



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

BUDGET STATEMENT I

2008/09

EASTERN CAPE PROVINCIAL GOVERNMENT BUDGET STATEMENT I 2008/09

Budget Statement 1

2008/09

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PR No: 04/2008
ISBN: 978-0-621-37609-8



Province of the
EASTERN CAPE

REPUBLIC OF SOUTH AFRICA

Budget Statement 1

for the 2008/09

Provincial Budget

**Tabled in the Provincial Legislature
on 29 February 2008**

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1. An Overview

Introduction

At the heart of the Eastern Cape's Budget Framework for 2008/09 is the alignment of the provincial priorities to the national priorities as informed by the Government's Medium-Term Strategic Framework (MTSF). At a broader level, the MTSF continues to focus on growing the economy, improving the organization and capacity of the state, aligning the spatial planning between provincial and local government, and increasing efforts towards poverty alleviation programmes. In addition, the acceleration of infrastructure delivery programmes is a priority for 2008/09 and beyond. Spending levels have experienced sustained growth since 2001 to give effect to the responses to the strategic priorities. This trend is expected to continue over the 2008 medium-term and should enable the pace of service delivery to be accelerated. Budget priorities for the 2008 medium-term MTEF give expression to the February 2008 Cabinet Lekgotla, the 2008 State of the Nation address by the President and the 2008 State of the Province address by the Premier as well as the provincial Executive Council Lekgotla held in February 2008.

The recognition that the poor does not automatically benefit from economic growth has prompted the government of the Eastern Cape to focus development efforts more directly on the poor. This has prompted the implementation of various poverty alleviation programs as outlined in the Provincial Growth and Development Plan (PGDP), policy reforms and the establishment of improved poverty monitoring systems. In many cases, however, these poverty related development strategies have not received equal attention, nor implemented with the same seriousness by all, with the result that poverty continues to be widespread in the province.

The Budget Statement I provides a socio-economic analysis of the Eastern Cape Province, highlighting the current state of affairs, challenges confronting the province and the policy responses. The analysis thus provides the background to the formulation of the province's medium term expenditure framework and budget allocation for the financial year 2008/09.

Summary of Budget Aggregates

Revenue Outlook

The total revenue for the 2008/09 financial year is R36,9 billion (Table 1.1), representing an increase of R1,1 billion or 3.1 per cent from the indicative budget of R35,5 billion in the 2007 MTEF. In the 2008/09 financial year Provincial Own Revenue has the strongest growth at 49

per cent, followed by Conditional Grants at 23 per cent and Equitable Share at 16 per cent. However, as a share of total revenue, Equitable Share remains the highest contributor at 85 per cent, while Conditional Grants and Provincial Own Revenue are 12 per cent and 2 per cent, respectively. This trend remains the same for the two outer years, with all revenue items growing slightly year on year.

Table 1.1: Revenue Outlook

Receipts (R'000)	2008/09	% share	2009/10	% share	2010/11	% share
Transfer from National						
Equitable Share	31,383,310	85	35,343,194	85	38,445,639	84
Conditional Grants	4,606,943	12	5,221,743	13	6,213,373	14
Provincial Own Revenue	912,683	2	1,003,930	2	1,104,322	2
Total	36,902,936	100	41,568,867	100	45,763,334	100

Table 1.2: Revenue Outlook Percentage Change

Receipts (R'000)	2008/09	% growth	2009/10	% growth	2010/11	% growth
Transfer from National						
Equitable Share	31,383,310	16	35,343,194	13	38,445,639	9
Conditional Grants	4,606,943	23	5,221,743	13	6,213,373	19
Provincial Own Revenue	912,683	49	1,003,930	10	1,104,322	10
Total	36,902,936	17	41,568,867	13	45,763,334	10

Financing

Table 1.3 Table 1.1 hereunder provides a summary of estimates of the main budget components (receipts and payments, budget surplus or deficit) in line with the reporting format.

