6

Provincial and local government finances

The 2004 MTEF shifts the division of nationally raised revenue towards provincial and local spheres of government. For the 2004 MTEF, provinces receive about R19,9 billion or 54 per cent of the additional allocation. This will see national transfers to provinces growing at 5,6 per cent in real terms in 2004/05 and at an average annual rate of 4,3 per cent over the MTEF. Additions to the provincial share are mainly for social security grants, learner support materials in schools, the provision of anti-retroviral treatment and for infrastructure spending.

With additions of about R3,9 billion over baseline, national transfers to local government rise from R12,0 billion in 2003/04 to R17,1 billion in 2006/07, representing real growth of 6,9 per cent a year over the MTEF. This will allow for an acceleration of the delivery of free basic services, capacity building and increased investment in infrastructure, and increasing employment opportunities at local level.

Introduction

The shift in the division of resources between the three spheres reflects Government's commitment to further reinforcing key provincial and local government programmes that are central to the progressive realisation of basic social and economic rights and the improvement of living conditions.

Shift of resources to provinces will further strengthen social services delivery

Additional resources allocated to the provincial sphere are aimed at further strengthening social service delivery, including:

- Increasing non-personnel expenditure, especially learner support materials targeted at schools in poor communities
- Scaling up of Aids treatment programmes
- Further take up of social security grants, including completion of the take up of 11, 12 and 13 year old children
- Support for provincial economic development programmes with high potential for creating employment opportunities.

Growth in local government transfers contributes to the rollout of free basic services

Strong growth in national transfers to local government is intended to:

- Accelerate the roll out of free basic electricity, water, refuse removal and sanitation to poor households
- Strengthen municipal infrastructure delivery
- Consolidate local government financial management and budget reforms as envisaged in the Municipal Finance Management Bill.

Strong growth in infrastructure grants will create employment opportunities

The 2004 MTEF sets aside about R28,0 billion in infrastructure grants to provinces (including the Housing Subsidy Grant) and R16,6 billion for local government infrastructure grants. Strong growth in infrastructure grants gives expression to Government's priority of expanding programmes that have the highest potential to create more employment opportunities.

Funding provincial government

Provincial priorities for the 2004 MTEF

Building on the sound policy framework that has evolved over the first decade of democracy, the 2004 MTEF provides for further deepening and consolidation of social services, which make up the bulk of provincial expenditure.

Increasing non-personnel in poor schools is prioritised for education

In education, the main priority is to maintain the strong growth in spending on school-based, non-personnel expenditure. In addition, Government also wants to ensure that over time, equity is achieved in the distribution of learner support materials and other school inputs between provinces.

The budget framework also makes provision for sustaining progress in other important education programmes such as Early Childhood Development and Adult Basic Education.

Health policy to focus on staffing and equipping of health facilities

Continued strengthening of the health sector to cope with the cost implications associated with HIV and Aids remains one of the top priorities in the health sector. In addition to the amounts contained in the 2003 MTEF baseline, R1,9 billion is added to the HIV and Aids conditional grant over the next three years to initiate the national anti-retroviral treatment programme and for purchasing medicines and related supplies.

A scarce skills strategy for health is being finalised

Following extensive work on the design of a strategy for addressing scarce skills, especially in rural areas, proposals in this regard are being finalised in the bargaining process. The provincial equitable share allocation includes a preliminary estimate of about R2,5 billion to be spent over three years on this initiative. This strategy should provide a much stronger incentive to recruit and retain health professionals in the country in general and in identified rural areas.

The process of extending the Child Support Grant (CSG) to children until they turn fourteen is progressing at a rapid rate. The 2004 MTEF provides for the cost of extending this benefit to children in the age cohorts of 11, 12 and 13. Accordingly, R2,5 billion is added to the conditional grant in 2006/07 to provide for the additional beneficiaries. The equitable share is also adjusted to take account of higher take-up of other social security grants, especially the disability grant.

Phasing of CSG makes up a significant portion of additional allocation to provinces

In the case of non-social service functions, Government is prioritising labour intensive infrastructure building and maintenance projects, while sustaining the pace of delivery. The share of capital in total provincial expenditure is now around 10 per cent and is expected to grow further over the MTEF, rising from a budgeted amount of approximately R18 billion in 2003/04 to over R24 billion by 2006/07.

