

2007/2008 respectively. This appropriation shows a growth rate of 15.7 per cent on nominal terms for the 2005/006 MTEF. For the 2008/2009 financial year, the funds allocated to public order and safety amounted to R43.061 million at the beginning of this financial year. During the adjustment period, the main appropriation has been revised downwards to R43.070 million. Over the 2009/2010 MTEF, the appropriation to the Public order and safety amounted to R47 million, R50 million and R53 million in respect of the financial years. The allocation for the 2009/2010 MTEF shows a positive 4.1 per cent growth rate on nominal terms. The Public Order and Safety constitute of one programme called police services which is rendered by the Department of safety and Liaison.

Economic Affairs had an allocated budget of R3.3 billion, R3.6 billion and R3.8 billion during the 2005/2006, 2006/2007 and 2007/2008 financial years respectively. This allocation over the 2005/2006 MTEF signifies about 5.9 per cent growth rate on nominal terms recorded over the 2005/2006 MTEF. At the beginning of the 2008/2009 financial year, the Economic Affairs received an appropriation of R4.035 billion. This main appropriation allocated to Economic Affairs has been revised upwards during the adjustment period to R4.172 billion. Over the 2009/2010 MTEF, the Economic Affairs allocated an amount of R4.832 billion, R5.211 billion and R5.627 billion in respect of the financial years of the 2009/2010 MTEF. This appropriation over the 2008/2009 MTEF shows an average growth rate of about 5.2 per cent on nominal terms. The Economic affairs is made up of programmes like General economic affairs which is lead by the Department of Economic Development, Agriculture which is under the auspices of the Department of Agriculture, and the transport which is monitored and controlled by the Department of Transport. It is worth noting to highlight the fact that much of the funds allocated for Economic affairs are appropriated to Department of Roads and Transport about 60 per cent of the total allocations to Economic Affairs.

Environmental Protection had an allocated amount of R9.7million and R45.5 million during the financial year 2006/2007 and 2007/2008 respectively. For the financial year 2008/2009, the main allocation appropriated to Environmental Protection amounted to R81.2 million. The main appropriation has been revised upwards to R84.2 million during the adjustment period. Over the 2009/2010 MTEF, the Environmental Protection payments are estimated at about R87million, R94million and R99.7million in respect of the financial years. This signifies a positive growth rate of 4.6 per cent on nominal terms for the 2009/2010 MTEF.

Housing and Community amenities appropriated a budget of R404million, R654 million and R688 million for the financial year 2005/2006, 2006/2007 and 2008/2009 respectively. The allocation for the 2005/2006 MTEF shows a growth rate of 19.4 per cent on nominal terms. At the beginning of the 2008/2009 financial year, the Housing and community amenities received an allocated budget of R855 million. This allocation has been revised upwards to R888 million during the adjustment period. Over the 2009/2010 MTEF, the Housing and community amenities payments show an amount of R1.099 billion, R1.3 billion and R1.5 billion in respect of the 2009/2010MTEF. For the 2009/2010 MTEF, the payments for the Housing and community amenities show a 11

per cent average growth rate over the 2009/2010 MTEF. The Housing and community amenities payments finances the only and one programme called Housing development which is monitored by the Provincial Department of Housing and local government.

The policy area: Health had allocated an amount of R4.7 billion, R5.8 billion and R6.1 billion during the financial year 2005/2006, 2006/2007 and 2007/2008 respectively. For the financial year 2008/2009, the Health received an allocated budget of R7.5 billion at the beginning of the financial year. The allocated amount has been revised upwards to R8.039 billion during the adjustment period. Over the 2009/2010 MTEF, the provincial policy area: Health payments show an amount of R9.017 billion, R10.076 billion and R10.786 billion in respect of the 2009/2010 METF financial years. The Health payments for 2009/2010 MTEF show an average growth rate of 6.2 per cent on nominal terms. The Health allocations are solely responsible to fund the provincial hospital services which is monitored and rolled out by the provincial Department of Health.