Table 1.3: Revenue Outlook and financing

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium-term estimates			Change from Revised Estimate
	2004/05	2005/06	2006/07		2007/08		2008/09	2009/10	2010/11	2007/08
Provincial Receipts										
Transfer receipts from national	21 486 368	24 759 723	27 545 187	30 832 038	30 658 985	30 658 985	35 990 253	40 564 937	44 659 012	17.39
Equitable share	18 310 812	22 202 309	24 642 653	27 073 802	27 380 749	27 380 749	31 383 310	35 343 194	38 445 639	15
Conditional grants	3 175 556	2 557 414	2 902 534	3 758 236	3 278 236	3 278 236	4 606 943	5 221 743	6 213 373	41
Provincial own source receipts	320 971	663 447	799 295	599 753	692 286	756 246	912 683	1 003 930	1 104 323	20.69
Total provincial receipts	21 807 339	25 423 170	28 344 482	31 431 791	31 351 271	31 415 231	36 902 936	41 568 867	45 763 335	17.47
Provincial Payments										
Current payments	17 249 102	19 021 801	21 944 129	24 999 713	24 579 034	25 008 059	29 699 699	31 118 788	33 551 168	18.76
Transfers and subsidies	3 213 568	3 498 640	3 452 185	3 710 095	4 032 521	3 582 521	5 510 070	5 882 173	5 742 038	53.80
Payments for capital assets	1 636 716	1 544 463	1 875 256	2 535 403	2 370 631	2 392 764	3 230 738	3 537 203	3 823 965	35.02
Unallocated contingency reserve										
Total Provincial Payments	22 099 386	24 064 904	27 271 570	31 245 211	30 982 186	30 983 345	38 440 508	40 538 165	43 117 171	24.07
Surplus/(deficit) before financing										
Financing										
Provincial roll-overs										
Other (specify)										
Other (specify)										
Other (specify)										
Surplus/(deficit) after financing	(292 047)	1 358 266	1 072 912	186 580	369 085	431 886	(1 537 572)	1 030 702	2 646 163	(456.01)

The proposed budget of R38,1 billion for the 2008/09 financial year exceeds the proposed receipts of R36,9 billion by R1,2 billion. Added to this amount is R386,5 million of commitments in respect of government's contribution to the Government Employee Medical Scheme (GEMS) that have to be met during the year under consideration. The R1,2 billion deficit will be financed from the surplus of the 2007/08 financial year and the reserves from the Provincial Revenue Fund.

2. Socio-Economic Outlook

The strong economic growth over the past five years has delivered real benefits for the majority of South Africans. There have been noticeable increases in employment, poverty rates have stabilized and even declined in some cases. Rapid growth in public spending and household welfare gains are also expected over the medium term (MTBS, 2007). Despite these noticeable improvements great social and economic challenges still remain. For regions such as the Eastern Cape, poverty and unemployment rates are still unacceptably high.

This section provides an overview of the socio-economic profile of the province. It highlights the progress made and some of the challenges that still remain in addressing poverty, unemployment, stagnant growth and underdevelopment in the province.

Statistics are taken from various sources including Stats SA Census data (1996 and 2001), Community Survey (2007) and Quantec Regional data (2004). The data confirm to a large extent the data from the Province's Rapid Assessment of Service Delivery Survey 2006 and which the implementation of the various Growth and Development Summit Resolutions in the Province will be responding to over the next few years.

2.1 Demographic Profile

Population Growth

Table 2.1 shows that the South African population has increased from approximately 40.6 million in 1996 to 44.8 million in 2001. This represents a total increase of about 4.2 million or an annual average growth rate of 2 per cent for the period. Over the same period, the population of the Eastern Cape Province has increased from 6.1 million to 6.3 million people, representing a total increase of about 200 000 people or an annual average growth rate of 0.42 per cent. From 2001 to 2007, the national population has increased from 44.8 million to 48.5 million, representing a total increase of 3.7 million or an annual growth rate of 1.3 per cent on average. Over the same period, the Eastern Cape population increased from 6.3 million to 6.5 million, representing a growth rate of 0.65 per cent. Thus the national populations grew at a decreasing annual rate, while the Eastern Cape population growth rates were increasing for the respective periods.