Increased infrastructure expenditure will prioritise labour-intensive programmes …

Now that the upturn in capital expenditure is in progress, the focus shifts towards ensuring that infrastructure delivery facilitates the creation of employment opportunities. This will be achieved through directing more funding towards carefully selected programmes and projects with a high labour content. At the same time, the design of such programmes will be such that those who participate gain valuable work experience and skills that will enhance their potential to become gainfully employed when projects are completed.

… and will be utilised to impart skills to participants

To ensure that this does not hamper the speed of delivery, funding such labour-based programmes will be an integral part of existing departmental programmes and will draw on valuable lessons of successful programmes that have been run by several government departments and municipalities over the last three years.

National transfers to provinces

The design of South Africa's intergovernmental fiscal system is such that provinces rely on national transfers for funding public services such as school education, health, social security grants and housing. This is largely due to the fact that most of these services are targeted at the poor and do not lend themselves to cost recovery.

Transfers from nationally raised revenue will grow by 4,3 per cent in real terms over the MTEF, from a revised R161,5 billion in the current financial year to R213,3 billion in 2006/07. The unconditional equitable share makes up about 88 per cent of these transfers and the remainder are conditional grants that fund a range of national priority programmes.

National transfers comprise the bulk of provincial funding

About R19,9 billion added to national transfers to provinces

Table 6.1 shows a breakdown of national transfers between the equitable share and conditional grants. Of the R19,9 billion added to the provincial share over the MTEF, R14,1 billion goes into the equitable share, while R5,9 billion is added to conditional grants. This will see the equitable share rising from R144,7 billion in 2003/04 to R183,9 billion in 2006/07. Conditional grants grow from R16,7 billion to R29,4 billion over the same period.

Table 6.1 Revision to provincial budget framework

	2003/04	2004/05	2005/06	2006/07
R million	Revised	Medium term estimates		
Total provincial allocation	**161 452**	**179 426**	**197 370**	**213 286**
Equitable share	144 743	158 670	172 000	183 890
Conditional grants	16 709	20 756	25 370	29 396
Changes to baseline				
Equitable share	2 357	3 357	4 444	6 280
Conditional grants	100	602	1 337	3 921
Total changes to baseline	**2 457**	**3 958**	**5 780**	**10 201**

Equitable share grows by 8,3 per cent a year over MTEF

Strong growth in the equitable share of provinces primarily caters for spending commitments in the priorities identified above such as stepping up of school-based, non-personnel expenditure in education and adjustments to remuneration packages of personnel with scarce skills in health. The additional allocations also provide for increased spending on provincial economic functions, community development workers, rural development and comprehensive agricultural support programmes, including post settlement support for the Land Redistribution for Agricultural Development Programme.

Horizontal division of revenue

The division of the equitable share allocation among provinces, referred to as the horizontal division of revenue, is done through an objective redistributive formula. The formula is reviewed and updated every year for new data, taking account of the recommendations of the Financial and Fiscal Commission (FFC). The publication of 2001 Census data presents an opportunity for a comprehensive review of the formula, for the 2005 MTEF.

The review of the equitable share formula for 2004 and 2005 Budgets

Government has decided to conduct a review of the formula in two parts. In 2004, only selected components will be updated with new data. These are the education, basic and economic components. In 2005, a more wide-ranging review will cover aspects pertaining to the structure of the formula, weights of components and other economic development and poverty related policy considerations. The review of the formula for the 2005 MTEF is also timed to coincide with the imminent change in the financing and administrative arrangements relating to the delivery of social security grants.

The structure of the provincial equitable share formula

The current structure of the formula is summarised below (weights of each components are included in brackets):

- An education share (41 per cent) based on the size of the school-age population (ages 5-17) and the average number of learners enrolled in public ordinary schools for the past three years.
- A health share (19 per cent) based on the proportion of the population without medical aid or health insurance.
- A social security component (18 per cent) based on the estimated number of people entitled to social security grants – the elderly, disabled and children – weighted using a poverty index derived from the Income and Expenditure Survey.
- A basic share (7 per cent) derived from each province's share of the total population of the country.
- A backlog component (3 per cent) based on the distribution of capital needs as captured in the schools register of needs, the audit of hospital facilities and the share of the rural population.
- An economic output component (7 per cent), and
- An institutional component (5 per cent) divided equally among the provinces.