Recreation, culture and religion government purpose classification received an appropriation amount of R112 million, R119 million and R141 million during the financial year 2005/2006, 2006/2007 and 2007/2008 respectively. For the financial year 2008/2009, this government purpose classification received an allocated budget of R231 million which was revised upwards to R266.3 million unchanged during the adjustment period. Over the 2009/2010 MTEF, the policy area: Recreation, culture and religion payments show an amount of R231 million, R245 million and R259 million in respect of the financial years. The Recreation, culture and religion payments show a growth rate of 4 per cent on nominal terms. The payments for recreation, culture and religion finance the provincial sporting and recreation affair which is monitored by the Department of Sport, Arts and Culture.

The policy area: Education received an allocated budget of R910.3 billion, R11.4 billion and R11.8 billion for the financial years 2005/2006, 2006/2007 and 2007/2008, respectively. For the 2008/2009 financial year, the amount appropriated to the policy area: Education amounted to R14.2 billion at the beginning of the financial year. During the adjustment period, this allocation was revised upwards to R15 billion. The payments for the policy area: Education are estimated at R16.3 billion, R18 billion and R19.6 billion for the respective financial years of the 2009/2010 MTEF. The 2009/2010 allocation signifies an average growth rate of 6.2 per cent in nominal terms. The programme: education not defined by the level is the only programme that is being financed by the allocation appropriated to the government purpose classification: education.

Social Protection government purpose classification had had an allocated budget of R358 million, R401 million and R416 million for the financial year 2005/2006, 2006/2007 and 2007/2008 respectively. At the beginning of the 2008/2009 financial year, the policy area: social protection received the main appropriation of R725.6 million. Over the 2009/2010 MTEF, the social protection payments are estimated at about R761.6 million, R822.5 million and R926 million respectively. This medium term estimates show a growth rate of 6.7 per cent on nominal terms. The policy area: Social protection consists

of two programmes, which are Social Security Services and Social Services and Population Development. Both, Social Security Services and Social Services and Population Development share almost a half each of the total budget appropriated to Social Protection. Of which Social Security and Social Development shared a largest percentage of about 54 per cent than the Social Security Services.

5.5 Infrastructure payments

5.5.1 Provincial Infrastructure payments

Infrastructure is indispensable to achieve the main development targets in developing countries, such as urbanisation, industrialisation, export promotion, equitable income distribution and sustainable economic development.

The level of infrastructure development in any province is one of the major yardsticks of economic growth and development. A well-developed infrastructure system will lead to a healthy and efficiently functioning economy.

Good infrastructure helps to raise productivity and lower costs in the productive activities of the economy, but it has to be expanded rapidly enough to meet the demand for infrastructure in the early stage of development.

Prediction of demand patterns and investment allocation, which are the key factors of infrastructure development planning, must be based on a long-term economic development trend, population migration trends and land use planning, which predict the Province's temporal and spatial demographics and economic structure.

The demand for infrastructure in South Africa, and in Limpopo in particular, is tremendous, and emanates from the poor and racially biased development planning of the past. Backlogs occur in most sectors, including roads, energy, water and transport systems, and in social infrastructure such as schools, clinics and libraries. These structural deficiencies in infrastructure constitute a very serious handicap to economic growth and poverty reduction.

A second dimension of the challenge concerns the tremendous levels of funding needed for infrastructure investments in the Province in future. Limpopo has allocated budgets of R4.399 billion, R5.479 billion and R6.073 billion in the 2009/10, 2010/11 and 2011/12 financial years, respectively, for infrastructure development.

Table 1.22 represents a summary of infrastructure per department and estimates for the period 2005/06 to 2011/12.

Table 1.22: Summary of Provincial Infrastructure Payments by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2009/10	2010/11	2011/12
	2005/06	2006/07	2007/08	2008/09					
Vote 03: Education	367,364	450,739	397,880	634,984	609,213	759,636	852,873	1,027,500	1,245,352
Vote 04: Agriculture	201,246	238,211	174,401	258,836	194,998	149,929	153,138	254,117	291,958
Vote 06: Economic Development, Environmental Affairs and Tourism		1,238	3,101	3,000	500	463	500	3,403	3,607
Vote 07: Health	275,498	449,553	379,371	685,989	642,472	642,472	714,609	998,482	1,083,034
Vote 08: Transport	1,152,058	1,236,695	1,474,165	1,326,844	1,284,344	616,998	1,546,319	1,850,836	2,035,470
Vote 09: Public Works	97,506	72,361	52,304	61,547	61,547	61,547	68,830	73,190	69,947
Vote 11: Local government & housing	443,000	813,145	633,167	783,247	824,806	824,806	939,677	1,168,678	1,238,799
Vote 12: Social Development	32,147	39,388	41,353	96,810	83,810	83,810	92,224	94,324	95,745
Vote 13: Sport, Arts & Culture		7,826	14,987	24,368	24,368	24,368	31,150	8,500	9,550
Total	2,568,819	3,301,330	3,170,729	3,875,626	3,726,058	3,164,029	4,399,320	5,479,030	6,073,462

Table 1.23 represents a summary of infrastructure per category for the period 2005/06 to 2011/12.

