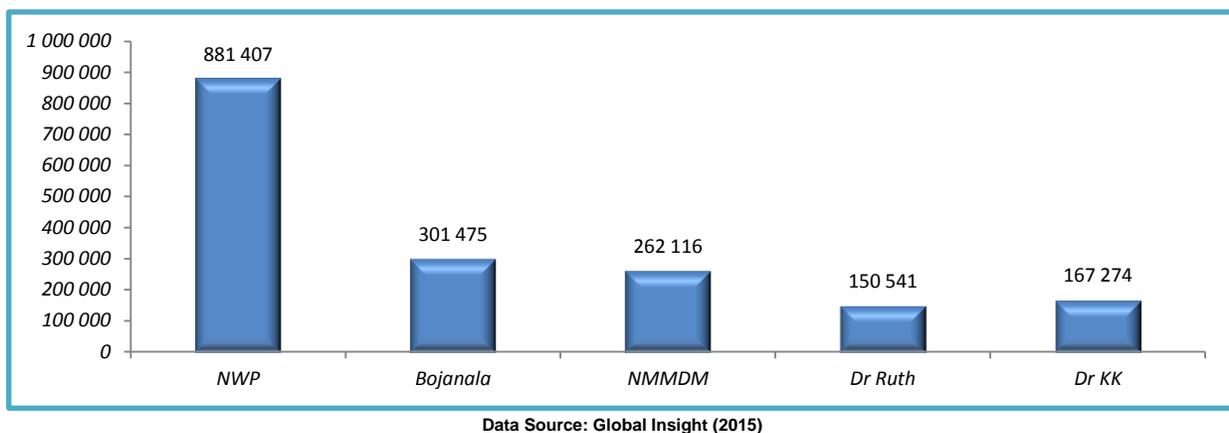
The current levels of poverty, unemployment other social challenges has resulted in young a number of children of the ages of 15 having to assume the responsibilities of looking after households. These children are considered to be minors and are not yet economically active as they are below the age of sixteen. There are about 3798 households in the rural parts of the province that are headed by young boys as compared to 1446 young girls headed households. Children in child-headed households live in conditions that are on average worse than those in mixed-generation households.

Figure 8: North West Child Headed Homes



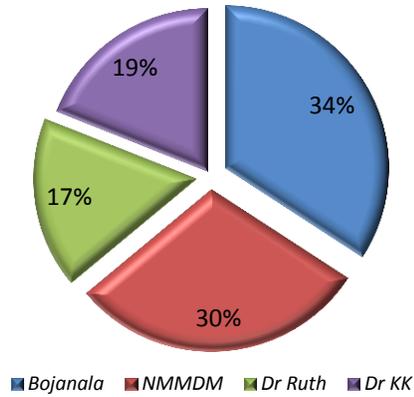
Children in child-headed households live in conditions that are on average worse than those in mixed-generation households. Child-headed households are less likely to live in formal dwellings, or to have access to adequate sanitation and water on site.

Figure 9: People Living Below the Food Poverty Line (2014)



The lessor number of people living in poverty within the Dr Ruth Mompoti district area is a reflection of the district population size of the area.

Figure 10: Percentage Share of People Living Below Poverty Line (2014)

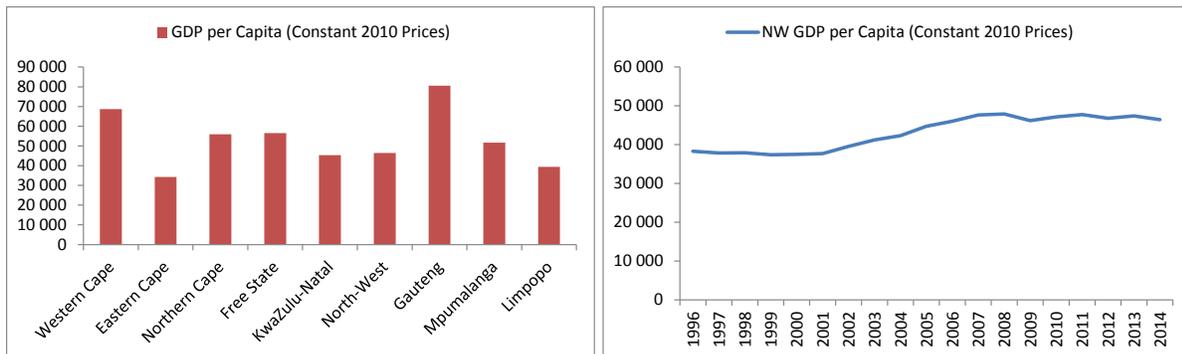


Data Source: Global Insight (2015)

### GDP per capita

Between 1996 and 2014, the North West GDP per capita increased from R38282 to R46438 which reflects a marginal improvement but it is still less than national average of R55940 thousand for 2014.

Figure 11: GDP per Capita (Constant 2010 Prices)

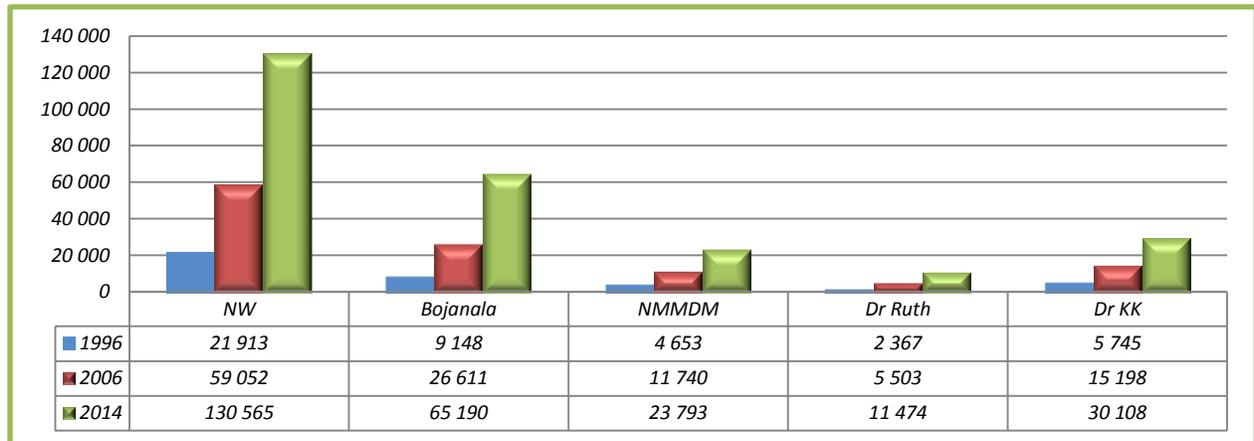


Data Source: Global Insight (2015)

### Disposable Income

All four district areas have experienced growth of disposable incomes since 1996. This suggests that there should be a general reduction of poverty in the province since 1996.

Figure 12: Disposable Income (1996, 2006 & 2014)



Data Source: Global Insight (2015)

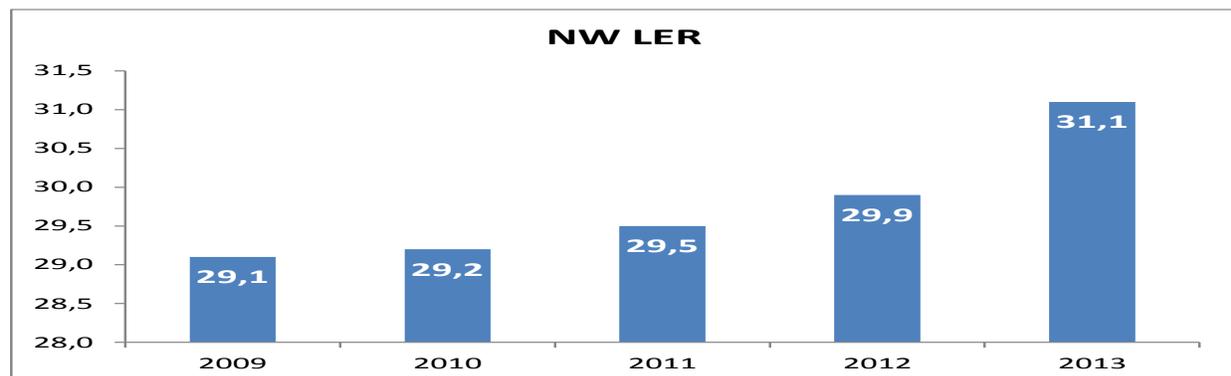
Bojanala district area has the highest level of disposable income while Dr. Ruth Segomotsi Mompati District Municipality (Dr Ruth), has the lowest disposable income in the province.

## Education

### Learner educator ratio

A LER (Learner educator ratio) expresses the relationship between the number of students enrolled in a school and the number of teachers employed. The LER is a tool used to measure an educator’s workload and resource allocation as well as individual attention a learner is expected to receive from the teacher. The ratio has been increasing over the years since 2009 as shown by the following figure. If not addressed, this may have negative impact on the quality and quantity of the future matric results.

Figure 13: Learner Educator Ratio for North West Province (2012)



Source: National Department of Basic Education

## Education Levels

On a year on year comparison, in 2008, only about 57 per cent of young people in the province possessed tertiary qualifications. During 2014, about 53 per cent of the young people had tertiary education. Similarly, in 2008, about 36 per cent of the youth had matric as compared to 40 per cent in 2014.

## Matric Pass Rate

The North West province has constantly performed above the national average over the years as shown by the following table.

Table 2: Matric Pass Rate

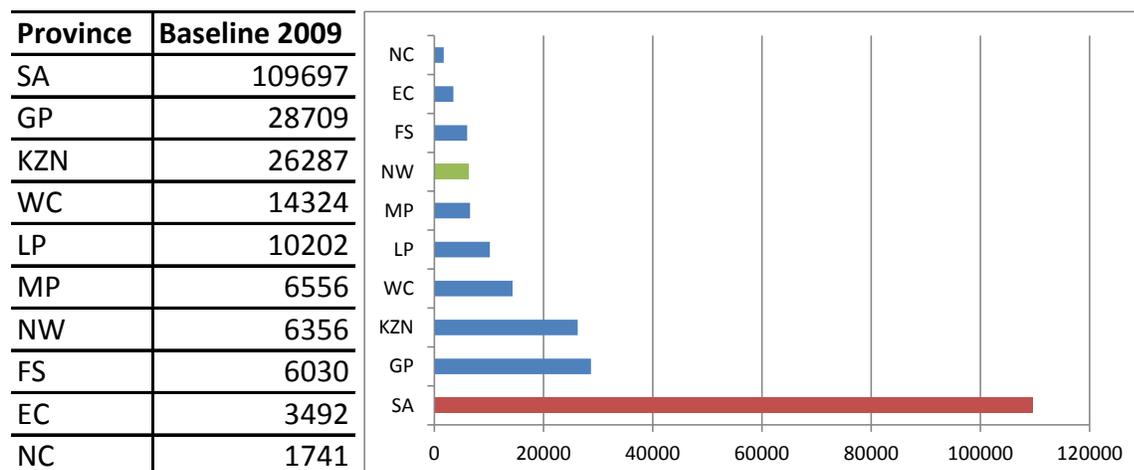
Year	NW	WC	GAU	NC	LP	MP	KZN	EC	FS	National Average
2006	67.02	83.7	78.3	76.8	56.7	66.3	66.7	59.3	72.2	66
2007	67.2	80.8	74.6	70.3	57.9	60.7	63.8	58.9	70.4	65
2008	68	78.4	76.4	72.7	54.3	51.8	57.6	50.6	71.8	63
2009	67.5	75.6	71.8	61.3	48.6	47.9	61.1	51	69.6	60
2010	75.7	76.1	78.6	72.3	57.9	56.8	70.7	58.3	70.6	67.8
2011	77.8	82.9	81.1	68.8	63.9	64.8	68.1	58.1	75.7	70.2
2012	79.5	82.8	83.9	74.6	66.9	70	73.1	61.6	81.1	73.9
2013	87.2	85.1	87	74.5	71.8	77.6	77.4	64.9	87.4	78.2

Source: Provincial Department of Education and Sports Development (2014)

## Further Education and Development

South Africa has seen about 109 697 learners from matric being eligible to study at universities as reflected by the following table. The number of candidates that qualify for degree or diploma studies in the province has increased from 6 356 to 8 509 between 2009 and 2014.

Figure 14: Learners Eligible for Bachelors Programmes



Source: Department of basic education

### Social Welfare

The following table show the number, distribution of deaths by sex and district area in the North West Province during 2013.

Table 3: Death by Gender

District	Male	Female	Unspecified	Total
Bojanala	6 741	5 834	58	12 633
Dr KK	4 173	3 548	34	7 755
Dr Ruth	2 838	2 642	14	5 494
Ngaka MM	4 739	4 354	39	9 132
Unspecified	297	218	2	517
Total	18 788	16 596	147	35 531

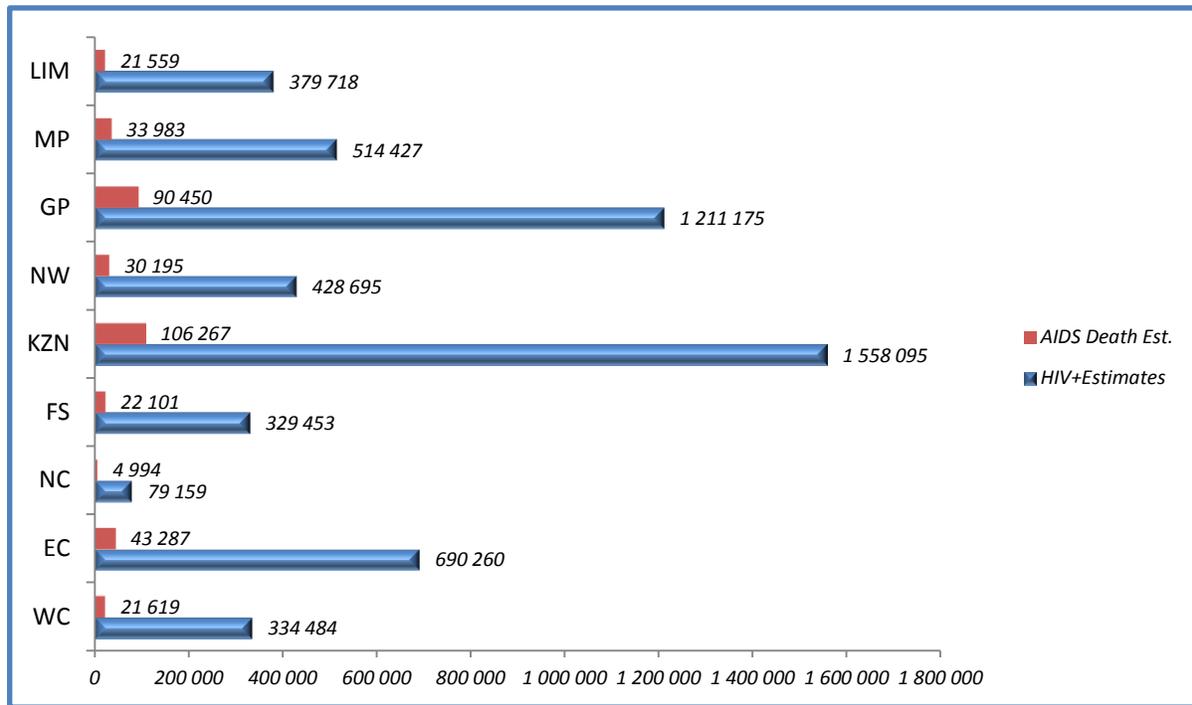
Source: StatsSA 2014

A gender analysis of death occurrence shows that there are more male deaths in the province than females and across all district municipalities. According to Statistics South report on the ten leading underlying causes of death (2013) by district/metropolitan municipality are tuberculosis, diabetes mellitus, cerebrovascular diseases and other forms of heart diseases are leading causes of death.

This has led to a significant increase in life expectancy in South Africa. In rural South Africa, the expanded ART roll-out has been shown to reduce HIV-related mortality by approximately 22% in men and 29% in women. This reduction occurred in a setting characterized by a very high HIV prevalence and a

high mortality attributable to HIV. Furthermore, the success of the prevention of mother-to-child transmission of HIV programme, as witnessed by reductions in vertical HIV transmission rates (from approximately 14% in 2004 to <3% in 2011), has resulted in major decreases in mortality in infants and children under 5 years.

