



NORTHERN CAPE PROVINCIAL GOVERNMENT

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

WHAT IS A BUDGET?

A Budget is:

- A legal document that is passed by the legislature,
- A key instrument for the execution of government policies,
- A tool that explains how much revenue is raised through different kinds of taxes,
- A tool that forecasts of government's and revenue and expenditure for a particular financial year.

This budget represents a three-year rolling spending plan, called the Medium-Term Expenditure Framework (MTEF).

2024 MTEF BUDGET OVERVIEW

The 2024 Medium Term Expenditure Framework (MTEF) is underpinned by the government's commitment to stabilize public finances and restructure the economy to promote growth. Medium-term fiscal policy remains unchanged, focusing on fiscal sustainability, reducing the fiscal deficit, consolidating expenditures, resuscitating the provincial economy, and mitigating fiscal and economic risks.

A key element of the government's strategy is to prioritize infrastructure investments, which play a critical role in boosting and enabling economic growth and enhancing access to essential services. The country's economic performance is however impacted by several factors, including inadequate electricity supply, limited capacity in freight rail, and a less favourable global outlook that hinders growth predictions.

Over the 2024 MTEF, the province received additional allocations but was also met with fiscal consolidation reductions. These additional allocations and reductions found expression in the Provincial Equitable

Share (PES) of the province, including through data updates in the PES formula.

Changes to the PES are to support all sectors to cover shortfalls in the compensation of employees' budgets of departments. As part of the government's efforts to address fiscal challenges, conditional grants were also reduced over the 2024 MTEF.

Over the next three years, the total budget of the province will amount to R68.1 billion, of which the equitable share remains the main driver of the provincial budget providing for R50.8 billion or 72 per cent, conditional grants constitute R15.1 billion or 23 per cent whilst provincial own revenue accounts for R1.6 billion or 2 per cent. The remaining R600 million, or 3 per cent of the budget, is provided through self-financing in the 2024/25 financial year and is related to the pledging in respect of the Human Settlements Development Conditional Grant. The social sector remains central in the province, with 75 per cent of the budget allocated to these departments to improve the livelihoods of our people.

Given this context, Provincial Treasury will continue to identify, examine, and address inefficiencies in the system to improve value for money and allocative efficiencies. This will be done in the context of zero-based performance budgeting and spending reviews. Streamlining gender-responsive budgeting remains a priority to provide more procurement opportunities for businesses run by women, youth, and persons with disabilities in the province.

WHERE DOES THE MONEY COME FROM AND WHERE DOES IT GO TO?

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

Figure 1: Provincial Receipts

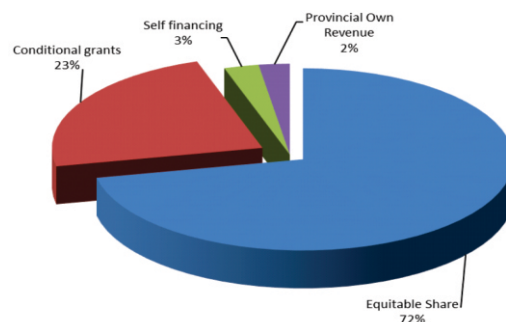


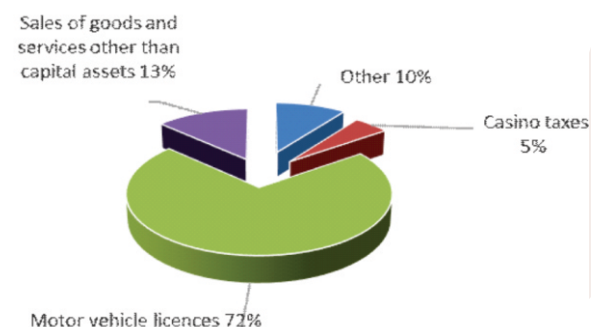
Table 1: Total Provincial Receipts

R'000	Revised Estimate	Medium-term estimates			
		2023/24	2024/25	2025/26	2026/27
Transfer receipts from National		20 107 606	21 367 059	21 745 521	22 742 939
Equitable Share		15 150 291	16 142 917	16 905 233	17 726 629
Conditional grants		4 957 315	5 224 142	4 840 288	5 016 310
Self financing		-	600 000	-	-
Provincial Own Revenue		554 225	534 329	540 986	565 825
Total Provincial receipts		20 661 831	22 501 388	22 286 507	23 308 764
Provincial Own Receipts					
Tax receipts		366 877	424 581	426 229	445 775
Casino taxes		19 903	28 041	29 297	29 022
Horse racing taxes		9 657	3 489	3 645	5 436
Liquor licences		4 501	5 267	5 503	5 695
Motor vehicle licences		332 816	387 784	387 784	405 622
Non-Tax Receipts		72 080	71 202	74 440	78 074
Sales of goods and services other than capital assets		70 088	69 881	73 059	76 439
Fines, penalties and forfeits		-	-	-	-
Interest, dividends and rent on land		1 992	1 321	1 381	1 635
Transfers received		105 932	32 940	34 456	36 041
Sales of capital assets		4 186	2 220	2 322	2 426
Transactions in financial assets and liabilities		5 150	3 386	3 539	3 508
Total provincial own receipts		554 225	534 329	540 986	565 825