Table 1.23: Details of Payments for Infrastructure by Category

	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
New construction	1,099,700	1,618,151	1,637,099	2,272,790	2,281,979	1,678,913	1,902,996	2,210,813	2,266,029
Maintenance and repair	344,689	477,878	371,365	277,708	336,092	288,315	680,059	1,061,002	1,304,815
Upgrading and additions	689,410	616,883	863,474	1,235,044	1,010,733	1,099,547	539,041	667,232	791,316
Rehabilitation and refurbishment	255,759	492,664	195,211	30,084	37,254	37,254	29,153	22,340	8,000
Infrastructure transfers									
Current	-	-	-	-	-	-	-	-	-
Capital	179,261	103,580	103,580	60,000	60,000	60,000	1,248,071	1,517,643	1,703,302
Total	2,568,819	3,309,156	3,170,729	3,875,626	3,726,058	3,164,029	4,399,320	5,479,030	6,073,462

As a Province we are in support of the IDIP, which is currently in P phase II. Since the implementation of the IDIP, the Province experienced the following:

1. Improved planning;
2. Improved expenditure patterns; and
3. Alternative methods/ models for accelerated delivery.

The Province hosted its Infrastructure Indaba in December 2008. The main purpose of the Indaba:

- ! The need to develop an effective infrastructure delivery plan (15 year plan) and process identifying:
- What we need and where we need it;
 - The need to integrate planning processes;
 - Funding streams and means of implementation; and
 - Alignment to all spatial frameworks, national and provincial planning strategies and local investment plans.

The main purpose for a 15-year Integrated Infrastructure Plan:

1. To allow government to budget more realistically and to monitor cash flow for early “problem” identification
2. To be able to identify “apparent” infrastructure “gaps” and find actual implementation solutions at an early stage to prevent over/under spending
3. To be able to identify skills/capacity problems within the different government spheres of implementation and conduct a proper skills training programme
4. To ensure that all infrastructure development is within the growth and development plans for the Province.

Infrastructure development can help to give access to communities to facilities such as schools, hospitals, roads, water, housing, etc. In this way it will help meet the challenge of basic needs. It will also create employment; develop skills and SMME development opportunities, as the policy and practice of Expanded Public Works Programme is implemented.

Because infrastructure as a government function cuts across so many departments, spheres and parastatals, the need to work in a more coordinated and integrated way arises as a necessity.

The responsibility for ensuring the rapid expansion of infrastructure lies squarely with the state: the government budget will continue to be the main driver of infrastructure development.” *Minister Trevor Manuel at the Ministerial Roundtable Discussions on Infrastructure Development and Regional Integration.*

To emphasise, infrastructure delivery underpins the very strength of a country’s competitive performance and contributes to the welfare and striving for continuous improvement in quality of life of people by the provision of social support structures.

5.5.2 Provincial Public-Private Partnership (PPP) projects

Table 1.24: Summary of Provincial Public-Private Partnership Projects

Project description	Total cost of project			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2009/10	2010/11	2011/12
R thousand	2005/06	2006/07	2007/08	2008/09					
Project under implementation									
PPP unitary charge	-	2,677	10,315	16,060	-	16,060	16,880	17,742	18,650
Advisory fees	2,174	1,069	339	-	-	-	338	355	373
Revenue generated	-	(7)	(94)	-	-	-	-	-	-
Project monitoring cost	-	-	-	-	-	-	84	89	93
New Projects									
PPP unitary charge	-	-	-	-	-	-	-	-	-
Advisory fees	-	-	-	1,780	-	1,780	-	-	-
Revenue generated	-	-	-	-	-	-	-	(900)	(900)
Project monitoring cost	-	-	-	-	-	-	-	45	45
Total	2,174	3,739	10,560	17,840	-	17,840	17,302	17,331	18,261

Notes:

(a) Renal Dialysis:

Advisory services estimated at 2 per cent of Unitary Service Charge (USC). Project monitoring cost estimated at 0.5 per cent of Unitary Service Charge (USC). Project monitoring costs were not budgeted for in the financial year model and are required for period 2009 to 2011.