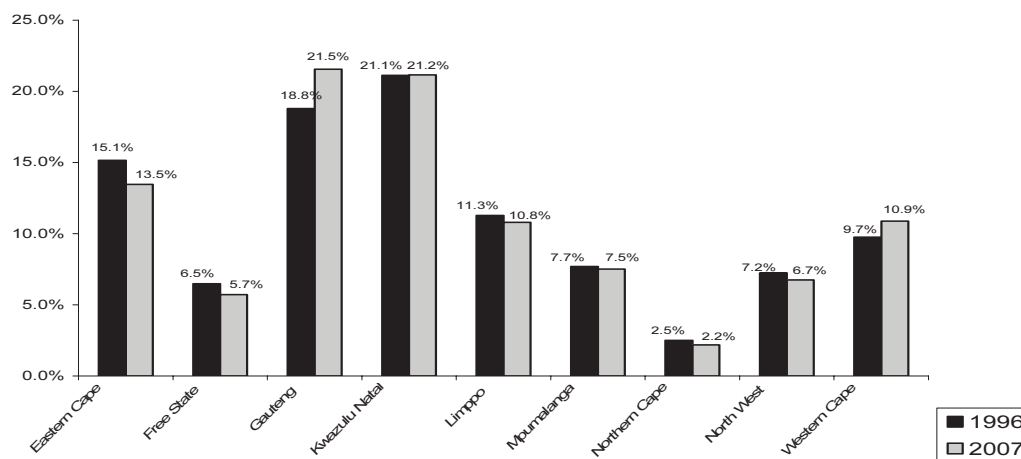
Table 2.1: Eastern Cape and the rest of South Africa population growth 1996-2001 and 2001- 2007

Province	Year			Annual % Change	
	1996	2001	2007	1996-2001	2001-2007
Eastern Cape	6,147,244	6,278,651	6,527,747	0.42	0.65
Free State	2,633,504	2,706,775	2,773,059	0.55	0.40
Gauteng	7,624,893	9,178,873	10,451,713	3.78	2.19
Kwazulu Natal	8,572,302	9,584,129	10,259,230	2.26	1.14
Limppo	4,576,133	4,995,534	5,238,286	1.77	0.79
Mpumalanga	3,124,203	3,365,885	3,643,435	1.50	1.33
Northern Cape	1,011,864	991,919	1,058,060	-0.40	1.08
North West	2,936,554	3,193,676	3,271,948	1.69	0.40
Western Cape	3,956,875	4,524,335	5,278,585	2.72	2.60
South Africa	40,585,568	44,819,777	48,504,070	2.00	1.33

Source: Stats SA, Census (1996 and 2001) and Community Survey (2007)

Figure 2.1 shows that the provincial share, of the national population has shrunk from 15.1 per cent in 1996 to 13.5 per cent in 2007. Nevertheless, Eastern Cape is still the third most populous province after Gauteng 21.5 per cent and KwaZulu-Natal 21.2 per cent.

Figure 2.1: Provincials' Population as the Percentage of National



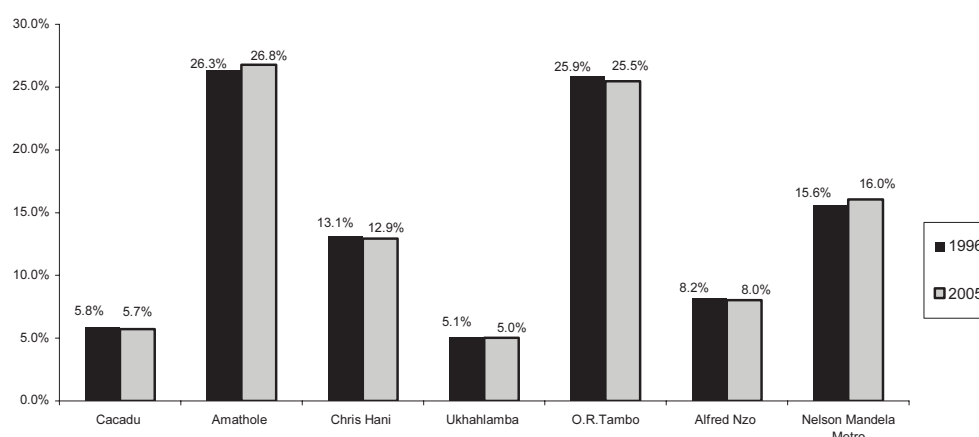
Source: Stats S A, Census (1996) and Community Survey (2007)

Spatial Distribution

Spatial distribution of the provincial population is very uneven. The relatively more developed Amathole, Oliver Reginald (O.R.) Tambo and Nelson Mandela districts collectively account for about 69 per cent Amathole (26.8 per cent in 2005, up from 26.3 per cent in 1996), followed by O.R. Tambo (25.5 per cent in 2005, down from 25.9 per cent in 1996), and Nelson Mandela (16 per cent in 2005 up from 15.6 per cent in 1996). Each of the Cacadu and Ukhahlamba districts account for about 5 per cent of the total provincial population, whereas Alfred Nzo accounts for about 8 per cent (Figure 2.2).