Figure 15: AIDS Death Est. & HIV+ Estimate by Province: 2013



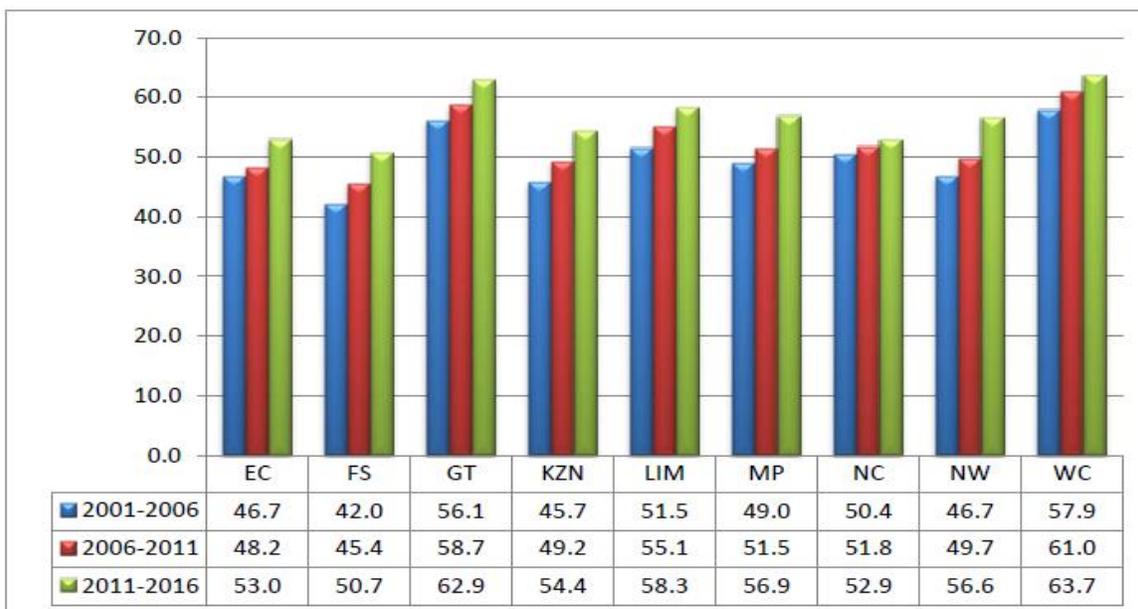
Data Source: IHS Global Insight (2014)

Figure 13 above indicates AIDS death estimates and HIV+ estimates by province. Considering the population size of the North West province (estimated to be 3, 6 million by Statistics South) an HIV+ estimate of 428,695 is considerably high.

### Life Expectancy

Life expectancy refers to the number of years a person is expected to live based on the statistical estimations. North West province has the life expectancy of 56.6 years for males and 58.8 years for females. The life expectancies for males and females are reflected by figures 16 and 17 below.

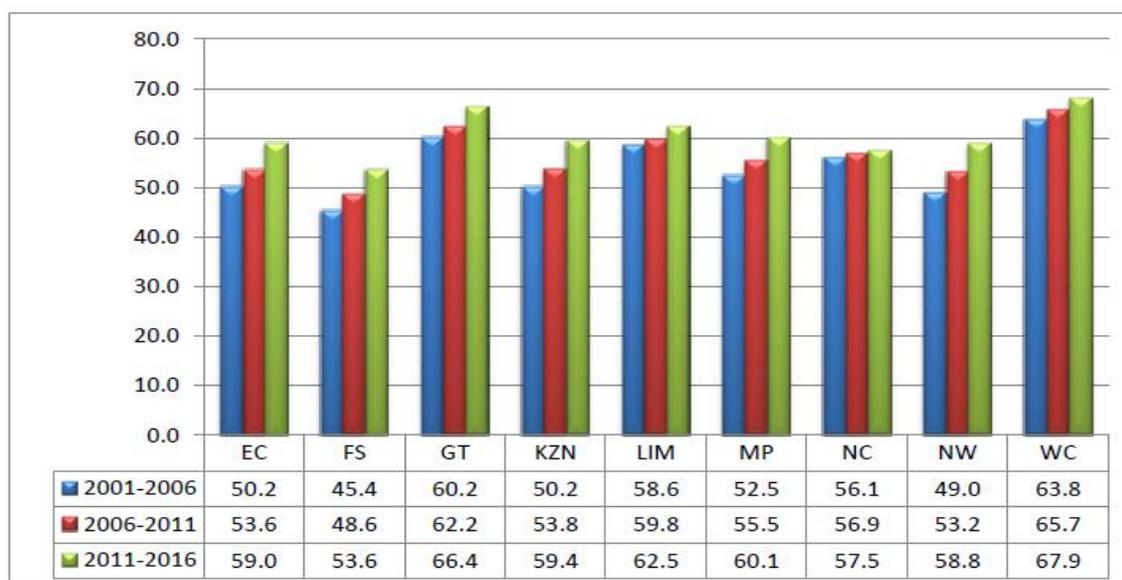
Figure 16: Male Average Life Expectancies



Data Source: StatsSA (2015)

Female life expectancy is longer than that of men in the province. This may be attributed to variety of factors including life styles or types of career choice as men tend to choose riskier occupations than females.

Figure 17: Female Average Life Expectancies

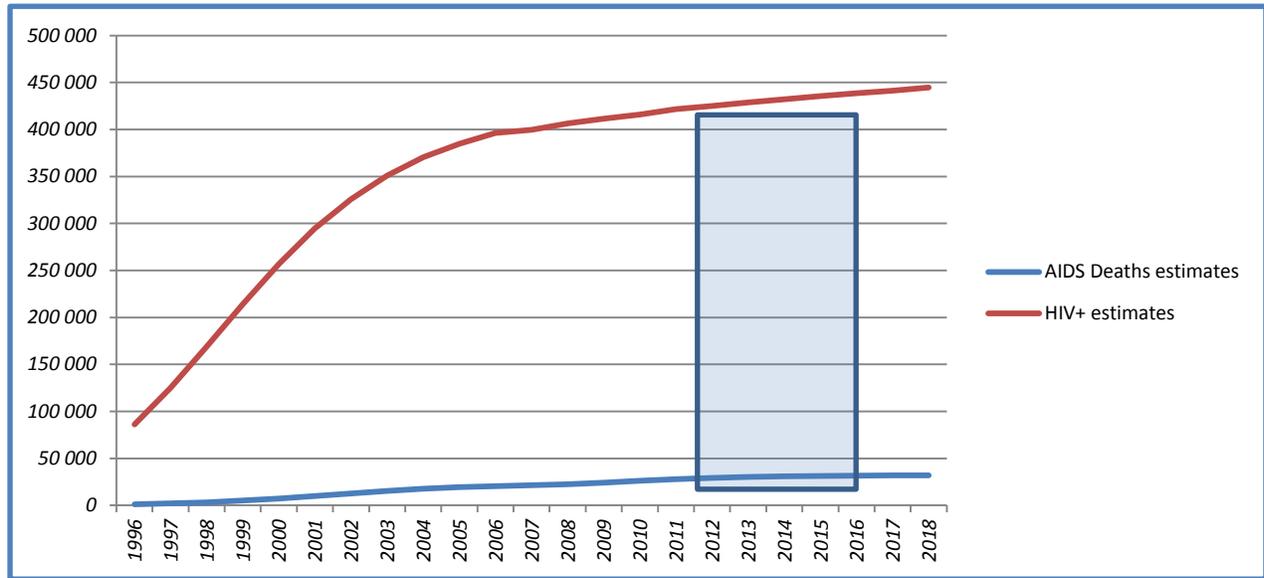


Data Source: StatsSA (2015)

**HIV Infections**

HIV infection is growing at a diminishing rate especially since 2009 after the introduction of aggressive treatment measures by the provincial government as shown by figure 18 below.

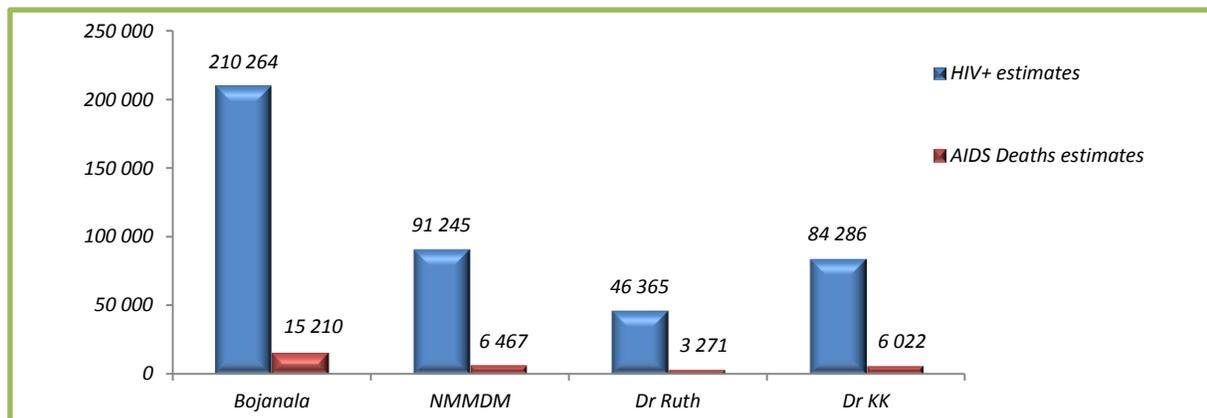
**Figure 18: AIDS Death Estimate & HIV for North West: (1996 -2014)**



Data Source: Global Insight (2015)

Figure 19 below shows the number of AIDS death estimate & HIV+ estimates by district municipalities in the North West Province. Bojanala has the highest HIV infection in the province followed by Ngaka MM, Dr KK and Dr Ruth has the lowest HIV infection.

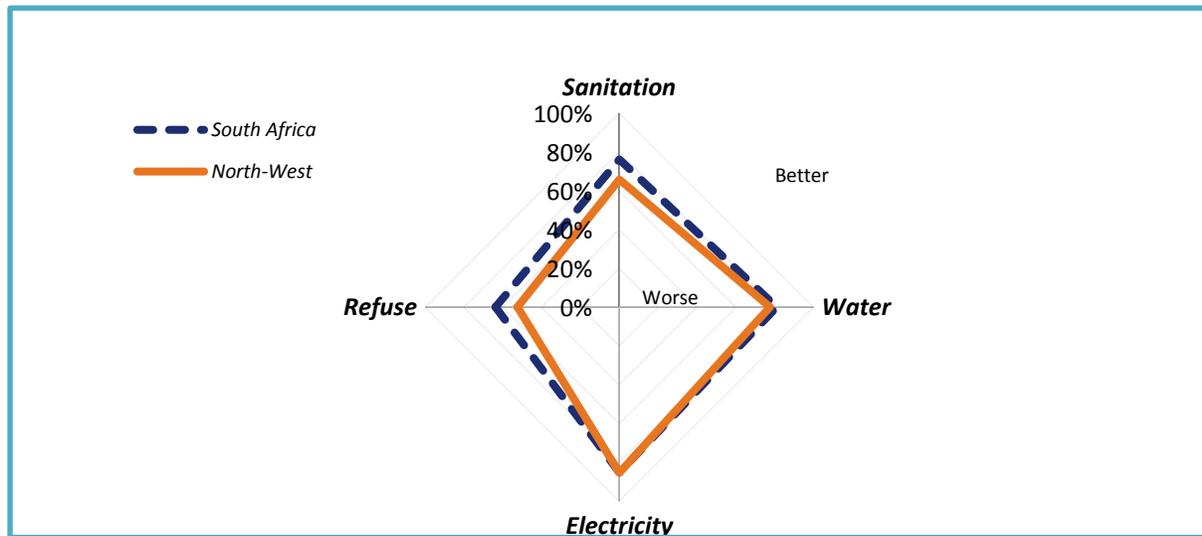
**Figure 19: AIDS Death Est. & HIV (2014)**



## Basic Infrastructure

Access to basic infrastructure such as sanitation, water, and refuse and electricity is important for service delivery improvement and revenue generation for municipalities. Although North West has improved in making water and electricity accessible to the majority of the citizens, it is still lacking behind with the provision of hygienic sanitation and solid waste removal. This is mainly because North West is a rural province and unless there is amendment to the current revenue sharing formula; people living in rural provinces will not access proper sanitation and solid waste removal services as illustrated by the following figure.

Figure 20: Basic Infrastructure



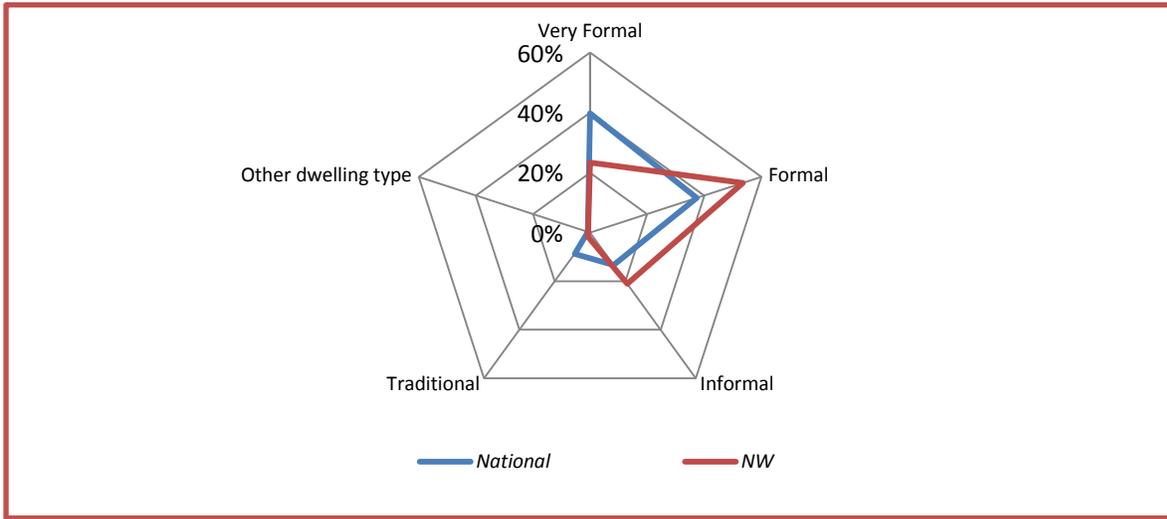
Data Source: Global Insight (2015)

There are about 65 986 households with no access to refuse removal services in the province. About half of the provincial population, 48 per cent are using Ventilation Improved Pit (VIP).

## Housing

From 2003 to 2013 total types of dwelling in South Africa increased from 12,416,474 units to 15,139,198 units indicating a growth of 17.98 per cent. This is due to development of very formal dwelling across the country. The majority of the households in North West are situated in the formal dwellings as reflected by the following figure.

Figure 21: Dwelling Types (2013)

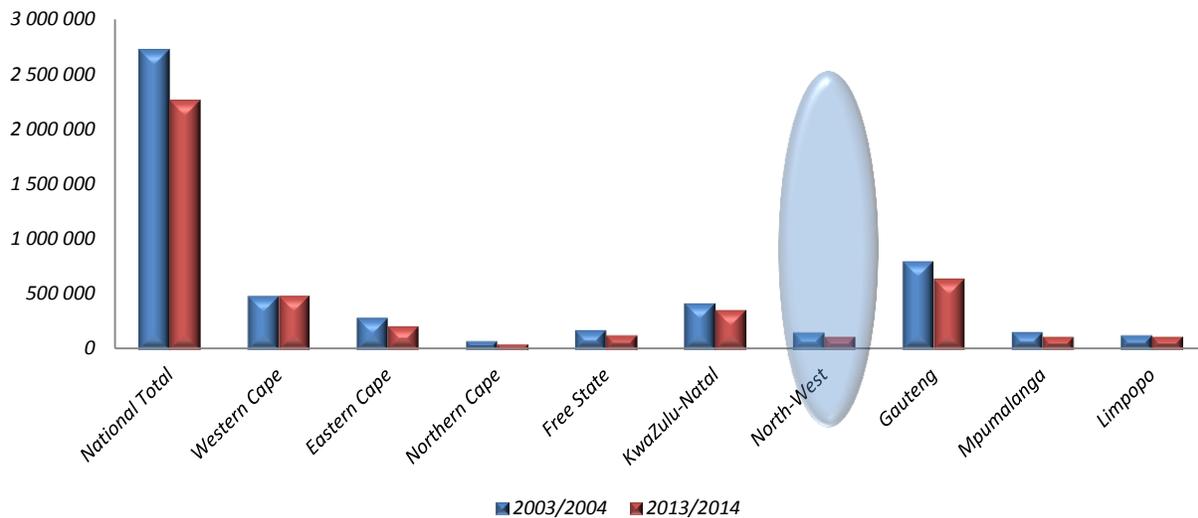


Data Source: Global Insight (2015)

### Crime Statistics

The statistical information is based on the propensity to report crime by those who witness it taking place or affected. It also depends on the confidence of the members of the public in the justice system. Provinces like Limpopo and North West have lower crime rates but it cannot be inferred without any further investigation that it is because the police crime management strategies are more effective in those provinces than in other parts of the country.

Figure 22: Total Crimes reported-Financial years



Northern Cape, Limpopo, North West and Mpumalanga provinces have low crime rates in South Africa as shown by the following table.

