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Estimates of Provincial Revenue and Expenditure

Vote 1: Office of the Premier

Vote 2: Provincial Legislature

Vote 3: Department of Transport, Safety and Liaison

Vote 4: Department of Education

Vote 5: Department of Roads and Public Works

Vote 6: Department of Economic Development and Tourism

Vote 7: Department of Sports, Arts and Culture

Vote 8: Provincial Treasury

Vote 9: Department of Co-Operative Governance, Human Settlements and Traditional Affairs

Vote 10: Department of Health

Vote 11: Department of Social Development

Vote 12: Department of Agriculture, Land Reform and Rural Development

Vote 13: Department of Environment and Nature Conservation

Acronyms

AADT	Average Annual Daily Traffic
ABET	Adult Basic Education and Training
AET	Adult Education and Training
AG	Auditor General
ANA	Annual National Assessment
APP	Annual Performance Plan
B2B	Back to Basic
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BER	Bureau for Economic Research
BHF	Board of Health Funders
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India and China and South Africa
CAPS	Curriculum and Assessment Policy Statement
CASP	Comprehensive Agricultural Support Programme
CDW	Community Development Workers
CFO	Chief Financial Officer
CHC	Community Health Centre
CHW	Community Health Workers
CLCs	Community Learning Centres
CMAPs	Chemicals Management Action Plans
COGHTSA	Co-operative Governance, Human Settlements and Traditional Affairs
CPI	Consumer Price Index
CPIs	Comprehensive Infrastructure Plans
CRDP	Comprehensive Rural Development Programme
CSP	Comprehensive Service Plan
CSPS	Community, Social and Personal Services
CUT	Central University of Technology
CWP	Community Work Programme
DHET	Department of Higher Education
DHIS	District Health Information Systems
DOPRF	Devolution of Property Rates Fund

DoRA	Division of Revenue Act
DoRB	Division of Revenue Bill
DPSA	Department of Public Service and Administration
DRS	Debt Redemption Strategy
DTI	Department of Trade and Industry
DTSL	Department of Safety and Liaison
DWA	Department of Water Affairs
ECD	Early Childhood Development
EDI	Electronic Data Interchange
EMIS	Education Management Information System
EMS	Emergency Medical Services
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ERP	Extension Recovery Plan
ETDP	Education Training and Development Practice Sector Education and Training Authority
EXCO	Executive Council
FARR	Foundation for Alcohol Related Research
FET	Further Education and Training
FIFA	Federation of International Football Association
FSD	Farmer Support and Development
GDP	Gross Domestic Product
GEM	Global Economic Monitor
GEMS	Government Employee Medical Scheme
GET	General Education and Training
GIAMA	Government Immoveable Asset Management Act
GRAP	Generally Recognised Accounting Practice
HCBC	Home Community Based Care
HCDS	Human Capital Development Strategy
HCWM	Health Care Waste Management
HDI	Historically Disadvantaged Individuals
HFRG	Health Facility Revitalization Grant
HIS	Hospital Information System

HIV AND AIDS	Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome
HOD	Head of Department
HPTDG	Health Professional Training and Development Grant
HRP	Hospital Revitalisation Programme
HSDG	Human Settlement Development Grant
HSS	Human Settlement Subsidy System
ICS	Improvement of Conditions of Service
ICT	Information Communication Technology
IDC	Industrial Development Corporation
IDIP	Infrastructure Delivery Improvement Programme
IDPs	Integrated Development Plans
IES	Income and Expenditure Survey
IGP	Infrastructure Grant to Provinces
IGR	Intergovernmental Relations
IMF	International Monetary fund
INP	Integrated Nutrition Programme
IRDP	Integrated Residential Development Programme
ISDM	Integrated Service Delivery Model
ISRDP	Integrated Sustainable Rural Development Programme
IT	Information Technology
IYM	In-Year Monitoring
LED	Local Economic Development
LFS	Labour Force Survey
LGTAS	Local Government Turn Around Strategy
LOGIS	Logistical Information System
LRAD	Land Redistribution and Agricultural Development
LTSM	Learner Teacher Support Materials
M&E	Monitoring and Evaluation
MAFISA	Micro Agricultural Financial Institutions of South Africa
MDR-TB	Multi-Drug Resistant TB
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

MISA	Municipal Infrastructure Support Agency
MoA	Memorandum of Agreement
MPAT	Monitoring Performance Assessment Tool
MPL	Member of Provincial Legislature
MSIP	Municipal Support and Intervention Plan
MSWH	Mother, Child and Women`s Health
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTREF	Medium-Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
MYHDP	Multi-Year Housing Development Plan
NACH	National Anti-Corruption Hotline
NAMC	National Agriculture Marketing Council
NCA	National Credit Act
NCDoE	Northern Cape Department of Education
NCEDA	Northern Cape Economic Development Trade and Investment Promotion Agency
NCFF	Northern Cape Fiscal Framework
NCGB	Northern Cape Gambling Board
NCLB	Northern Cape Liquor Board
NCOP	National Council of Provinces
NCPGDS	Northern Cape Provincial Growth and Development Strategy
NCPL	Northern Cape Provincial Legislature
NCPT	Northern Cape Provincial Treasury
NCTA	Northern Cape Tourism Authority
NDHS	National Department of Human Settlement
NDP	National Development Plan
NGO	Non-governmental Organisation
NHI	National Health Insurance
NHLS	National Health Laboratory Services
NPO	Non-profit Organisations
NQF	National Qualification Framework
NSC	National Senior Certificate

NSDA	Negotiated Service Delivery Agreement
NSDF	National Spatial Development Framework
NSDP	National Spatial Development Perspective
NSLA	National Strategy for Learner Attainment
NSNP	National School Nutrition Programme
NSNP	National School Nutrition Programme
NSP	National Strategic Plan
NT	National Treasury
NTR's	National Treasury Regulations
NTSG	National Tertiary Services Grant
OECD	Organization for Economic Co-operation and Development
OPRE	Overview of Provincial Revenue and Expenditure
OSD	Occupational Specific Dispensation
OTP	Office of the Premier
PCA	Provincial Council on AIDS
PERSAL	Personnel and Salary Administration System
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PIGF	Premier's Inter-Governmental Forum
PMTCT	Prevention of Mother-to-Child Transmission
PMTEC	Provincial Medium Term Expenditure Committee
PPHC	Personal Primary Health Care
PPI	Production Price Index
PPP	Public Private Partnerships
PRF	Provincial Revenue Fund
PSC	Public Service Commission
PSCBC	Public Service Coordinating and Bargaining Council
PSDF	Provincial Spatial Development Framework
PSETA	Public Sector Education and Training Authority
PTIF	Provincial Transport Infrastructure Fund
RCAM	Roads Classification and Access Management

RDP	Reconstruction and Development Programme
REQV	Relevant Education Qualification Value
RIFSA	Roads Infrastructure Strategic Framework for South Africa
SACSSP	South African Council for Social Service Professions
SALGA	South African Local Government Association
SANAS	South African National Accreditation System
SANCB	South African National Council for the Blind
SAPS	South African Police Services
SARCC	South African Rail Commuter Corporation
SARS	South African Revenue Services
SASSA	South African Social Security Agency
SAWs	Social Auxiliary Workers
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SDFs	Spatial Development Frameworks
SETA	Sector Education Training Authority
SEZ	Special Economic Zone
SGB	School Governing Bodies
SIOC	Sishen Iron Ore Community Trust
SIP	Strategic Infrastructure Projects
SITA	State Information Technology Agency
SMME	Small Medium and Micro Enterprise
SMS	Senior Management Service
SMT	School Management Teams
SOEs	State Owned Enterprises
SONA	State of the Nation Address
SOPA	State of the Province Address
SPV	Special Purpose Vehicles
STI	Sexually Transmitted Infection
TB	Tuberculosis
TCF	Technical Committee on Finance
TIPS	Trade and Industry Policy Service
UISP	Informal Settlement Programme

UPFS	Uniform Patient Fee Schedules
URP	Urban Renewal Programme
URS	User Requirement Statement
VIP	Ventilation Improved Pit

FOREWORD

This budget builds on the 2016 framework and maintains the fiscal consolidation stance adopted by Government to ensure moderate growth in the overall expenditure whilst protecting social spending and pro-poor programmes. Our fiscal context must respond to the needs of our people whilst maintaining a proper balance between revenue and expenditure. All emanating policy pressures resulting from unplanned spending with budget consequences will have to be carefully considered and managed to ensure that they do not compromise the sustainability of our finances.

Current measures to contain and eliminate wasteful expenditure are continuing as part of fiscal consolidation efforts. Compensation of employees remains the largest single expenditure item accounting for 56 per cent of the total provincial budget in the 2017/18 financial year, down from 58 per cent in the 2016/17 financial year. Over the medium term, compensation of employees grows by an average 3 per cent, this growth is influenced by planned appointments in the conditional grants framework and relate to professional technical posts mainly. We have managed to stabilise head counts in the province and this will allow us space to realign expenditure to more urgent services delivery programmes.

In the medium term, efforts will be directed towards own revenue collection initiatives to maximise our revenue base as a province. All major revenue collecting departments will be assisted to ensure that monies due to the province are collected optimally and promptly. The function of motor vehicle licenses has been moved to the South African Post Office (SAPO) with effect from April 2017 and similar initiatives will be implemented in the Departments of Health and Roads and Public Works, this includes the review of gambling taxes in the Department of Economic Development and Tourism. About 98 per cent of our budget comes from national transfers in the form of the equitable share and conditional grants and only 2 per cent constitute provincially collected revenue and it therefore becomes critical to optimise our own revenue base to cushion and minimise the impact of budgetary reductions from national and most importantly to fund some of the pressures that could not be accommodated in this framework. These interventions are expected to result in significant gains for the provincial fiscus.

The 2017 budget framework makes provision for specific priorities in Health and Education. Learner numbers in the education sector have been increasing considerably in the past few years. This invariably leads to the appointment of additional educators and other related peripheral costs and therefore additional resources are made available to provide for this purpose. The Department of Health is also compensated to deal with the exchange depreciation on medicines prices. Salary increases have come out more than budgeted for in the recent past years, additional resources are also allocated to deal with this shortfall.

We have succinctly expressed our priorities for the medium term period, what remains now is to ensure that these plans find adequate expression in our budget and translate into tangible outputs. We will also strengthen our monitoring mechanism through the necessary government structures to ensure progress and deal with the challenges in a timely and effective manner.

MN. Jack

MEC for Finance, Economic Development & Tourism

Overview of Provincial Revenue and Expenditure

3 March 2017

1. Socio-Economic Outlook

The Socio-Economic Outlook provides a brief analysis on some of the most important socio-economic indicators of the Province under the main topics of demography, economy and labour. These indicators give policy makers an indication of both the progress and the needs within the province to better plan for development and resource allocation efficiency.

1.1 Demography

This section provides a demographic analysis for the Northern Cape Province. It is important to give an analysis on these dynamics as resources should be allocated to address any challenges identified in order to meet service delivery objectives. The table below depicts the population size and distribution for the five districts in the province.

Table 1.1: Population Size and Distribution Between Districts, 2005 and 2015

District	Total Population		Percentage (%)	
	2005	2015	2005	2015
Namakwa DM	118 245	126 383	11.54	10.57
Pixley ka Seme DM	173 232	197 356	16.91	16.50
ZF Mgcawu DM	219 639	254 768	21.44	21.30
Frances Baard DM	329 578	393 083	32.17	32.86
John Taolo Gaetsewe DM	183 781	224 619	17.94	18.78
Northern Cape	1 024 476	1 196 209	100.00	100.00

Source: Global Insight, 2017 [Version 1046 (2.5x)]

All district municipalities had experienced a rise in their population sizes in 2015, when compared to 2005. Frances Baard is the largest district municipality in terms of population size and it is where the capital city of the province is situated, and thus has more economic activities. It is followed by ZF Mgcawu, which also has a lot of economic activities, with Namakwa accounting for the smallest share of the provincial population. In 2015, the Northern Cape's total population was estimated at approximately 1.2 million, which represented about 2.2 per cent of the total South African population. The increase in population size puts more pressure on the provincial resources, as more people will require services which in turn needs more funding. It also impacts on the labour market and the availability of jobs. If people do not find employment, it also puts more strain on the fiscus through an increased demand for services that would otherwise have been paid for (like medical services) as well as potentially increasing the demand for social grants.

Table 1.2 shows the Northern Cape population profile by the number of households, race and gender for 2005 and 2015.

Table 1.2: Population Profile for Northern Cape by Number of Households, Race and Gender, 2005 and 2015

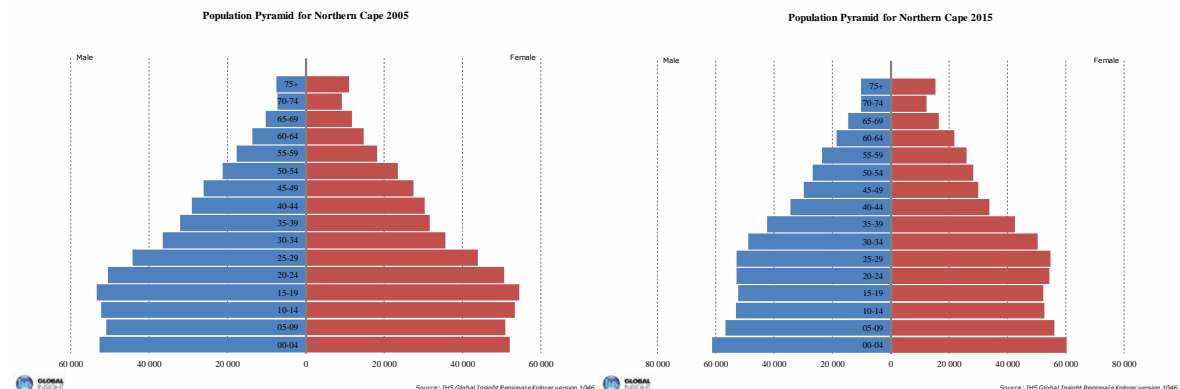
	Total Population		Households	
	Northern Cape	South Africa	Number of Households	Average Number of People per Household
2005	1 024 476	47 270 736	278 757	3.68
2015	1 196 209	54 897 094	324 050	3.69
% Change	1.56	1.51		
Total Population by Race and Gender				
	Race	Male	Female	Total
2015	African	291 132	292 488	583 620
	White	45 479	49 035	94 513
	Coloured	247 669	262 457	510 126
	Asian	4 433	3 516	7 949
	Total	588 713	607 496	1 196 209

Source: Global Insight, 2017 [Version 1046 (2.5x)]

There was an increase in the number of households in the province between 2005 and 2015 at an average annual rate of 1.56 per cent, which is only slightly higher than the national rate. Africans represented the largest proportion of the provincial population at 48.8 per cent of the provincial population, followed by Coloureds at 42.6 per cent. Asians were the minority at 0.7 per cent. Females were more than their male counterparts in terms of numbers. As indicated above, an increase in households will require municipalities to increase basic services, which requires more funding to meet the needs of those regions.

The figure below presents Northern Cape's population pyramids for 2005 and 2015.

Figure 1.1: Population Pyramids for Northern Cape, 2005 and 2015

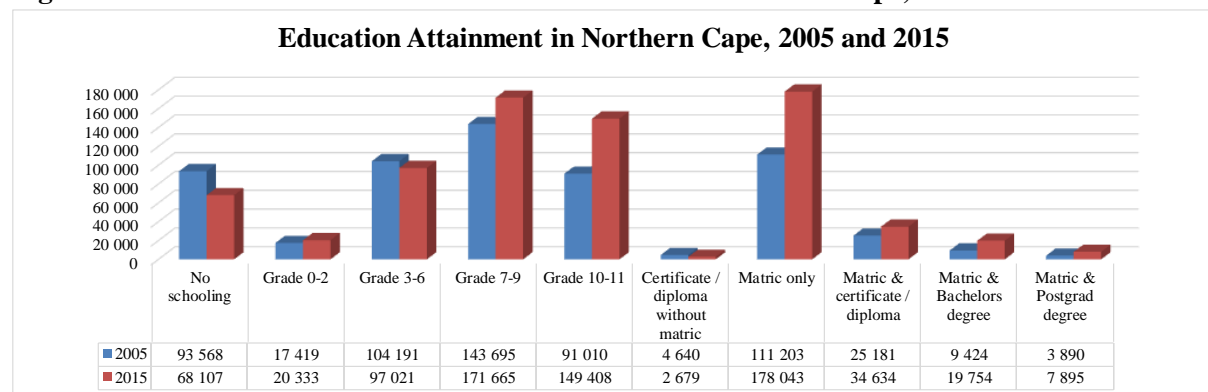


Source: Global Insight, 2017 [Version 1046 (2.5x)]

The two pyramids provide a comparison of the provincial population in terms of gender and age for 2005 and 2015. They both have a broad base, indicating a large number of young people. The age cohort 15 to 19 years represented the largest percentage of the total population in 2005, while 70 to 74 had the smallest share. Children aged 0 to 4 years constituted the largest proportion of the provincial population in 2015. In general, the Northern Cape has minimal inward migration as it does not have the same attractions as larger provinces like Gauteng and Western Cape. The young population in the province indicates that the province will have to invest and prioritise schooling and early childhood development by building more schools and training and employing more teachers, which will put further pressure on the limited resources of the province.