A total of **95 per cent** of the budget comes from national government and **2 per cent** accounts for the provincial own revenue, while the remaining **3 per cent** is provided through provincial own financing.

The major contributors to the provincial own revenue are: Motor vehicle licences which contribute **73 per cent** and sales of other goods and services which accounts for **13 per cent** of the total provincial own revenue.

Figure 2: Composition of Provincial Own Revenue



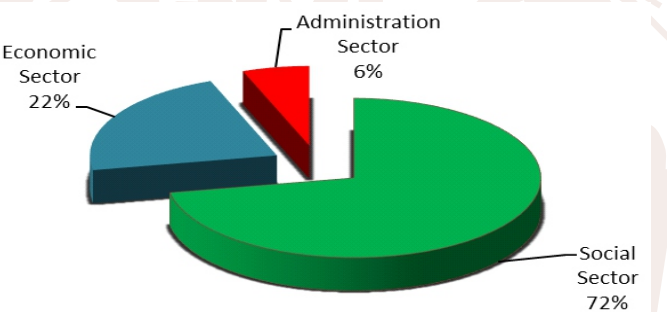
BUDGET AGGREGATES

- The 2024 MTEF budget provides for total expenditure of **R21.9 billion** in 2024/25 decreasing to **R21.7 billion** in 2025/26 and then increasing again to **R22.7 billion** and 2026/27 financial years.
- Equitable share increases from **R16.1 billion** in 2024/25 to **R16.9 billion** in 2024/25 and **R17.7 billion** in the last year of the MTEF

- Conditional grants also show an increase of **R5.2 billion** in 2024/25 and decrease to **R4.8 billion** in 2025/26 rises to **R5 billion** in the outer year of the MTEF.
- Own receipts increase from **R534 million** in 2024/25 to **R541 million** in 2025/26 and **R566 million** in the outer year of the MTEF.

PROVINCIAL SPENDING

The provincial government's receipts amounts to **R22.5 billion** in 2024/25. Total payments amounts to **R22.2 billion**, which is divided into several categories as shown in Figure 3.



The largest slice of spending goes to Social Sector, which provides *health care services* to the people of the province, *investing in education system* and *social development*. This accounts for total spending amounting of **R16 billion** for the 2024/25 financial year or **72 per cent** of the total provincial spending.

Economic Sector's spending totals to **R4.9 billion** in 2024/25 financial year. This accounts for **22 per cent** of the total provincial spending.

Administration and Governance Sector totals to **R1.3 billion** in 2024/25 financial year. This accounts for **6 per cent** of the total provincial spending.

2024/25 FINANCIAL YEAR PROPOSED SPENDING.

The total of **72 per cent** of provincial spending or **R16 billion** has been allocated to the Social Services Sector, of which:

Education: Total spending amounts to **R8.1 billion** of the total budget in 2024/25 financial year.

Health: Total spending amount to **R6.4 billion** of the total budget in 2024/25 financial year.

Social Development: Total spending amounts to **R978 million** of the total budget in 2024/25 financial year.

Sport, Arts and Culture: Total spending amounts to **R433 million** of the total budget in 2024/25 financial year.

Other Sectors: Total budget for the other combined sectors total to **R6.1 billion** of the total budget for 2024/25 financial year.