Crimes Reported	2003/2004		North West		2013/2014		South A.	
	N.W	S.A	Variance	% Change	N.W	S.A	Variance	% Change
All theft not mentioned elsewhere	35 833	606 460	-16 834	-	18 999	368 664	-237 796	64.50
Burglary at residential premises	16 455	299 290	-638	4.04	15 817	260 460	-38 830	14.91
Assault with the intent to inflict grievous bodily ha	20 492	260 082	-6 612	47.63	13 881	183 173	-76 909	41.99
Drug-related crime	3 207	62 689	8 698	-73.06	11 904	260 732	198 043	-75.96
Common assault	15 739	280 942	-8 703	123.71	7 035	167 157	-113 785	68.07
Malicious damage to property	9 576	158 247	-3 424	55.67	6 152	119 733	-38 514	32.17
Theft out of or from motor vehicle	7 659	171 982	-1 572	25.82	6 088	143 812	-28 170	19.59
Commercial crime	2 386	55 869	3 402	-58.78	5 788	79 108	23 239	-29.38
Robbery with aggravating circumstances	4 519	133 658	1 118	-19.84	5 637	119 351	-14 307	11.99
Burglary at business premises	4 653	64 629	293	-5.93	4 947	73 600	8 971	-12.19

Data Source: Global Insight (2015)

## Real Economy

The National Development Plan (NDP) offers a long-term perspective. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. The plan hopes to meet all its targets by embarking on the following actions:

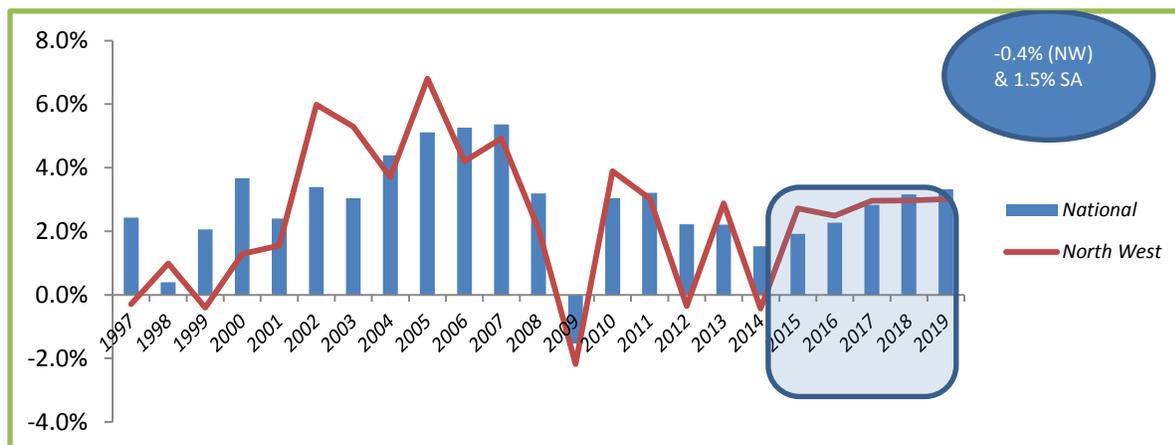
1	A social compact to reduce poverty and inequality, and raise employment and investment
2	A strategy to address poverty and its effects by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes
3	Steps by the state to professionalise the public service, strengthen accountability, improve co-ordination and prosecute corruption
4	Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers
5	An education accountability chain, with lines of responsibility from state to classroom
6	Phase in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care
7	Public infrastructure investment at 10% of GDP, financed through tariffs, public-private partnerships, taxes and loans, and focused on transport, energy and water
8	Interventions to ensure environmental sustainability and resilience to future shocks
9	New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps
10	Reduce crime by strengthening criminal justice and improving community environments

Source: National Development Plan

## 2016/17 Estimates of Provincial Revenue and Expenditure

The plan envisages that unemployment would be reduced to 14 per cent in 2020; nevertheless, our national and provincial unemployment average rate sits at 26.4 and 28.4 per cent respectively. Government and Private sector still need to work hard to achieve the expected goals.

**Figure 23: SA and NW GDP Average annual growth (Constant 2010 Prices)**



Data Source: Global Insight (2015)

Similarly, the provincial economic growth has seen a series of erratic growth trends characterised by the unstable growth prospects of the developing economies. In 2014 growth was recorded at -0.4 per cent. Under pressure from weaker growth, high unemployment and a significant debt burden, household consumption growth has slowed, posing a significant challenge to the consumption driven post-crisis recovery model.

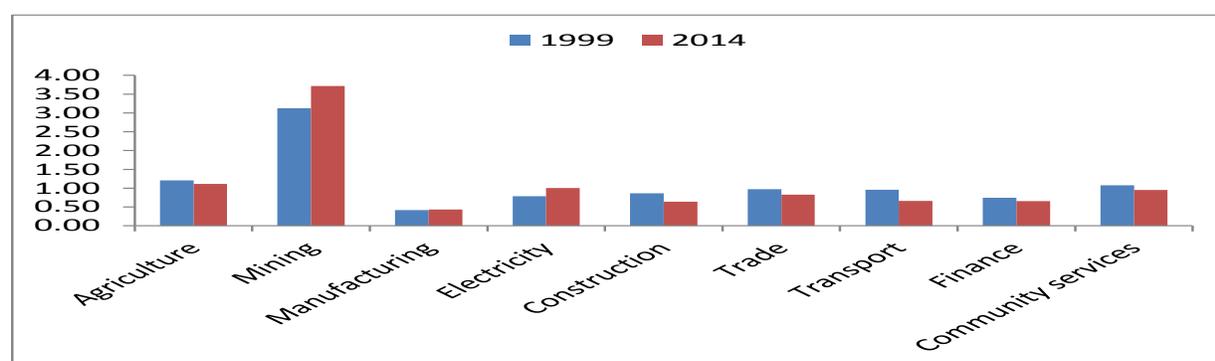
The provincial government has announced the Agriculture, Culture and Tourism (ACT) strategy to radically transform the structure of the provincial economy. This economic strategy is aimed at bringing a paradigm shift in the balance and composition of the provincial economy and accelerates economic growth by improved market linkages, support (including training, education and extension services); and access to finance for small-scale farmers on communal land and for beneficiaries of land reform; developing the tourism industry to unlock the potential of the arts and culture industries in rural communities; and Enhance and promote the rural tourism offerings.

The North West province is well endowed with natural minerals such as platinum and vast land and plain terrain for both agricultural, energy and rural development initiatives. Subsequently the provincial economy is dominated by mining activity. The mining sector contributed 31 per cent during 2014 to the total provincial GVA. This can be explained by the comparative advantage the province has in the mining sector. The mining sector location quotient for the province in 1999 was 3.13 and it improved to 3.72 in 2014. This shows that the province has more minerals and high value mining operations as compared to the other provinces.

## Location Quotient

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Figure 24: Location Quotient



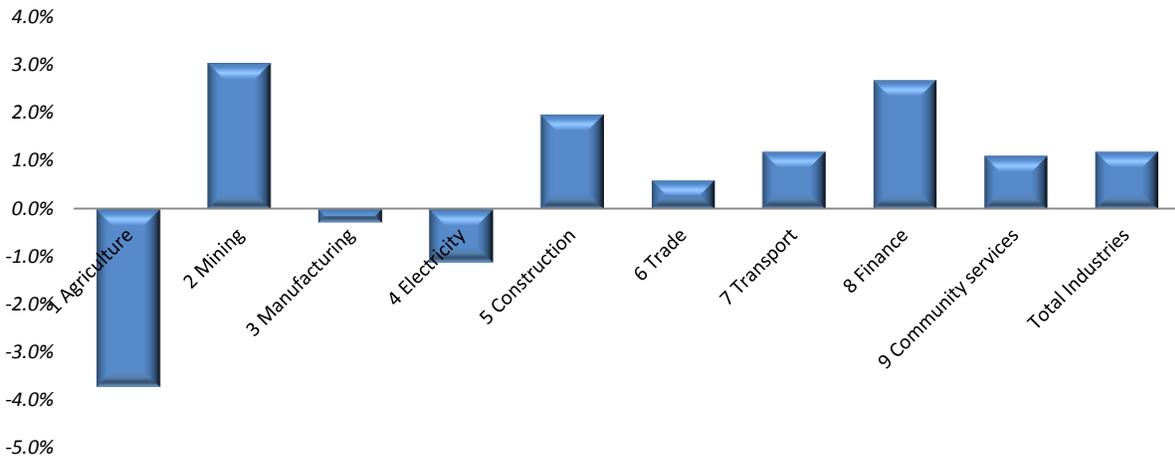
Data Source: Global Insight (2015)

## Economic Growth

The provincial economy grew by about 2.3 per cent during 2015. Mining sector continues to be the main driver of the provincial economy while the finance sector has now overtaken the community services to become the second main contributor. The agricultural sector continues to decline and shed jobs even though this sector has been identified as a critical sector for food security. It is however important to acknowledge the fact that decline in agricultural production could be attributed to a variety of factors such as poor or lack of transport infrastructure to facilitate interaction between the farmers and consumers in the in the country and abroad.

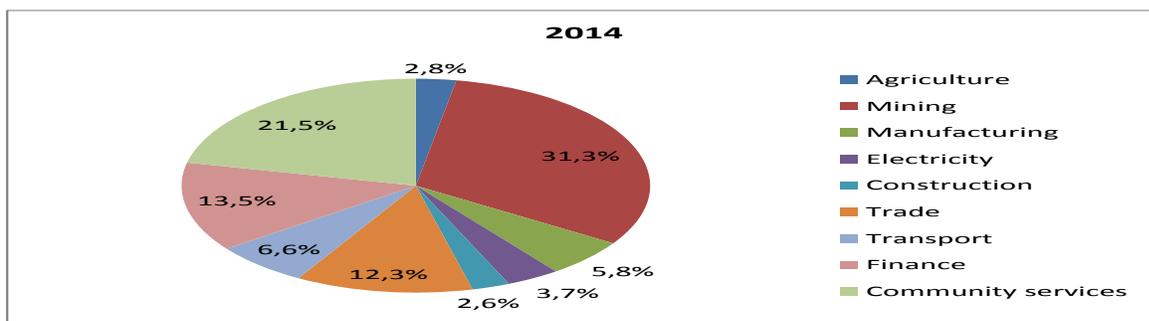
The declining of the electricity sector may be related to the current electricity supply challenges in the country. Sector such as the manufacturing and mining which consume much electricity are likely to be negatively affected and hence the decline in manufacturing activities. It is important to further acknowledge that the electricity demand management strategies, if not carefully implemented can encourage less consumption of electricity at the expense of economic growth.

Figure 25: Sector Performance (2015)



The North West produces 84 per cent of South Africa's platinum, 46 per cent of the granite and 25 per cent of the gold production in the country. The mining sector's share to the provincial GVA was 31.3 per cent in 2014. Agriculture contributed 2.8 per cent of the provincial gross domestic product in 2014. There are a few numbers of commercial farmers and a hand full of small scale farmer operating in the province. Manufacturing, Electricity and Construction are the least contributing sectors to the provincial economy. The manufacturing's contribution declined from 9.0 per cent in 1997 to 5.8 per cent in 2014. The community service contributes 21.5 per cent in 2014. It is followed by finance, trade and transport which contributed 13.5, 12.3 and 6.6 per cent respectively.

Figure 26: Gross Value Add

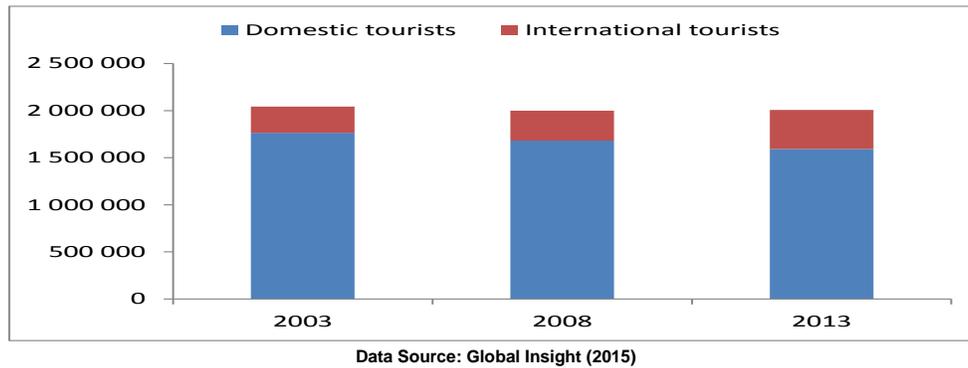


Data Source: Global Insight (2015)

## Tourism

Service industries which benefit from tourism include transportation services, such as airlines, cruise ships, and taxicabs; hospitality services, such as accommodations, including hotels and resorts; and entertainment venues, such as amusement parks, casinos, shopping malls, music venues and theatres. This is in addition to goods bought by tourists, including souvenirs, clothing and other supplies.

Figure 27: Tourism (selected periods)

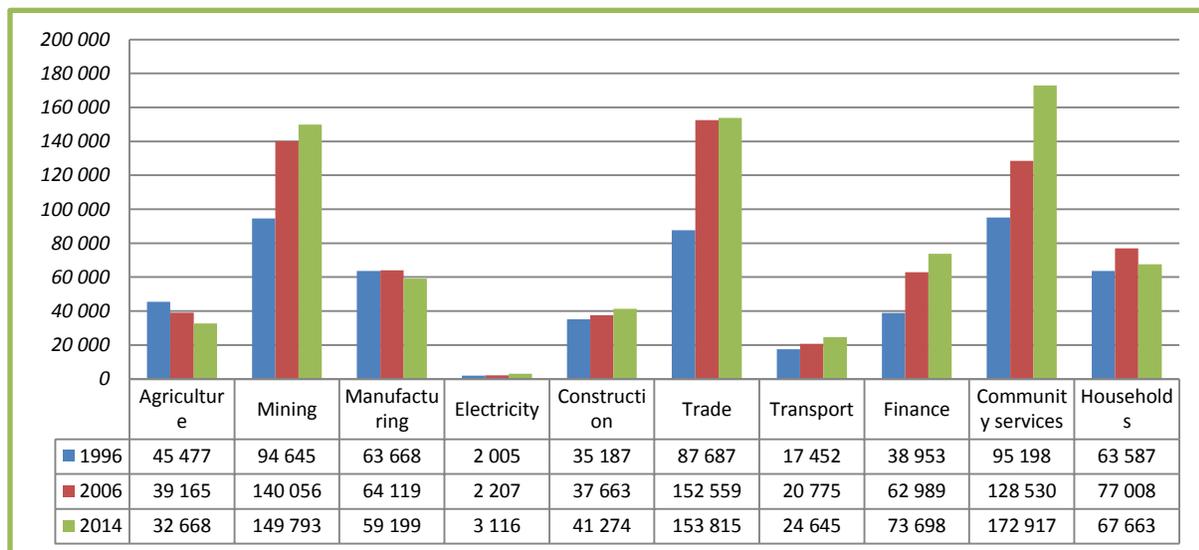


North West tourism decreased from 2 042 828 trips in 2003 to 2 008 600 in 2013. Notably, the number of trips in the province is marginally declining.

### Employment

There is no better measure of the performance of the provincial economy than counting the number of households with access to basic services and employment opportunities created. The provincial government is leading by example for the private sector to follow. During 1996, the different components of the provincial public sector had a staff complement of 95198 employees.

Figure 28: Employment by Economic Sector



Community service is the largest employer in the North West province and its employment grew from 95,198 employees in 1996 to 124,755 in 2005 and further increased to 172,917 in 2014. All the other economic sectors experienced growths in employment since 1996 except for agriculture and manufacturing which declined in 2014.

## 2. Summary of Budget Strategy and Aggregates

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### In brief

- The 2016 MTEF was consolidated under a constrained fiscal environment consequently the budget was reduced substantial from both the Provincial Equitable Share and Conditional Grants as a result of the sluggish performance of the economy and also to fund national key priority programmes.
- The 2016 MTEF is amongst others, intended to maintain fiscal sustainability and manage risks, whilst continuing to support and promote inclusive economic growth and job creation.
- The Provincial Government is stepping up cost-containment measures to ensure that spending plans deliver greater value for money.
- Procurement reforms are being rolled out to improve efficiency, reduce red tape and stamp out corruption.
- The provincial government continues to implement the National Development Plan through RRR (rebranding, repositioning and renewal) approach, anchored on a new approach of five (5) concretes:
  - ACT (agriculture, culture and tourism) and its tributaries;
  - VTSD (villages, townships and small dorpies);
  - RHR (reconciliation, healing and renewal);
  - Setsokotsane (comprehensive and integrated service delivery campaign);
  - Saamwerk-Saamtrek (call for unity of purpose above race divisions)

### 2.1 Overview of the Budget Strategy

The 2016 MTEF budget is been crafted under a constrained fiscal environment, however Government will continue to maintain fiscal sustainability and manage risks, whilst continuing to support and promote inclusive economic growth and job creation. In pursuit of the objectives of the National Development Plan (NDP) and priorities of the medium-term strategic framework, government remains committed to moderate expenditure growth within the current budget baselines.

The 2016 spending plans support the Government of Bokone Bophirima's commitment to protect essential social services while prioritising resources to focus on both the rural economy as well as on the provision, upgrade and the maintenance of economic infrastructure as the precondition of overall economic growth and development. Bokone Bophirima remains committed to address triple challenges of

poverty, unemployment and inequality. The province will also prioritise the transformation of human settlements (mainly due to the challenges presented with housing and living conditions in mining communities) and the eradication of corruption.