(b) Phalaborwa PPP Project

Project monitoring costs estimated at 5 per cent of revenue generated. This PPP project is the one where Private Party uses state property for commercial gain. Private party will be paying the Limpopo Provincial Department of Health an estimated R900.000 p/a for use of state property for its own commercial gain.

5.5.2.1 Renal dialysis PPP – Department of Health and Social Development

The department's requirement to provide a world-class dialysis unit in line with modern standards saw this project being procured as a PPP, to ensure risk transfer, value for money and affordability. (Feasibility studies showed that a PPP would be the most affordable way the department could procure the service.) The department set a budget at project inception, with the assumption that this budget would grow in line with 5 per cent CPIx for the duration of the agreement. The department budgeted R16.8 million for 2009/10, R17.7 million and R18.6 million for 2010/11 and 2011/12, respectively.

5.5.2.2 Phalaborwa PPP project Department of Health and Social Development

The Phalaborwa Hospital was downgraded to a Health Centre whilst primary healthcare is being provided at the existing Phalaborwa Health Centre, the Department decided to investigate the possibility of having the facility in Phalaborwa leased to a Private Party. The intention of the project is to keep the infrastructure at hand in a good condition given the potential long-term need for beds and generate income for the Department because the facility is not in the Department's Hospital revitalization plan, and therefore deemed surplus to requirements. The department is projecting an amount of R45 000 for 2010/11 and R45 000 for 2011/12 for project monitoring costs.

5.5.2.3 Schools PPP Department of Education

The Infrastructure Unit within the Department of Education is currently experiencing both technical and financial challenges in terms of accelerating the delivery of schools infrastructure and in particular addressing backlogs in the delivery cycle. In an attempt to look for possible solutions the department intends exploring a public private partnership as an alternative method to accelerate the pace of infrastructure delivery and also to solicit private sector funding.

Given the current insufficient budget allocations and lack of technical infrastructure capacity it is evident that the Department will take longer to eradicate the current schools infrastructure backlog. Many more new or refurbished school buildings are needed urgently throughout the province to meet increases in demand. Private sector involvement will be crucial in assisting the department in achieving new or improved facilities and services.

Government is committed to delivering high quality learning opportunities for our pupils and it is providing other resources to improve school facilities. Leveraging on private sector funding and expertise will help accelerate service delivery and also alleviate the burden imposed on the fiscus. As a result the department wants to assess the feasibility and the financial viability of such a PPP approach. The feasibility process will look at defining objectives of the project, examining options, weighing up the costs, benefits, risks and uncertainties.

Experience in public private partnership arrangements is showing that this approach can result not only in new buildings that provide a top quality environment in which to teach and learn, but also offer better value for money and in some instances better cost effective public services. As Government makes no payments until service commences, the private sector has an incentive to finish construction on time, to budget and to the agreed output specifications.

5.6 Transfers

Table 1.25: Summary of Provincial Transfers to Public Entities by Transferring Department

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium term estimates		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2005/06	2006/07	2007/08						
Vote 01: Office of the Premier	27,150	4,176	-	-	-	-	-	-	-
Vote 04: Agriculture	24,095	76,347	44,070	28,145	41,146	41,146	29,692	31,474	33,362
Vote 06: Economic Development, Environmental Affairs and Tourism	257,002	260,500	223,361	178,153	178,153	178,153	178,153	221,440	234,726
Vote 08: Transport	874,737	882,066	1,173,800	1,187,294	1,137,294	1,137,294	1,359,337	1,628,909	1,821,244
Total	1,182,984	1,223,089	1,441,231	1,393,592	1,356,593	1,356,593	1,567,182	1,881,823	2,089,332

The Province transferred an amount of R769 million, R219 million and R1 billion during the financial year 2004/2005, 2005/2006 and 2006/2007 respectively. Alternatively, the provincial transfers to the public entities constitute approximately 4 per cent on average of the total provincial budget. For the financial year 2007/2008, the provincial transfers to public entities amounted to R1.1 billion. The transfers to the public entities for the 2008/2009 amounted to R1.371 billion at the beginning of the financial year. The allocation has been revised downwards to R1.298 billion during the adjustment period. For the period between 2008/2009 and 2009/2010 financial years, the provincial transfers to public entities recorded a positive nominal growth rate of about 19.5 per cent. Over the 2009/2010 MTEF, the provincial transfers to public entities are estimated to grow by about 10.2 per cent nominal terms or by about 3.6 per cent in real terms.