The following graph illustrates the highest level of education obtained in the Northern Cape in 2005 and 2015.

Figure 1.2: Education Attainment in Northern Cape, 2005 and 2015



Source: Global Insight, 2017 [Version 1046 (2.5x)]

It is evident that the number of people with no schooling had declined in 2015. Although the number of learners who passed matric had increased in 2015, it is still concerning to observe the low number of those who completed studies at tertiary institutions. This is a call for the provincial government to ensure that these learners get the necessary support and attain higher education; which will assist the province in ensuring that it has a skilled labour force in the future.

It is crucial to look at service delivery in the province as this is one of the people's rights that have found expression in the South African Constitution. Table 1.3 provides the number of households that did and did not have access to basic services in 2005 and 2015.

Table 1.3: Number of Households With and Without Access to Basic Services in Northern Cape, 2005 and 2015

Basic Services	2005		2015	
	Households with Access	Households without Access	Households with Access	Households without Access
Electricity	278 756	51 276	324 048	37 926
Flush Toilets	202 792	75 963	232 406	91 642
Piped Water	266 969	11 787	303 505	20 543
Refuse Removal	264 841	13 915	309 505	14 543

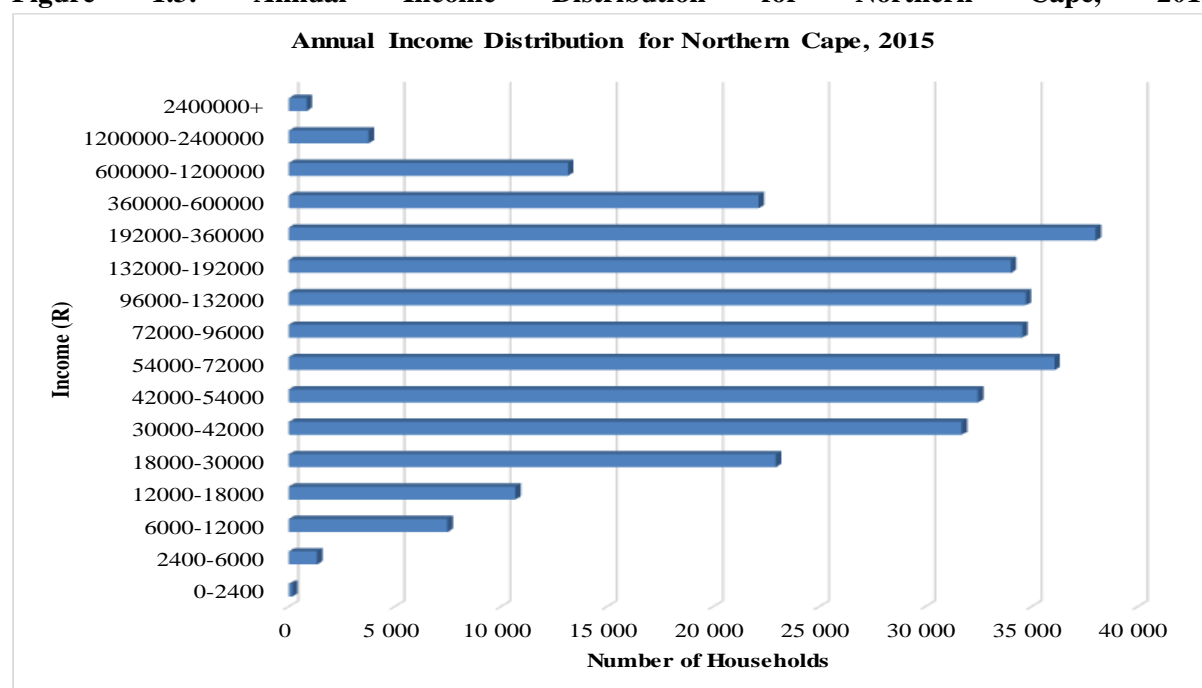
Source: Global Insight, 2017 [Version 1046 (2.5x)]

From 2005, the number of households that had access to basic services had increased for all categories in the table above, while the number of households without access to basic services decreased only for the service of electricity. One must however take note of the fact that the number of households within the province also increased over this period.

One of the South African government's priorities is to reduce inequality to ensure that the gap between the poor and the rich is narrowed and that past imbalances are corrected.

Figure 1.3 below depicts the distribution of annual income of households in the Northern Cape for 2015.

Figure 1.3: Annual Income Distribution for Northern Cape, 2015



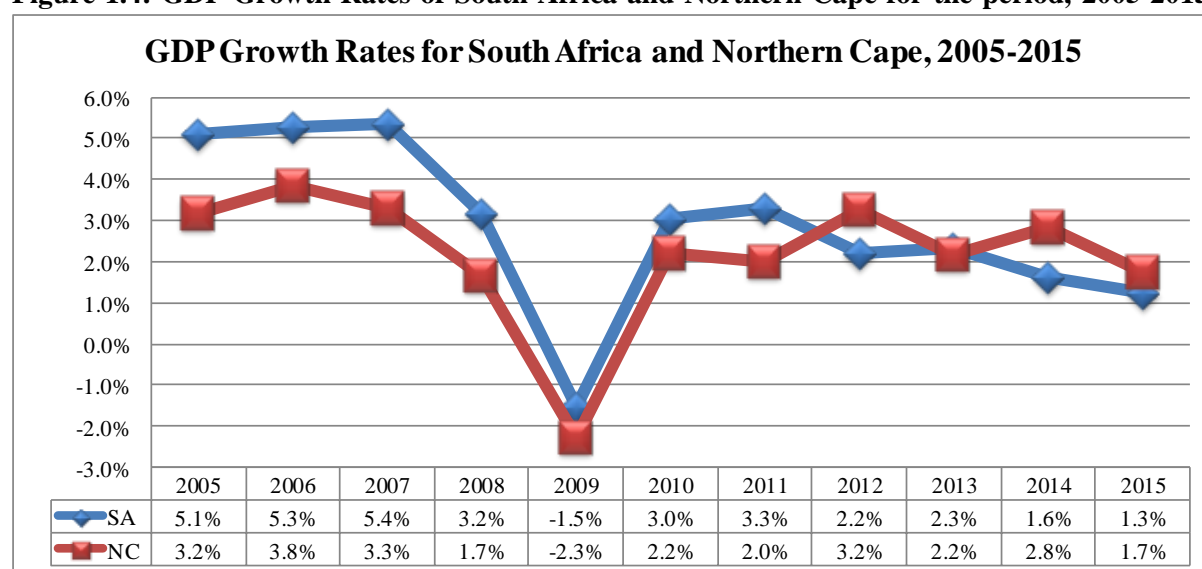
Source: Global Insight, 2017 [Version 1046 (2.5x)]

The province has a skew income distribution as there are a large number of households earning between R18 000 and R360 000 per annum, and only few households earning over R360 000. The largest percentage of households in the province were earning between R192 000 and R360 000. The province needs to address this inequality to ensure a better quality of life for the people. Support for small businesses and entrepreneurs could improve the financial wellbeing of the citizens.

1.2 Economic Indicators

According to Global Insight (2017), the Northern Cape posted a moderate economic growth in 2015, following a stronger performance in the three preceding years. The economy of the Northern Cape grew by only 1.7 per cent in 2015; which is 1.1 percentage points less than the growth rate posted in the previous year. This slowdown can be attributed to a sluggish growth in the real value added by the tertiary sector as well as the contraction in the secondary sector. Figure 1.4 below shows the growth rates of gross domestic product (GDP) for South Africa and the Northern Cape for the period from 2005 to 2015.

Figure 1.4: GDP Growth Rates of South Africa and Northern Cape for the period, 2005-2015.



Source: Global Insight, 2017 [Version 1046 (2.5x)]

Both the national and provincial economies reflected a negative growth rate only in 2009, owing to the 2008/09 global financial crisis. Over the years, the economy of South Africa has been growing at a faster pace than that of the province, with the exception of 2012, 2014 and 2015 which saw the economic growth of the Northern Cape surpassing that of the country.

The mining and community services industries underpin the economic performance of the province; however, the full potential gains from mining have not yet been fully realized. There is an opportunity for the province to add value to the minerals found within the province. Table 1.4 shows the provincial sectoral growth and contributions to the GDP for 2014 and 2015.

Table 1.4: Provincial Sectoral Growth and Contributions to GDP, 2014 and 2015

Sector	Growth Rate		Contribution to GDP	
	2014	2015	2014	2015
Primary Sector	6.2%	4.6%	32.3%	31.2%
Agriculture	4.2%	-7.0%	7.9%	7.9%
Mining	6.7%	7.4%	24.4%	23.3%
Secondary Sector	0.8%	-0.3%	10.4%	10.3%
Manufacturing	0.3%	-0.4%	3.4%	3.4%
Electricity	-0.7%	-1.2%	4.3%	4.3%
Construction	3.2%	0.8%	2.7%	2.6%
Tertiary Sector	1.5%	0.7%	57.3%	58.5%
Trade	0.4%	0.4%	12.5%	12.8%
Transport	2.5%	0.9%	12.2%	12.5%
Finance	0.9%	0.8%	10.3%	10.2%
Community services	2.0%	0.6%	22.3%	23.0%

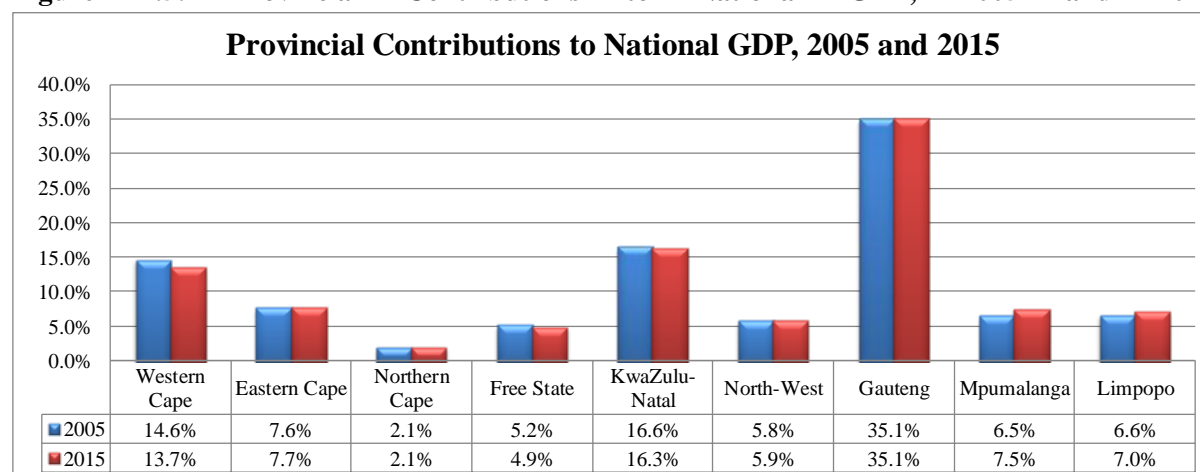
Source: Global Insight, 2017 [Version 1046 (2.5x)]

The growth rate of the primary sector declined by 1.6 percentage points between 2014 and 2015. This decline can be explained by a significant contraction in agriculture as the mining industry registered strong growth in 2015. The contraction in agriculture could in part be attributed to the drought that hit the whole country hard in 2015. The real output by the secondary sector contracted as this sector recorded a -0.3 per cent growth rate due to negative growth posted by the manufacturing and electricity industries as well as sluggish growth in construction. The tertiary sector saw marginal growth in 2015 at 0.7 per cent; with none of the industries in this sector achieving growth above 1 per cent.

Mining and community services are the economic pillars of the province; combined accounting for more than 40 per cent of the province's GDP. The excessive reliance of the Northern Cape economy on the highly risk-exposed and volatile mining sector presents a risk to the province. Mining is highly influenced by exogenous factors like global demand and commodity prices. Economic diversification and intervention in some sectors is thus critical for a sustainable and synchronised economic growth. Despite being well-endowed with mineral and agricultural resources, the province's manufacturing sector isn't as active as it could potentially be; with a contribution of 3.4 per cent to the provincial GDP in 2015. This is a concern as the National Development Plan (NDP) stresses the centrality of manufacturing and industrialisation to the sustainable economic growth of South Africa. Adding value to the provincial minerals and agricultural products is critical for the economy of the province.

Figure 1.5 below shows the contributions that all of the provinces made to the national GDP in 2005 and 2015. This brings into context the size of the Northern Cape economy compared to the economies of the other provinces.

Figure 1.5: Provincial Contributions to National GDP, 2005 and 2015



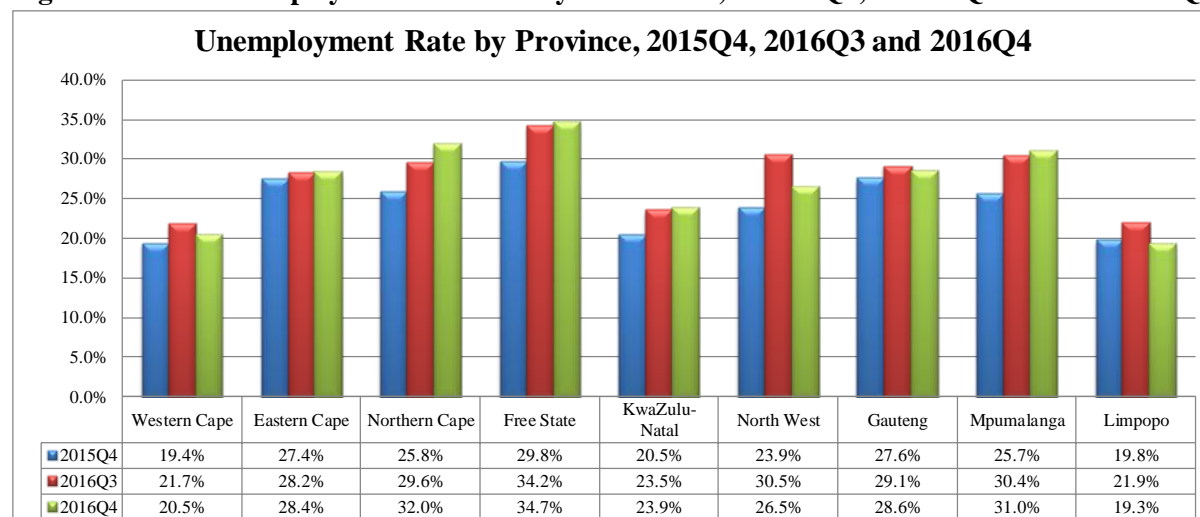
Source: Global Insight, 2017 [Version 1046 (2.5x)]

In 2015, Gauteng followed by KwaZulu-Natal made the largest contributions towards the national GDP at 35.1 and 16.3 per cent respectively. The Northern Cape was the smallest contributor to the national GDP, accounting for only 2.1 per cent in both 2005 and 2015.

1.3 Labour Status

In Figure 1.6 below the unemployment rates of the provinces are compared for the fourth quarter of 2015 (2015Q4), the third quarter of 2016 (2016Q3) and the fourth quarter of 2016 (2016Q4).

Figure 1.6: Unemployment Rate by Province, 2015Q4, 2016Q3 and 2016Q4



Source: Statistics South Africa: QLFS, 2017

In the fourth quarter of 2016 the Free State followed by the Northern Cape had the highest unemployment rates at 34.7 and 32.0 per cent respectively, while Limpopo and the Western Cape had the lowest unemployment rates at 19.3 and 20.5 per cent respectively.