Table 6.2 sets out the revised equitable share allocations for 2003/04 and the 2004 MTEF.

Table 6.2 Provincial equitable share allocations

	2003/04	2004/05	2005/06	2006/07
R million	**Revised**	**Medium term estimates**		
Eastern Cape	24 627	26 774	28 780	30 510
Free State	9 621	10 466	11 260	11 946
Gauteng	22 237	24 369	26 407	28 222
KwaZulu-Natal	29 763	32 752	35 637	38 244
Limpopo	19 674	21 606	23 465	25 134
Mpumalanga	10 388	11 520	12 631	13 657
Northern Cape	3 512	3 807	4 080	4 312
North West	12 018	13 187	14 309	15 314
Western Cape	12 904	14 189	15 431	16 550
Total to be shared	**144 743**	**158 670**	**172 000**	**183 890**

Summary of updates to the formula for 2004

The provincial equitable share allocations take account of the following updates:

- The *education* component is updated by replacing average enrolment data with 2000-2002 figures and by changing to the 5 – 17 school age cohort to take account of Early Childhood Development, and using 2001 Census data.

- The *basic component* which uses population shares is updated with new census data.
- The remuneration data currently used in the *economic activity* or *tax capacity* component are replaced with preliminary Gross Geographic Product by Region (GDPR) data.

Table 6.3 Weighted shares, 2003/04 – 2006/07

	2003/04	2004/05	2005/06	2006/07
	Base shares		3-year phasing	
Eastern Cape	17,0%	16,9%	16,7%	16,6%
Free State	6,6%	6,6%	6,5%	6,5%
Gauteng	15,4%	15,4%	15,4%	15,3%
KwaZulu-Natal	20,6%	20,6%	20,7%	20,8%
Limpopo	13,6%	13,6%	13,6%	13,7%
Mpumalanga	7,2%	7,3%	7,3%	7,4%
Northern Cape	2,4%	2,4%	2,4%	2,3%
North West	8,3%	8,3%	8,3%	8,3%
Western Cape	8,9%	8,9%	9,0%	9,0%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

The impact of the data updates will be phased over three years

The combined effect of the updates to the formula is reflected in the slight shifts in weighted shares of provinces between the current and target shares set out in table 6.3. Government has decided to phase the impact of the updates over three years. This ensures that none of the provinces receive an allocation lower than was previously indicated in the baseline allocations.

Conditional grants to provinces

There are no major changes to the conditional grant framework for the 2004 MTEF. Baseline allocations of a few grants that are funding programmes central to Government's priorities are revised upwards. Table 6.4 sets out the list of conditional grants to the provinces over the 2004 MTEF.

Main changes to conditional grants occur in Health

The most significant changes to baseline allocations for conditional grants are made to the HIV and Aids, Provincial Infrastructure and Child Support Extension grants. The school-based portion of the Integrated Nutrition Programme Grant administered by Health now shifts to Education. The Financial Management and Quality Enhancement Grant in Education is phased into the provincial equitable share. After all adjustments are taken into account, total conditional grant allocations will be R20,8 billion in 2004/05 rising to R29,4 billion in 2006/07.

Health HIV and Aids Grant receives the biggest increase

An amount of R1,9 billion is added to the baseline allocation of the HIV and Aids Grant in Health in preparation for the roll out of antiretroviral treatment programmes within the policy framework being considered by Cabinet. The main elements of the programme are the costs of coordinating the programme, treatment, training and nutrition.