Initially, for the entire province, four departments were responsible for transferring some of the allocated funds to the provincial public entities – the Office of the Premier, the Department of Agriculture, the Department of Economic Development, Environmental Affairs and Tourism, and the Department of Transport. The number has since been reduced to three – the Department of Agriculture, the Department of Economic Development, Environment Affairs and Tourism, and the Department of Transport. It therefore is important to single out each and every transferring department so as to get an understanding of the purpose of the departmental transfers to public entities.

5.6.1 The Office of the Premier

During the 2004/2005 MTEF, the Office of the Premier transferred a percentage share of its allocated budget to the public entity Trade Investment Limpopo – R30 million, R27.150 million and R4.176 million for the 2004/2005, 2005/2006 and 2006/2007 financial years, respectively. The transfers were discontinued at the end of the 2006/2007 MTEF. The main objective of this transfer was to market the Province to investors to increase Foreign Direct investment (FDI) into the Province. This objective was envisaged to be achieved through the facilitation of twinning agreements, economic co-operation and investment agreements, the development of investment policies for

Spatial Development Initiatives (SDIs), package SDIs, and the shortening of lead times when accessing supply-side initiatives. Currently, this function falls within the Department of Economic Development's mandate and Trade Investment Limpopo receives its allocation from this department.

5.6.2 The Department of Economic Development, Environment and Tourism

The transfers from the Department of Economic Development, Environment and Tourism to the provincial public entities amounted to R146 606 million, R167 337 million and R180 500 million during the financial year 2004/2005, 2005/2006 and 2006/2007 respectively. For the 2007/2008 financial year, the department of Economic Development, Environment and Tourism transferred an amount of R143 million to the provincial public entities. The transfers made by this department to the provincial public entities constitute a percentage share of about 23.3 per cent of the total budget appropriated to the Department of Economic Development, Environment and Tourism. During the financial year 2008/2009, this department had transferred an amount of R128.2 million to its public entities. This signifies a percentage share of about 18.5 per cent on nominal terms. Over the 2009/2010 MTEF, the departmental transfers amounted are estimated to record a positive growth rate of about 4.2 per cent on nominal terms. The recipients of these transfers include the Limpopo Development Corporation, Limpopo Business Support Agency, Trade Investment Limpopo, Limpopo Tourism & Parks Board, and Limpopo Casino & Gambling Board. These transfers seek to achieve some provincial goals which include among others, a healthy and fair trade environment, positioning Limpopo as a preferred eco-tourism destination in Southern African Development Countries (SADC), to sustain development through the sound environmental management, to ensuring a healthy and fair trade to ensure that SMMEs flourish and prosper in all sectors of the economy, and increase the investment in the province. The achievement of these goals results to increase in the provincial GDP, the creation of job opportunities and the reduction in poverty. All of the aforementioned possible outcomes crystallized the provincial government efforts to better life to all of its entire population.

5.6.3 The Department of Roads and Transport

The department of Transport transferred an amount of R559 000, R830737 million and R822066 million during the financial year 2004/2005, 2005/2006 and 2006/2007 financial year respectively. For the financial year 2007/2008, the department of Transport transferred an amount of R882 billion to its transferring provincial public entities. For the financial year 2008/2009, this department transferred an amount R1.187 billion at the beginning of the financial year. This amount has been revised downwards to R1.137 billion during the adjustment period. Over the 2009/2010MTEF, the Department of Transport estimates are expected to register a positive growth rate of about 10.2 per cent on nominal terms. It is worth noting to highlight the fact that out of

the total amount of the provincial budget which is appropriated to the provincial public entities by the transferring departments; the Department of Transport contributes a larger percentage share to the provincial transfers to public entities. For example, the Department of Transport transferred about 88 per cent during the financial year 2008/2009. Over the 2008/2009 MTEF, the departmental transfers are estimated to record a positive growth rate of about 10.3 per cent on nominal terms. Much of the transfers made by the Department of Transport in 2009/2010 financial year are to be appropriated to the Road Agency Limpopo, almost 95 per cent of the total transfers to the provincial public entities from the Department of Transport. The remaining percentage is allocated to the Polokwane International Airport. The main purpose of these transfers made by the Department of Transport is to improve the provincial infrastructure. An improvement of infrastructure impacted positively in the provincial gains to attract the FDIs.