Table 1.5 below provides the labour market status of the Northern Cape for the fourth quarter of 2015 (2015Q4), the third quarter of 2016 (2016Q3) and the fourth quarter of 2016 (2016Q4).

Table 1.5: Labour Market Status for Northern Cape, 2015Q4, 2016Q3 and 2016Q4

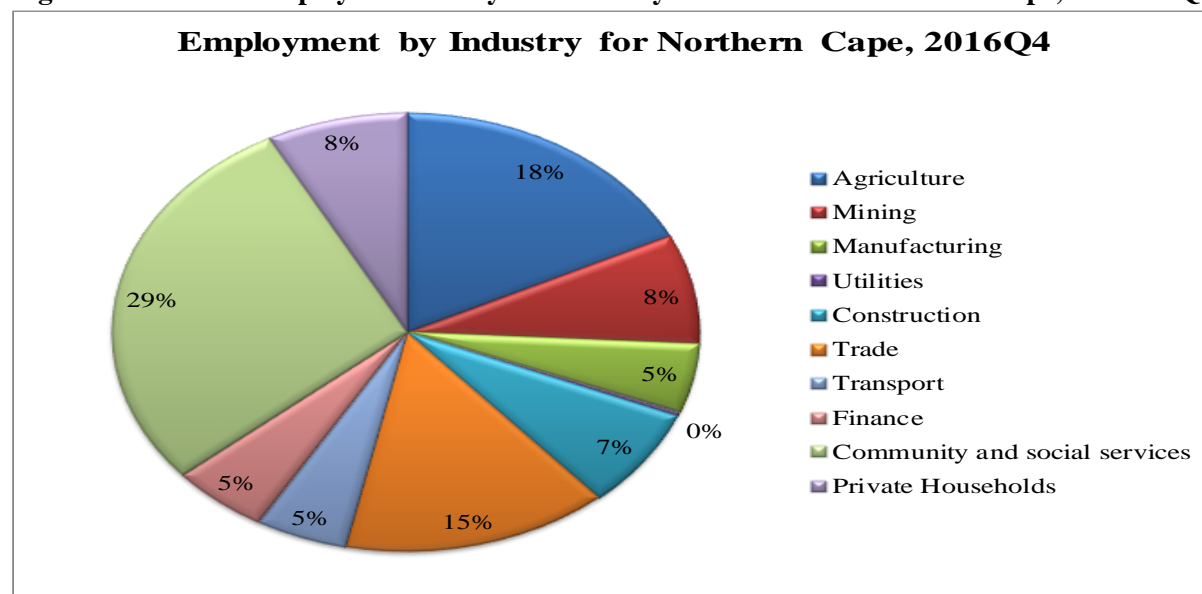
	2015Q4	2016Q3	2016Q4	Qtr-to-qtr change	Year-on- year
	('000)	('000)	('000)	('000)	('000)
Population aged 15-64 years	771	778	780	2	9
Labour force	420	437	438	1	18
Employed	312	308	298	-10	-14
Unemployed	108	129	140	11	32
Not economically active	351	341	342	1	-9
Discouraged work seekers	59	55	56	1	-3
Other	292	286	286	0	-6
Rates	(%)	(%)	(%)	(Percentage point)	(Percentage point)
Unemployment rate	25.8	29.6	32.0	2.4	6.2
Absorption rate	40.4	39.6	38.2	-1.4	-2.2
Labour force participation rate	54.5	56.2	56.2	0.0	1.7

Source: Statistics South Africa: QLFS, 2017

In the fourth quarter of 2016, the working age population (population aged between 15 and 64 years) was 780 000, which was 2 000 more than it was in the third quarter. The number of people employed in the fourth quarter of 2016 decreased to 298 000 in quarter 4 of 2016, which was a decrease of 14 000 people on an annual basis and 10 000 on a quarterly basis. The number of unemployed people increased by 11 000, from 129 000 in quarter 3 of 2016 to 140 000 in the fourth quarter of 2016. On a quarterly basis, jobs were lost in the agriculture, construction, trade, finance, community and social services and private households industries, while mining recorded an increase in employment.

In Figure 1.7 below, the distribution of the employment by industry for the Northern Cape is illustrated for the fourth quarter of 2016.

Figure 1.7: Employment by Industry for Northern Cape, 2016Q4



Source: Statistics South Africa: QLFS, 2017

Community and social services followed by agriculture and trade are the major employers in the Northern Cape, accounting for 29, 18 and 15 per cent respectively of the total employment in the fourth quarter of 2016. Utilities, finance, transport and manufacturing employed the smallest share of people. Investing in labour-absorbing sectors could help to curb the high unemployment rate in the province, while diversifying the economic activity of the province could bring about new job opportunities. The NDP identifies manufacturing as one of the key economic sectors to create employment.

2. Budget strategy and aggregates

2.1 Introduction

The overall budget of the province grows from R16.364 billion to R18.161 billion in the last year of the 2017 MTEF. The equitable share transfers from national government constitute 72 per cent of the total provincial receipts followed by conditional grants at 26 per cent, whilst provincially own collected revenue account for only 2 percent.

Revisions to the equitable share formula are informed by data from 2011 census, age cohorts, 2016 mid-year population estimates, 2016 school realties surveys, 2014 Regional – GDP, District Health information service for patient load data (2014/15-2015/16) 2012 risk adjusted index, insured population and the 2010 income and expenditure survey.

The provincial equitable share formula is updated annually and consequently adjusted the provincial baseline due to the new data updates which have resulted to an additional amount of **R29 million** over the 2017 MTEF. However, during the same period, reductions on the provincial equitable share amount to **R42 million** as a result of government effort towards fiscal consolidation. Furthermore, an amount of **R188 million** is made available in the 2019/20 financial year to provide for the historical carry through costs related to improvement of conditions of service (ICS).

2.2 Aligning provincial budgets to achieve government's prescribed outcomes

Office of the Premier continues to play a critical role in ensuring proper alignment towards the government's outcomes by all provincial departments in the province. The 2014 Medium Term Framework outputs are clearly expressed in the Strategic Plans of all departments including entities.

The Provincial Growth and Development Strategy (PGDS) will be reviewed in the 2017 financial year including the provincial Spatial Planning Land Use Management Act (SPLUM), this will review will ensure that the budget process incorporate and align resources towards the achievement of the outcomes.

A series of engagements have already taken place with the relevant sector departments as part of the process of crafting the Provincial Growth and Development Plan (PGDP) Vision 2030. The planning process carried out by all government entities will have a vital role to play in bringing the National Development Plan (NDP) to life hence the importance of improving the quality of the existing planning mechanisms. This process will be facilitated through the provincial MTSF and the yearly implementation facilitated through the Programme of Action (POA).

2.3 Summary of Budget Aggregates

Table 1.6 below outlines the summary of the revenue, payments and own financing components of the budget.

Table 1.6 : Provincial budget summary

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
Provincial receipts									
Transfers from national	13 110 621	13 027 945	13 974 067	14 613 214	14 677 197	14 677 197	16 009 235	16 728 678	17 779 162
Equitable share	9 591 623	9 620 463	10 225 645	10 862 660	10 862 660	10 862 660	11 719 982	12 501 132	13 418 118
Conditional grants	3 518 998	3 407 482	3 748 422	3 750 554	3 814 537	3 814 537	4 289 253	4 227 546	4 361 044
Provincial own receipts	283 011	296 612	330 950	314 532	315 758	337 637	339 830	360 538	381 968
Total provincial receipts	13 393 632	13 324 557	14 305 017	14 927 746	14 992 955	15 014 834	16 349 065	17 089 216	18 161 130
Provincial payments									
Current payments	9 733 144	10 374 238	11 488 189	11 925 529	12 281 862	12 547 730	12 864 183	13 696 881	14 467 641
Transfers and subsidies	1 706 602	1 508 760	1 589 842	1 549 080	1 589 481	1 644 499	1 664 785	1 676 474	1 761 318
Payments for capital assets	1 620 672	1 434 522	1 338 932	1 375 232	1 534 216	1 504 888	1 535 655	1 336 624	1 367 153
Payments for financial assets	384	14 241	2 667	354	59	59	(0)	-	-
Total provincial payments	13 060 802	13 331 761	14 419 630	14 850 195	15 405 618	15 697 176	16 064 622	16 709 979	17 596 112
Surplus/(deficit) before financing	332 830	-7 204	-114 613	77 551	-412 662	-682 342	284 443	379 237	565 018
Financing									
Provincial Rollovers	375 682	37 104	83 030	-	64 086	64 086	-	-	-
Other	77 667	75 884	57 519	64 000	18 026	18 026	-	-	-
Other (Self financing - Legislature)	-	-	-	-	-	-	14 584	-	-
Surplus/(deficit) after financing	786 179	105 784	25 936	141 551	-330 550	-600 230	299 027	379 237	565 018

The Northern Cape equitable share allocation for the 2017/18 financial year has increased by 7.8 per cent to R11.720 billion. Conditional grants have increased by 14.3 per cent to R4.289 billion compared to the revised estimates. The revenue generated within the province shows an increase of 0.6 per cent to R339.830 million from a revised estimate of R337.637 million.

The total provincial receipts amount to R16.349 billion in the 2017/18 financial year. The two outer medium term years increase to R17.089 billion and R18.161 billion respectively. The remaining surpluses after factoring out provincial payments, amounts to R299.027 million in 2017/18, R379.237 million in 2018/19 and R565.018 million in 2019/20.

Financing

The budget of the province is mainly financed through transfers from national in the form of equitable share and conditional grants and supplemented by provincial own revenue which constitutes only 2 per cent of the total provincial budget.

Surplus

The province has in total budgeted for a surplus amounting to R1.2 billion over the 2017 MTEF. In the 2017/18 financial year, an amount of R205 million is set aside for the Debt Redemption Strategy, which reduces to over R200 million in the outer year of the MTEF. The net surplus after factoring out the debt redemption amounts to R581 million over the MTEF period. R30 million is earmarked for townships revitalisation projects, R69 million is earmarked for other provincial priorities and an amount of R423 million remains unallocated in respect of the shortfall on the improvements on conditions of service.

3 Budget Process and the Medium-Term Expenditure Framework

Cost containment measures interventions and reprioritisation are permanent features in the provincial budget process and will continue to receive the necessary attention moving forward. The Fiscal consolidation stance has meant that in depth analysis of expenditure need to inform the vertical

allocation of resources, effectively downscaling on non performing programmes to more urgent priorities of government.

The budget process of the province starts essentially in June every with budget workshops and planning the process with the relevant stakeholders. This initial phase builds into the different forums to clearly spell out how the entire process will flow and how budgetary decisions will be communicated.

Provincial Treasury present quarterly reports to both the Executive Council and the respective committees of the Legislature on a regular basis, this allow for corrective measures to be implemented promptly where the need arises and most importantly allows the Legislature in its responsibility in performing oversight in provincial departments and municipalities.

Municipal Finance Management Budget Process Highlights

Annually municipalities must table a budget in council after extensive consultation with communities. For the current year (2016/17), municipalities had to start the process of formulating their Integrated Development Plans (IDPs) for the term of new municipal councils that were elected after the 3 August 2016 elections. Furthermore, municipalities are required to table their budgets in compliance with the Municipal Standard Chart of Accounts (MSCoA), part of this reform will require municipalities to disaggregate budgets at ward level.

The role of the community is explained clearly to simplify the process. The budget determines the spending priorities of the municipalities for the period it relates to. Communities must participate in the process so that they do not demand municipalities to implement programmes and projects that were not approved. The local government process allows the municipality to consult with their communities during the Integrated Development Plan (IDP) process to determine their developmental priorities. The National Development Plan of the country helps to inform the planning priorities of the municipalities. These plans go a long way towards informing the budgeting process of the municipalities.

The Equitable Share of local government is intended to subsidise the poor households in the community that must be registered as indigents. The income of the households is used as a threshold to determine who qualifies as an indigent. The municipalities must also render services of an acceptable standard to the communities and attend to legitimate complaints from the communities. The other households have to pay for the services that they receive from their municipalities since the municipality has to pay for the bulk services from their service providers.

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.

Equitable share contribute the highest towards total receipts followed by conditional grants and provincially generated revenue, respectively. Section 227 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996) requires that revenue raised nationally be distributed equitably amongst national, provincial and local spheres of government and it is an unconditional transfer designed to assist in delivery of basic services and assigned functions.

Conditional grants are additional transfers from national government with conditions attached. These grants are centralised at the national government and are accompanied by strict conditions. The grants are limited in terms of flexibility as they are designed to finance nationally determined prioritise and compensate provinces in their quest to provide service delivery.

The provincially generated own revenue is mainly from motor vehicle licences, casino taxes, patient fees, interest earned on short term investment on unspent funds at any given point in a fiscal year.

Table 1.7 shows the actual and projected total receipts of the province over a seven year period, which includes the three year estimates of the 2017 MTEF.

Table 1.7 : Summary of provincial receipts

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2013/14	2014/15	2015/16		2016/17		2017/18	2018/19	2019/20
Transfers receipts from national									
Equitable share	9 591 623	9 620 463	10 225 645	10 862 660	10 862 660	10 862 660	11 719 982	12 501 132	13 418 118
Conditional grants	3 518 998	3 407 482	3 748 422	3 750 554	3 814 537	3 814 537	4 289 253	4 227 546	4 361 044
Total receipts: Treasury funding	13 110 621	13 027 945	13 974 067	14 613 214	14 677 197	14 677 197	16 009 235	16 728 678	17 779 162
Provincial own receipts									
Tax receipts	156 796	169 948	188 848	207 510	207 510	207 107	243 000	258 153	273 805
Casino taxes	16 158	16 037	21 305	23 597	23 597	22 762	25 036	26 513	28 051
Horse racing taxes	1 330	1 517	1 595	1 543	1 543	2 214	1 637	1 734	1 835
Liquor licences	3 722	3 773	3 758	4 078	4 078	3 839	4 327	4 582	4 848
Motor vehicle licences	135 586	148 621	162 190	178 292	178 292	178 292	212 000	225 324	239 071
Sales of goods and services other	71 408	72 516	69 744	93 474	93 941	82 662	83 039	87 825	92 815
Transfers received	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	3 676	2 379	2 764	3 330	3 330	3 251	3 531	3 731	3 903
Interest, dividends and rent on land	38 559	38 355	49 011	989	992	33 730	1 046	1 108	1 171
Sales of capital assets	2 689	655	4 465	3 584	4 232	4 232	3 271	3 465	3 666
Transactions in financial assets and	9 883	12 759	16 118	5 645	5 753	6 656	5 943	6 256	6 608
Total provincial own receipts	283 011	296 612	330 950	314 532	315 758	337 637	339 830	360 538	381 968
Total provincial receipts	13 393 632	13 324 557	14 305 017	14 927 746	14 992 955	15 014 834	16 349 065	17 089 216	18 161 130

The available fiscal envelope remains constrained showing average annual growth of 7.3 per cent over the 2017 MTEF. Total receipts over a three year 2017 MTEF in the form of Equitable Share is projected to amount to R37.639 billion, of which R11.720 billion in 2017/18 financial year, R12.501 billion in 2018/19 financial year and R13.418 billion in the 2019/20 financial year. The conditional grants are projected to amount to R12.879 billion over the 2017 MTEF of which R4.289 billion in 2017/18, R4.228 billion in 2018/19 financial year, and R4.361 billion in 2019/20 financial year.

The average growth in transfers from National government for Equitable Share and conditional grants amounts to 6.3 per cent for the 2017 MTEF period.

The remaining portion of the projected total receipts is derived from own revenue, which constitute 2.1 per cent of the overall receipts of the province. There has been consistent growth in own revenue over the past years and the trend is anticipated to continue in the coming financial years. The total projected own revenue amounts to R1.082 billion over the 2017 MTEF of which R340 million in 2017/18, R361 million in 2018/19, and R382 million in 2019/20 financial years. The average growth over the 2017 MTEF is 6.6 per cent.

In aggregate, the provincial receipts are estimated to grow by 8.9 per cent from the 2016/17 estimated revenue to the 2017/18 budgeted revenue and the average provincial receipts over the Medium Term Expenditure Framework (MTEF) period amounts to 6.6 per cent.