Given the limited resources to respond adequately to the triple challenges of poverty, unemployment and inequality and the needs of our communities, the 2016 MTEF budget emphasized more on efficiency gains through reprioritisation of the existing provincial spending, an enhanced focus on cost-cutting of non-essential items and projects. Furthermore, programmes and projects that are important and yet not urgent including misalignment to the current government programmes were assessed with the key objective of closing, suspending or deferring implementation of such programmes and projects. In summary the 2016 MTEF budget strategy is underpinned by the following elements:

- Reprioritisation of the current budget;
- Continued implementation cost containment measures with realised savings being re-directed into service delivery priorities;
- Sound cashflow management and increasing provincial own revenue; and
- A stable fiscal framework which will ensure that the province has adequate resources to continue delivering the much needed services to the people of the Bokone Bophirima.

The Provincial Government has identified Agriculture, Culture and Tourism (ACT) as the three anchors of economic growth especially in rural areas where poverty, unemployment and inequality is very high. The success of the implementation of the Radical Socio-Economic Transformation Agenda of the 5<sup>th</sup> Administration, the province has also identified a set of high impact focused priorities namely Villages, Townships and Small Dorpies (VTSD), Reconciliation, Healing and Renewal, Saamtrek-Saamwerk philosophy, Setsokotsane Approach as a tool to improve service delivery.

In brief, the five sustainable developmental concretes towards Rebranding, Repositioning and Renewal of Bokone Bophirima Province are aimed at the following:

#### **Agriculture: Priority Projects**

The Provincial Government prioritized Agriculture to support the National Development Plan (NDP) priorities to achieve the 2030 vision of spatially, socially and economically well integrated rural areas as well as environmental sustainability and resilience. Pursuant to the agricultural growth in the province, the 2016 MTEF Budget makes provision for the following priorities:

- Roll out of Smallholder producers support programme by providing On & Off farm infrastructure, mechanization packages, production inputs and training to smallholder producers.

- Resuscitation and expansion of irrigation schemes with special focus on Taung (over 3500ha resuscitation & 1700ha expansion) and other identified areas (Disaneng 214ha; Molatedi 36ha & Tsholofelo Citrus).
- Establishing and supporting new formal enterprises in rural district municipalities to include commodity groups, cooperatives and special programmes youth, women & people disabilities & veterans.
- Implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) to increase investment in the agricultural sector.
- Roll out of the Livestock Development Programme throughout meat industry value chain (meat processing, animal feed manufacturing & packaging facilities as part of single value chain).
- Promote Kgora Farmer Training Centre as the centre of excellence for farmer training in agricultural production and processing.
- Establishment of a centre of excellence for irrigation technology in Taung Agricultural College.

#### **Culture: Priority Projects**

Our culture is our heritage and our treasure. Culture infuses the three pillars and consolidates them to be one strong strategy for economic growth. Culture has the ability to turn raw material inputs such as leather and textiles which are agricultural products and in plentiful supply across Bokone Bophirima, into products appealing to the tourism market. Resultantly, the budget gives expression to the following:

- The Strategy to position Bokone Bophirima as SA's cultural heritage and to build sustainable arts economy that generates value for its participants and job opportunities;
- Establish youth development centers and strengthen existing ones in every ward for the purpose of Performing arts, craft and visual arts;
- Maximise the use of existing institutions and infrastructure such as Mmabana, Broadcasting and recording studios;
- Establishment of the Bokone Bophirima Arts Agency; and
- Build community libraries in areas such as Tshing, Sellhabena, Stella, etc.

#### **Tourism: Priority Projects**

A Re Yeng Bokone Bophirima will remain the provincial slogan to advertise Bokone Bophirima around the globe as a destination of choice, to showcase our rich culture, beautiful sceneries, rich history from our villages and townships and the mountains and valley. The Provincial tourism strategy shall be anchored amongst others on the following policy issues; ability to compete in the global tourist market, development of new tourism enterprises, growth and expansion of existing enterprises, job creation and provision of

efficient government service. In support to the tourism strategy, the budget makes provision for the following:

- Establishment and rehabilitation of Taung hotel school;
- Strategy to position North West from position 7th to 4th (out of the 9 Provinces) as a destination of choice in South Africa by 2020;
- Increase GDP contribution from 4 per cent to 6 per cent by 2020;
- Increase international arrivals from 606 000 to 1.2 million by 2020; and

### **Village Township and Small Dorpies (VTSD)**

Given the rural nature of the province, the Executive Council adopted the Villages, Townships and Small Dorpies (VTSD) approach to change the face and economic status of the province. At the heart of this approach is a multi-dimensional strategy to:

- Tackle the triple-challenges of poverty, inequality and unemployment in VTSD areas;
- 'Redress' the socio-economic and spatial imbalances of the past and give focused attention to holistic growth and development in the VTSD localities;
- Redirect government resource investment and priority expenditure to VTSD areas;
- Mobilize all key stakeholders across the board including the private sector to contribute to VTSD; and

### **Reconciliation, Healing and Renewal**

The Fifth Administration is committed to the nation-building initiatives. Reconciliation, healing and renewal initiatives intended to heal communities previously ravaged by divisions, tension and conflict across colour, racial, cultural, socio-economic, religious, class and historical lines. Amongst other as a priority RHR has found expression in the 2016 MTEF as follows:

- The hosting of community dialogues and social cohesion summits;
- organising of recreation events that foster unity and healing across class, racial and cultural divides while at the same time encouraging healthy lifestyles;
- Cultural and music festival aimed at forging nation-building and building cohesive communities.

### **Saamtrek-Saamwerk**

The Saamtrek-Saamwerk is an essential ingredient in ensuring that the province attains its key priorities. This philosophy calls for the development of key strategic partnership within and outside government with social and business partners to implement the policy of radical socio-economic transformation.

Through the Saamwerk-Saamtrek philosophy, departments will engage with private sector for purpose of leveraging funding from private sector.

The following are some of the projects that would be implemented through private sector investment initiatives:

- Traffic College and Weighbridges;
- Stadium, Convention Centre, Hotel and Government precinct;
- Airport where an investment in excess of R1.5 billion has already been confirmed.

### **Setsokotsane**

Setsokotsane is a whirlwind which makes impact where ever it passes without destruction. The Provincial Government adopted the Setsokotsane approach to service delivery with the objective to unlock and acceleration of service delivery in order to make impact on the quality of life. The budget does not make provision for dedicated allocation for Setsokotsane. Amongst others, Setsokotsane is aimed at achieving the following objectives:

- Talk to people (Bua le Puso, Saamtrek - Saamwerk);
- To educate people on Government programmes and assistance;
- Work with Municipality and Traditional leaders;
- Get advices from people;
- Visit Government projects;
- Assess the performance of Provincial and Local Government and intervene.

The department's Strategic Plans and Annual Performance Plans are actionable agenda with the aim to contribute to the realisation of the objectives of the National Development Plan, Medium Term Strategic Framework and Agriculture, Culture and Tourism (ACT) as three anchors of economic growth.

### **2.2 Aligning provincial budget to achieve government's prescribed outcomes**

The 2016 budget continues to focus expenditure on programmes and projects which are aligned to the policy objectives of government, including those set out in the National Development Plan and the 2014-2019 Medium Term Strategic Framework. The National Development Plan (NDP) is the long term national framework to increase the capacity of the country's economy to grow faster in order for the country to substantially reduce poverty and inequality. The provincial medium plans and the budget are in support of the NDP.

One of the objectives of the 2016 provincial budget process was to ensure that resources are allocated to meet National and Provincial priorities and to improve the quality and effectiveness of spending within sustainable fiscal limits.

The 2016 spending priorities over the medium term will continue to focus on education and skills development, health, social and economic infrastructure and to support job creation. These include improved infrastructure delivery and maintenance, better governance and improved efficiency and effectiveness in how the province delivers goods and services to its citizens with greater value for money.

Linked to the current fiscal constraints, the province gave efforts to contain compensation of employee's budgets. Resources were not made available for the expansion of funded posts over the MTEF period. Where non-critical funded posts have not been filled for an extended period of time funds were shifted to other priority areas.

## **2.3 Key Policy Objectives**

The provincial budget policy objectives which include programmes, projects and initiatives are as follows:

### **2.3.1 Fiscal sustainability**

#### **Containing growth in the Provincial Wage Bill**

The 2016 MTEF provides no funds for the expansion of the public-sector employment, hence the flexible moratorium on filling of position will be implemented to control and manage appointments. The province will only fill critical posts and core service delivery will continue to be protected. Where none-critical post remained unfunded for an extended period of time resources will be withdrawn to other key priorities.

In this fiscal constrained environment, it becomes imperative to contain compensation of employees as major cost driver of the budget. The Persal system will be locked for the appointment of employees and will be opened only after the necessary approval has been granted. This will be done by continuing efforts which will focus on improving the current efficiency initiatives as well as ensuring the effective utilisation of government resources.

#### **Improving Own Revenue Generation**

The current economic situation compels us to look for alternative strategies to increase revenue. The Provincial Revenue Enhancement Strategy (PRES) been rolled out with the view to maximize the provincial revenue envelope and this process has started. The focus will be on establishing motor vehicle licensing offices in Moretele and Hartebeespoort Dam, furthermore, the Department of Community Safety

and Transport Management has entered into agreement with SA Post offices for issuing of motor vehicle renewal licenses.

Furthermore, the investigation relating to the mining tax is still on the provincial agenda and the investigation would be concluded by end of April 2016.

The Department of Community Safety and Transport Management through its partnership with RTMC is looking at increasing the number of weighbridges and repairing existing ones to ensure that the province can monitor and regulate heavy load vehicles on the provincial roads.

Over the 2016 MTEF, North West Gambling Board is projecting to increase its own revenue, through a self-funding model agreed between the Board and the Department of Finance.

### **Cost cutting measures**

The province will continue to implement cost cutting measures, which are aimed at reducing expenditure on frills and nice to have and re-director these funds into key service delivery areas. Over and above the provincial cost cutting measures, the national Treasury has issued Instruction 01 on Cost Containment Measures which is also implemented by the province. Amongst others, the following items were targeted for the budget reduction in favor of essential spending items and priorities:

- Catering departmental activities.
- Travel and subsistence.
- Minor assets.
- Consumable: Stationery, printing and office supplies.
- Venues and facilities.
- Rental and hiring.
- Communication (G&S).

Transfers to public entities will be reduced, in particular to those entities that are not self-sustainable, have no cash reserves and are not performing. Furthermore, the province is investigating the possibility of merging some of the entities that appear to perform similar functions or collapse them into respective department's programmes.

### **2.3.2 Promoting Economic Growth**

The Provincial Government of Bokone Bophirima has identified Agriculture Culture and Tourism as the anchor of economic growth strategy and has adopted Radical Socio-Economic transformative and developmental concretises aimed at addressing the triple challenges of poverty, unemployment and

inequality within Bokone Bophirima Province. The 2016 budget further provides support to other sectors such as small business development and economic infrastructure.

### **Agriculture**

The Department of Rural, Environment and Agricultural Development among other priorities will improve land administration and spatial planning for integrated development in rural areas and smallholder farmer development and support (technical, financial, infrastructure) for agrarian transformation. Furthermore, substantial investment will be directed toward the establishment and sustainability of Agri Parks to ensure food security and to create job opportunity.

### **Culture**

The Department of Culture, Arts and Traditional Affairs will continue to play a pivotal role as one of the economy drivers of the Province in the 2016 MTEF. Investment will be directed towards areas that will promote cultural activities and attract people to the province. Amongst others, the department will promote and implement Mahika Mahikeng Music and Cultural festival, promote the Motswako and Setswana Cultural dance brands, establish recording studios in all districts as part of the rebranding, renewal and repositioning of Bokone Bophirima Province, and develop the calendar of events for Creative Industries in the province.

### **Tourism**

The department is in the verge of finalizing the Provincial Tourism Sector Strategy, Provincial Heritage and Culture Tourism Strategy and the Provincial Tourism Events Strategy which are aimed at promoting tourism in the province. The budget makes provision for the marketing and positioning of the province as a destination of choice which will result in economic support to industries that benefit from tourism. These industries includes amongst others, transportation services, such as airlines, and taxicabs; hospitality services, such as accommodations, including hotels and resorts; and entertainment venues, such as amusement parks, casinos, shopping malls, music venues and theatres.

The tourism industry also provides support to small businesses through the purchasing power of tourist. The sector supports the arts and craft markets which produces souvenirs, clothing and other supplies.

### **Support for the informal sector**

The informal sector is largely characterized by several qualities: easy entry, meaning anyone who wishes to join the sector can find some sort of work which will result in cash earnings; a lack of stable employer-employee relationships, a small scale of operations, and skills gained outside of a formal education. As a

developing country, South Africa, in particular Bokone Bophirima has a number of people in the informal sector.

Through the department of Rural, Environment and Agricultural Development (READ) and Economy and Enterprise Development (EED), the province continue to provide support to people participating in the informal sector and also to provide guidance and motivation for formalizing their operations. The allocation of READ makes provision for organizing flea markets where people participating in the informal sector advertise and sell their produce.

The province, through FEED and the Setsokotsane approach, is running massive campaigns to educate and assist people in the informal sector how they can maximize profit from their operations and the benefits they can derive from the formal sector. Furthermore, the province will continue with the registration of individual businesses and cooperatives. To this end, 376 Cooperatives has been registered.

### **Infrastructure**

The Provincial Treasury will continue with the institutionalization of the Bokone Bophirima Infrastructure Delivery Management System (IDMS Framework) within provincial departments and the Shared Services Model with the objective of guiding the functionality and coordination of infrastructure governance structures, procurement as well as integrated planning and delivery in the province, not limited to municipalities.

This has culminated with the establishment of strategic and technical supporting Infrastructure coordinating structures on provincial and municipal levels as well as Provincial Infrastructure Coordinating Committee (PICoCo). The objective of PICoCo is to coordinate, oversee and enhance integrated planning and implementation on both municipal and provincial levels.

Given the importance on infrastructure in developing the economy, Treasury will continue with monitoring and enforce compliance and reporting on progress with Human Resource Capacitation of the built environment professionals in order to ensure the availability of relevant skills across departments.

The province will embark on the massive infrastructure investment which will be funded through the public finance and also the private sector. The 2016 MTEF allocations make provision for the construction of schools with more emphasis on boarding school, construction and maintenance of health facilities, libraries and Traditional Authority offices. The private sector funding will be sourced to finance amongst others the construction of the Traffic College, and upgrading of convention centre and Mahikeng airport.

### **2.3.3 Improve education outcomes and opportunities for youth development**

#### **Education**

While the province is doing well in term of matric pass rate, there is still a concern with regards to the number of young people with formal qualifications. In 2014, only 40 per cent of young people had senior certificates and 53 per cent have tertiary education. There are number of programmes funded in the 2016 MTEF budget which are geared towards addressing the challenge in relation to the level of education in the province.

Amongst others, the budget makes provision of the following key focus areas in pursuit to improve the level of education in the province:

- To improve the quality of early childhood development to all Grade R learners.
- Implementation of Teacher Development programmes in the 2016/17 financial year and beyond in order to strengthen capacity on content and professionalism in the classroom.
- Establishment of Kgetsi Ya Tsie Busary scheme to assist learners to further their studies at higher learning institutions.
- Create conducive environment for teaching and learning through the provision of adequate sanitation at schools by building toilets that provide acceptable levels of hygiene especially those that attend rural schools.
- Provision of high quality learner and teacher support materials as well as workbooks for grades R to 9 has been catered for and will be supported by additional funding from the conditional grants.
- Provision of assistive devices and other relevant equipment to full Service and special schools and also enrolment of learners with barriers in full service and mainstream schools.

### **2.3.4 Promoting health**

#### **Health**

Over the MTEF the department is allocated R30.8 billion for the delivery of district health Services (DHS), primary health care services (PHC), hospital services, forensic pathology services, emergency medical services and central and tertiary health services to uninsured population of the Province. To increase life expectancy to at least 70 years the department is progressively implementing programmes and systemic interventions that focuses on decreasing the prevalence of MDR-TB, reducing the number of new cases of HIV, expanding access to ART for people living with HIV/ AIDS and scaling up access to treatment care and support services in households.

This includes, amongst others: -

- Increasing the number of HIV positive people who are on treatment
- Improving TB treatment outcomes
- Increasing access to a preventive package of Sexual and Reproductive Health (SRH) services, including medical male circumcision and provision of both male and female condoms
- Expanding the PMTCT coverage to pregnant women by ensuring all HIV positive Antenatal clients are placed on ARVs and reducing the positivity rate to below 1 per cent;
- Maximize opportunities for testing and screening to ensure that everyone in South Africa is tested for HIV and screened for TB at least annually
- Expanding the implementation of the Campaign for Accelerated Reduction of Maternal Mortality in Africa (CARMMA)
- Improve quality of antenatal and postnatal care
- Achieve an 80 per cent HPV immunization coverage of Grade 4 learners
- Reduce maternal mortality ratio
- Increase community households involvement in security and promoting the health of children

The policy provisions of ART have been revised to cater for all clients with CD counts of 500 and below. This has been changed from the previous level which was at 350 CD counts. In addition, there are seventy eight (78) mobile clinics and thirty three (33) of these are already initiating patients on ART.