The districts with the highest growth rates during the period under review were the Nelson Mandela Metropolitan (1.3 per cent), Amathole (1.2 per cent) and Ukhahlamba (0.9 per cent). The Nelson Mandela and Amathole districts experienced the growth rate above the provincial average growth of 1.0 per cent during 1996 to 2005 period. Cacadu and Alfred Nzo experienced the lowest growth rates of 0.8 per cent, for the period. Meanwhile, Chris Hani and O.R. Tambo experienced growth rates of 0.86 % and 0.83% respectively.

Figure 2.2: Percentage of the Eastern Cape Population by district municipality, 2005



Source: Stats SA, Census (1996) and Global Insight (2005)

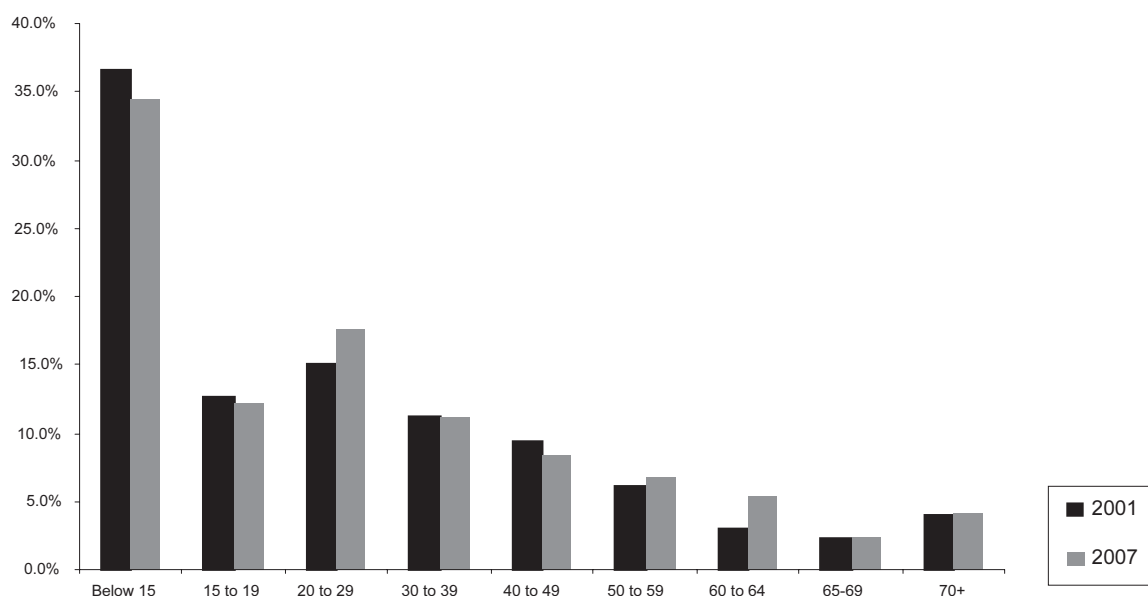
Age Distribution

Figure 2.3 shows that the Eastern Cape Province has a relatively youthful population. About 34.4 per cent of the population is aged below 15 years. Approximately 58.6 per cent of the provincial population falls within the 15 to 65 age bracket, which constitutes the working age population.

This therefore implies that 41.4 per cent of the population is under the age of 15 or above 65 years, implying a dependency ratio of 70.6 per cent.¹

The highest average annual growth rate of 4.26 per cent was experienced for those between 20 and 29 years during the period 2001 to 2007. Small drop or negative rates of -0.33 per cent and -1.18 per cent were observed for those between 40 to 49 and 60 to 64 years respectively.