Table 6.4 Conditional grants to provinces

R million	2003/04 Revised	2004/05	2005/06	2006/07
		Medium term estimates		
Agriculture				
Land Care	38	–	–	–
	38	**–**	**–**	**–**
Health				
National Tertiary Services	3 995	4 273	4 529	4 801
HIV and Aids (Health)	334	782	1 135	1 567
Hospital Revitalisation	718	912	1 027	1 180
Integrated Nutrition Programme	809	112	123	–
Hospital Management and Quality Improvement	133	142	150	159
Pretoria Academic	92	–	–	–
Health Professions Training and Development	1 333	1 434	1 520	1 520
	7 414	**7 655**	**8 486**	**9 228**
National Treasury				
Flood Rehabilitation	200	–	–	–
Provincial Infrastructure	2 334	3 176	3 556	3 939
	2 534	**3 176**	**3 556**	**3 939**
Education				
Early Childhood Development	88	–	–	–
National School Nutrition Programme	–	838	918	1 104
Financial Management and Quality Enhancement	234	–	–	–
HIV and Aids (Life Skills Education)	120	129	136	144
	443	**967**	**1 054**	**1 249**
Provincial and local government				
Local Government Capacity Building Fund	232	220	–	–
Consolidated Municipal Infrastructure Programme	38	41	44	46
	271	**261**	**44**	**46**
Housing				
Housing Subsidy	4 246	4 474	4 745	5 030
Human Resettlement and Redevelopment	109	116	122	130
	4 355	**4 589**	**4 868**	**5 160**
Social development				
HIV and Aids (Community-based Care)	66	70	74	79
Food Security	388	388	388	411
Child Support Grant Extension	1 200	3 650	6 900	9 284
	1 654	**4 108**	**7 362**	**9 774**
Total	**16 709**	**20 756**	**25 370**	**29 396**

Relocating the PSNP will improve planning and enhance co-ordination

Last year, Government decided that the Primary School Nutrition Programme (PSNP), which makes up the largest part of the Integrated Nutrition Programme administered by the Health sector should be shifted to Education. In view of the fact that the beneficiaries of the programme are school pupils, it is envisaged that the relocation of the programme will improve planning, enhance co-ordination and further contribute to more efficient feeding in schools. Amounts of R838 million, R918 million and R1 104 million over the three-year period will now be part of the education budget for this programme. Health retains R112 million in 2004/05 and R123 million in 2005/06 to continue with Integrated Nutrition outside of the school system for another two years.

The Hospital Revitalisation Grant is increased further in 2006/07

Following evidence of good progress with the revamping of hospitals under the auspices of the Hospital Revitalisation Grant, an amount of R91 million is added to this Grant in 2006/07 over and above the normal outer year inflation adjustment. This creates scope to broaden the programme to additional hospitals.

The Provincial Infrastructure Grant will exceed R10 billion

The Provincial Infrastructure Grant is increased by R1,5 billion over baseline over the three years, taking the total allocated to over R10 billion over the next three years. In addition to higher infrastructure spending, the increases lay a basis for the expansion of labour-intensive projects within the policy framework of the Expanded Public Works Programme. The framework and conditions for this Grant will be revised to accommodate this additional objective.

Funding local government

Policy priorities and fiscal framework

Government prioritises poverty relief

Additional allocations to local government take into account the pressures and challenges facing the sphere. The key priorities over the medium term relate to the expansion and provision of free basic services and accelerating delivery of basic infrastructure to poor households.

Additional resources for free basic services

Despite good progress in delivering free basic services, there are still a large number of poor households that do not have access to basic services. In the light of developmental challenges facing local government, Government has allocated an additional R3,9 billion over the next three years to municipalities. These resources are aimed at accelerating the delivery of water and electricity, and provision refuse removal and sanitation services to poor households.

More emphasis on labour-based construction methods

Additional infrastructure allocations are provided to assist municipalities to contribute to the objectives of the Expanded Public Works Programme by increasingly using labour intensive methods in the delivery of infrastructure.

Implementation of the Municipal Infrastructure Grant to be accelerated

Implementation of the Municipal Infrastructure Grant (MIG), which consolidates all infrastructure grants from national to the local sphere into one grant, is to be given a major boost in the 2004 MTEF. This consolidation process should be completed by the end of 2005/06. The MIG will contribute towards increasing the capital budgets of municipalities, thereby laying the basis for the elimination of backlogs in infrastructure and ensuring that all South Africans enjoy access to a basic level of service over a ten-year period.

Local government faces a number of challenges

Given the challenges of rising personnel costs, water and electricity losses, inefficiency in service delivery and outstanding service payments, it is critical that municipalities take appropriate measures to address these issues. Changes and shifts in powers and functions, increased service delivery responsibilities, general economic development, population growth and urbanisation, infrastructure disparities and income inequality all contribute to the tough challenges facing the local government sphere.

Review of Local Government Fiscal Framework underway

Government is reviewing the fiscal framework for local government with a view to introducing reforms in the 2005 Budget. The review will cover the equitable share formula as well as the formulae for conditional grants. It will also take into account the fiscal powers and functions of municipalities in light of the pending Local Government Property Rates Bill, the review of the Regional Services Council levies and the shifting of electricity distribution functions away from municipalities to Regional Electricity Distributors.