### **2.3.5 Social protection**

#### **Social Development**

Social ills remain one of the paramount challenges of our community and concern for the Fifth Administration. As alluded in the preceding “Provincial Economic Outlook” section, the number of people with disabilities has increased drastically over the past 10 years from just less than a hundred thousand to over five hundred thousand. Children in child-headed households live in conditions that are on average worse than those in mixed-generation households and are bound to remain in poverty and more vulnerable to social ills.

The Department of Social Development will increase access to care, support and protection services to children and Older Persons, increase access to care, protection and empowerment services to Persons with Disabilities, increase access to integrated services that mitigate the impact of HIV & AIDS on individuals, families and communities and provide material assistance to people who experience undue hardships or disasters.

Furthermore, the 2016 MTEF allocation makes provision for the operationalization of the newly completed centers namely, Witrand Substance Abuse, Taung Old Age Home and Taung Substance Abuse as an intervention to the current social ills. Child-headed families have been profiled and through the intervention of social workers, they are referred to the relevant stakeholders in line with their needs. For example, those who are under age are referred to the Child and Youth Care Centres and the ones without IDs and birth certificate assisted through the Department of Home Affairs.

### **2.3.6 Transforming human settlement**

#### **Local Government and Human Settlements**

The Department of Local Government and Human Settlements will continue to support and promote improved human settlement planning by municipalities and intensify its monitoring of housing delivery to ensure value for money. Through the institutionalization of the Shared Service Model, the province will ensure integrated planning and delivery of houses while unblocking bottle necks that previously hampered delivery.

Over the medium term the province will support municipalities with the establishment and functionality of good governance and administration structures such as performance audit committees, internal audit units, municipal public accounts committees, ward committees, project management units, policies and by-laws, support plans in respect of skills and organizational development and local labour forums and public participation plans.

#### **Summary of budget aggregates**

Table 2.1 below shows the overall provincial budget performance between the receipts and total payments over a period of seven years (2012/13- 2018/19). The table also provides the details of the financing items and amounts to provide the net position of the province for each financial year. The financial performance for 2012/2013 to 2014/15 is based on the audited receipts and payments, while the performance for 2015/16 is at 31<sup>st</sup> December 2015. From 2016/17 to 2018/19 is the budget estimates over the MTEF period.

## 2016/17 Estimates of Provincial Revenue and Expenditure

Table 2.1: Summary of budget aggregates

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R'000</b>									
<b>Provincial receipts</b>									
Transfer receipts from national	25 745 124	27 900 049	30 535 880	33 092 891	33 339 303	33 339 303	35 103 304	37 370 898	39 840 185
Equitable share	20 805 846	22 910 363	24 872 682	26 150 635	26 397 047	26 397 047	28 062 307	30 361 426	32 311 062
Conditional grants	4 939 278	4 989 686	5 663 198	6 942 256	6 942 256	6 942 256	7 040 997	7 009 472	7 529 123
Provincial own source receipts	1 124 407	934 826	961 452	1 031 528	1 018 528	1 018 528	1 121 946	1 197 756	1 266 558
<b>Total provincial receipts</b>	<b>26 869 531</b>	<b>28 834 875</b>	<b>31 497 332</b>	<b>34 124 419</b>	<b>34 357 831</b>	<b>34 357 831</b>	<b>36 225 250</b>	<b>38 568 654</b>	<b>41 106 743</b>
<b>Provincial payments</b>									
Current payments	19 685 569	22 970 099	24 258 049	25 691 698	26 034 503	26 377 665	28 438 414	30 616 316	32 741 458
Transfers and subsidies	3 772 227	3 803 044	5 098 280	5 208 886	5 313 412	5 485 853	5 607 453	5 702 181	5 988 989
Payments for capital assets	1 446 599	2 967 769	2 262 595	3 323 835	3 534 730	3 494 907	2 182 905	2 252 013	2 378 263
Payments for financial assets	645	855	346	-	-	171	-	-	-
<i>Of which: Unallocated contingency reserve</i>	-	-	-	-	-	-	-	-	-
<b>Total payments</b>	<b>24 905 040</b>	<b>29 741 767</b>	<b>31 619 270</b>	<b>34 224 419</b>	<b>34 882 645</b>	<b>35 358 596</b>	<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>
<b>Surplus/(deficit) before financing</b>	<b>1 964 491</b>	<b>(906 892)</b>	<b>(121 938)</b>	<b>-100 000</b>	<b>(524 814)</b>	<b>(1 000 765)</b>	<b>-3 522</b>	<b>-1 856</b>	<b>-1 967</b>
<b>Unallocated amounts</b>									
Provincial roll-overs	90 307	170 416	150 416	-	38 936	38 936	-	-	-
National roll-overs	266 462	286 685	265 103	-	161 748	161 748	-	-	-
Donor funding	-	-	-	-	-	-	3 522	1 856	1 967
Other funding	-	-	514 234	100 000	324 130	324 130	-	-	-
Previous surplus	-	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) after financing</b>	<b>2 321 260</b>	<b>(449 791)</b>	<b>807 815</b>	<b>-</b>	<b>-</b>	<b>(475 951)</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above table demonstrates a prudent cash and budget management as the province has spent very close to the budget for the past few years as it is also reflected by the positive provincial bank balance.

In 2015/16 the budget was adjusted by R658.226 million. Included in this amount is the increase on own revenue by R12 million from Gambling Board, donations of R80.499 million, rollover of R200.684 million (conditional grants and equitable share), additional amount of R246.412 million for equitable share from National. An additional amount of R217.269 million was received from various departments as result of reprioritisation and the funds were redirected to various departments experiencing budget pressures.

Overall the provincial budget grows by a minimum growth of 3.8 per cent or from R34.8 billion in 2015/16 to R36.229 billion in 2016/2017 and over the MTEF it grows by 5.6 per cent. The detailed analysis of the provincial receipts and payments is discussed in sections below namely, receipts and payments.

## 2.1 Financing

Table 2.1 above indicates that an amount of R100 million was allocated for the resuscitation of Mahikeng and Pilanesburg airline routes in 2015/16. Furthermore, during the adjustment budget an amount of R217 million was identified through reprioritization from various departments and redirected to other key provincial priorities such as roads upgrade projects. Over the MTEF the province will be tabling a balanced budget.

## 3. Budget Process and the Medium- Term Expenditure Framework

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The budget process aims to ensure that resources are allocated to priorities and that government spending remains within sustainable fiscal limits.

The 2015 MTEF budget consolidation is as result of extensive and vigorous consultations process which includes amongst others, intergovernmental engagements (both at national and provincial level, Executive Committee (EXCO), Provincial Treasury, National Treasury, Budget Council, Financial and Fiscal Commission (FFC), Provincial Departments, the Provincial Medium Term Expenditure Committee (MTEC) as well as various Makgotlas (EXCO Lekgotla and Provincial Budget Lekgotla).

The 2016 departmental budget's focused on programmes and projects which are aligned with the policy objectives of government, including those set out in the National Development Plan, the 2014-2019 Medium Term Strategic Framework and the five developmental concretes namely; Agriculture, Culture and Tourism (ACT), Villages, Township and Small Dorpies (VTSD), Rebranding, Healing and Renewal (RHR), Saamtrek- Saamwerk and Setsokotsane.

The guiding principles and fiscal objectives for the 2016 budget process were the following:

- *Fiscal sustainability*: maintaining stability in key government programmes and managing risks in a constrained economic and fiscal environment.
- *Promoting allocative efficiency*: achieving an allocation of resources that reflects the priorities of government on the basis of evidence of programme effectiveness.
- *Value for money*: providing public services in a way that reduces costs of providing goods and services while maintaining quality, producing more with less and achieving results (economy, efficiency and effectiveness).

The Provincial Treasury will continue to ensure that the alignment of resources to the key government objectives is achieved and also ensure that departments exercise prudent, efficiency and effectiveness in the utilization of limited public resources.

## 4. Receipts

### 4.1 Overall Position

The provincial fiscal framework consists of sources of funding from national government which are (equitable share and conditional grants) and provincial own receipts. Table 4.1 below shows the total provincial fiscal framework of R115.908 billion over the MTEF, with transfer from national amounting to R112.314 billion and provincial own receipts amounting to R3.586 billion. In 2016/2017 the total provincial fiscal framework is R36.229 billion, with equitable share increasing by 6.3 per cent, conditional grants declining by 0.9 per cent and provincial own receipts increasing by 10.2 per cent.

Table 4.1: Summary of the provincial fiscal framework

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R'000</b>									
Transfer receipts from national	25 745 124	27 900 049	30 535 880	33 092 892	33 339 303	33 339 303	35 103 304	37 370 898	39 840 185
Equitable share	20 805 846	22 910 363	24 872 682	26 150 636	26 397 047	26 397 047	28 062 307	30 361 426	32 311 062
Conditional grants	4 939 278	4 989 686	5 663 198	6 942 256	6 942 256	6 942 256	7 040 997	7 009 472	7 529 123
financing	90 307	170 416	929 753	100 000	363 066	363 066	3 522	1 856	1 967
Other (Donor)									
<b>Total Treasury Funding</b>	<b>25 835 431</b>	<b>28 070 465</b>	<b>31 465 633</b>	<b>33 192 892</b>	<b>33 702 369</b>	<b>33 702 369</b>	<b>35 106 826</b>	<b>37 372 754</b>	<b>39 842 152</b>
Tax receipts	629 044	376 361	499 068	521 974	533 974	533 974	576 309	622 286	667 933
Sales of goods and services other than capital assets	286 188	353 143	299 390	352 816	349 816	349 816	368 505	390 153	406 783
Transfers received from:	-	-	590	-	-	-	-	-	-
Fines, penalties and forfeits	12 637	17 739	14 318	18 067	17 916	17 916	18 996	19 974	21 120
Interest, dividends and rent on land	179 761	172 775	124 020	115 235	90 235	90 235	128 698	134 181	138 822
Sales of capital assets	3 600	192	5 913	8 160	11 160	11 160	10 895	10 734	10 299
Financial transactions in assets and liabilities	13 177	14 616	18 153	15 276	15 427	15 427	18 543	20 428	21 601
<b>Total Provincial Receipts</b>	<b>1 124 407</b>	<b>934 826</b>	<b>961 452</b>	<b>1 031 528</b>	<b>1 018 528</b>	<b>1 018 528</b>	<b>1 121 946</b>	<b>1 197 756</b>	<b>1 266 558</b>
<b>Total departmental own source receipts</b>	<b>26 959 838</b>	<b>29 005 291</b>	<b>32 427 085</b>	<b>34 224 420</b>	<b>34 720 897</b>	<b>34 720 897</b>	<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>

### 4.2 Equitable Share

The equitable share is the main source of revenue for meeting the provincial expenditure responsibilities. The provincial equitable share makes up 80 per cent of the transfer that the province receives from national. The equitable share formula is largely population driven, resulting in the allocations capture shifts in population across provinces leading to changes in the relative demand for public services across these areas.

The data used in the formula is updated on an annual basis to ensure that the formula remains responsive to the population and service delivery changes.

In terms of section 214 of the Constitution, the equitable division of revenue raised nationally among the three spheres of government, is unconditional. Although the division is based on the equitable shares, provinces have the prerogative to allocate funds in line with their specific provincial priorities. The formula has components and weighting namely, Education component [48 per cent, based on the school age cohort (5-17 years) and school enrolment data], Health component (27 per cent, based on the output data from the health sectors and the risk-adjusted capitation index based on data from the Risk Equalization Fund), Basic share (16 per cent, based on the province's share of national population), Poverty (3 per cent, grounded on the level of poverty in the province), Economic (1 per cent, based on the Regional Gross Domestic Product data) and Institutional component (5 per cent, distributed equally amongst all nine province).

The equitable share grows by 6.3 per cent or R1.665 billion from the adjusted equitable share of R26.397 billion in 2015/2016 to R28.062 billion in 2016/2017. Over the MTEF equitable share transfers to the province grows by an average of 7 per cent.

#### **4.3 Conditional Grants**

Taking cognizance of the deteriorating global conditions and a weaker domestic economic outlook, the conditional grants allocations to the province has been reduced. However, reductions have been carried out in a manner that protects essential service delivery programmes. Conditional grants that address key social services have been protected, especially in Education and Health.

The table 4.2 below provides more details on provincial conditional grants per departments. Conditional Grants declines by 0.9 per cent, from an adjusted appropriation of R7.104 billion to R7.041 billion in 2016/17, it recover to grow by 7.4 per cent in 2018/19. The allocation for conditional grants can be used effectively to support Village, Township and Small Dorpies economy, as well as Agriculture, Culture and Tourism as the pillars of economic growth.

## 2016/17 Estimates of Provincial Revenue and Expenditure

Table 4.2: Provincial summary of conditional grants

Department/Grant	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	
	Amount Received			Amount Received	Provincial Roll overs	Total Available	Estimated Actual Payments	Medium Term Expenditure Estimates		
<b>Agriculture, Forestry and Fisheries</b>	<b>208 834</b>	-	<b>233 612</b>	-	<b>7 667</b>	<b>7 667</b>	<b>261 041</b>	<b>238 327</b>	<b>255 144</b>	<b>272 484</b>
Agricultural Disaster Management Grant	-	-	-	-	-	-	-	-	-	-
Comprehensive Agricultural Support Programme Grant	155 277	-	179 410	7 667	7 667	202 733	171 258	183 867	197 073	
Ilima/Letsema Projects Grant	42 000	-	46 062	-	-	50 337	59 448	63 178	66 843	
Land Care Programme Grant: Poverty Relief and Infrastructure Development	11 557	-	8 140	-	-	7 971	7 621	8 099	8 568	
<b>Arts and Culture</b>	<b>64 973</b>	<b>64 058</b>	<b>98 883</b>	-	<b>17 833</b>	<b>17 833</b>	<b>147 929</b>	<b>136 494</b>	<b>143 402</b>	<b>151 464</b>
Community Library Services Grant	64 973	64 058	98 883	-	17 833	17 833	147 929	136 494	143 402	151 464
<b>Basic Education</b>	<b>880 552</b>	-	-	-	<b>110 532</b>	<b>110 532</b>	<b>1 538 560</b>	<b>1 426 161</b>	<b>1 403 523</b>	<b>1 483 902</b>
Dinaledi Schools Grant	10 568	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant	507 200	-	-	96 516	96 516	1 091 623	971 989	925 164	977 799	
HIV and Aids (Life Skills Education) Grant	15 616	-	-	4 794	4 794	22 325	16 629	17 825	18 858	
National School Nutrition Programme Grant	329 301	-	-	-	-	381 566	402 789	422 928	447 458	
Occupation Specific Dispensation for Education Sector Therapists Grant	-	-	-	-	-	446	-	-	-	-
Technical Secondary Schools Recapitalisation Grant	17 867	-	-	-	-	-	-	-	-	-
Maths, Science and Technology Grant	-	-	-	9 222	9 222	42 600	34 754	37 606	39 787	
<b>Cooperative Governance and Traditional Affairs</b>	-	-	-	-	-	-	-	-	-	-
Provincial Disaster Grant	-	-	-	-	-	-	-	-	-	-
<b>Health</b>	<b>1 549 588</b>	<b>1 649 409</b>	<b>1 688 909</b>	<b>2 938</b>	<b>18 512</b>	<b>18 512</b>	<b>2 083 699</b>	<b>1 980 161</b>	<b>2 174 639</b>	<b>2 390 622</b>
Comprehensive HIV and Aids Grant	685 204	825 302	836 938	-	-	-	1 012 984	1 127 523	1 295 768	1 455 157
Forensic Pathology Services Grant	-	-	-	-	-	-	-	-	-	-
Health Disaster Response (Cholera) Grant	-	-	-	-	-	-	-	-	-	-
Hospital Facility Revitalisation Grant	544 597	496 121	500 121	-	17 678	17 678	713 082	480 434	491 371	512 226
of which	-	-	-	-	-	-	-	-	-	-
Health infrastructure component	112 790	-	-	-	-	-	-	-	-	-
Hospital Revitalisation component	423 127	496 121	500 121	-	-	-	-	-	-	-
Nursing Colleges and Schools component	8 680	-	-	-	-	-	-	-	-	-
Health Professions Training and Development Grant	93 522	98 666	104 586	-	-	-	106 970	111 565	118 552	125 428
National Tertiary Services Grant	211 765	224 470	237 264	-	-	-	242 625	253 096	268 948	284 547
National Health Insurance Grant	11 500	4 850	7 000	-	834	834	8 038	7 543	-	-
<b>Higher Education and Training</b>	-	-	-	-	-	-	-	-	-	-
Further Education and Training College Sector Grant	-	-	-	-	-	-	-	-	-	-
<b>Human Settlements</b>	<b>1 050 993</b>	<b>1 341 537</b>	<b>1 517 136</b>	-	-	-	<b>2 063 131</b>	<b>2 151 817</b>	<b>1 926 133</b>	<b>2 050 923</b>
Housing Disaster Relief Grant	-	-	-	-	-	-	-	-	-	-
Human Settlements Development Grant	1 050 993	1 341 537	1 517 136	-	-	-	2 063 131	2 151 817	1 926 133	2 050 923
<b>Public Works</b>	<b>218 193</b>	<b>58 232</b>	<b>33 386</b>	-	-	-	<b>64 315</b>	<b>93 074</b>	<b>17 364</b>	<b>25 884</b>
Devolution of Property Rate Funds Grant to Provinces	178 185	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Incentive Grant for Provinces	11 347	17 036	6 611	-	-	-	33 061	51 021	-	-
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	28 661	41 196	26 775	-	-	-	31 254	42 053	17 364	25 884
Health	17 004	24 765	16 775	-	-	-	12 332	12 542	-	-
Community Safety and Transport Management	-	-	-	-	-	-	1 000	-	-	-
Education and Sports Development	-	-	-	-	-	-	9 634	13 637	-	-
Social Development	11 657	16 431	10 000	-	-	-	8 288	15 874	17 364	25 884
<b>Social Development</b>	-	-	-	-	-	-	<b>18 018</b>	-	<b>14 238</b>	<b>17 708</b>
Substance Abuse Treatment Grant	-	-	-	-	-	-	18 018	-	14 238	17 708
<b>Sport and Recreation South Africa</b>	-	-	-	-	<b>6 186</b>	<b>6 186</b>	<b>46 938</b>	<b>46 514</b>	<b>49 377</b>	<b>52 195</b>
Mass Participation and Sport Development Grant	-	-	-	-	6 186	6 186	46 938	46 514	49 377	52 195
<b>Transport</b>	<b>675 475</b>	<b>725 005</b>	<b>791 388</b>	-	-	-	<b>880 373</b>	<b>968 449</b>	<b>1 025 652</b>	<b>1 083 941</b>
Gautrain Rapid Rail Link Grant	-	-	-	-	-	-	-	-	-	-
Provincial Roads Maintenance Grant	594 789	639 923	701 070	-	-	-	788 060	867 524	918 698	971 989
Public Transport Operations Grant	80 686	85 082	90 318	-	-	-	92 313	100 925	106 954	111 952
<b>Total National Conditional Grants</b>	<b>4 648 608</b>	<b>3 838 241</b>	<b>4 363 314</b>	<b>2 938</b>	<b>160 730</b>	<b>160 730</b>	<b>7 104 004</b>	<b>7 040 997</b>	<b>7 009 472</b>	<b>7 529 123</b>

## Agriculture

**Comprehensive Agricultural Support Programme:** R171.258 million is allocated in 2016/17 and it increases to R197.073 million in 2018/19. This allocation is to provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land reform, restitution and redistribution and other black producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or involved in exports.