Table 1.7 indicates the sources of own revenue in the province. Provincial revenue is mainly driven by tax receipts which include motor vehicle licenses as the major revenue source of the province. The tax receipts item contributes 71.5 per cent on average, of the total estimated own revenue over the MTEF. The budget for this item grows by 17.3 per cent from the 2016/17 estimated collection to the 2017/18 financial year budget; and further grows by 6.2 per cent and 6.1 per cent in 2018/19 and 2019/20 financial years respectively. The overall growth for this item is estimated at 9.8 per cent from the 2016/17 revised estimates to the through to the 2017 MTEF.

The reason for the increased growth from the revised estimate is attributed to the estimated increase in casino taxes collection resulting from the roll-out of the Limited Payout Machines as well as an estimated increase in the vehicle population which increases the Motor Vehicle Licences. The average annual growth of the budget grows by 24.7 per cent over the 2017 MTEF.

Other non-tax receipts item which contributes more to the provincial revenue is sale of goods and services which is mainly made up of receipts from patient fees; rental dwellings; commission on insurance and garnishees, applications for learner's licences and renewal of driver's licences. This item accounts for, on average, 24.4 per cent over the MTEF. The budget for this item reduces by 11.6 per cent from the 2016/17 adjusted budget to the 2017/18 financial year budget; and further grows by 5.8 per cent in 2018/19 financial year and 5.7 per cent in 2019/20 financial year. The overall growth for this item is estimated at 1.2 per cent from the 2016/17 revised estimates to the 2017/18 financial year budget. The reason for the increased growth from the revised estimate is attributed to the 2016/17 financial year status of projected collection by the department of Health, which is expected to recover during the 2017 MTEF. The average annual growth of the budget grows by 7.2 per cent over the 2017 MTEF.

In addition to the above-mentioned major sources of revenue, the province also collects own revenue from the following sources:

Fines, penalties and forfeits: This item caters for compulsory non-exchange revenue, enforced by a court of law or similar judicial body or mutually agreed settlement outside the courts. The items that mainly contribute to this source of revenue are the fines charged by the Department of Transport, Safety, and Liaison on road offenders; and the fines charged by the Department of Environment and Nature Conservation on waste removal and pollution of environment. The budget for this item grows by 8.6 per cent from the 2016/17 estimated collection to the 2017/18 financial year budget; and further increases by 5.7 per cent and grows by 4.6 per cent in 2018/19 and 2019/20 financial years respectively. The overall growth for this item is estimated at 8.4 per cent from the 2016/17 revised estimates to the average revenue over the 2017 MTEF. The average annual growth of the budget grows by 5.4 per cent from the adjusted budget through to the 2017 MTEF.

Interest, dividends and rent on land caters for receipts arising from the ownership of interest-bearing financial instruments such as bank deposits, loans extended to other parties and bills and bonds issued by other parties. This item is mainly comprised of the interest raised by the Provincial Treasury on the positive bank account of the province. The budget for this item decreases by 96.9 per cent from the 2016/17 estimated collection to the 2017/18 financial year budget; and then grows by 6 per cent and 5.7 per cent to the 2018/19 and 2019/20 financial years respectively. The overall revenue is estimated to decline by 96.7 per cent from the 2016/17 revised estimates to the average revenue over the 2017 MTEF. The reason for this revenue decline is attributed to the interest raised by Provincial Treasury that is treated as a once-off as it relates to the adverse spending patterns by the departments that cannot be predicted. The average annual growth of the budget is 5.7 per cent over the 2017 MTEF.

Sale of Capital Assets: This item caters for the sale of assets that costs more than R0.005 million as well as the sale of intangible items such as computer software. This item experiences a decline of 33 per cent from the 2016/17 estimated collection to the 2017/18 financial year budget; which is followed by an increase of 5.9 per cent in the 2018/19 financial year and thereafter by a growth of 5.8 per cent in 2019/20 financial year. The overall budget growth for this item is declining by 29 per cent from the 2016/17 revised estimates to the average revenue over the 2017 MTEF. The fluctuation in the estimated collections from this item is a result of the nature of this item that is mainly composed of once-off sales by the departments.

Transactions in financial assets and liabilities: mainly comprises of other types of receipts, such as revenue from loans, receivables, and other receipts (such as overpayments, and stale cheques). This item experiences a decline of 10.7 per cent from the 2016/17 estimated collection to the 2017/18 financial year budget; which then increases to 5.3 per cent and 5.6 per cent in 2018/19 and 2019/20

financial years respectively. The overall budget decline for this item is estimated at 5.8 per cent from the 2016/17 revised estimates to the average revenue over the 2017 MTEF. The decline in estimated collections from this item is mainly attributed to the Office of the Premier over collecting as a result of registration fees collected from the public sector training forum conference that was hosted by the department during the 2015/16 financial year. The average annual growth of the budget is 4.7 per cent over the 2017 MTEF.

4.2 Equitable Share

The Equitable Share is the main source of revenue for provinces, which is responsible for social services including education, health, social development and economic functions such as agriculture and roads, and provincial governance and administration. Section 214 of the Constitution requires that an Act of Parliament provides for the equitable division of revenue raised nationally among the spheres of government; and for the determination of each province's equitable share of that revenue.

In terms of Section 214 of the Constitution, an equitable system of vertical and horizontal division of centrally collected revenue is essential for the creation of a balance between the three spheres of government. Several factors are taken into consideration in the division of revenue process, including national interest, debt provision, flexibility in responding to emergencies, resource allocation for basic services and developmental needs, fiscal capacity and efficiency of government, economic disparities, stability and predictability, among others.

The vertical division of revenue among the three spheres of government – national, provincial and local – is based on a value judgement and not on any predetermined formula. This division of revenue is determined through an annual consultative process involving the Budget Council, the Financial and Fiscal Commission (FFC) and National Treasury, as required by Section 9(1) of the Intergovernmental Fiscal Review (IGFR) Act. However, the horizontal division of revenue among provinces is formula-based. The formula used to divide the equitable share between provinces is objective-based and redistributive by design. The equitable share formula is designed to ensure fair, stable and predictable revenue shares, and to address economic and fiscal disparities.

Provinces have a prerogative to allocate funds in line with their specific provincial priorities. The Provincial Equitable Share (PES) formula is reviewed and updated with new data annually. For the 2017 MTEF, the formula has been updated with data from the 2016 mid-year population estimates, 2016 School Realities survey (SNAP survey), 2014 GDP-R, 2010/11 income and expenditure survey, data on people without medical insurance from the 2015 General Household Survey (GHS) and data output from the health sector.

The Equitable Share formula recognizes that the provinces have different demographic and economic profiles, markedly different levels of economic development and significant variations in socio-economic circumstances. The levels of wealth or income within a province are important determinants of demand for social services, particularly primary health care, education and income support. The redistributive nature of the Equitable Share formula assists all provinces to provide a basic level of service for all South Africans.

Table 1.7 above set out the Provincial Equitable Shares for the 2017 MTEF budget. Equitable Share transfers to the province increase by R0.857 million or 7.8 per cent from the adjusted R10.863 billion in 2016/17 financial year to R11.720 billion in 2017/18 financial year. The 2017 MTEF Equitable Share allocation will rise from R12.501 billion in 2018/19 financial year to R13.418 billion in the 2019/20 financial year, with an average annual growth of 7.3 per cent which is above the average inflation rate of 6.1 per cent.

4.3 Conditional Grants

Conditional grants were introduced over and above the equitable share addressing the needs and interests of the national government at the level where services are provided, to address specific policy concerns that are inter-provincial in nature. Provinces had funded these activities from their budgets until 1999. But having established these grants, amounts were shifted from the provinces to be included on the votes of national departments. These funds will nevertheless flow to the provinces, although with the attachment of certain conditions.

Conditional grants are designed to achieve specific objectives, and provinces must fulfil certain conditions to receive them. There are essentially four types of conditional grants that are transferred from the national government to provinces: to supplement the funding of programmes or functions funded from provincial budgets, specific-purpose allocations to provinces, and allocations-in-kind to provinces for designated special programmes and funds that are not allocated to specific provinces may be released to provinces to fund immediate disaster responses.

Table 1.8 below shows the actual and projected allocations of conditional grants for the province over a seven year period, which includes the three year estimates of the 2017 MTEF.

Table 1.8 : Summary of conditional grants by transferring national department: Northern Cape

R thousand	2013/14	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20
	Amount Received			Amount Received	Provincial Roll overs	Total Available	Estimated Actual Payments	Medium Term Expenditure Estimates		
Agriculture, Forestry and Fisheries	723 395	457 855	212 530	192 734	1 732	194 466	194 466	298 346	320 953	218 042
Agricultural Disaster Management Grant	—	—	—	—	—	—	—	—	—	—
Comprehensive Agricultural Support Programme Grant	641 306	378 390	135 768	128 364	1 560	129 924	129 924	232 772	252 434	145 685
Ilima/Lelema Projects Grant	70 034	72 003	69 460	55 050	172	55 222	55 222	58 480	60 766	64 169
Land Care Programme Grant: Poverty Relief and Infrastructure	12 055	7 462	7 302	9 320	—	9 320	9 320	7 094	7 753	8 188
Arts and Culture	75 596	118 396	147 121	119 674	5 343	125 017	144 151	163 000	172 041	156 941
Community Library Services Grant	75 596	118 396	147 121	119 674	5 343	125 017	144 151	163 000	172 041	156 941
Basic Education	458 763	503 916	617 118	665 138	—	665 138	815 427	804 278	691 841	730 409
Dinaledi Schools Grant	3 577	3 782	—	—	—	—	—	—	—	—
Education Infrastructure Grant	316 934	346 445	446 998	486 538	—	486 538	486 538	612 267	483 272	510 335
HIV and Aids (Life Skills Education) Grant	5 205	5 059	5 281	5 281	—	5 281	5 281	5 547	5 874	6 203
National School Nutrition Programme Grant	119 859	134 645	142 724	150 289	—	150 289	300 578	160 807	170 211	178 722
Occupation Specific Dispensation for Education Sector Therapists	—	7	2	—	—	—	—	—	—	—
Technical Secondary Schools Recapitalisation Grant	13 188	13 978	—	—	—	—	—	—	—	—
Maths, Science and Technology Grant	—	—	22 113	23 030	—	23 030	23 030	23 636	26 342	27 837
Learners With Profound Intellectual Disabilities Grant	—	—	—	—	—	—	—	2 021	6 142	7 312
Cooperative Governance and Traditional Affairs	—	—	—	—	—	—	—	—	—	—
Provincial Disaster Grant	—	—	—	—	—	—	—	—	—	—
Health	1 140 720	1 176 641	1 355 970	1 293 517	48 875	1 342 392	1 342 392	1 348 327	1 388 784	1 493 362
Comprehensive HIV and Aids Grant	302 468	342 789	371 253	413 231	—	413 231	413 231	478 242	552 262	610 857
Forensic Pathology Services Grant	—	—	—	—	—	—	—	—	—	—
Health Disaster Response (Cholera) Grant	—	—	—	—	—	—	—	—	—	—
Hospital Facility Revitalisation Grant	478 428	451 428	593 591	472 267	42 318	514 585	514 585	443 753	380 829	402 156
of which	—	—	—	—	—	—	—	—	—	—
Health Infrastructure component	90 154	103 029	593 591	—	—	—	—	—	—	—
Hospital Revitalisation component	388 274	348 399	—	—	—	—	—	—	—	—
Nursing Colleges and Schools component	—	—	—	—	—	—	—	—	—	—
Health Professions Training and Development Grant	72 356	76 697	78 445	81 815	—	81 815	81 815	86 300	91 305	97 132
National Tertiary Services Grant	282 618	298 727	305 477	318 661	3 611	322 272	322 272	340 032	359 754	378 323
National Health Insurance Grant	4 850	7 000	7 204	7 543	2 946	10 489	10 489	—	—	—
Human Papillomavirus Vaccine Grant	—	—	—	—	—	—	—	—	4 634	4 894
Higher Education and Training	—	—	—	—	—	—	—	—	—	—
Further Education and Training College Sector Grant	—	—	—	—	—	—	—	—	—	—
Human Settlements	620 814	374 832	480 408	371 109	3 821	374 930	371 109	402 668	426 635	449 476
Housing Disaster Relief Grant	17 190	—	—	—	—	—	—	—	—	—
Human Settlements Development Grant	603 624	374 832	480 408	371 109	3 821	374 930	371 109	402 668	426 635	449 476
Public Works	34 924	36 205	23 963	32 898	1 286	34 184	47 426	76 737	—	—
Devolution of Property Rate Funds Grant to Provinces	—	—	—	—	—	—	—	—	—	—
Expanded Public Works Programme Incentive Grant for Provincial	14 691	20 949	13 260	13 253	1 286	14 539	20 530	17 961	—	—
Education	5 845	2 025	2 077	2 000	—	2 000	2 000	2 083	—	—
Social Sector Expanded Public Works Programme Incentive Grant	20 233	15 256	10 703	19 645	—	19 645	26 896	58 776	—	—
Education	3 932	3 237	1 000	2 925	—	2 925	2 925	2 017	—	—
Social Development	—	—	—	—	—	—	24 000	28 569	36 456	38 506
Substance Abuse Treatment Grant	—	—	—	—	—	—	24 000	14 237	17 709	18 700
Early Childhood Development Grant	—	—	—	—	—	—	—	13 760	18 128	19 138
Social Worker Employment Grant	—	—	—	—	—	—	—	572	619	668
Sport and Recreation South Africa	30 806	31 450	29 181	26 512	-2 229	24 283	31 408	31 283	16 390	16 979
Mass Participation and Sport Development Grant	30 806	31 450	29 181	26 512	-2 229	24 283	31 408	31 283	16 390	16 979
Transport	700 874	684 409	867 337	905 360	3 029	908 389	957 485	1 136 045	1 174 446	1 257 329
Gautrain Rapid Rail Link Grant	—	—	—	—	—	—	—	—	—	—
Provincial Roads Maintenance Grant	659 484	640 472	822 430	905 360	—	905 360	905 360	1 084 016	1 119 986	1 199 819
Public Transport Operations Grant	41 390	43 937	44 907	—	3 029	3 029	52 125	52 029	54 460	57 510
Total	3 785 892	3 383 704	3 733 628	3 606 942	61 857	3 668 799	3 927 864	4 289 253	4 227 546	4 361 044

The conditional grants framework form part of the Division of Revenue Act and are assigned to provinces from national government to pursue specific national objectives and targets aimed at enhancing the delivery of services.

Conditional grants are also used to ensure that the minimum nation-wide standards for the provision of national concerns are met across all provinces. Funds from the equitable share are topped up including own revenue generated by province as these grants supplement priorities that need to be realized by national government through provinces. These additional transfers from the national government have conditions attached as stipulated in DORA.

The difference in CASP Grant allocations for 2017/18 and 2018/19 financial years are due to a correction required to funds previously earmarked for Northern Cape disaster interventions that was not allocated to the province in 2015/16 financial year due to spending capacity concerns but erroneously allocated to all provinces through CASP Grant formula in 2015/16 financial year. Over the course of 2016/17 financial year, the Northern Cape and national DAFF established that the rehabilitation of the flood damaged Orange and Vaal dam wall was ready to continue in 2017/18 financial year. DAFF has subsequently reinstated Northern Cape's disaster funds amounting to R111.5 million in 2017/18 financial year and R124.9 million in 2018/19 financial year. These amounts come from the infrastructure component of CASP Grant.

Provincial Roads Maintenance Grant- The visual condition indicator (VCI), which measures the percentage of a province's road network that is in a very good condition, increases from 45 per cent in the 2016 MTEF to 55 per cent for the 2017 MTEF. It is necessary to change this criterion in order to ensure a progressive improvement in the condition of the entire road network. Although the national

Department of Transport had signalled this pending change, the shift to the higher VCI threshold destabilised provincial allocations. Through consultation with the national Department of Transport, it was agreed that the new VCI threshold will be phased in at 45.50, and 55 per cent in the respective years of the 2017 MTEF. In addition, the grant transitions to using actual traffic volumes instead of projected traffic volumes to match actual road usage patterns.

The Early Childhood Development (ECD) grant has two distinctive components, each with a different objective. The subsidy component aims to address poor children's access to early childhood education, while the maintenance component is to ensure the appropriateness of the infrastructure where children access early childhood registration to fully registration. The component separation within the grant will ease the monitoring of both access and infrastructure.

4.4 Total Provincial Own Revenue

Provincial own revenue streams are limited but play an important role in supplementing national transfers thus resourcing provincially determined priority outcomes. The provincial own revenue collection contributes an average of 2.1 per cent of total budget over the 2017 MTEF, while national transfers constitute about 97.9 per cent.