Transfers to local government

Allocations to the local government sphere grow strongly

Allocations to municipalities from the national sphere occur through two streams: an unconditional equitable share and conditional grants. Conditional grants are allocated through two major categories: infrastructure, and capacity building and restructuring grants. The total allocations to local government grow from R12,0 billion in 2003/04 to R17,1 billion in 2006/07. Additional allocations over baseline to local government total R3,9 billion over the 2004 MTEF. Table 6.5 sets out the allocations to local government.

Table 6.5 Revision to local government allocations

	2003/04	2004/05	2005/06	2006/07
R million		Medium term estimates		
Local government baseline allocation	**12 001**	**13 249**	**14 624**	**15 501**
Equitable share and related [1]	7 180	7 936	8 633	9 151
Infrastructure	4 144	4 589	4 996	5 296
Capacity building and restructuring	677	724	995	1 055
Changes to baseline		**1 000**	**1 300**	**1 600**
Equitable share		600	700	900
Infrastructure		400	600	700
Capacity building and restructuring			-245	-305
Further shifts to equitable share from capacity-building grants			245	305
Total Revised allocations	**12 001**	**14 249**	**15 924**	**17 101**
Equitable share and related [1]	7 180	8 536	9 578	10 356
Infrastructure	4 144	4 989	5 596	5 996
Capacity building and restructuring	677	724	750	750

1. Includes water operating subsidy.

The equitable share and related category (including the water operating subsidy) receives R2,2 billion of the increased allocations. This is mainly to boost local government's ability to expand the delivery of free basic services.

Municipal Infrastructure Grant

The consolidation of all municipal infrastructure grants into the new Municipal Infrastructure Grant (MIG) will enable municipalities to increase their capital budgets to provide basic municipal infrastructure, particularly in poor areas. It will enable municipalities to implement their capital programmes as identified in their integrated development plans (IDPs). Government departments have already begun releasing uncommitted funds to the MIG. Cabinet formally approved this grant on 5 March 2003, with a further decision by Cabinet on 22 October 2003 to accelerate its implementation.

The current system of municipal infrastructure grants is fragmented, with many conditions and overly bureaucratic processes. The MIG will incorporate the following seven programmes:

- The Consolidated Municipal Infrastructure Programme (CMIP);
- The Local Economic Development Fund;
- The Water Capital Grant;
- The Community-based Public Works Programme;
- The Building for Sports and Recreation Programme;
- The Urban Transport Fund; and
- The local government component of the National Electrification Programme.

Unlike the grants listed above, the MIG grant will complement the capital and maintenance budgets of municipalities, and will not be project-specific. Hence the grant can be used by the municipalities to implement its IDP, and could fund any of the following type programmes:

- Basic bulk, connector and internal infrastructure for municipal services,
- Improve existing municipal infrastructure (upgrading, renovation and rehabilitation),
- Purchase of capital equipment such as emergency vehicles;
- Promote urban renewal and rural development.

The MIG can therefore be used to renovate existing township infrastructure, be used to build streets, and ensure that water and electricity infrastructure is repaired or upgraded to eliminate leaks and other losses. It can also be used to promote integrated spatial and economic planning and development, and complement the national housing programme through the provision of municipal infrastructure. It will be divided between municipalities in terms of a formula, and will result in a more stable and predictable funding system for infrastructure.

The MIG is aimed at providing all South Africans with at least a basic level of services over a ten-year period. This grant forms part of government's overall drive to alleviate poverty in the country and provide infrastructure in such a way that local employment is maximised. The MIG also takes account of the need to strengthen efforts by all spheres of government to improve co-ordinated development at the local level. The grant aims to strengthen the accountability process for municipalities, who will have to consult communities over their infrastructure plans through the IDP process. Through the MIG, municipalities will be able to select the appropriate scale and mix of services to be provided. Municipalities will be held accountable for outputs, possibly for each key sector (water, electricity, streets, recreational facilities etc).

The policy will be implemented through a transitional mechanism allowing for existing commitments in current programmes to continue for the next three years. Since 30 September 2003, national departments no longer make new commitments.