**Illima/Letsema Projects:** an amount of R59.448 million in 2016/17 is set aside to assist vulnerable provincial farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production.

**Land Care Programme Grant:** which aims to promote sustainable use and management of natural resources, leading to greater productivity, food security and job creation, R24.288 million is allocated over the MTEF.

## Arts and culture grant

**Community Library Services Grant:** an amount of R136.494 million is set aside in 2016/17 to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalized programme at provincial level in support of local government and national initiatives.

## Basic education grants

**HIV and Aids (Life Skills Education) Grant:** an amount of R5.3 million in 2016/17 is allocated amongst others to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment for learners and educators.

**National School Nutrition Programme Grant:** R402.789 million in 2016/17 is set aside to provide nutritious meals to targeted schools and to enhance learning capacity and improve access to education.

**Mathematics, Science and Technology Grant:** an amount of R34.754 million in 2016/17 is allocated to improve access, equity, efficiency and quality Mathematics, Science and Technology (MST) education in the country by providing support and resources to schools, teachers and learners for the improvement of MST teaching and learning at selected public schools.

**Education Infrastructure Grant:** for the education infrastructure in the province an amount of R971.989 billion is allocated in 2016/17. This will ensure that the department eradicate all inappropriate school infrastructures and provide water, sanitation and electricity to schools.

## Health grants

**Comprehensive HIV and Aids Grant:** R1.128 billion in 2016/17 is set aside to enable the health sector to develop and implement an effective response to HIV and AIDS and TB and to support the national Department of Health (DoH) with the President's Emergency Plan for AIDS Relief (PEPFAR) transition process.

**Hospital Facility Revitalization Grant:** an amount of R480.434 million in 2016/17 is allocated to this grant to help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organizational development systems and quality assurance.

**National Tertiary Services Grant:** R253.096 million in 2016/17 is allocated to ensure provision of tertiary health services and to compensate tertiary facilities for the additional costs associated with provision of these services.

**Health Professions Training and Development Grant:** to service costs associated with clinical teaching and training of health science trainees on the public service platform an amount of R111.565 million is allocated in 2016/17.

## Human settlements grant

**Human Settlement Development Grant:** an amount of R2.152 billion in 2016/17 is allocated and it increase to R3.977 billion in the two outer years. The purpose of the grant is to provide funding for the creation of sustainable and integrated human settlements in the province.

## Public works grants

An amount of R51.021 million in 2016/17 is set aside to incentivize the department to expand work creation efforts through the use of labour intensive delivery methods through the **Expanded Public Works Programme Integrated Grant**.

## Sport and Recreation

**Mass Participation and Sport Development Grant:** The aim of the grant is to facilitate sport and recreation participation and empowerment in partnership with relevant stakeholders. An amount of R148.086 million is allocated over the MTEF.

## Transport grants

**Provincial Roads Maintenance Grant:** R867.524 million is allocated in 2016/17 to ensure that the province supplement investments and support preventative, routine and emergency maintenance on provincial road networks; to ensure provinces implement and maintain road asset management systems and promote the use of labour-intensive methods in road maintenance.

## 4.4 Total Provincial Own Receipts

The Table 4.3 below depicts summary of the provincial own receipts by economic classifications between 2012/2013 and 2018/2019. Motor vehicle licenses, Casino taxes, Horse racing taxes and Liquor licenses are the largest component of own receipts and they contribute 52.5 per cent of the own receipts in 2016/17.

The next major revenue category is Sales of goods and services other than capital assets, particularly Health patient fees, followed by Interest, dividends and rent on land, Fines, penalties and forfeits, Financial transactions in assets and liabilities and Sales of capital assets which comprise of 47.5 per cent.

Table 4.1: Summary of the provincial fiscal framework

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R'000</b>									
Transfer receipts from national	25 745 124	27 900 049	30 535 880	33 092 892	33 339 303	33 339 303	35 103 304	37 370 898	39 840 185
Equitable share	20 805 846	22 910 363	24 872 682	26 150 636	26 397 047	26 397 047	28 062 307	30 361 426	32 311 062
Conditional grants	4 939 278	4 989 686	5 663 198	6 942 256	6 942 256	6 942 256	7 040 997	7 009 472	7 529 123
financing	90 307	170 416	929 753	100 000	363 066	363 066	3 522	1 856	1 967
Other (Donor)									
<b>Total Treasury Funding</b>	<b>25 835 431</b>	<b>28 070 465</b>	<b>31 465 633</b>	<b>33 192 892</b>	<b>33 702 369</b>	<b>33 702 369</b>	<b>35 106 826</b>	<b>37 372 754</b>	<b>39 842 152</b>
Tax receipts	629 044	376 361	499 068	521 974	533 974	533 974	576 309	622 286	667 933
Sales of goods and services other than capital assets	286 188	353 143	299 390	352 816	349 816	349 816	368 505	390 153	406 783
Transfers received from:	-	-	590	-	-	-	-	-	-
Fines, penalties and forfeits	12 637	17 739	14 318	18 067	17 916	17 916	18 996	19 974	21 120
Interest, dividends and rent on land	179 761	172 775	124 020	115 235	90 235	90 235	128 698	134 181	138 822
Sales of capital assets	3 600	192	5 913	8 160	11 160	11 160	10 895	10 734	10 299
Financial transactions in assets and liabilities	13 177	14 616	18 153	15 276	15 427	15 427	18 543	20 428	21 601
<b>Total Provincial Receipts</b>	<b>1 124 407</b>	<b>934 826</b>	<b>961 452</b>	<b>1 031 528</b>	<b>1 018 528</b>	<b>1 018 528</b>	<b>1 121 946</b>	<b>1 197 756</b>	<b>1 266 558</b>
<b>Total departmental own source receipts</b>	<b>26 959 838</b>	<b>29 005 291</b>	<b>32 427 085</b>	<b>34 224 420</b>	<b>34 720 897</b>	<b>34 720 897</b>	<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>

Table 4.1 above shows that tax receipts increase from R533.974 million in 2015/16 to R576.309 million in 2016/17 and it further grows to R667.933 million in 2018/19 with the main revenue contributor being Motor vehicle licenses, Casino taxes, Horse racing taxes and Liquor licenses. The increase is as a result of higher than anticipated increases in the applications for learners' licenses and the renewal of drivers' licenses in the department of Community Safety & Transport Management and also Casino taxes in Gambling Board as a result of implementation of self-funding model to create a most effective alternative funding for the operations of the Board and further assist to achieve the intentions of regulating gambling in the province.

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Other major own revenue contributor is Interest, dividends and rent on land, which fluctuates over the seven-year period. This revenue is largely accrued from interest from Inter-Government Cash Co-ordination (IGCC) and Pay Master-General (PMG) accounts. The main elements of the revenue accrued from this source are cash balances and the prevailing interest rates.

Table 4.4 below depicts summary of provincial own receipts per department from 2012/13 to 2018/19. The most significant revenue contributors in the province are the department of Community Safety and Transport Management, Economy and Enterprise Development, Finance, Health, Public Works and Roads. The other departments remain small contributors even though their collections have demonstrated growth over the seven-year period.

Table 4.4: Summary of provincial own receipts by vote

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R'000</b>									
Office of the Premier	279	1 569	589	320	320	320	330	350	368
Provincial Legislature	-	-	-	-	-	-	-	-	-
Health	56 729	56 385	64 660	69 250	69 250	69 250	73 058	76 711	80 547
Cultural, Arts and Traditional Affairs	1 151	945	992	1 148	1 148	1 148	1 263	1 389	1 458
Community Safety and Transport Management	569 666	384 013	576 025	625 113	625 113	625 113	656 367	689 185	723 644
Economy and Enterprise Development	94 925	101 871	108 102	123 895	135 895	135 895	158 320	183 392	203 576
Finance	188 806	176 557	124 810	111 739	86 739	86 739	124 887	130 179	134 588
Education and Sports Development	15 471	16 227	17 159	17 898	17 898	17 898	18 798	19 738	20 725
Local Government and Human Settlements	1 036	2 442	2 197	1 394	1 394	1 394	1 436	1 685	1 769
Tourism	-	-	-	204	204	204	114	42	44
Public Works and Roads	188 209	184 387	54 050	60 835	60 835	60 835	66 919	73 607	77 287
Social Development	595	706	1 004	1 534	1 534	1 534	1 611	1 692	1 777
Rural, Environment and Agricultural Development	7 540	9 724	11 864	18 198	18 198	18 198	18 843	19 786	20 775
<b>Total departmental own source receipts</b>	<b>1 124 407</b>	<b>934 826</b>	<b>961 452</b>	<b>1 031 528</b>	<b>1 018 528</b>	<b>1 018 528</b>	<b>1 121 946</b>	<b>1 197 756</b>	<b>1 266 558</b>

**Community Safety and Transport Management:** The department's revenue budget over the seven-year period continues to grow from R569.666 million in 2012/13 to R723.644 million in 2018/19 and it remains the major contributor of own revenue in the province. The increase can be attributed to the growth in vehicle population and higher than anticipated application of new and the renewal of motor licenses.

Revenue generated from Motor vehicle licenses increases from R398.199 million in 2015/16 to R418.109 million in 2016/17. This is as a result of the establishing motor vehicle licensing offices in Moretele and Hartebeespoort Dam and the agreement with SA Post offices for issuing of motor vehicle renewal licenses.

**Economy and Enterprise Development:** the department collects substantial provincial own revenue from Casino taxes and Horse racing taxes through the North West Gambling Board. The 2015/16 revised estimates of R132.021 million represents a substantial increase when compared to the 2014/15 outcomes of R104.913 million. This is as a result of implementation of self-funding model to create a most effective

alternative funding for the operations of the Board and further assist to achieve the intentions of regulating gambling in the province.

#### **4.5 Donor Funding**

In 2015/16 financial year the **Office of the Premier** received a donation of R2.106 million of total sponsorship of R60 million from the Construction Education and Training Authority towards study fees for 100 students.

The **Department of Health** received a donation from Netcare of R438 000 for the two Emergency Medicine Registrar posts to be activated in Dr. Kenneth Kaunda during the 2015/16 adjustment budget and it will be maintained for four years.

Donations to the **Department of Community Safety and Transport Management** of R40 million and R35 million was received from the Road Traffic Management Corporation (RTMC) for construction of a weighbridge in Lichtenburg and for implementation of Road Safety and Road Traffic activities in 2015/16 financial year.

## **5. Payments**

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### **5.1 Overall Position**

The 2016 MTEF budget has being consolidated under a constrained fiscal environment which has resulted in nationally reducing equitable share and conditional grants funding. In order to maintain service delivery and to absorb the reductions, the provincial departments were instructed, with the Executive Committee support to continue to reprioritise within the existing baselines and also cut on non-essential spending items and projects.

The total provincial payments increased from R24.964 billion in 2012/13 to R34.883 billion in 2015/16, over the MTEF it increased to R41.107 billion or by 6.6 per cent. Year-on-year the budget grows by 3.8 per cent or to R36.229 billion.

Departments were also advised that cash and budget management is tightened in order to reduce fiscal risks and that spending must be closely monitored to ensure that spending is within the budget and that accruals are reduced.

## 5.2 Payments by Vote

Table 5.1 below depicts the summary of provincial payments and estimates per Vote.

Table 5.1: Summary of payments and estimates by Vote

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	MTEF		
Office Of The Premier	315 574	402 841	522 678	564 065	629 321	628 140	492 243	527 549	560 711
Provincial Legislature	185 779	210 708	280 844	273 019	305 500	311 313	349 435	399 484	424 642
Health	7 020 834	8 393 477	8 372 853	8 904 071	9 083 705	9 436 890	9 460 530	10 300 672	11 047 239
Culture, Arts And Traditional Affairs	401 064	450 970	514 094	628 639	654 157	664 157	659 665	717 420	762 489
Community Safety And Transport Management	1 333 344	1 388 534	1 538 857	1 831 742	1 881 742	1 895 508	1 851 672	1 971 736	2 085 431
Economy And Enterprise Development	172 816	221 296	253 850	255 096	310 096	310 096	302 685	337 000	366 907
Finance	261 235	391 185	421 085	486 002	456 002	456 002	485 643	508 287	535 483
Education And Sports Development	10 392 958	11 665 539	12 065 295	13 432 321	13 619 859	13 691 860	14 331 224	15 283 047	16 258 437
Local Government And Human Settlements	1 362 901	1 754 482	2 189 675	2 516 024	2 519 750	2 519 750	2 645 675	2 460 464	2 619 622
Tourism	57 578	80 266	138 305	214 928	214 928	214 928	229 261	248 847	263 800
Public Works And Roads	1 548 722	2 654 570	2 934 376	2 566 374	2 670 543	2 706 395	2 720 913	2 904 900	3 082 873
Social Development	922 173	1 048 717	1 218 083	1 334 112	1 336 349	1 336 349	1 414 986	1 527 345	1 632 487
Rural, Environment And Agricultural Development	923 443	1 072 012	1 169 275	1 218 025	1 200 692	1 183 288	1 284 840	1 383 759	1 468 589
<b>Total</b>	<b>24 898 421</b>	<b>29 734 597</b>	<b>31 619 270</b>	<b>34 224 418</b>	<b>34 882 644</b>	<b>35 354 676</b>	<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>

Table 5.1 above summarises the provincial payments and estimates per Vote from 2012/13 to 2018/19. Over the MTEF the expenditure trend reveals that most department's budget are set to increase from the 2015/16 revised estimate against the backdrop of the fiscal constrained economy. However, the budget for the Office of the Premier, Community Safety and Transport Management and Economy & Enterprise Development reflect a decrease of 38.2 per cent, 1.6 per cent and 2.4 per cent respectively. This is as a result of the once-off funding in 2015/16 adjustment budget, such as funding for the Mafikeng Rebranding, Renewal and Repositioning Programme, Donor Funding from Road Traffic Management Cooperation. The following is the summary of the payments and estimates; the details are given under each vote's chapter in the EPRE.

### Office of the Premier

The overall departmental budget decreases by 38.2 per cent in 2016/17 as result of the once-off allocations in 2015/16 of R132 million for the Mahikeng Repositioning, Rebranding and Renewal Programme and, R5 million for the Youth Centre, R10 million for the Call Centre and the surrender of the R20 million allocated for the Provincial Archive building with regard to Information Technology Equipment and Software and R25 million allocated for the Information Technology upgrades.

### Provincial Legislature

The spending focus over the medium term will be on improving oversight between the provincial legislature and other organs of state, increasing the number of public participation events and public

hearings; continuing with outreach programmes such as “Ore bone re go Bone”; increasing participation on international forums and providing support to the fifth democratic parliament.

In order to achieve the above mentioned functions, the NWPL budget increases substantially over the seven year period. There is however a slight dip in the NWPL budget for 2015/16 from 2014/15 due to once-off amount of R15 million that was allocated to the NWPL in the 2014/15 financial year by the Provincial Treasury so that the NWPL can address their immediate needs. The budget however reflects a healthy growth throughout the MTEF period.