There are three major revenue generating departments within the province namely, Transport, Safety and Liaison through motor vehicle licence fees, Health through patient's fees, and Economic Development and Tourism through gambling taxes. Provincial Treasury also collects major revenue as a result of the interest earned from unspent funds during the financial year. Other department's collection is minimal as it is based on cost recovery sources such as parking fees however there are departments with potential to collect additional revenue; Environment and Nature Conservation through environmental impact assessment and nature reserves fees, and Roads and Public Works through property rental fees.

The economic performance and the projected economic prospects have a direct negative impact on the performance of revenue in the province. Thus the nominal projected growth on revenue estimates is mainly as a result of economic conditions such unemployment and subdued economic prospects.

Own Revenue Maximisation

The province is in a very tight fiscal space that requires more to be done in terms of promoting provincial revenue collections in order to augment the national transfers and to continue to finance the provincial priorities. Provincial Treasury will continue to provide technical and strategic support to departments with the view to enhance revenue collection systems and identification of new streams of income. This will include establishing close working relationships with institutions that utilizes the provincial government services such as Road Accident Fund and National Departments in order to encourage for timeous payments of services rendered.

Additional sources of revenue are continuously being explored for their contribution to provincial own revenue even though the extent of such revenue may be minimal. In the same breath, all other departments are required to explore ways to expand their own revenue streams and the minimum requirement is to ensure that the annual review of revenue tariffs is achieved.

The enhancement of provincial revenue requires the efficient application of the Provincial Own Revenue Enhancement Strategy as a way of ensuring that departments implement their revenue plans and tariffs are annually reviewed to adequately inform the revenue budgets of the MTEF.

In addressing the challenges of non-payment of collection by municipalities (the revenue collecting agency of the *Department of Transport, Safety and Liaison*, progress has been made in terms of outsourcing the function to the South African Post Office (SAPO). The renewal of motor vehicle licences is expected to move to SAPO in the new financial year.

Department of Health will be further assisted with contract employees who will enhance provincial own revenue on patient fees. These contract workers will help address the challenges that have continuously been faced by the department that lead to the year-to-year under collection of the budget. In addition, they will also assist to ease up the long queues that are experienced in our hospitals. This will further increase the revenue of the province as a whole. The contract employees would, amongst other tasks, be responsible for the administration of patients, performing cashier duties, medical aid revenue collection duties, Road Accident Fund revenue collection duties and doing patient debt follow-ups. The appointment of these contract employees will ensure that there are people working after hours to avoid the misuse of the system by patients who consult in the evening whereas there is no one to bill them.

Provincial Treasury will also work with the Department of Health in looking at ways of converting some wards to be private wards in order to maximise revenue from those patients who are able to pay for services rendered as well as a private nursing collage.

Provincial Treasury will be putting more emphasis on the tariffs of department for the services they render to the different stakeholders. Tariffs Boards/committees will be responsible for among others determining the tariffs of the departments. This will ensure that all tariffs are analysed and reviewed annually, as well as working on the departmental processes that should be followed before Provincial Treasury's approval of the tariffs. Tariffs Boards/committees have already been established by *the Department of Agriculture, Land Reform and Rural Development as well as the Department of Environment and Nature Conservation*. This will not only promote compliance to the legislation, but will also contribute positively to the fiscus of the province and will ensure that the budgets of the departments are informed by the tariffs and therefore promote credibility.

Departments will also be assisted to recover the debt owed to them by different stakeholders. It is envisaged that this process will assist in putting systems that will promote the enhancement of revenue and will further assist departments to strengthen any loopholes that might be existing in their debt management processes and policies.

Table 1.9 : Summary of provincial own receipts by vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
1. Education	7 660	6 845	11 391	9 692	9 692	9 102	10 177	10 686	11 284
2. Health	43 163	42 937	45 037	61 934	61 934	49 591	51 950	55 015	58 206
3. Social Development	1 143	996	574	956	956	1 155	1 023	1 095	1 168
4. Provincial Legislature	507	1 496	1 734	2 806	2 806	2 806	2 947	3 117	3 293
5. Office Of The Premier	336	1 201	2 485	266	266	403	176	186	197
6. Transport, Safety And Liaison	158 253	171 195	184 059	196 579	196 579	203 130	231 471	245 868	260 667
7. Roads And Public Works	4 268	4 691	4 146	4 385	4 385	2 318	2 293	2 429	2 569
8. Economic Development And To	21 463	21 663	27 454	29 457	29 457	29 063	31 254	33 098	35 018
9. Sport, Arts And Culture	257	307	603	608	689	677	216	229	242
10. Provincial Treasury	38 170	36 891	47 068	951	951	31 214	1 009	1 069	1 128
11. Cooperative Governance, Hurr	1 628	965	1 208	528	528	662	557	590	624
12. Agriculture, Land Reform And f	3 577	2 813	2 968	2 165	3 311	3 311	2 297	2 433	2 574
13. Environment And Nature Cons	2 586	4 612	2 223	4 205	4 205	4 205	4 461	4 724	4 998
Total provincial own receipts	283 011	296 612	330 950	314 532	315 758	337 637	339 830	360 538	381 968

Table 1.9 above shows that provincial own receipts are projected to increase from R337.637 million in the 2016/17 revised estimates to R381.968 million in 2019/20 financial year, mainly due to higher projected collections from the major revenue generating department which is Transport, Safety and Liaison. The once-off collections are not included over the MTEF period due to their unpredictability for estimation. These items include interest earned, sale of capital assets and once-off recoveries of surpluses surrendered by public entities. Thus over the MTEF period revenue is projected to grow by an average of 6.6 per cent.

Major revenue collecting departments

The Northern Cape mainly generates its own revenue through motor vehicle licenses, patient fees, casino taxes as well as interest on unspent funds by the Provincial Treasury. Therefore, the main departments that contribute significantly towards provincial own revenue are: Transport, Safety and Liaison, Health, Economic Development and Tourism and Provincial Treasury.

Transport, Safety and Liaison

The department is contributing R231.471 million in 2017/18 financial year which is the bulk of the provincial own revenue collected and is equal to 68.1 per cent of the total provincial own revenue budget. Motor vehicle licence taxes are the main revenue generating item to the own revenue of the department and the province. This revenue source is based on the actual number of motor vehicle in the province coupled with the annual increase in motor vehicle license fees.

Health

The department remains the second largest contributor towards the own revenue of the province, accounting for R51.950 million or 15.3 per cent of total provincial own revenue over the 2017/18 financial year. The department collects revenue mainly from patient fees in respect of cost recovery of services provided to patients. The tariffs for patient fees are informed by tariffs introduced by the National Department of Health and do not have real revenue enhancement potential.

Economic Development and Tourism

The Department of Economic Development and Tourism is the third biggest contributor to total provincial own revenue, accounting for R31.135 million or 9.2 per cent of total provincial own revenue over the 2017/18 financial year. Casino Taxes is the main contributor to the collection of the department through the Northern Cape Gambling Board.

Provincial Treasury

The department shows significant revenue collections, however, such revenue relates mainly due to unanticipated higher collections of interest earned on positive bank balances and reflected in the Provincial Revenue Fund (PRF) as a result of departments having cash available in their bank accounts. The interest earned is also due to all monies banked including own revenue, unallocated funds, surpluses returned by entities, and interest charges retained.

5 Payments

5.1 Overall Position

Financial year 2017/18: R16.065 billion

Financial year 2018/19: R16.710 billion

Financial year 2019/20: R17.596 billion

5.2 Payments by Vote

Table 1.10 : Summary of payments and estimates by vote: Northern Cape

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
1. Education	4 489 622	4 709 217	5 101 117	5 438 973	5 447 610	5 574 233	5 857 847	6 139 972	6 496 564
2. Health	3 401 801	3 713 980	4 168 265	4 197 505	4 494 185	4 663 027	4 433 893	4 614 994	4 933 205
3. Social Development	604 415	654 471	713 793	773 894	775 894	756 899	818 612	854 006	903 446
4. Provincial Legislature	143 278	154 766	161 361	167 763	197 538	198 772	194 971	188 267	199 186
5. Office Of The Premier	180 120	194 538	208 098	209 229	227 811	227 811	236 119	234 831	248 451
6. Transport, Safety And Liaison	310 301	383 975	353 227	366 977	374 926	376 276	388 899	407 930	431 482
7. Roads And Public Works	1 280 919	1 213 976	1 462 408	1 473 772	1 561 345	1 561 345	1 683 768	1 752 139	1 868 637
8. Economic Development And To	266 380	278 030	279 671	277 915	284 357	296 818	296 518	312 385	330 503
9. Sport, Arts And Culture	256 651	286 874	337 900	352 817	361 046	347 540	371 088	371 753	367 875
10. Provincial Treasury	180 289	193 099	218 566	222 034	281 848	281 848	299 179	264 732	280 085
11. Cooperative Governance, Hurr	841 569	651 875	723 625	676 175	702 175	715 876	725 432	766 377	809 098
12. Agriculture, Land Reform And f	987 816	769 374	557 947	552 383	555 205	555 055	609 304	646 642	562 582
13. Environment And Nature Cons	117 641	127 586	133 652	140 757	141 677	141 677	148 991	155 953	164 998
Total payments and estimates	13 060 802	13 331 761	14 419 630	14 850 195	15 405 618	15 697 176	16 064 622	16 709 979	17 596 112

The above table shows an annual average growth for the provincial payments over the 2017 MTEF at 3.9 per cent. The Department of Education's share is 36 per cent of the total provincial budget, followed by the Department of Health at 28 per cent and the Department of Roads and Public Works at 10 per cent which mainly relates to infrastructure investments.

5.3 Payment by Economic Classification

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current Payments	9 733 144	10 374 238	11 488 189	11 925 529	11 563 322	11 615 887	12 864 182	13 696 881	14 467 641
Compensation of employees	6 649 465	7 169 501	7 810 971	8 431 397	7 880 045	7 865 256	9 036 586	9 666 387	10 255 322
Goods and services	3 080 601	3 202 092	3 673 498	3 492 835	3 681 798	3 746 962	3 824 127	4 030 476	4 212 300
Interest and rent on land	3 078	2 646	3 720	1 298	1 479	3 669	3 468	18	19
Transfers and subsidies to:	1 706 602	1 508 760	1 589 842	1 549 080	1 559 144	1 630 515	1 664 785	1 676 474	1 761 318
Provinces and municipalities	119 200	86 809	137 103	124 376	131 553	160 617	138 416	121 982	112 737
Departmental agencies and accounts	68 949	109 063	127 456	111 102	122 566	127 559	126 592	129 176	134 983
Universities and technikons	2 874	1 125	1 796	1 943	2 543	2 543	3 122	3 232	3 225
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	205 397	117 224	95 040	90 776	107 999	103 527	91 489	97 306	103 083
Non-profit institutions	620 067	681 137	724 851	757 703	715 683	715 929	819 868	814 072	866 103
Households	690 115	513 403	503 596	463 180	478 800	520 340	485 298	510 705	541 187
Payments for capital assets	1 620 672	1 435 522	1 338 932	1 375 232	1 555 801	1 486 471	1 535 655	1 336 624	1 367 153
Buildings and other fixed structures	1 401 808	1 168 075	1 068 957	1 125 958	1 234 176	1 189 609	1 273 759	1 033 766	1 020 213
Machinery and equipment	210 779	263 036	259 162	242 085	312 758	280 669	245 625	289 277	332 599
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	1	1
Biological assets	928	1 546	691	-	-	923	-	-	-
Land and sub-soil assets	-	-	40	-	-	-	-	-	-
Software and other intangible assets	7 157	2 865	10 082	7 188	8 867	15 270	16 271	13 580	14 340
Payments for financial assets	384	14 241	2 667	354	455	59	(0)	-	-
Total economic classification	13 060 802	13 332 761	14 419 630	14 850 195	14 678 722	14 732 932	16 064 622	16 709 979	17 596 112

5.4 Payments by Functional Area

Table 1.12: Summary of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
General public services	1 784 606	1 756 379	2 050 433	2 072 799	2 268 542	2 269 803	2 414 037	2 439 969	2 596 359
Public order and safety	244 925	266 964	266 543	286 060	293 509	293 470	302 973	315 337	332 996
Economic affairs	1 319 572	1 164 415	924 302	911 215	907 711	922 927	991 748	1 051 618	991 571
Environmental protection	117 641	127 586	133 652	140 757	141 677	141 677	148 991	155 953	164 998
Housing and community amenities	841 569	651 875	723 625	676 175	702 175	715 876	725 432	766 377	809 098
Health	3 401 801	3 713 980	4 168 265	4 197 505	4 494 185	4 663 027	4 433 893	4 614 994	4 933 205
Recreation, culture and religion	256 651	286 874	337 900	352 817	361 046	347 540	371 088	371 753	367 875
Education	4 489 622	4 709 217	5 101 117	5 438 973	5 447 610	5 574 233	5 857 847	6 139 972	6 496 564
Social protection	604 415	654 471	713 793	773 894	775 894	756 899	818 612	854 006	903 446
Total provincial payments and estimates by policy area	13 060 802	13 331 761	14 419 630	14 850 195	15 392 350	15 685 452	16 064 622	16 709 979	17 596 112

5.5 Infrastructure Payments

The budget cycle is a three year cycle consisting of planning, implementation and closure processes being undertaken in each year. It is clear that in any single year, departments will concurrently be dealing with these different activities of the MTEF, namely:

- Closure activities for the previous year's implementation;
- Implementation activities for the current years implementation and;
- Planning activities for next years' implementation.

There is a need, therefore, to allocate sufficient time for planning, design and tendering to take place from the time that the approved projects list is given to the implementing agent and before implementation starts. After the User Asset Management Plan (U-AMP) has been updated the client department prepares or updates an (Infrastructure Programme Management Plan) IPMP. In addition an updated Annual Performance Plan (APP) must also be prepared. The client department first enters into a Service Delivery Agreement (SDA) with its implementing agents based on an agreement of the functions to be performed by each party.

It is proposed that the submission of projects from the client department to the implementing agent be improved by means of a formal process in which all parties agree to do exactly what needs to be done, where, by whom, when, and at what cost. To facilitate the process of agreement between parties, three plans have to be put in place:

The IPMP by the client department;

- The Construction Procurement Strategy; and
- The Infrastructure Programme Implementation Plan (IPIP) by the implementing agent.

The IPMP stipulates what the client department intends to achieve in the next 3 years of implementation. The implementing agent responds to the IPMP through the development of an IPIP which validates the implementing agents' understanding of what needs to be done and explicitly indicates how this will be achieved, when and by whom.

Once the client department has approved the IPIP submitted by the implementing agent, the implementing agent is able to continue with detailed project designs, followed by the project tendering process. Multi-year project implementation for projects planned in Year 0 of the MTEF would typically start in Year 2 of that MTEF allowing for one year lead for project design and tendering. These phases should take up most of the following year resulting in a detailed U-AMP with associated realistic costing, timeframes and cash flows for each project. The detailed planning and design undertaken would assist in establishing exactly what multi-year commitments are required to complete the projects.

Table 1.13(a) shows capital infrastructure by Vote.

Table 1.13(a): Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Vote 04: Education	338 905	354 482	455 970	486 533	486 533	486 533	612 267	483 272	510 335
Vote 05: Roads and Public Works	925 877	845 206	1 060 378	1 050 645	1 137 226	1 137 226	1 216 513	1 258 676	1 342 923
Vote 07: Sport, Arts and Culture	40 090	22 006	27 252	34 940	40 672	27 167	36 965	38 154	32 864
Vote 09: Co-Operative Governance, Human Settlement and Traditional Affairs	-	-	-	-	-	-	402 668	426 635	449 476
Vote 10: Health	479 214	403 815	566 871	550 416	519 606	519 606	443 753	380 829	402 156
Vote 11: Social Development	3 982	8 807	17 988	48 051	48 051	29 051	27 965	15 259	16 128
Vote 12: Agriculture, Land Reform and Rural Development	391 340	280 685	114 116	126 255	126 255	126 255	135 031	142 873	83 741
Total provincial infrastructure payments and estimates by Vote	2 179 408	1 915 001	2 242 575	2 296 840	2 358 343	2 325 838	2 875 162	2 745 698	2 837 623

Through the commitment of the provincial government to increase investments on infrastructure development, since the 2013/14 to the 2017/18 financial year an amount of R 10.541 billion has been spent on infrastructure. The total infrastructure budget of the province for the 2017/18 financial year amounts to R 2.815 billion, which is an increase of R 157 million or 6 per cent from the 2016/17 revised estimate. The projected spending on infrastructure in the province amounts to R 8.334 billion over the MTEF. The departments of Health, Education and Roads and Public Works are major infrastructure driven departments.