Unconditional component grows to 60 per cent of local government transfers in 2006/07

The equitable share and related component has been increased further by the redirection of R245 million in 2005/06 and R305 million in 2006/07 from the capacity building and restructuring grant. As a result, the equitable share and related component grows at an average rate of 12,6 per cent a year from

R7,2 billion in 2003/04 to R10,4 billion in the outer year of the MTEF. The growth in the equitable share is expected to boost the ability of municipalities to fund the provision of basic services to poor households. Moreover the equitable share portion rises to 60 per cent of total transfers to local government in 2006/07, reflecting a shift towards greater discretion at the local level.

An additional R1,7 billion for infrastructure delivery

About R1,7 billion of the R3,9 billion additional allocation goes towards the provision of infrastructure to meet pressing backlogs in water and sanitation, electricity and other household infrastructure. The entire additional allocation for infrastructure goes to the new Municipal Infrastructure Grant for distribution to municipalities. Grants for the 2004-05 municipal financial year will be conditional on municipalities submitting three-year capital spending plans. A further requirement attached to the additional allocations is that municipalities' dedicate a portion of their capital budgets to labour-based construction methods to meet the objectives of the Expanded Public Works Programme.

Capacity building grants amount to R2,2 billion over the 2004 MTEF

The capacity building and restructuring grants were set up to assist municipalities in building planning, budgeting, financial management and technical skills. Four grants fall into this category: the Financial Management Grant, the Municipal Systems Improvement Grant, the CMIP capacity building grant and the Restructuring Grant to support reforms in large municipalities. Substantial investment in municipal capacity building has been made over the years. Emphasis is shifting towards in-house capacity building, improved service delivery and value for money. Moreover, municipalities will be able to use the local government sectoral education and training authority to assist in skills development. For this reason, the capacity building and restructuring grants allocation stabilises at R750 million a year from 2005/06.

FFC recommendations for the 2004 MTEF

Division of revenue always takes account of FFC recommendations

In deciding on the vertical and horizontal division of revenue set out in this *Medium Term Budget Policy Statement*, Government took account of the recommendations of the Financial and Fiscal Commission (FFC) as required by section 214 of the Constitution.

The FFC recommendations for the 2004 MTEF with respect to provinces cover a wide range of areas, which include:

- Issues pertaining to HIV and Aids funding
- Aspects relating to the social services components of the provincial equitable share formula, and
- Observations on the nature of the intergovernmental system in South Africa

With respect to funding mechanisms to combat HIV and Aids, Government's approach is consistent with the views and proposals espoused by the FFC. The substantial additional allocation of R1,9 billion to the HIV and Aids Grant in Health indicates Government's acceptance of the effectiveness of dual funding streams, comprising increased equitable share allocations and conditional grants for HIV and Aids programmes.

The recommendations relating to the relocation of the responsibility for financing social security grants are being considered as part of the review that will inform proposals on the formula for 2005. A more detailed explanation of Government's responses to the FFC's recommendations will accompany the Division of Revenue Bill, which will be tabled on Budget Day.

Approach to division of revenue takes account of FFC recommendations

The allocations to local government take account of the recommendations made by the FFC 2004 MTEF and section 214 of the Constitution. The FFC recommendations in relation to local government cover:

- The measurement of revenue capacity
- Reviewing the funding of the institutional component in the equitable share formula
- Reviewing the funding of targeted development nodes
- Moving towards a more differentiated approach to municipalities.

Allocations to local government take account of the FFC's recommendations

National Government welcomes many of the FFC proposals for 2004-2007 and acknowledges that the current equitable share formula should be reviewed. These proposals will be considered as part of the comprehensive review of the local government fiscal framework for 2005. For the 2004 MTEF, minor updates will be made to the equitable share formula, taking into account new census data. A detailed response to the FFC recommendations will be published alongside the 2004 Budget.

Conclusion

Over the past three years, there has been a significant shift in resources towards provincial and local government. In this context, the additional R23,8 billion for provincial and local government in the 2004 Budget represents a significant contribution to the key pro-poor social service programmes and the rollout of free basic services.

In particular, given the labour intensive nature of provincial and municipal infrastructure spending, substantial additions to the infrastructure grants of the two spheres will go a long way to supporting the Expanded Public Works Programmes and the creation of employment and skills acquisition opportunities for unemployed South Africans.