Figure 2.3: Age Distribution of Eastern Cape's Population, 2007



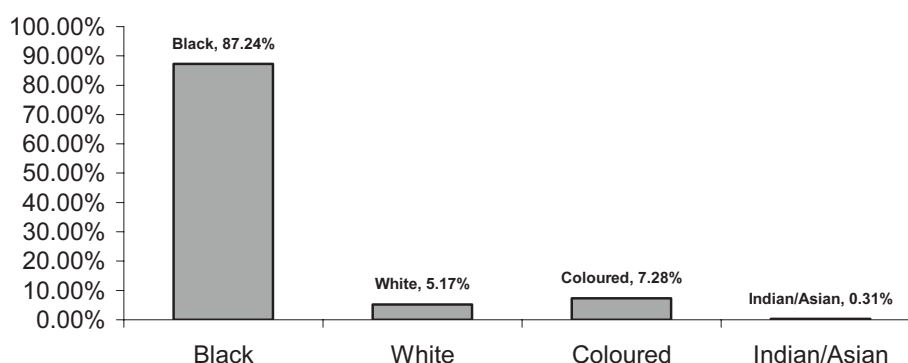
Source: Stats SA, Census (2001) and Community Survey (2007)

¹ Dependency ratio: ratio of the total number of 0 – 14 and 65+ year olds to the total number of 15-65 year olds.

Race and Gender Distribution

The predominant population group in the Eastern Cape Province is black which accounts for 87.2 per cent of the total population. Colored people accounts for 7.28 per cent, Whites accounts for 5.17 per cent and Indian/Asian accounts for 0.31 per cent. (Figure 2.4).

Figure 2.4: Racial Distribution of the Eastern Cape Population, 2007



Source: Stats SA, Community Survey (2007)

2.2 Economic Profile

The Eastern Cape Province is South Africa's third most populous province after Gauteng and KwaZulu-Natal. In 2005, the province was home to more than 6 million people, accounting for 15 per cent of South Africa's population. However in terms of overall contribution to GDP, the Eastern Cape is ranked fifth after Gauteng, Kwa-Zulu Natal, Western Cape and Mpumalanga province. In 2005, the province's contribution to the national GDP was well below its share of the total population at approximately 7.9 per cent (Figure 2.6).

In 2005, the contribution of sectors such as general government service and community, social and personal services to the GDP were higher at 11.3 per cent and 13.1 per cent respectively, reflecting the province's heavy reliance on the public sector (Table 2.2). The manufacturing and wholesale and retail sector also contributed a greater percentage to their sectors nationally, manufacturing by 8 per cent and wholesale and retail by 8.3 per cent.

This suggests that any changes in the national growth of these sectors would have a disproportionate impact on growth in the Eastern Cape GDP. Compared to the relatively high rural population (64 per cent) the Eastern Cape Province has very little activity in the primary sector of agriculture, forestry and fishing, accounting for just 6.5 per cent of the national GDP in this sector.

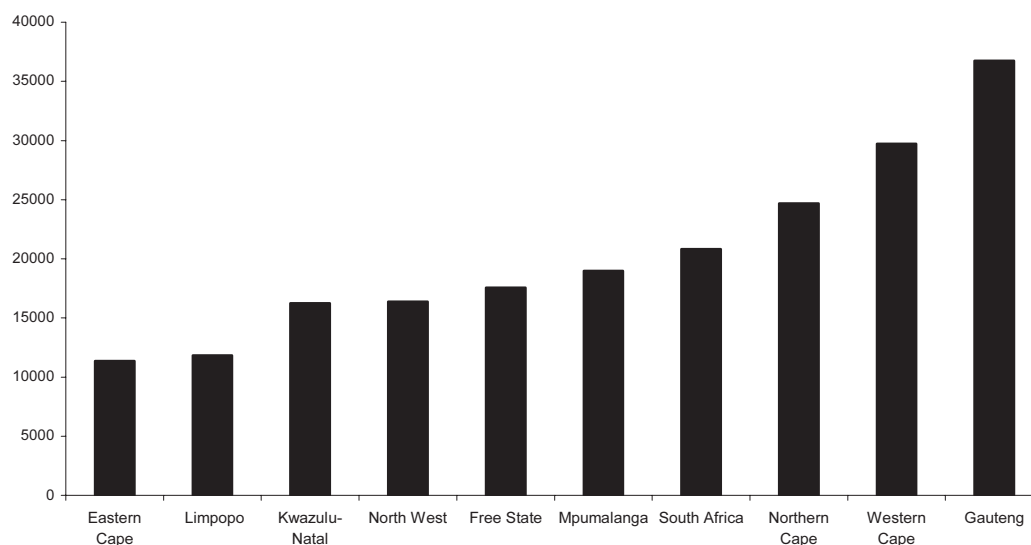
Table 2.2: Eastern Cape Province Contribution to National GDP, 1995-2005
(percent)