Table 1.13(b) : Summary of provincial infrastructure payments and estimates by category

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
					2016/17				
Existing infrastructure assets	1 464 464	1 349 265	1 360 031	1 536 058	1 604 386	1 604 015	1 746 303	1 618 761	1 730 673
Maintenance and repairs	789 452	758 916	990 713	976 078	1 007 503	994 746	1 002 012	1 050 514	1 115 111
Upgrades and additions	345 960	328 042	292 345	403 913	439 746	504 192	398 461	351 597	388 458
Refurbishment and rehabilitation	329 052	262 307	76 973	156 068	157 138	105 078	345 831	216 650	227 103
New infrastructure assets	683 973	561 673	840 852	728 058	722 573	690 439	581 677	528 451	473 202
Infrastructure transfers	30 971	2 410	-	-	-	-	402 668	426 635	449 476
Current	30 971	2 410	-	-	-	-	44 073	48 574	50 434
Capital	-	-	-	-	-	-	358 595	378 061	399 042
Infrastructure payments for financial assets	-	-	-	-	-	-	-	-	-
Infrastructure leases	-	1 653	2 197	2 724	2 036	2 036	2 860	3 026	3 195
Non infrastructure	-	-	39 495	30 000	29 348	29 348	142 703	169 945	182 257
Total department infrastructure	2 179 408	1 915 001	2 242 575	2 296 840	2 358 343	2 325 838	2 876 212	2 746 818	2 838 803

Table 1.13(b) shows that the province will spend R1.607 billion on Existing Infrastructure in province in the 2017/18 financial and in total R8.249 billion over the MTEF. Furthermore, the province will spend R 785 million on New Infrastructure; R 2 million on infrastructure leases and R29 million on Non – infrastructure items which relates to machinery and equipment and compensation of employees.

Table 1.13(c) : Summary of provincial infrastructure payments and estimates by Source of Funding

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
					2016/17				
Provincial Equitable Share	583 222	427 157	309 004	245 524	283 709	251 204	409 750	387 223	346 093
Conditional Grants	1 596 186	1 487 844	1 933 571	2 051 316	2 074 634	2 074 634	2 466 462	2 359 595	2 492 710
Education Infrastructure Grant	364 966	346 419	429 079	486 538	486 538	486 538	612 267	483 272	510 335
Roads Maintenance Grant	699 483	640 472	822 430	905 360	905 360	905 360	958 766	1 014 382	1 073 216
Community Library Service Grant	78 785	103 434	57 326	144 151	144 151	144 151	34 771	36 768	38 827
Human Settlements Development Grant							402 668	426 635	449 476
Health Facilities Grant	452 952	395 519	608 736	472 267	514 585	514 585	443 753	380 829	402 156
Substance Abuse Treatment Grant		2 000	16 000	43 000	24 000	24 000	14 237	17 709	18 700
Total	2 179 408	1 915 001	2 242 575	2 296 840	2 358 343	2 325 838	2 876 212	2 746 818	2 838 803

Table 1.13(c) shows that the province will spend R2.466 billion on the conditional grant allocation of infrastructure in province in the 2017/18 financial and R 348million on equitable share and in total R 7.318 billion over the MTEF. Furthermore, the province will spend R 1.016 billion on equitable share over the MTEF which constitutes 12 per cent of the total MTEF allocation reflecting a reliance on conditional grant funding by the province. .

5.5.1. Maintenance of provincial infrastructure

The stock of infrastructure that is owned by government and its agencies is vast and increasing at a rapid rate. However the maintenance of this stock varies greatly from sector to sector and sometimes, also from institution to institution. Infrastructure assets should be planned and budgeted for throughout their life-cycle, from planning through to disposal. This will ensure that assets operate efficiently and are maintained cost effectively. Unless maintenance is improved in these sectors, funds to address the cost of repairs and unplanned replacements will have to be sourced from capital budgets. This will severely limit the programme for addressing maintenance backlogs and expanding service delivery.

The existence of an asset management system, updated regularly, through condition assessments on existing facilities, will guide proper planning and budgeting for maintenance. Section 38(1) (d) of the PFMA states that, the accounting officer for a department, trading entity or constitutional institution is responsible for the management, including the safeguarding and the maintenance of the assets of the department, trading entity or constitutional institution.

Infrastructure maintenance is a strategic tool, as it offers outstanding opportunities for economic stimulation and as jobs are created, capital expenditure expanded and sustainable delivery achieved while community aspirations can be met.

Departments are also required to provide detail on maintenance in the infrastructure table (Table B5). Providing detail on maintenance affords increased transparency and allows for effective financial management.

5.5.2. Provincial infrastructure transfers

Provincial infrastructure payments or estimates by vote must include transfers made for the delivery of provincial infrastructure. Hence, aggregation on the vote table must equal that on the infrastructure by category table.

5.5.3. Non infrastructure items

Non Infrastructure refers to items/projects that do not fall within the category of building and other fixed structures, such as machinery, equipment, furniture, compensation of employees and do not fall within the four 'nature of investment' categories.

Infrastructure Delivery Improvement Programme (IDIP)

From the inception of Phase I of the Infrastructure Delivery Improvement Programme (IDIP) in July 2004 as a pilot programme; which developed and tested the methodologies and tools used to build and sustain infrastructure management capacity in selected provincial departments. IDIP Phase II was implemented in the provincial departments of Health, Education and Public Works in 2006 and was completed at the end of March 2010.

IDIP Phase III commenced in April 2010. The overall goal of Phase III of the programme was "To contribute to the improvement of public sector infrastructure delivery in South Africa and to improve the effectiveness and efficiency of infrastructure delivery by selected provincial government departments."

With the commencement of IDIP Phase IV in September 2015 which aimed to complete the work done in Phase III, with the implementation of the revised provincial Infrastructure Delivery Management System (IDMS).

The Infrastructure Delivery Improvement Programme (IDIP) has been a valuable source of learning for government in the understanding by departments of the principles embodied in the IDMS. Since 2004, IDIP served as the Government's mechanism for the development and implementation of the IDMS in support of its infrastructure development strategy.

Capacity development programmes such as IDIP, are by nature temporary and IDIP would not continue beyond the current Phase Four which comes to an end in December 2017. IDIP will therefore need to phase out and full accountability and responsibility for the IDMS will to be vested with the appropriate Provincial departments. This process will be further supported by the Northern Cape Infrastructure Delivery Management System which has been endorsed by the Executive Council as the preferred framework for Infrastructure Procurement and Delivery Management.

Performance Based Incentive Grant System

The performance-based system was introduced in the 2012 Medium Term Budget Policy Statement (MTBPS) by the Minister of Finance. The approach is aimed at improving inefficiencies in the infrastructure delivery chain, by promoting sound planning in order to achieve better value for money. Provinces can access additional financial incentives to the provincial baselines by submitting planning documents and performance reports that meet the minimum requirements as outlined in the guidelines for the performance-based system. The financial incentives are ring-fenced as “unallocated” within the baselines of the Education Infrastructure Grant (EIG) and Health Facility Revitalization Grant (HFRG) over the 2017 Medium Term Expenditure Framework (MTEF).

The financial incentive must be committed in the financial year allocated and is most suitable to plan towards maintenance of existing infrastructure assets or towards planning stages of new projects to be constructed in the following financial year. Provincial departments should carefully select projects proposed to be financed from the incentive; to ensure that these projects can be further financed within estimated future baselines (in line with conditional grant allocation letters for EIG and HFRG). Projects benefiting from the incentive will be monitored and the performance of these projects may negatively or positively affect future assessment outcomes. In order to qualify for the incentive allocation, the provincial department must attain an overall score of 60 per cent.

Standards for Infrastructure Procurement and Delivery Management

In line with the National Development Plan 2030 (NDP), and working through all relevant institutions, National Treasury has taken a range of steps to reform the Supply Chain Management (SCM) system to focus on Infrastructure Delivery. Therefore improving processes, rules and infrastructure to make it easier for the public sector and its private sector suppliers to transact.

National Treasury’s 2015 Public Sector Supply Chain Management Review expressed the view that SCM is one of the key mechanisms enabling government to implement policy which traditionally has been misunderstood and undervalued.

Subsequent to the former the Standard for Infrastructure Procurement and Delivery Management (SIPDM) has been developed to reflect the professional supply chain reforms to establish a control framework for infrastructure delivery and endeavours to assist Accounting Officers and authorities to maintain financial management and delivery capability. The supply chain process for procuring goods and services is different from that for procuring infrastructure.

The supply chain system needs to cater for differentiation between Goods and Services versus Infrastructure. The purpose of reforming infrastructure supply and procurement is to achieve better quality and faster service at the best price. All aspects of the procurement chain therefore need to be assessed, including the public sector’s institutional environment. Therefore a standardised approach to infrastructure delivery has now for the first time been formalised in South Africa by affecting this standard. The SIPDM establishes a framework for government’s procurement activities in relation to the construction industry and related engineering services.

It is applicable to all spheres of government and public entities responsible for delivery of infrastructure. The SIPDM came into effect on the 01 July 2016 for provincial departments and will come into effect on the 01 July 2017 for Local Government.

Municipal Infrastructure

The Infrastructure Performance Management (IPM) Unit realised that in order to bridge the gap in delivering effective and efficient infrastructure within the Northern Cape Province, it will have to drive an inclusive infrastructure strategy. This was done through the review of the Northern Cape Infrastructure Delivery Management Strategy (NCIDMS) in the 2015/16 financial year which was signed off by the Executive Council and is a high level road map to achieving a coherent infrastructure delivery value chain.

The strategy to achieving inclusive infrastructure delivery for municipalities in the province has been initiated through the implementation of the Standard for Infrastructure Procurement and Delivery Management (SIPDM) as a catalyst to inculcate what the NCIDMS embodies.

The National Treasury appointed Short Term Technical Assistance (STTA) Tshepega Consulting Engineers to pilot the SIPDM reforms with two (2) municipalities namely Dawid Kruiper and Joe Morolong. The key objective of this exercise is to assess the current procurement and delivery mechanisms, and then to ensure alignment to the SIPDM which takes effect 01 July 2017. Leading to the effective date the IPM unit will reciprocate the best practices of the STTA with the other municipalities to ensure that all comply with the date the SIPDM takes effect.

5.6 Public-Private Partnership (PPP)

The Northern Cape Provincial Treasury has gone through a rigorous process of capacitating the Public Private Partnership unit to enable the province to leverage the full alternative potentials that the PPP process provides to assist the province in managing infrastructure at provincial and local government more effectively. A PPP is therefore defined in South African Law as: A contract between a government institution and private party, where:

- the private party performs an institutional function and/or uses state property in terms of output specifications
- substantial project risk (financial, technical, operational) is transferred to the private party
- the private party benefits through: unitary payments from government budgets and/or user fees.

A PPP is a facilitating framework that enables sustainable development by effectively leveraging limited public funds, integrating scale with efficiency, reducing life cycle costs, harnessing national resources and applying best practices, to achieve a social purpose. A PPP provides a format in which all the important stakeholders are incentivized to come together in achieving the community development goals enshrined in the project. To that effect, a PPP is more than a joint venture.

Treasury Regulations are not prescriptive about the financing structure of a PPP. It is assumed that this will vary widely from project to project and sector to sector, and will be closely linked to the funding sources that can be secured for each deal.

However, PPPs usually involve the private party raising both debt and equity to finance the project. In most PPPs, a dedicated business entity is set up by the private party. This is called a special purpose vehicle (SPV), whose sole purpose is to deliver the project.

PPPs may involve some capital _contribution by government to the initial costs of the project. Some PPP projects do not involve debt finance at all, being initially funded either wholly through corporate finance or by a combination of government funds and private equity. In end-user-pay projects, there may also be some government funding for either or both the capital and operating costs of the project.

The concept of a PPP's where Government needs infrastructure and services, but the annual budget does not allow for this type of expense. Private sector through the PPP process gets involved in the provision of this infrastructure and government can pay this over a concession period. Certain services are linked to manage this infrastructure during this period of payment for physical infrastructure. The private sector interest is enhanced since there is big enough value and the private sector can look after the capital investment until government takes full ownership which is at the end of concession agreement.

The current PPP projects within the province are as follows:

- Renosterberg Municipality: Vanderkloof Tourism PPP project:
- Siyathemba Municipality: Prieska - The "Die Bos" Resort as a potential PPP
- Northern Cape Renal Replacement Therapy with the Department of Health:
- Port Nolloth Boegoe Baai Harbour:
- Marine and Coastal Economy Tourism PPP:
- Provincial Waste Management PPP

5.7 Transfers

5.7.1 Transfers to Public Entities

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Vote 06: Economic Development	42 712	43 037	45 056	46 548	38 500	38 500	54 275	54 254	57 292
Vote 12: Agriculture, Land Reform and Rural Dev	2 550	43 650	42 550	40 900	42 950	45 450	2 550	2 550	2 685
Total provincial transfers to public entities	45 262	86 687	87 606	87 448	81 450	83 950	56 825	56 804	59 977

The province has allocated an amount of R56.825 million in the 2017/18 financial year towards transfers to existing public entities and the budget is projected to grow to R59.977 in the 2019/20 financial year. Department of Economic Development and Tourism will transfer R165.820 million over the next three years to 4 public entities, namely: Northern Cape Gambling Board, Northern Cape Liquor Board, Northern Cape Economic Development, Trade and Investment Promotion Agency and the Northern Cape Tourism Authority.

The Department of Agriculture, Land Reform and Rural Development will transfer an amount of R7.785 million over the MTEF to Kalahari Kid for the marketing of live animals and animal products.

5.7.2 Transfers to Development Corporations

The province does not have any development corporations

5.7.3 Transfer to Local Government

Table 1.17: Summary of provincial transfers to local government by category

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Category A									
Category B	71 960	84 685	125 063	123 771	146 967	127 773	124 459	109 389	108 019
Category C	34 447	4 332	7 834	4 947	9 961	6 033	4 747	4 837	4 942
Unallocated	-	-	-	434	434	315	456	482	509
Total provincial transfer to local government	106 407	89 017	132 897	129 152	157 362	134 121	129 661	114 708	113 470

The province has allocated an amount of R129.661 million in the 2017/18 financial year towards transfers to local government, the amount reduces to R113.470 million in the outer year of the MTEF.