Summary of Expenditure per Department

Table 2: Summary of Provincial Payments by Sector								
R '000	Revised Estimate	Medium-term estimates				Annual percentage growth		
	2023/24	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27	
Social Sector	16 843 934	15 965 163	16 903 920	17 247 556	-5%	3%	5%	
Education	8 658 156	8 112 487	8 398 485	8 777 750	-6%	4%	5%	
Health	6 760 658	6 442 133	6 646 505	6 946 203	-5%	3%	5%	
Social Development	964 586	977 916	1 016 633	1 062 231	1%	4%	4%	
Sport, Arts and Culture	460 534	432 627	442 297	461 372	-6%	2%	4%	
Economic Sector	4 972 672	4 914 336	3 784 925	3 919 032	-3%	-2%	3%	
Economic Development	370 278	360 185	349 921	365 661	-3%	-3%	4%	
Roads and Public Works	2 128 860	2 203 643	1 874 362	1 961 301	4%	-15%	5%	
Co-Operative Governance, Human Settlement and Traditional Affairs	858 954	1 631 521	795 736	783 696	90%	-51%	-2%	
Agriculture, Environmental Affairs, Rural Development and Land Reform	714 580	718 977	764 906	799 374	1%	6%	5%	
Administration Sector	1 495 888	1 281 152	1 265 518	1 321 295	-14%	-1%	4%	
Office of the Premier	487 725	314 544	310 740	324 651	-36%	-1%	4%	
Provincial Legislature	274 623	223 310	233 445	243 891	-19%	9%	4%	
Provincial Treasury	361 020	395 051	360 760	375 977	9%	-9%	4%	
Transport, Safety and Liaison	372 516	348 247	360 573	376 776	-7%	4%	4%	
Total provincial payments	22 412 494	22 160 641	21 554 363	22 478 883	4%	9%	1%	

HOW DO WE SPEND THE PROVINCIAL BUDGET? BY ECONOMIC CLASSIFICATION

What is economic classification?

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

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

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

Table 3: Summary of provincial payments and estimates by economic classification								
R '000	Revised Estimate		Medium-term estimates					
	2023/24	% of Budget	2024/25	% of Budget	2025/26	% of Budget	2026/27	% of Budget
Current Payments	18 848 129	84%	17 916 472	81%	18 189 566	84%	18 988 005	84%
Compensation of employees	12 466 617	56%	12 468 730	56%	12 999 213	60%	13 556 092	60%
Goods and services	6 343 933	28%	5 415 142	24%	5 190 168	24%	5 431 721	24%
Other	37 579	0%	32 600	0%	184	0%	192	0%
Transfers and subsidies to:	2 198 304	10%	2 727 187	12%	1 909 639	9%	1 949 413	9%
Provinces and municipalities	222 217	1%	152 490	1%	158 835	1%	166 879	1%
Departmental agencies and accounts	205 021	1%	174 232	1%	153 150	1%	158 489	1%
Universities and technikons	750	0%	1 750	0%	1 808	0%	1 889	0%
Public corporations and private enterprises	86 807	0%	77 649	0%	81 138	0%	84 963	0%
Non-profit institutions	986 277	4%	967 803	4%	1 029 081	5%	1 077 177	5%
Households	697 232	3%	1 353 263	6%	485 627	2%	460 116	2%
Payments for capital assets	1 366 061	6%	1 516 982	7%	1 455 159	7%	1 541 466	7%
Buildings and other fixed structures	960 859	4%	1 117 566	5%	1 105 442	5%	1 175 967	5%
Machinery and equipment	368 212	2%	382 934	2%	334 293	2%	349 364	2%
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	0%	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	36 990	0%	16 482	0%	15 424	0%	16 135	0%
Payments for financial assets	-	-	-	-	-	-	-	-
Total economic classification	22 412 494	100%	22 160 641	100%	21 554 363	100%	22 478 884	100%

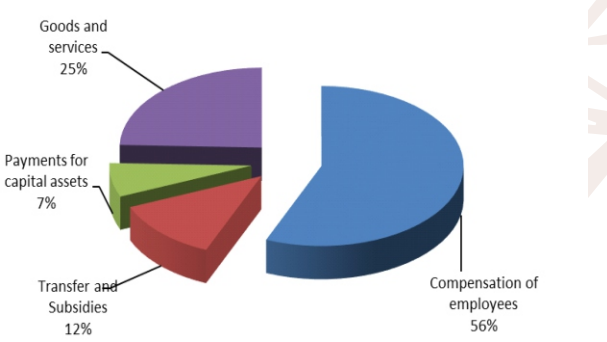
Total allocated budget in 2024/25: R22.2 billion

Compensation of employee's account for **56 per cent** of the total allocated budget.

Goods and services share **25 per cent** of the total allocation.

Transfers and subsidies represent **12 per cent** of the total allocation.

Capital spending accounts for **7 per cent** of the total spending.



Policy Priorities

The budget framework also provides for the following priorities:

- Provincial economic recovery initiatives;
- Presidential Cleaning and greening programme;
- Upscaling Work Opportunities through Expanded Public Works Programme;
- Provincial housing projects;
- Revenue Enhancement Strategy for major contributors to own revenue collection.

Infrastructure Spending

- Infrastructure expenditure is essential for effective service delivery, sustainable economic growth and job creation;
- The total infrastructure budget for the province amounts to **R3.271 billion** for the 2024/25 financial year;
- Spending in the 2024/25 financial year will focus on new infrastructure and the upgrading, maintenance and repairs to the existing provincial structures.