### **Department of Health**

The department is the second largest beneficiary of the provincial total budget which is at 26 per cent or R9.461 billion in 2016/17. The budget reflects a growth of 4.1 per cent year-on-year and 7.2 per cent over the MTEF. The overall increase of 4.1 per cent is as a result of the 4.9 per cent reduction on conditional grants allocations. The additional funding was mainly for the carry-through cost of wage agreements and accruals from previous financial year.

Inclusive in the department’s allocation is an amount of R4.940 billion allocated for District Health Services in 2016/17 to provide preventive, curative and rehabilitative health care services in an accessible, affordable, and integrated system, through a dynamic, efficient and effective District Health System. R1.127 billion is set aside to enable the health sector to develop and implement an effective response to HIV and AIDS and TB and to support the national Department of Health (DoH) with the President’s Emergency Plan for AIDS Relief (PEPFAR) transition process. An amount of R480.434 million is allocated to this grant to help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organizational development systems and quality assurance. R253.096 million is allocated to ensure provision of tertiary health services and to compensate tertiary facilities for the additional costs associated with provision of these services.

### **Department of Culture, Arts and Traditional Affairs**

The department is projecting to spend R3.568 billion over the MTEF; from 2015/16 to 2016/17 the budget grows minimally by 0.8 per cent and recovers to grow by 7.9 per cent over the MTEF. The minimum growth is as a result of reductions in the allocation for Community Library Services Grant which reduced by R11.435 million from R147.929 million in 2015/16 to R136.494 million in 2016/17.

### **Department of Community Safety and Transport Management**

The department receives an amount of R1.852 billion in 2016/17 and in the two outer year’s allocation amounts to R3.991 billion. Amongst others is funding for Scholar Transport at R273 million in

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2016/17, R531.854 million has been set aside in 2016/17 for Subsidies Bus Services and R84 million in 2016/17 allocated for the operation of the Mahikeng and Pilanesburg airports.

### **Department of Economy and Enterprise Development**

An amount of R302.685 million is allocated in 2016/17 increase to R366.907 million in 2018/19. Included in the allocation is an amount of R44.760 million for Enterprise Development of which its main focus is on SMME development and R3.1 million is budgeted for Regional and Local Economic Development through investment marketing in SADC, Africa and Brics countries to attract foreign direct investment. In addition, an amount of R77.154 million is allocated to the North West Gambling Board in 2016/17 with the total of R189.186 million over the MTEF to regulate gambling in the province. An amount of R11 million is allocated in 2016/17 for Liquor Regulation.

The **Department of Finance** is projected to spend R1.530 billion over the MTEF. The allocation increased from R456.002 million in 2015/16 to R485.643 million in 2016/17 or by 0.54 per cent. The allocation for the 2016 MTEF budget will continue to promote capacity building to various departments, municipalities, public entities, strengthening financial governance practices, enforce fiscal discipline and improve operational efficiency and managing provincial budget and spending.

### **Department of Education and Sports Development**

The department is the largest beneficiary of the total provincial budget which is at 40 per cent. R14.331 billion is allocated in 2016/17 and it increase to R16.258 billion in 2018/19 of the MTEF. The allocation in 2016/17 is inclusive of some conditional grants as following; R16.629 million for HIV and Aids (Life Skills Education) Grant, R402.789 million is for National School Nutrition Programme Grant, R34.754 million for Mathematics, Science and Technology (MST), R971.989 billion for the education infrastructure in the province and R46.514 million for Mass Participation and Sport Development Grant.

### **Department of Local Government and Human Settlements**

This department is mainly funded by conditional grant; an amount of R2.152 billion in 2016/17 is allocated for Human Settlement Development Grant and it increase to R3.977 billion in the two outer years. The equitable share of the department grows by 13.1 per cent in 2016/17 due to the correction of the baseline as a result of reconfiguration of the departments in 2014/15 financial year.

### **Department of Tourism**

The primary function of the department is to accelerate the tourism development, skills development, marketing and promotion of Bokone Bophirima Province. This department is allocated an amount of R229.261 million in 2016/17 and it increased to R263.800 million in 2018/19. Inclusive is the allocation is liv

an amount of R11.034 million in 2016/17 for Tourism Planning and for Tourism Growth, Development and Transformation programme an amount of R60.614 million is allocated in 2016/17 and over the MTEF the allocation amounts to R153.676 million to manage tourism growth and development.

### **Department of Public Works and Roads**

The department is allocated an amount of R2.721 billion in 2016/17 and over the MTEF it increase to R6.123 billion, growing by 4.9 per cent over the MTEF. This allocation includes Provincial Roads Maintenance Grant which is allocated R867.524 million in 2016/17 to ensure provincial road are maintained. An amount of R867.524 million is set aside for Provincial Roads Maintenance Grant.

### **Department of Social Development**

It is projected that the department in 2016/17 will spend a total amount of R1.415 billion and R4.575 billion over the MTEF. The budget grows by 5.9 per cent year-on-year and 6.8 per cent over the MTEF. The allocation will ensure improvement in access to quality Early Childhood Development, assist Non-Profit Organizations to establish Food banks, Facilitate the participation of youth in skills development and built Substance Abuse treatment and Rehabilitation centres.

### **Department of Rural, Environment and Agricultural Development**

The department has been allocated R1.285 billion in 2016/17 and it increases to R1.469 billion in 2018/19 or by 16.4 per cent year-on-year and 10.1 per cent over the MTEF. The strong growth is as a result of transfer of North West Parks Board from Office the Premier.

## **4.6 Summary of Payments and Estimates by Economic Classifications**

Table 5.2 below presents a summary of payments and estimates by economic classifications from 2012/13 to 2018/19.

## 2016/17 Estimates of Provincial Revenue and Expenditure

Table 5.2: Summary of payments and estimates by economic classifications: North West Province

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	MTEF		
<b>Current payments</b>	<b>19 678 950</b>	<b>22 962 929</b>	<b>24 258 049</b>	<b>25 691 697</b>	<b>26 034 502</b>	<b>26 373 745</b>	<b>28 438 414</b>	<b>30 616 316</b>	<b>32 741 458</b>
Compensation of employees	15 033 444	16 769 837	18 291 642	19 886 319	19 962 429	19 842 777	21 306 748	23 031 852	24 348 925
Salaries and wages	12 934 162	14 538 230	16 034 742	17 292 948	17 318 757	17 189 651	18 476 926	20 087 725	21 232 074
Social contributions	2 099 282	2 231 607	2 256 900	2 593 371	2 643 672	2 653 126	2 829 822	2 944 127	3 116 851
Goods and services	4 644 130	6 192 480	5 963 371	5 803 174	6 070 257	6 528 309	7 130 335	7 583 528	8 391 542
Interest and rent on land	1 376	612	3 036	2 204	1 816	2 659	1 331	936	991
<b>Transfers and subsidies</b>	<b>3 772 227</b>	<b>3 803 044</b>	<b>5 098 280</b>	<b>5 208 886</b>	<b>5 313 412</b>	<b>5 485 853</b>	<b>5 607 453</b>	<b>5 702 181</b>	<b>5 988 989</b>
Provinces and municipalities	210 698	332 684	333 692	280 215	289 437	293 037	383 769	400 863	431 536
Departmental agencies and accounts	210 639	251 744	265 261	293 246	322 884	323 012	334 483	380 821	408 861
Public corporations and private enterprises	732 819	223 586	1 225 134	804 475	796 273	840 001	779 856	802 011	846 733
Non-profit institutions	1 183 934	1 148 317	1 267 102	1 346 320	1 348 323	1 370 459	1 424 681	1 583 220	1 684 576
<b>Payments for capital assets</b>	<b>1 446 599</b>	<b>2 967 769</b>	<b>2 262 595</b>	<b>3 323 835</b>	<b>3 534 730</b>	<b>3 494 907</b>	<b>2 182 905</b>	<b>2 252 013</b>	<b>2 378 263</b>
Buildings and other fixed structures	1 202 235	2 683 617	2 004 694	3 019 108	3 232 109	3 203 058	1 868 362	1 894 312	2 015 147
Machinery and equipment	239 135	283 603	232 793	303 400	292 488	285 428	309 638	356 219	361 549
Heritage assets	-	-	-	-	7 700	3 988	3 500	-	-
Biological assets	393	495	499	800	800	800	850	899	951
Land and sub-soil assets	-	-	-	527	-	527	555	583	616
Software and other intangible assets	4 836	54	24 609	-	1 633	1 106	-	-	-
<b>Payments for financial assets</b>	<b>645</b>	<b>855</b>	<b>346</b>	<b>-</b>	<b>-</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>24 898 421</b>	<b>29 734 597</b>	<b>31 619 270</b>	<b>34 224 418</b>	<b>34 882 644</b>	<b>35 354 676</b>	<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>

**Currents payments** consume the bulk of the total provincial spending and it consists of compensation of employees, goods & services and interest and rent on land. Over the MTEF the budget increases from R26.374 billion in 2015/16 to R32.741 billion in 2018/19 or at an average of 7.5 per cent of the provincial spending.

**Compensation of employees** consumes 59 per cent of the provincial spending, which is set to increase from R19.843 billion in 2015/16 to R24.349 billion in 2018/19. Year-on-year growth of compensation of employee is 7.5 per cent or to R21.307 billion in 2016/17. The increase is due to the inflationary wage adjustment and the anticipated filling of critical vacant posts by various departments while taking into consideration of the moratorium on filling of non-critical vacant posts.

**Goods and Services** increase by 8.9 per cent or from R6.528 billion in 2016/17 to R7.130 billion in 2016/17 and over the MTEF grows by 8.8 per cent to reach R8.391 billion. The growth is mainly in core spending items, non-essential spending items namely catering departmental activities, travel and subsistence, minor assets, consumable: Stationery, printing and office supplies, venues and facilities, rental and hiring and Communication (G&S) reflected minimum growth over the MTEF.

**Transfer Payments and Subsidies** the budget increase from R5.486 billion in 2015/16 to R5.607 billion in 2016/17. Public corporations and private enterprises decrease from R840 million in 2015/16 to R780 million in 2016/17 as a result of the once-off allocation of R38 million to NWDC.

**Payment for Capital assets** declines by 37.5 per cent from R3.495 billion in 2016/17 to R2.183 billion in 2017/18. The decline is as a result of once-off project earmarked in the Office of the Premier and the department of Community Safety and Transport Management.

#### 4.7 Payments by Functional Area

Table 5.3 below shows the summary of provincial payments and estimates for the 2016 MTEF by functional area.

Table 5.3 Summary of payments by functional area

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	MTEF		
General public services	1 830 006	2 580 827	3 613 567	3 129 848	3 100 930	3 140 920	3 114 572	3 277 296	3 512 944
Public order and safety	1 333 344	1 387 570	1 528 584	1 820 621	1 870 491	1 882 750	1 840 621	1 958 692	2 071 631
Economic Affairs	1 716 582	2 564 127	2 443 236	2 558 190	2 818 287	2 803 665	2 887 333	3 189 842	3 361 961
Environmental protection	148 692	214 541	270 002	252 100	225 100	223 316	257 649	274 880	288 942
Housing and community amenities	1 102 169	1 386 394	1 557 495	2 113 408	2 117 408	2 117 408	2 198 671	1 972 585	2 101 043
Health	6 771 524	8 080 067	8 088 990	8 582 542	8 784 383	9 089 413	9 059 265	9 848 042	10 647 095
Recreation, culture and religion	506 002	600 025	634 891	750 301	782 325	792 325	790 226	852 992	905 705
Education	10 574 562	11 881 348	12 274 300	13 691 203	13 856 278	13 977 437	14 675 676	15 679 574	16 597 063
Social protection	915 540	1 039 698	1 208 205	1 326 205	1 327 442	1 327 442	1 404 759	1 516 607	1 622 326
<b>Total</b>	<b>24 898 421</b>	<b>29 734 597</b>	<b>31 619 270</b>	<b>34 224 418</b>	<b>34 882 644</b>	<b>35 354 676</b>	<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>

Spending increased by 2 per cent or from R35.354 billion in 2015/16 to R36.229 billion in 2016/17. The highest expenditure is on Education, it grows from R13.977 billion in 2015/16 to R14.676 billion in 2016/17. The growth reflects a commitment of the province towards the developing human capacity, providing quality education and training for all learners of school going age from Grade R to Grade 12, assisting them through proper guidance to achieve their full potential so that they can play a meaningful role in building the economy of the North West Province and the country at large.

Health is the second largest expenditure and is expected to increase from R9.089 billion in 2015/16 to R10.647 billion in 2018/19. This will ensure that the delivery of District Health Services (DHS), primary health care services (PHC), hospital services, forensic pathology services, emergency medical services and Central and Tertiary Health Services to uninsured population of the Province take place.

The third largest expenditure is within the General public services Legislature, administrative departments such as Office of the Premier, Finance, Local Government and Public Works. The allocation for this category amounts to R16.487 billion over the MTEF. Amongst others the allocation is to ensure that Legislature performs its oversight role over the Executive, Office of the Premier provide quality service delivery through integrated planning, performance monitoring, evaluation and intervention, Finance advice and support departments and public entities on budget planning and fiscal matters and Public Works provide infrastructure in the province.

Economic Affairs comprises of Economy and Enterprise Development, Rural, Environment and Agricultural Development, Tourism and Roads. The budget for this category increase to R15.590 billion over the MTEF, this will ensure that there management and implementation of EPWP, road maintenance,

provide effective agricultural support services, to accelerate the tourism development, drive and facilitate a sustainable economic development.

The budget for Housing and community amenities grows from R2.117 million in 2015/16 to

R2.198 million in 2016/17, the allocation is mainly funded by conditional grant; an amount of R2.152 billion in 2016/17 is allocated for Human Settlement Development Grant and it increase to R3.977 billion in the two outer years. The budget will ensure that planning and promotion of integrated and sustainable human settlements is realised.

## **5.5 Infrastructure Payments**

### **5.5.1 Infrastructure Management**

Despite the nominal growth of the provincial allocation by 3.9 per cent from 2015/16 to 2016/17 the allocations for infrastructure has declined by 7 per cent from an adjusted budget of R6.172 billion to R5.732 billion. The decline was influenced by reductions in conditional grants flowing from the National Treasury and redirecting some equitable share funding from infrastructure to other priorities of the province. It has been evidenced that the infrastructure planning for previous years has been inclined towards creation of new assets and the current administration has directed that infrastructure spending should be directed towards maintenance and sustenance of existing buildings. To ensure value for money delivery of infrastructure the Executive Authority further directed that departments and municipalities must explore utilization of alternative construction material for buildings and roads.

The institutionalization of the Infrastructure Delivery Management System (**IDMS**) within the Bokone Bophirima has been further enhanced through the adoption by the Executive Authority of the **Shared Services Model** to ensure integrated planning and implementation as well as value for money across all spheres of government. Strategic Structures like Bokone Bophirima Premier's Infrastructure Coordinating Committee (**BB PICC**), Provincial Infrastructure Technical Committee (**PITC**), Municipal Infrastructure Forum (**MIF**) as well as Infrastructure Support Forum (**ISF**) were also approved by the Executive Authority to ensure efficient and effective monitoring.

Benefits realised from the above initiative is that the spending for provincial infrastructure increased by **9.3 per cent** as at end of December 2015 compared to the same period in 2014/15 financial year. The Department of Education and Sports Development obtained **incentive grant to the tune of R130 million** in additions to their baseline for 2016/17 through participation on the Performance Based Incentive Grant Process governing Conditional Grant allocations for Health and Education Sectors.

## Overview of the Provincial Revenue and Expenditure

National Treasury rolled out the fourth phase of Infrastructure Delivery Improvement Programme (**IDIP 4**) to provincial departments in the current financial year running over three years. To this end they seconded a Technical Advisor (TA) to the Provincial Treasury and enhanced technical capacity within the Department of Education and Sports Development as well as the Department of Health. This has ensured that these departments have professionally registered staff to take accountability for planning and delivery of infrastructure within provincial departments. Further to this they implemented a Web Based Infrastructure Reporting Model (**IRM**) which will ensure transparency on the performance of infrastructure for the province as well as Publication of **Standards for Infrastructure Procurement** for implementation in July 2016 by all sectors of Government including State Organs Entities.

Table 5.4 below shows the provincial infrastructure payments and estimates from 2012/13 to 2018/19.