5.8 Personnel Numbers and Costs

Table 1.18 : Summary of provincial personnel numbers and costs by component

R thousands	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over MTEF 2016/17 - 2019/20		
	2013/14		2014/15		2015/16		2016/17				2017/18		2018/19		2019/20		Personnel growth rate	Costs growth rate	% Costs of Total
	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Filled posts	Additional posts	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs			
Vote																			
1. Education	13 054	3 438 227	13 454	3 647 477	12 890	3 911 368	12 890	–	12 890	4 275 989	13 860	4 458 253	13 860	4 821 680	13 861	5 111 736	2.5%	6.1%	49.9%
2. Health	6 731	1 786 195	6 925	1 936 740	6 840	2 150 712	7 184	–	7 184	2 324 480	7 447	2 430 992	7 285	2 559 313	7 285	2 708 871	0.5%	5.2%	26.7%
3. Social Development	930	248 969	929	273 352	983	307 060	946	130	1 076	330 165	1 154	364 129	1 196	405 224	1 196	433 428	3.6%	9.5%	4.1%
4. Provincial Legislature	168	83 612	168	91 510	167	96 954	149	18	167	107 441	167	111 935	167	119 073	176	126 116	1.8%	5.5%	1.2%
5. Office Of The Premier	247	92 992	248	107 078	256	115 630	211	41	252	127 492	276	136 800	276	146 239	276	156 183	3.1%	7.0%	1.5%
6. Transport, Safety And Liaison	164	103 857	338	116 793	398	132 568	375	28	403	144 182	412	158 897	415	165 303	436	174 560	2.7%	6.6%	1.7%
7. Roads And Public Works	837	210 714	826	220 953	861	240 154	771	141	912	272 415	1 000	301 140	1 000	321 919	1 000	343 809	3.1%	8.1%	3.3%
8. Economic Development And Tourism	154	65 160	153	73 903	206	81 948	218	–	218	95 901	240	107 431	240	113 374	240	119 744	3.3%	7.7%	1.2%
9. Sport, Arts And Culture	417	80 940	651	97 473	577	111 166	696	–	696	140 371	690	159 702	506	166 893	506	178 641	-10.1%	8.4%	1.7%
10. Provincial Treasury	286	113 216	295	129 156	330	147 582	299	36	335	168 946	351	199 889	343	203 147	350	215 017	1.5%	8.4%	2.1%
11. Cooperative Governance, Human	657	197 116	657	211 663	659	226 200	656	5	661	239 518	663	255 560	665	270 646	698	291 282	1.8%	6.7%	2.8%
12. Agriculture, Land Reform And Rural	565	155 032	609	179 210	612	194 248	615	–	615	210 440	628	239 859	634	253 873	634	268 094	1.0%	8.4%	2.6%
13. Environment And Nature Conservation	202	73 435	215	84 193	243	95 381	260	4	264	104 554	281	111 978	282	119 704	287	127 844	2.8%	6.9%	1.2%
Total	24 412	6 649 465	25 468	7 169 501	25 022	7 810 971	25 270	403	25 673	8 541 895	27 169	9 036 564	26 869	9 666 389	26 945	10 255 325	1.6%	6.3%	100.0%

1. Personnel numbers includes all filled posts together with those posts additional to the approved establishment

5.9 Payments on Training

Table 1.20 : Payments on training by vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
1. Education	23 235	13 714	10 850	19 840	19 840	17 156	17 388	18 492	19 360
2. Health	15 813	5 236	20 164	25 542	25 542	21 845	26 819	28 375	29 965
3. Social Development	2 580	2 867	3 011	3 180	3 180	3 180	3 339	3 533	3 730
4. Provincial Legislature	190	906	208	219	219	219	230	244	257
5. Office Of The Premier	897	952	999	1 052	1 052	1 052	1 105	1 169	1 169
6. Transport, Safety And Liaison	807	534	710	1 350	1 350	1 350	1 542	1 619	1 704
7. Roads And Public Works	2 273	2 223	2 591	2 772	2 772	2 772	3 013	3 219	3 438
8. Economic Development And To	811	1 426	3 499	3 684	3 684	3 684	3 868	4 092	4 322
9. Sport, Arts And Culture	321	287	257	905	905	905	2 380	2 498	2 624
10. Provincial Treasury	1 652	1 362	1 480	1 720	1 720	1 720	2 234	2 234	2 359
11. Cooperative Governance, Hun	2 726	2 171	3 890	2 352	2 352	2 116	2 222	2 371	2 503
12. Agriculture, Land Reform And f	1 660	1 760	1 848	1 959	1 959	1 959	2 057	2 176	2 297
13. Environment And Nature Cons	1 306	116	1 216	1 360	1 360	1 360	1 360	1 360	1 436
Total payments on training	54 271	33 554	50 723	65 935	65 935	59 318	67 556	71 381	75 164

**Annexure: Overview of Provincial Revenue
and Expenditure Estimates**

Table A.1: Details of total provincial own receipts

R thousand	Audited Outcome			Revised estimate			Medium-term estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Tax receipts	156 796	169 948	188 848	207 510	207 510	207 107	243 000	258 153	273 805
Casino taxes	16 158	16 037	21 305	23 597	23 597	22 762	25 036	26 513	28 051
Horse racing taxes	1 330	1 517	1 595	1 543	1 543	2 214	1 637	1 734	1 835
Liquor licences	3 722	3 773	3 758	4 078	4 078	3 839	4 327	4 582	4 848
Motor vehicle licences	135 586	148 621	162 190	178 292	178 292	178 292	212 000	225 324	239 071
Sales of goods and services other than capital assets	71 408	72 516	69 744	93 474	93 941	82 662	83 039	87 825	92 815
Sale of goods and services produced by department (excluding capital assets)	71 408	72 506	69 743	93 474	93 941	82 662	83 039	87 825	92 815
Sales by market establishments	9 203	9 426	7 896	12 576	12 559	8 492	11 520	12 200	12 905
Administrative fees	24 818	21 709	23 327	23 679	23 792	30 121	25 137	26 504	27 937
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	-	10	1	-	-	-	-	-	-
Transfers received from:	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	3 676	2 379	2 764	3 330	3 330	3 251	3 531	3 731	3 903
Interest, dividends and rent on land	38 559	38 355	49 011	989	992	33 730	1 046	1 108	1 171
Interest	38 524	38 346	49 011	989	992	33 730	1 046	1 108	1 171
Dividends	-	9	-	-	-	-	-	-	-
Rent on land	35	-	-	-	-	-	-	-	-
Sales of capital assets	2 689	655	4 465	3 584	4 232	4 232	3 271	3 465	3 666
Land and subsoil assets	22	-	-	-	-	-	-	-	-
Other capital assets	2 667	655	4 465	3 584	4 232	4 232	3 271	3 465	3 666
Transactions in financial assets and liabilities	9 883	12 759	16 118	5 645	5 753	6 656	5 943	6 256	6 608
Total provincial own receipts	283 011	296 612	330 950	314 532	315 758	337 637	339 830	360 538	381 968

Table A.2: Information relating to Conditional grants

Vote and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates		
R thousand	2013/14			2014/15			2015/16			2016/17			2017/18	2018/19	2019/20
Agriculture	739 899	739 899	734 981	425 586	425 586	425 586	214 530	214 530	214 530	196 466	196 466	196 466	300 390	320 953	218 042
Agricultural Disaster Management Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Agricultural Support Programme Grant	641 306	641 306	639 149	357 153	357 153	357 153	135 768	135 768	135 768	129 924	129 924	129 924	232 772	252 434	145 685
Ilima/Letsema Projects Grant	84 393	84 393	81 633	60 361	60 361	60 361	69 460	69 460	69 460	55 222	55 222	55 222	58 480	60 766	64 169
Land Care Programme Grant: Poverty Relief and Infrastructure Development	12 055	12 055	12 055	5 970	5 970	5 970	7 302	7 302	7 302	9 320	9 320	9 320	7 094	7 753	8 188
Infrastructure Grant to Provinces	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Incentive Grant for Provinces	2 145	2 145	2 144	2 102	2 102	2 102	2 000	2 000	2 000	2 000	2 000	2 000	2 044	-	-
Education	517 154	517 154	513 859	510 314	510 314	508 430	621 040	621 040	621 040	670 063	670 063	670 063	808 378	691 841	730 409
Dinaledi Schools Grant	3 577	3 577	3 267	3 782	3 782	2 706	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant	365 548	365 548	364 966	346 445	346 445	346 419	446 998	446 998	446 998	486 538	486 538	486 538	612 267	483 272	510 335
HIV and Aids (Life Skills Education) Grant	5 205	5 205	5 205	5 059	5 059	5 059	5 281	5 281	5 281	5 281	5 281	5 281	5 547	5 874	6 203
National School Nutrition Programme Grant	119 859	119 859	119 859	134 645	134 645	134 637	142 724	142 724	142 724	150 289	150 289	150 289	160 807	170 211	178 722
Occupation Specific Dispensation for Education Sector Therapists Grant	-	-	-	7	7	-	2	2	2	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation Grant	13 188	13 188	12 429	13 978	13 978	13 779	-	-	-	-	-	-	-	-	-
Maths, Science and Technology Grant	-	-	-	-	-	-	22 958	22 958	22 958	23 030	23 030	23 030	23 636	26 342	27 837
Learners with Profound Disabilities Grant	-	-	-	-	-	-	-	-	-	-	-	-	2 021	6 142	7 312
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	3 932	3 932	3 668	3 237	3 237	3 237	1 000	1 000	1 000	2 925	2 925	2 925	2 017	-	-
Expanded Public Works Programme Incentive Grant for Provinces	5 845	5 845	4 465	3 161	3 161	2 593	2 077	2 077	2 077	2 000	2 000	2 000	2 083	-	-
Health	1 659 130	1 659 130	1 583 500	1 677 668	1 677 668	1 526 692	1 424 579	1 424 579	1 424 579	1 310 747	1 783 014	1 344 392	1 380 556	1 388 784	1 493 362
Comprehensive HIV and Aids Grant	321 150	321 150	302 259	355 972	355 972	354 004	372 403	372 403	372 403	413 231	413 231	413 231	478 242	552 262	610 857
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	4 634	4 894
Hospital Facility Revitalisation Grant	483 531	483 531	452 952	464 910	464 910	395 519	652 231	652 231	652 231	472 267	472 267	514 585	443 753	380 829	402 156
Nursing Colleges and Schools component	5 103	5 103	2 453	-	-	-	-	-	-	-	-	-	-	-	-
Health Professions Training and Development Grant	72 356	72 356	77 395	76 697	76 697	76 697	78 445	78 445	78 445	81 815	81 815	81 815	86 300	91 305	97 132
National Tertiary Services Grant	282 618	282 618	282 618	298 727	298 727	291 526	305 477	305 477	305 477	318 661	318 661	322 272	340 032	359 754	378 323
National Health Insurance Grant	6 428	6 428	6 528	7 000	7 000	3 975	7 535	7 535	7 535	7 543	7 543	10 489	-	-	-
Expanded Public Works Programme Incentive Grant for Provinces	-	-	-	2 115	2 115	2 115	2 000	2 000	2 000	2 000	2 000	2 000	2 000	-	-
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	9 516	9 516	8 798	7 337	7 337	7 337	6 488	6 488	6 488	15 230	15 230	-	30 229	-	-
Human Settlements	603 624	603 624	577 000	377 668	377 668	375 470	482 561	482 561	482 561	373 109	373 109	373 109	404 668	426 635	449 476
Housing Disaster Relief Grant	-	-	-	2 836	2 836	638	2 153	2 153	2 153	2 000	2 000	2 000	2 000	-	-
Expanded Public Works Programme Incentive Grant for Provinces	603 624	603 624	577 000	374 832	374 832	374 832	480 408	480 408	480 408	371 109	371 109	371 109	402 668	426 635	449 476
Human Settlements Development Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Public Works	704 399	704 399	704 398	643 436	643 436	643 436	822 430	822 430	825 923	909 163	909 163	1 087 850	1 087 850	1 119 986	1 199 819
Expanded Public Works Programme Incentive Grant for Provinces	4 915	4 915	4 915	2 964	2 964	2 964	-	-	3 493	3 803	3 803	3 834	3 834	-	-
Provincial Roads Maintenance Grant	699 484	699 484	699 483	640 472	640 472	640 472	822 430	822 430	822 430	905 360	905 360	1 084 016	1 084 016	1 119 986	1 199 819
Transport Disaster Management Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport, Art and Culture	118 535	118 535	110 834	159 691	159 691	139 010	198 066	198 066	73 795	152 240	152 240	181 254	198 624	188 431	173 920
Community Library Services Grant	86 689	86 689	78 785	123 559	123 559	103 434	165 670	165 670	57 326	125 017	125 017	144 151	163 000	172 041	156 941
Mass Participation and Sport Development Grant	30 806	30 806	30 807	31 450	31 450	31 714	29 181	29 181	15 419	24 283	24 283	31 408	31 283	16 390	16 979
Expanded Public Works Programme Incentive Grant for Provinces	550	550	733	2 102	2 102	1 734	2 000	2 000	500	1 450	1 450	2 497	2 000	-	-
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	490	490	509	2 580	2 580	2 128	1 215	1 215	550	1 490	1 490	3 198	2 341	-	-
Transport	41 586	41 586	41 523	46 640	46 640	42 917	49 421	49 421	44 267	55 039	55 039	55 039	56 539	54 460	57 510
Public Transport Operations Grant	41 390	41 390	41 327	43 937	43 937	40 272	48 421	48 421	43 346	52 125	52 125	52 125	52 029	54 460	57 510
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	-	-	-	-	-	-	-	-	-	-	-	-	2 510	-	-
Expanded Public Works Programme Incentive Grant for Provinces	196	196	196	2 703	2 703	2 645	1 000	1 000	921	2 914	2 914	2 914	2 000	-	-
Expanded Public Works Programme Incentive Grant for Provinces	2 100	2 100	2 100	6 204	6 204	6 204	4 000	4 000	4 000	4 073	4 073	4 073	4 182	-	-
Economic Development And Tourism	1 550	1 550	1 550	4 102	4 102	4 102	2 000	2 000	2 000	2 030	2 030	2 030	2 000	-	-
Environment and Nature Conservation	550	550	550	2 102	2 102	2 102	2 000	2 000	2 000	2 043	2 043	2 043	2 182	-	-
Social Development	5 745	5 745	5 689	-	-	6 161	22 301	22 301	22 301	27 500	27 500	27 500	48 066	36 456	38 506
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	5 745	5 745	5 689	-	-	6 161	6 301	6 301	6 301	3 500	3 500	3 500	19 497	-	-
Social Worker Employment Grant	-	-	-	-	-	-	-	-	-	-	-	-	572	619	668
Early Childhood Development Grant	-	-	-	-	-	-	-	-	-	-	-	-	13 760	18 128	19 138
Substance Abuse Treatment Grant	-	-	-	-	-	-	16 000	16 000	16 000	24 000	24 000	24 000	14 237	17 709	18 700
Total conditional grants	4 392 172	4 392 172	4 273 884	3 847 207	3 847 207	3 673 906	3 838 928	3 838 928	3 712 996	3 698 400	4 170 667	3 939 746	4 289 253	4 227 546	4 361 044