5.6.4 The Department of Agriculture

During the financial year 2004/2005, 2005/2006 and 2006/2007, the Department of Agriculture transferred an amount of R33 854 million, R24 095 million and R76 347 million respectively. For the 2008/2009 financial year, the Department of Agriculture transferred an amount of R33.146 million to provincial public entity. This amount has been revised downwards to R28.145 million during the adjustment period. Over the 2009/2010 MTEF, the Department of Agriculture transfers to public entities are estimated to record a positive growth rate of about 5 per cent on nominal terms. The department of Agriculture transferred the entire allocations for public entities to the Agriculture and Rural Development Cooperation (ARDC). This is in line to the provincial strategic goals of better life to its citizens as appeared to the Provincial Growth Development Strategy, hence the majority of the provincial population live in rural areas and depends to agricultural practice to survive.

Table 1.26: Transfers to Development Corporations

Entity	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2009/10	2010/11	2011/12
R thousand	2005/06	2006/07	2007/08	2008/09					
Limpopo Development Corporation	89,665	80,000	70,000	50,000	50,000	50,000	50,000	69,336	73,496
ARDC	24,095	76,347	44,070	28,145	41,146	41,146	29,692	31,474	33,362
Total provincial transfers to development corporations	113,760	156,347	114,070	78,145	91,146	91,146	79,692	100,810	106,858

The Province currently shares an insignificant percentage of its overall allocation to its two Development Corporations – the Limpopo Development Corporation (LIMDEV) and the Agriculture and Rural Development Cooperation (ARDC). The two Development Corporations are responsible to pursue the provincial development in areas such as provincial economy, rural development, and the implementation of the provincial development strategy. For that cause, the province appropriated an amount of R113 760 million and R156 347 million during the 2005/2006 and 2006/2007 financial year respectively. For the financial year 2007/2008, the province appropriated an amount of R114 070 million. During the 2008/2009 financial year, the provincial transfers to the provincial development corporations amounted to R78.145 million at the beginning of the year. This amount has been revised upwards to R91.146 million during the adjustment period. Over the 2009/2010 MTEF, the province estimates to record a positive growth rate of about 10.3 per cent on nominal terms. This once again crystallised the provincial government commitment to the provincial development especially the rural growth and development.

Table 1.27: Summary of Provincial Transfers to Local Government by Category

Entity	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2009/10	2010/11	2011/12
R thousand	2005/06	2006/07	2007/08	2008/09					
Category B	-	24,829	-	6,900	6,900	6,900	3,000	12,500	-
Category C	35,696	35,748	28,345	77,936	51,220	51,220	45,301	38,327	34,426
Total provincial transfers to local government	35,696	60,577	28,345	84,836	58,120	58,120	48,301	50,827	34,426

Section 31(2) (a) of the Division of Revenue Act, 2008, (DORA) compels the Provincial Treasury to gazette the following:

- The indicative allocation per municipality for every allocation made by the province to municipalities, including Schedule 5 allocations transferred to municipalities and other allocations from the province's own funds;

- The envisaged division of those allocations contemplated in respect of each municipality for the next financial year and over the outer years of the 2009/2010 MTEF; and
- The conditions and other information in respect of these allocations to facilitate performance measurement and the use of the required inputs and outputs.

Moreover, in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003), the Member of the executive Committee responsible for Finance in the province must, to the extent possible, when tabling the Provincial annual budget in the Provincial legislature, make public particulars of any allocations due to each municipality in terms of that budget. This includes amount to be transferred to the municipality during each of the next three financial years. Importantly, the aforementioned requirements provide predictability, certainty and transparency regarding the sources and levels of provincial intergovernmental funding for municipalities.