Table 5.4: Summary of infrastructure payments and estimates by votes

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R 000's</b>									
Office of the Premier	-	-	37 730	100 000	100 000	100 000	-	-	-
Provincial Legislature	-	-	-	-	-	-	57 860	98 140	104 028
Health	575 267	994 916	584 005	797 074	740 036	771 258	543 112	561 857	615 609
Cultural, Arts and Traditional Affairs	29 079	17 254	79 697	85 670	85 670	85 670	81 823	61 494	57 063
Community Safety and Transport Management	-	-	15 500	57 500	71 000	71 000	7 500	7 873	11 520
Economy and Enterprise Development	-	-	-	20 571	38 000	38 000	-	-	-
Finance	-	-	-	-	-	-	-	-	-
Education and Sports Development	349 558	751 172	606 560	1 004 822	1 101 338	1 101 338	971 989	532 175	823 119
Local Government and Human Settlements	1 064 317	1 341 523	1 517 136	2 164 288	2 164 014	2 164 014	2 280 056	2 054 532	2 199 322
Tourism	-	-	-	33 000	33 000	33 000	35 000	49 000	51 842
Public Works and Roads	378 837	286 851	1 548 917	1 290 332	1 500 521	1 520 521	1 290 538	1 394 726	1 499 664
Social Development	28 890	25 098	49 574	51 710	67 471	67 471	38 946	36 693	39 685
Rural, Environment and Agricultural Development	253 243	251 160	378 218	375 443	358 110	186 643	352 409	317 600	336 732
<b>Total</b>	<b>2 679 191</b>	<b>3 667 974</b>	<b>4 817 337</b>	<b>5 980 410</b>	<b>6 259 160</b>	<b>6 138 915</b>	<b>5 659 233</b>	<b>5 114 090</b>	<b>5 738 584</b>

Table 5.5 below shows the provincial infrastructure by category from 2012/13 to 2018/19.

Table 5.5: Summary of infrastructure payments and estimates by category

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R 000's</b>									
<b>Payments for infrastructure by category</b>									
<b>Existing infrastructure assets</b>	<b>886 232</b>	<b>1 032 238</b>	<b>1 725 950</b>	<b>2 162 693</b>	<b>2 377 749</b>	<b>2 397 749</b>	<b>2 149 462</b>	<b>2 141 913</b>	<b>2 327 649</b>
Maintenance and repair	110 288	162 605	735 364	693 236	517 257	517 257	644 648	525 872	523 623
Upgrades and additions	424 872	555 391	552 318	791 179	1 263 538	1 263 538	1 151 718	1 085 549	752 729
Refurbishment and rehabilitation	351 072	314 242	438 268	678 278	596 954	616 954	353 096	530 492	1 051 297
<b>New infrastructure assets</b>	<b>728 642</b>	<b>1 294 213</b>	<b>1 574 251</b>	<b>1 653 429</b>	<b>1 717 397</b>	<b>1 577 152</b>	<b>1 229 715</b>	<b>917 645</b>	<b>1 211 613</b>
<b>Infrastructure transfers</b>	<b>1 064 317</b>	<b>1 341 523</b>	<b>1 517 136</b>	<b>2 164 288</b>	<b>2 164 014</b>	<b>2 164 014</b>	<b>2 280 056</b>	<b>2 054 532</b>	<b>2 199 322</b>
Infrastructure transfers - Current	-	-	-	101 157	100 883	100 883	128 239	128 399	128 399
Infrastructure transfers - Capital	1 064 317	1 341 523	1 517 136	2 063 131	2 063 131	2 063 131	2 151 817	1 926 133	2 070 923
<b>Total provincial infrastructure</b>	<b>2 679 191</b>	<b>3 667 974</b>	<b>4 817 337</b>	<b>5 980 410</b>	<b>6 259 160</b>	<b>6 138 915</b>	<b>5 659 233</b>	<b>5 114 090</b>	<b>5 738 584</b>

## 5.6 Provincial Public Private Partnership (PPP) Projects

The province does not have any public private partnership venture.

## 5.7 Transfers

### 5.7.1 Transfers to public entities

The table 5.6 shows the summary of provincial transfers to public entities by departments, which are discussed below. Transfer to public entities reflect a fluctuating trend from 2012/13 to 2015/16, this is as a result of various once-off allocations as well as merging some entities and winding up other entities.

In terms of the PFMA the provincial administration has thirteen (13) listed public entities; however over time these entities were reduced to seven (7) entities, two (2) 3D and five (5) 3C entities. Two (2) 3D entities namely, Invest North West and Mafikeng Industrial Development Zone (Pty) Ltd were merged into the North West Development Corporation.

Two (2) 3C entities, North West Youth Development Trust and North West Directorate of Entrepreneurial Development, North West Provincial Heritage Resources Authority will converted to a Non-Profit Organisation (NPO) while North West Provincial Aids Council will be inactive in 2016/2017 financial year.

The North West Parks and Tourism Board is in a process of splitting the board to form North West Park Board and North West Tourism Board. The entities will only be active when all the process of establishing the Entities in terms of the PFMA has been followed. On the inactive entities the province is in a process of requesting National Treasury to de-list them.

Table 5.6: Summary of provincial transfers to public entities by transferring departments

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>Department Entities</b>									
Office of the Premier	16 371	18 685	20 520	17 658	17 658	17 658	18 382	19 301	20 421
Cultural, Arts and Traditional Affairs	53 448	69 515	83 101	82 691	86 290	95 667	101 215	95 667	101 215
Economy and Enterprise Development	69 535	84 991	76 188	103 764	161 539	161 539	139 771	196 208	240 079
Tourism	57 578	80 266	70 247	69 878	69 878	69 878	73 582	77 261	81 124
Rural, Environment and Agricultural Development	79 682	111 082	97 215	96 705	96 705	96 705	101 830	106 922	112 268
<b>Total</b>	<b>276 614</b>	<b>364 539</b>	<b>347 271</b>	<b>370 696</b>	<b>432 070</b>	<b>441 447</b>	<b>434 780</b>	<b>495 359</b>	<b>555 107</b>

## Overview of the Provincial Revenue and Expenditure

Table 5.7: Summary of provincial transfer to public entities

Entities	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Invest North West	23 322	-	-	-	-	-	-	-	-
Mafikeng Industrial Development Zone (Pty) Ltd	7 653	-	-	-	-	-	-	-	-
Mrabana Arts, Culture and Sport Foundation	50 448	64 596	76 258	79 541	82 983	92 195	97 542	92 195	97 542
North West Development Corporation	8 522	45 432	28 051	51 103	96 878	96 878	62 617	106 618	140 483
North West Eastern Region Entrepreneurial Support Centre	-	-	-	-	-	-	-	-	-
North West Gambling Board	29 438	39 559	48 137	52 661	64 661	64 661	77 154	89 590	99 596
North West Housing Corporation	-	-	-	-	-	-	-	-	-
North West Parks and Tourism Board	137 860	191 348	167 462	166 583	166 583	166 583	175 412	184 183	193 392
North West Provincial Aids Council	15 342	18 353	20 520	17 658	17 658	17 658	18 382	19 301	20 421
North West Provincial Arts and Culture Council	3 000	4 919	6 843	3 150	3 307	3 472	3 673	3 472	3 673
North West Provincial Heritage Resources Authority	-	-	-	-	-	-	-	-	-
North West Transport Investments (Pty) Ltd	-	-	-	-	-	-	-	-	-
North West Youth Development Trust	1 029	332	-	-	-	-	-	-	-
<b>Total</b>	<b>276 614</b>	<b>364 539</b>	<b>347 271</b>	<b>370 696</b>	<b>432 070</b>	<b>441 447</b>	<b>434 780</b>	<b>495 359</b>	<b>555 107</b>

The transfers to entities decrease from R441 million in 2015/16 to R435 million in 2016/17 due to a once-off allocation of R38 million to NWDC. North West Parks Board is the largest beneficiaries which receive 40 per cent of the provincial transfers.

The province is in a process of rationalising the entities to analyse their mandates, functions and key activities and their subsidiaries and whether there are any obvious overlaps, gaps or contractions in these taking into account national and provincial priorities and the functions of their principal departments and/or other state institutions active in the same functional or geographic area.

### 5.7.2 Transfers to Development Corporation

The North West Development Corporation is the only development corporation in the province. The budget for NWDC including the transfer from government amounts to R218.094 million in 2016/17 and increasing to R256.094 million in 2018/2019. The transfer from government amounts to R63 million in 2016/17 and increase to R140 million in 2018/19. If you strip out the government funding, the budget declines by 23 per cent from R218.094 million to R155.477 million in 2016/17.

### 5.7.3 Transfers to Local Government

In terms of Section 30 (2) of the Division of Revenue Act, the Provincial Treasury must publish with annual budget the allocations to the Municipalities for every allocation made by the province to a municipality in the province.

According to Section 155(1) of the Constitution the Municipalities are defined as follows:

**Category A:** a municipality that has exclusive municipal executive and legislative authority in the area. Municipalities of this type are normally referred to as Metropolitan area; in this province we do not have any municipality of this nature.

**Category B:** a municipality that share a municipal executive and legislative authority in its area with a category C municipality. Municipalities of this nature are referred to as local municipalities.

**Category C:** a municipality that has municipal executive and legislative authority in an area that included more than one municipality. Municipalities of this type normally referred to as district municipalities. The table below seeks to demonstrate detailed information as per municipalities in the province. This information must be published through the Gazette. Further details appear in the departmental chapter of the affected departments.

Table 5.8 provides summary of provincial transfers to local government by category, as defined in the constitution. The table reflect transfers to local government fluctuate over the seven year period.

Table 5.8: Transfer to local government by category

Municipality	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main	Adjusted	Revised estimate	Medium-term estimates		
Category A	-	-	-	-	-	-	-	-	-
Category B	30 370	215 573	69 713	69 945	73 875	73 875	65 278	48 817	51 622
Category C	38 630	57 580	24 900	25 622	25 622	25 622	31 892	33 633	35 609
Unallocated	-	9 813	-	-	-	-	2 954	3 102	3 282
<b>Total transfers to municipalities</b>	<b>69 000</b>	<b>282 966</b>	<b>94 613</b>	<b>95 567</b>	<b>99 497</b>	<b>99 497</b>	<b>100 124</b>	<b>85 551</b>	<b>90 513</b>

Overview of the Provincial Revenue and Expenditure

Table 5.9: Transfers to municipalities

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Audited outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term receipts estimate		
<b>Rand thousand</b>									
<b>Category A</b>	-	-	-	-	-	-	-	-	-
City of Cape Town	-	-	-	-	-	-	-	-	-
<b>Category B</b>	<b>30 370</b>	<b>215 573</b>	<b>69 713</b>	<b>69 945</b>	<b>73 875</b>	<b>73 875</b>	<b>65 278</b>	<b>48 817</b>	<b>51 622</b>
Moretele	300	14 650	4 710	1 400	1 400	1 400	2 251	2 358	2 634
Madibeng	850	27 242	400	1 900	1 900	1 900	1 900	2 030	2 067
Rustenburg	600	670	670	3 500	3 500	3 500	3 500	3 645	3 786
Kgetlengrivier	12 800	14 580	6 280	11 135	11 135	11 135	1 800	1 875	2 005
Moses Kotane	700	23 196	400	17 200	17 200	17 200	20 527	11 538	12 179
Ratlou	-	15 252	750	1 950	1 950	1 950	1 950	2 110	2 172
Tswaing	360	360	360	1 960	1 960	1 960	1 960	2 025	2 043
Mafikeng	4 150	670	6 790	1 800	1 800	1 800	1 820	1 970	1 970
Ditsobotla	300	350	30 350	1 100	2 600	2 600	1 250	1 355	1 421
Ramotshere Moiloa	500	800	9 500	1 200	1 200	1 200	1 200	1 360	1 502
Naledi	760	530	-	1 450	1 450	1 450	1 550	1 585	1 641
Mamusa	500	2 034	550	1 850	4 280	4 280	1 850	2 015	2 083
Greater Taung	1 150	59 114	620	1 500	1 500	1 500	1 520	1 635	1 753
Lekwa-Teemane	1 000	15 692	400	1 000	1 000	1 000	1 100	1 105	1 261
Kagisano/Molopo	-	-	-	-	-	-	-	-	-
Ventersdorp	300	23 792	320	16 150	16 150	16 150	16 150	6 928	7 370
Tlokwe	3 600	400	400	1 350	1 350	1 350	1 350	1 358	1 467
City of Matlosana	450	1 566	1 166	1 300	1 300	1 300	1 400	1 515	1 633
Maquassi Hills	850	14 675	6 047	1 000	1 000	1 000	1 000	1 150	1 300
Dr Kenneth Kaunda	1 200	-	-	1 200	1 200	1 200	1 200	1 260	1 333
<b>Category C</b>	<b>38 630</b>	<b>57 580</b>	<b>24 900</b>	<b>25 622</b>	<b>25 622</b>	<b>25 622</b>	<b>31 892</b>	<b>33 633</b>	<b>35 609</b>
Bojanala Platinum District Municipality	930	-	-	1 200	1 200	1 200	1 200	1 260	1 333
Ngaka Modiri Molema District Municipality	37 500	57 000	24 320	7 212	7 212	7 212	8 412	8 833	9 345
Dr Ruth Segomotsi Mompati District Municipality	200	580	580	17 210	17 210	17 210	22 280	23 540	24 931
Southern District Municipality	-	-	-	-	-	-	-	-	-
<b>Unallocated</b>	-	9 813	-	-	-	-	2 954	3 102	3 282
<b>Total transfers to municipalities</b>	<b>69 000</b>	<b>282 966</b>	<b>94 613</b>	<b>95 567</b>	<b>99 497</b>	<b>99 497</b>	<b>100 124</b>	<b>85 551</b>	<b>90 513</b>

The department of Local Government and Human Settlements assists municipalities to upgrade their disaster management and fire emergency capacity. On that note, an allocation of R13 million for 2015/16 and R14 million for 2016/17 has been allocated in respect of disaster and fire management. Some of the transfers are indirect transfers to municipalities aimed at accelerating service delivery in various communities.

## 5.8 Personnel numbers and costs

Table 5.10 provides personnel numbers, by vote, as well as the total personnel costs for the North West Province. The table reflect personnel numbers fluctuate over the seven year period, as a result of restructuring of various departments' organisational structures, reconfiguration of departments and retirements.

However, the provincial wage bill increased from R15.039 billion in 2012/13 to R21.331 billion in 2016/17, increase to R24.372 billion in 2018/19.

Table 5.10: Summary of personnel numbers and costs by Vote

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Outcome			Main appropriation	Medium-term estimates		
<b>R'000</b>							
<b>Personnel numbers by department</b>							
Office of the Premier	368	387	778	628	694	695	695
Provincial Legislature	182	197	206	265	265	265	265
Health	22 178	30 724	28 097	27 732	27 825	27 997	28 079
Cultural, Arts and Traditional Affairs	950	1 385	1 294	872	957	957	957
Community Safety and Transport Management	287	351	1 134	1 448	1 499	1 499	1 499
Economy and Enterprise Development	176	226	233	220	221	221	220
Finance	483	543	554	540	746	677	677
Education and Sports Development	29 415	30 725	31 096	32 688	32 689	32 700	32 700
Local Government and Human Settlements	645	637	640	613	661	661	661
Tourism	17	15	105	191	191	191	191
Public Works and Roads	3 520	3 504	3 685	3 645	3 787	3 796	3 796
Social Development	1 548	3 845	4 305	2 730	2 224	2 432	2 453
Rural, Environment and Agricultural Development	1 692	1 646	1 646	1 646	1 645	1 646	1 646
<b>Total</b>	<b>61 461</b>	<b>74 185</b>	<b>73 773</b>	<b>73 218</b>	<b>73 404</b>	<b>73 737</b>	<b>73 839</b>
Total personal numbers and cost (R)	15 038 692	16 769 837	18 291 964	19 886 319	21 330 740	23 060 688	24 371 552
Unit Cost	245	226	248	272	291	313	330

## 5.9 Payments on Training

Table 5.11 below provides summary of the provincial payments for training per department. The Provincial departments have several training programmes aimed at developing and retaining skills. The payments for training increased from R138.081 million in 2015/16 to R158.117 million in 2016/17 and over the MTEF is estimated to increase to R200 million.

Table 5.11: Summary of provincial payments on training by Vote

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
<b>R'000</b>									
Office of the Premier	1 778	976	2 058	2 660	2 660	2 660	2 901	3 046	3 223
Provincial Legislature	2 078	2 078	4 401	4 461	4 461	4 461	4 665	4 898	5 182
Health	36 433	32 377	39 290	47 620	47 620	47 620	47 850	55 853	59 092
Cultural, Arts and Traditional Affairs	11 481	13 987	12 369	12 784	12 784	12 784	13 047	13 699	14 494
Community Safety and Transport Management	2 433	2 643	2 025	3 751	3 751	3 751	3 950	4 167	4 409
Economy and Enterprise Development	322	297	-	523	523	523	551	579	613
Finance	2 433	2 643	3 864	3 751	2 572	2 572	7 461	7 739	8 182
Education and Sports Development	46 481	37 126	38 984	40 935	40 935	40 935	53 240	56 577	66 768
Local Government and Human Settlements	1 466	1 566	1 485	1 768	1 768	1 768	2 566	2 822	3 086
Tourism	-	-	600	672	672	672	716	751	795
Public Works and Roads	6 896	8 700	9 450	9 775	9 775	9 775	10 015	10 516	11 126
Social Development	3 073	1 249	5 800	5 103	5 103	5 103	5 409	5 679	6 009
Rural, Environment and Agricultural Development	3 536	5 930	5 431	5 457	5 457	5 457	5 746	6 034	6 384
<b>Total</b>	<b>118 410</b>	<b>109 572</b>	<b>125 757</b>	<b>139 260</b>	<b>138 081</b>	<b>138 081</b>	<b>158 117</b>	<b>172 361</b>	<b>189 362</b>