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

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimate		
R thousand	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	9 733 144	10 374 238	11 488 189	11 925 529	12 281 862	12 547 730	12 864 183	13 696 881	14 467 641
Compensation of employees	6 649 465	7 169 501	7 810 971	8 431 397	8 385 796	8 541 894	9 036 586	9 666 387	10 255 322
Salaries and wages	5 834 131	6 308 106	6 794 250	7 357 050	7 341 348	7 452 746	7 929 559	8 484 754	9 003 722
Social contributions	815 334	861 395	1 016 721	1 074 347	1 044 448	1 089 148	1 107 027	1 181 633	1 251 600
Goods and services	3 080 601	3 202 092	3 673 498	3 492 835	3 894 719	4 002 167	3 824 127	4 030 476	4 212 300
Administrative fees	11 823	13 421	13 043	14 532	16 354	13 929	12 572	14 094	14 790
Advertising	34 177	36 446	23 198	22 699	21 031	18 492	22 647	24 425	25 678
Assets less than the capitalisation threshold	36 629	36 895	28 673	43 856	41 633	28 707	39 005	43 866	48 604
Audit cost: External	55 990	62 865	66 855	59 148	61 299	67 721	63 601	69 308	72 979
Bursaries: Employees	7 080	6 362	8 655	8 274	8 801	9 855	9 570	10 009	10 531
Catering: Departmental activities	40 572	40 765	35 417	37 699	39 621	40 448	39 733	40 501	42 544
Communication (G&S)	51 490	50 900	58 448	52 162	53 950	64 618	59 754	63 103	66 287
Computer services	77 023	92 308	98 549	99 108	88 516	91 393	112 414	120 914	122 758
Consultants and professional services: Business and advisory services	96 467	65 060	74 419	19 941	69 252	95 859	32 209	22 727	24 088
Consultants and professional services: Infrastructure and planning	4 943	48 206	52 447	16 936	35 716	27 661	42 519	32 941	34 795
Consultants and professional services: Laboratory services	98 319	88 907	113 111	141 898	167 155	167 003	137 991	146 262	154 302
Consultants and professional services: Scientific and technological services	-	85	-	99	145	46	-	-	-
Consultants and professional services: Legal costs	23 879	20 953	15 800	9 063	12 910	16 459	8 817	9 680	10 222
Contractors	729 877	728 064	763 556	893 074	772 368	738 460	895 021	975 168	1 018 426
Agency and support / outsourced services	147 323	167 325	201 487	176 193	198 246	242 937	210 781	208 770	209 045
Entertainment	1 839	1 097	629	1 166	1 111	390	996	1 000	1 059
Fleet services (including government motor transport)	97 761	105 983	143 902	128 544	156 995	152 521	136 515	146 060	153 238
Housing	4	-	-	-	-	-	408	-	-
Inventory: Clothing material and accessories	2 151	1 788	1 971	3 740	3 719	2 826	4 395	3 984	4 375
Inventory: Farming supplies	14 902	71 407	37 725	13 832	13 946	11 934	16 750	15 097	4 170
Inventory: Food and food supplies	19 601	20 569	21 647	28 842	28 912	26 894	28 358	30 000	31 669
Inventory: Fuel, oil and gas	21 178	18 411	22 985	23 511	36 365	36 727	24 075	25 166	26 574
Inventory: Learner and teacher support material	93 885	39 437	39 877	45 448	59 146	39 129	47 049	53 864	57 685
Inventory: Materials and supplies	9 779	9 868	29 649	10 577	9 371	6 562	18 735	16 719	11 667
Inventory: Medical supplies	111 035	124 612	117 278	134 448	149 476	149 312	143 578	151 808	160 010
Inventory: Medicine	221 709	187 068	255 287	229 655	307 078	306 749	279 995	298 173	345 807
Medias inventory interface	-	1	-	22	22	-	8	580	613
Inventory: Other supplies	1 597	16 477	45 588	26 225	38 805	66 940	31 520	26 867	15 154
Consumable supplies	105 602	136 831	154 965	128 010	131 576	151 121	128 572	132 613	135 703
Consumable: Stationery, printing and office supplies	41 610	56 100	52 053	52 694	54 431	47 394	60 396	63 969	67 188
Operating leases	283 314	267 790	411 234	218 453	411 728	496 836	358 318	393 418	416 040
Property payments	258 381	290 763	328 231	340 064	379 342	364 061	331 369	338 924	347 932
Transport provided: Departmental activity	14 896	13 788	125 866	138 836	138 215	135 478	133 026	140 592	148 351
Travel and subsistence	271 861	288 292	243 269	258 116	268 581	281 794	279 359	287 642	300 516
Training and development	44 937	32 488	37 390	66 926	65 900	50 701	63 721	66 376	69 984
Operating payments	27 696	30 497	32 394	24 050	27 245	31 320	29 514	30 682	32 967
Venues and facilities	14 889	25 317	15 675	22 339	23 138	16 224	14 687	19 373	20 437
Rental and hiring	6 382	3 946	2 225	2 657	2 617	3 666	6 150	5 802	6 112
Interest and rent on land	3 078	2 646	3 720	1 298	1 348	3 669	3 469	18	19
Interest	1 930	2 646	3 717	16	66	2 702	3 469	18	19
Rent on land	1 148	-	3	1 282	1 282	967	-	-	-
Transfers and subsidies to:	1 706 602	1 508 760	1 589 842	1 549 080	1 589 481	1 644 499	1 664 785	1 676 474	1 761 318
Provinces and municipalities	119 208	86 809	137 103	124 376	159 794	160 617	138 416	121 982	112 737
Provinces	14	1 850	59	8 493	8 493	6 558	8 942	9 432	9 960
Provincial Revenue Funds	-	-	54	-	-	-	-	-	-
Provincial agencies and funds	14	1 850	5	8 493	8 493	6 558	8 942	9 432	9 960
Municipalities	119 186	84 959	137 044	115 883	151 301	154 059	129 474	112 550	102 777
Municipal bank accounts	115 906	79 989	109 066	105 992	106 721	105 769	98 327	101 562	99 700
Municipal agencies and funds	3 280	4 970	27 978	9 891	44 580	48 290	31 147	10 988	3 077
Departmental agencies and accounts	68 949	109 063	127 456	111 102	124 188	132 841	126 592	129 176	134 983
Social security funds	-	2	2	-	-	17	-	-	-
Departmental agencies (non-business entities)	68 949	109 061	127 454	111 102	124 188	132 824	126 592	129 176	134 983
Universities and technicians	2 874	1 125	1 796	1 943	2 543	2 543	3 122	3 232	3 225
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	205 397	117 224	95 040	90 776	96 710	90 061	91 489	97 306	103 083
Public corporations	106 662	36 303	412	1 911	10 375	1 857	1 997	2 113	2 232
Subsidies on products and production (pc)	8 122	-	-	-	-	-	-	-	-
Other transfers to public corporations	98 540	36 303	412	1 911	10 375	1 857	1 997	2 113	2 232
Private enterprises	98 735	80 921	94 628	88 865	86 335	88 204	89 492	95 193	100 851
Subsidies on products and production (pe)	41 397	40 277	49 546	48 231	51 260	51 260	51 121	53 507	56 503
Other transfers to private enterprises	57 338	40 644	45 082	40 634	35 075	36 944	38 371	41 686	44 348
Non-profit institutions	620 067	681 137	724 851	757 703	736 703	738 097	819 868	814 072	866 103
Households	690 115	513 403	503 596	463 180	469 543	520 340	485 298	510 705	541 187
Social benefits	27 419	40 598	50 327	19 631	23 483	33 520	10 898	11 506	12 060
Other transfers to households	662 696	472 805	453 269	443 549	446 060	486 820	474 400	499 199	529 127
Payments for capital assets	1 620 672	1 434 522	1 338 932	1 375 232	1 534 216	1 504 888	1 535 655	1 336 624	1 367 153
Buildings and other fixed structures	1 401 808	1 179 161	1 068 957	1 125 958	1 234 176	1 189 609	1 273 759	1 033 766	1 020 213
Buildings	1 188 606	703 438	821 504	793 227	881 411	860 038	847 700	647 518	675 271
Other fixed structures	213 202	475 723	247 453	332 731	352 765	329 571	426 059	386 248	344 942
Machinery and equipment	210 779	250 950	259 162	242 085	278 923	287 345	245 625	289 277	332 599
Transport equipment	16 885	72 835	96 018	52 303	75 770	96 488	56 282	60 679	64 252
Other machinery and equipment	193 894	178 115	163 144	189 782	203 153	190 857	189 343	228 599	268 347
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	1	1
Biological assets	928	1 546	691	-	-	923	-	-	-
Land and sub-soil assets	-	-	40	-	-	-	-	-	-
Software and other intangible assets	7 157	2 865	10 082	7 188	21 117	27 011	16 271	13 580	14 340
Payments for financial assets	384	14 241	2 667	354	59	59	(0)	-	-
Total economic classification	13 060 802	13 331 761	14 419 630	14 850 195	15 405 618	15 697 176	16 064 622	16 709 979	17 596 112

Table A.4(a): Payments summary by functional area

Function	Category	Department	Programme
General Public Services	Legislative	Office of the Premier	Administration Institutional Development Policy and Governance
		Provincial Legislature	Administration Facilities for Members and Political Parties Parliamentary Business
		Provincial Treasury	Administration Sustainable Resource Assets and Liabilities Management Financial Governance Provincial Internal Audit
		Public Works	Administration Public Works Infrastructure Transport Infrastructure Community Based Programme
		Cooperative Governance and Traditional Affairs	Administration Co-Operative Governance Traditional Affairs
Public Order and Safety	Police Services	Transport, Safety and Liaison	Administration Civilian Oversight Transport Operations
Economic Affairs	General Economic Affairs	Economic Development and Tourism	Administration Integrated Economic Development Services Trade And Sector Development Business Regulation And Governance Economic Planning Tourism
	Agriculture	Agriculture	Administration Sustainable Resource Management Farmer Support and Development Veterinary Services Research and Technology Development Services Agricultural Economics Services Structured Agricultural Education and Training Rural Development
	Transport	Transport	Transport Regulations
Environmental Protection	Environmental protection	Environment and Nature Conservation	Administration Environmental Policy , Planning and Coordination Compliance and Enforcement Environmental Quality Management Biodiversity Management Environmental Empowerment Services
Housing and Community Amenities	Housing Development	Human Settlements	Human Settlements
Health	Health	Health	Administration District Health Services Emergency Medical Services Provincial Hospital Services Central Hospital Services Health Sciences and Training Health Care Support Services Health Facilities Management
Recreation, Culture and Religion	Recreational and sporting services Cultural services	Sport, Arts and Culture	Administration Cultural Affairs Library and Archives Services Sport and Recreation
Education	Pre-primary & Primary Phases Secondary Education Phase Subsidised Services to Education Education not defined by level	Education	Administration Public Ordinary School Education Independent Schools Education Public Special Schools Education Early Childhood Development Infrastructure Development Examinations and Education Related Services
Social protection	Social Security Services	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research

Table A4(b): Details of provincial payments and estimates by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
General Public Services									
Executive and Legislature	323 398	349 304	369 459	376 992	425 349	426 610	431 090	423 098	447 637
Office of the Premier	180 120	194 538	208 098	209 229	227 811	227 811	236 119	234 831	248 451
Provincial Legislature	143 278	154 766	161 361	167 763	197 538	198 799	194 971	188 267	199 186
Financial and Fiscal Services	180 289	193 099	218 566	222 034	281 848	281 848	299 179	264 732	280 085
Provincial Treasury	180 289	193 099	218 566	222 034	281 848	281 848	299 179	264 732	280 085
General Services (Public Works, Local Government)	1 280 919	1 213 976	1 462 408	1 473 773	1 561 345	1 561 345	1 683 768	1 752 139	1 868 637
Total: General Public Services	1 784 606	1 756 379	2 050 433	2 072 799	2 268 542	2 269 803	2 414 037	2 439 969	2 596 359
Public Order and Safety									
Police Services	244 925	266 964	266 543	286 060	293 509	293 470	302 973	315 337	332 996
Transport, Safety and Liaison	244 925	266 964	266 543	286 060	293 509	293 470	302 973	315 337	332 996
Total: Public Order and Safety	244 925	266 964	266 543	286 060	293 509	293 470	302 973	315 337	332 996
Economic Affairs									
General Economic Affairs	266 380	278 030	279 671	277 915	271 089	285 066	296 518	312 385	330 503
Dept of Economic Affairs	266 380	278 030	279 671	277 915	271 089	285 066	296 518	312 385	330 503
Agriculture	987 816	769 374	557 947	552 383	555 205	555 055	609 304	646 642	562 582
Dept of Agriculture Affairs	987 816	769 374	557 947	552 383	555 205	555 055	609 304	646 642	562 582
Transport	65 376	117 011	86 684	80 917	81 417	82 806	85 926	92 592	98 486
Department of Transport	65 376	117 011	86 684	80 917	81 417	82 806	85 926	92 592	98 486
Total: Economic Affairs	1 319 572	1 164 415	924 302	911 215	907 711	922 927	991 748	1 051 618	991 571
Environmental Protection									
Environmental Protection	117 641	127 586	133 652	140 757	141 677	141 677	148 991	155 953	164 998
Total: Environmental Protection	117 641	127 586	133 652	140 757	141 677	141 677	148 991	155 953	164 998
Housing and Community Amenities									
Housing Development	841 569	651 875	723 625	676 175	702 175	715 876	725 432	766 377	809 098
Department of Housing	841 569	651 875	723 625	676 175	702 175	715 876	725 432	766 377	809 098
Total: Housing and Community Amenities	841 569	651 875	723 625	676 175	702 175	715 876	725 432	766 377	809 098
Health									
Outpatient services	1 269 211	1 280 366	1 465 610	1 833 316	1 933 614	1 962 611	1 986 793	2 111 964	2 271 097
R and D Health (CS)	665 511	729 538	739 655	881 574	953 627	974 047	681 448	722 665	767 346
Hospital Services	1 467 079	1 704 076	1 963 000	1 482 615	1 606 944	1 726 369	1 765 652	1 780 365	1 894 762
Total: Health	3 401 801	3 713 980	4 168 265	4 197 505	4 494 185	4 663 027	4 433 893	4 614 994	4 933 205
Recreation, Culture and Religion									
Sporting and Recreational Affairs	256 651	286 874	337 900	352 817	361 046	347 540	371 088	371 753	367 875
Sport, Arts and Culture	256 651	286 874	337 900	352 817	361 046	347 540	371 088	371 753	367 875
Total: Recreation, Culture and Religion	256 651	286 874	337 900	352 817	361 046	347 540	371 088	371 753	367 875
Education									
Pre-primary & Primary Phases	-	-	-	-	-	-	-	-	-
Secondary Education Phase	-	-	-	-	-	-	-	-	-
Subsidised Services to Education	831 013	876 650	974 475	1 083 451	1 066 463	1 105 759	1 268 473	1 211 401	1 292 997
Education not defined by level	3 658 609	3 832 567	4 126 642	4 355 523	4 381 148	4 468 474	4 589 374	4 928 571	5 203 567
Total: Education	4 489 622	4 709 217	5 101 117	5 438 973	5 447 610	5 574 233	5 857 847	6 139 972	6 496 564
Social protection									
Social Security Services	-	-	-	-	-	-	-	-	-
Social Services and Population Development	604 415	654 471	713 793	773 894	775 894	756 899	818 612	854 006	903 446
Total: Social protection	604 415	654 471	713 793	773 894	775 894	756 899	818 612	854 006	903 446
Total provincial payments and estimates by policy area	13 060 802	13 331 761	14 419 630	14 850 195	15 392 350	15 685 452	16 064 622	16 709 979	17 596 112

Table A5: Transfers to local government by category and municipality

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	155	2013/14	2014/15		2015/16		2016/17	2017/18	2018/19
Category A	-	-	-	-	-	-	-	-	-
Category B	71 960	84 685	125 063	123 771	123 771	121 815	103 699	109 389	108 019
Joe Morolong	590	969	2 172	1 764	1 764	1 763	1 638	1 638	1 408
Ga-Segonyana	1 644	3 245	3 683	2 853	2 853	4 262	2 499	2 538	2 323
Gammagara	626	1 153	2 318	2 219	2 219	2 273	1 329	1 336	1 175
Richtersveld	718	825	1 209	1 564	1 564	1 598	1 111	1 111	955
Nama Khoi	2 654	4 814	4 917	2 568	2 568	5 979	1 518	1 557	1 478
Kamiesberg	698	2 277	2 298	1 668	1 668	2 488	1 159	1 181	1 092
Hantam	814	1 333	1 794	2 158	2 158	2 157	1 716	1 744	1 599
Karoo Hoogland	1 224	1 263	2 967	2 118	2 118	2 314	1 711	1 714	1 484
Khai-Ma	689	881	1 179	1 671	1 671	1 632	1 067	1 079	970
Ubuntu	1 379	1 462	2 715	2 258	2 258	2 167	1 483	1 519	1 436
Umsobomvu	948	1 702	1 790	2 161	2 161	2 645	1 953	1 969	1 750
Emthanjeni	2 644	3 808	3 189	3 578	3 578	5 150	3 066	3 193	3 199
Kareeberg	1 097	1 211	1 877	2 219	2 219	2 275	1 891	1 925	1 775
Renosterberg	-	885	1 199	1 559	1 559	1 431	783	791	708
Thembelihle	819	1 013	2 488	1 860	1 860	1 749	938	958	894
Siyathemba	2 173	2 510	4 058	2 941	2 941	3 663	2 564	2 638	2 532
Siyancuma	861	1 143	1 820	2 107	2 107	1 812	1 460	1 496	1 415
Mier	-	1 394	1 686	1 035	1 035	1 842	-	-	-
!Kai! Garib	1 537	2 059	3 041	3 939	3 939	3 361	3 432	3 574	3 581
//Khara Hais	12 063	9 142	11 479	9 402	9 402	16 038	6 110	6 290	6 048
!Kheis	332	608	1 857	1 123	1 123	1 603	939	941	816
Tsantsabane	868	1 349	1 985	3 486	3 486	3 446	2 848	2 935	2 834
Kgatelopele	631	760	833	1 790	1 790	3 820	1 360	1 397	1 334
Sol Plaatje	35 183	35 601	55 609	62 241	62 241	41 976	57 693	62 407	64 141
Dikgatlong	-	795	1 340	3	3	4	793	794	683
Magareng	781	996	2 432	1 262	1 262	2 304	1 092	1 092	939
Phokwane	987	1 487	3 128	2 224	2 224	2 063	1 544	1 572	1 450
Category C	34 447	4 332	7 834	4 947	5 497	6 033	4 747	4 837	4 942
John Taolo Gaetsewe District Municipality	3 103	300	1 200	700	1 250	922	771	789	810
Namakwa District Municipality	8 251	2 410	1 200	700	700	1 701	850	868	889
Pixley Ka Seme District Municipality	11 411	770	1 921	1 421	1 421	1 457	1 080	1 098	1 119
Siyanda District Municipality	4 274	-	1 587	700	700	721	350	368	389
Frances Baard District Municipality	7 408	852	1 926	1 426	1 426	1 232	1 696	1 714	1 735
Unallocated	-	-	-	434	434	315	456	482	509
Total transfers to municipalities	106 407	89 017	132 897	129 152	129 702	128 163	108 901	114 708	113 470