As indicated in the Table 1.27, the provincial transfers to the municipalities amounted to R59 845 million and R20 319 million for the financial year 2005/2006 and 2006/2007 respectively. For the financial year 2007/2008, the province transferred an amount of R10, 831 million at the beginning of this financial year. During the beginning of the 2008/2009 financial year, the province transfers an amount of R84.836 million. This amount has been revised downwards during the adjustment period to R58.120 million. Currently, the province estimates to transfer an amount of R48 301 million and R50, 827 million and R34.826 million for the financial year 2008/2009, 2009/2010 and 2010/2011 respectively. Over the 2009/2010 MTEF, the provincial transfers to the provincial municipalities are estimated to register a negative growth rate of about 11 per cent on nominal terms. This can be attributed to the fact that municipalities are able to fend for themselves due to the revenue base that enjoyed more than the province.

5.7 Provincial payments and estimates by region, district and municipal ward

Provincial transfers to the municipality are categorised into three categories: A (Metro municipality), B (District municipality) and C (Local municipalities). The Limpopo province do not possess the Category A (Metro municipality), it possesses Category B (District Municipality) and Category C (Local Municipality). The provincial transfers to the category B (District Municipalities), namely, Vhembe district municipality, Capricorn district municipality, Waterberg district municipality, Mopani district municipality and Sekhukhune district municipality appropriated an amount of R6 900 million the financial year 2008/2009, and this amount remained unchanged throughout the financial year. Over the 2009/2010 MTEF, the provincial transfers to the district municipalities amounted to R3 million and R12.5 million for only 2009/2010 and 2010/2011 financial years respectively. This trend signifies a buoyant growth rate of more than 100 per cent on nominal terms. The departments such as the Department of Economic Development,

Tourism and Environment Affairs, Department of Health, the Department of Local Government and Housing, and the Office of the Premier are the ones that transfer some part of their allocation to the provincial municipalities.

The Department of Economic Development, Tourism and Environment Affairs transferred a total of R25.526 million in the 2008/2009 financial year, of which R2 million was transferred to Mopani district municipality and the balance (R23 526 million) to Capricorn district municipality. The transfers to Mopani district municipality seeks to assist the Greater Giyani Local Municipality to establish commercially viable and sustainable projects (which focus on the use of natural resources) through community leadership and participation in such projects. The transfer to Capricorn district municipality was a once-off amount budgeted for the International Convention Centre (ICC). However, over the 2009/2010 MTEF, the department ceased to transfer part of its allocations to municipalities. Moreover, plans for the ICC have been reversed due to a lack of clarity around the role-player required to fund the project.

The Department of Health transferred an amount of R29.6 million during the financial year 2008/2009. Over the 2009/2010 MTEF, the department appropriated R31.1 million, R32.5 million and R34.4 million for the respective 2009/2010 MTEF financial years. The Department of Health transfers to Mopani district municipality, Vhembe district municipality and Waterberg district municipality, with the largest percentage of transfers allocated to Vhembe district municipality. These transfers seek to assist with the provision of the municipal health services function (excluding malaria control, management of hazardous substances and port health services). The department has also undertaken to assist and support the district municipalities for a period of twelve months in terms of the technical and operational management of the municipal health services function.

In the financial year 2008/2009, the Department of Local Government and Housing (DLGH) transferred R26.475 million to the provincial municipalities. The departmental transfers to municipalities seek to serve some different specific purposes to different municipalities and they are as follows: the implementation of people's housing program (R17 970 million) as part of the Housing subsidy schemes to all provincial municipalities; to assist the Provincial Electoral Commission in strengthening the electoral process in all provincial municipalities and for this programme an amount of R2 million has been set aside; to assist the Capricorn district municipality in developing the critical sectoral plans as part of the municipal Integrated Development Plans (IDP) and an amount of R5 million has been allocated for this programme; to assist the Sekhukhune district municipality in the construction of a fire station or disaster management centre and the budget for this programme amounts to R3.5 million; to give assistance to Waterberg district municipality, Mopani district municipality and Vhembe district municipality to develop their Master System Plans and for this programme each of the afore-said municipalities has been allocated an amount of R500 000; and to give assistance to all provincial municipalities to develop the valuation rolls and for this programme the (DLGH) has put aside an amount of R2 million.