Sector	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Agriculture, forestry and fishing	8.4	6.7	6.9	6.9	7	6.3	8.1	6.7	6.6	6.7	6.5
Mining	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Manufacturing	8	7.7	7.6	7.5	7.6	8	8.1	8.1	8	8	8
Electricity & water	4.6	4.5	4.4	4.5	4.8	4.8	4.9	3.7	4.1	4	4
Construction	5.5	5.6	5.5	5.7	6.2	5.8	6.5	5.4	6.6	6.6	6.6
Wholesale & retail trade	9.5	9.5	9.4	9.4	9.4	9.2	8.5	8.5	8.3	8.4	8.3
Transport & communication	8	8	7.9	7.7	7.7	7.5	7.4	7.5	7.4	7.7	7.5
Finance and business services	9.3	9.2	9	8.7	8.3	7.9	8	7.8	7.9	7.9	7.9
Community and social services	13.1	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.1	13	13.1
General government services	10.7	10.9	10.9	10.8	11	11.4	11.2	11.2	11.1	11.1	11.3

Source: Quantec Regional data, (2005)

In terms of GDP per capita the Eastern Cape is the poorest province in South Africa with per capita GDP of R11 343 in 2005. This is significantly lower than the national average of R20 804. The Gauteng, Western Cape and Northern Cape provinces all have higher per capital incomes than the national average (Figure 2.5).

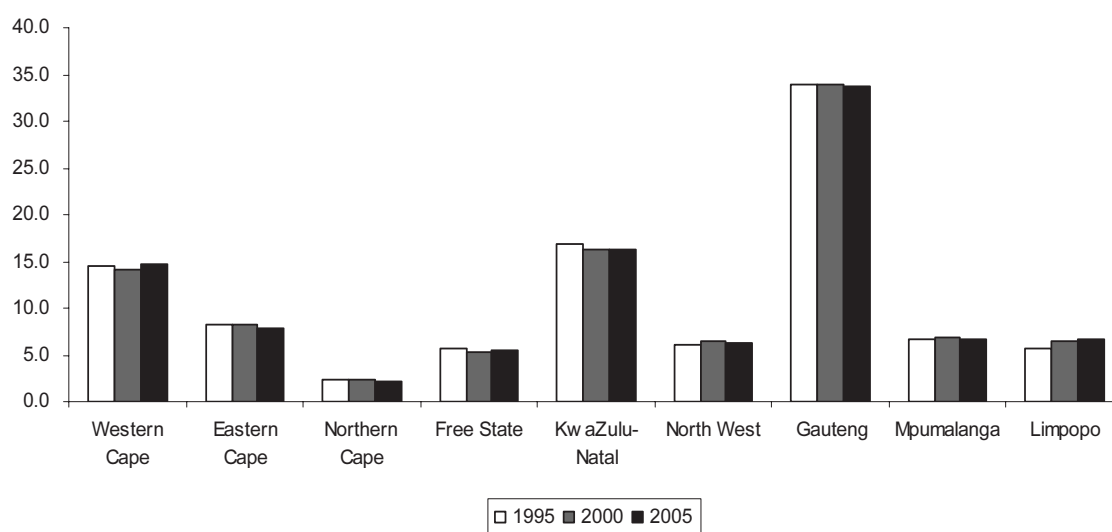
Figure 2.5: Per capita GDP by province, 2005
(Rands)



Source: Quantec Regional data, (2005)

Though the provincial GDP increased by R19.4 billion in real terms between 1995 and 2005, Figure 2.6 shows that the Eastern Cape's contribution to the national economy dropped steadily from 8.3 per cent to 7.9 per cent. Northern Cape, Free State, KwaZulu-Natal, North West, Gauteng and Mpumalanga also experienced a drop in their shares of the national output while Western Cape, Gauteng and Limpopo increased their contributions over the period under review offsetting these losses.

Figure 2.6: GDP per Province (percent)



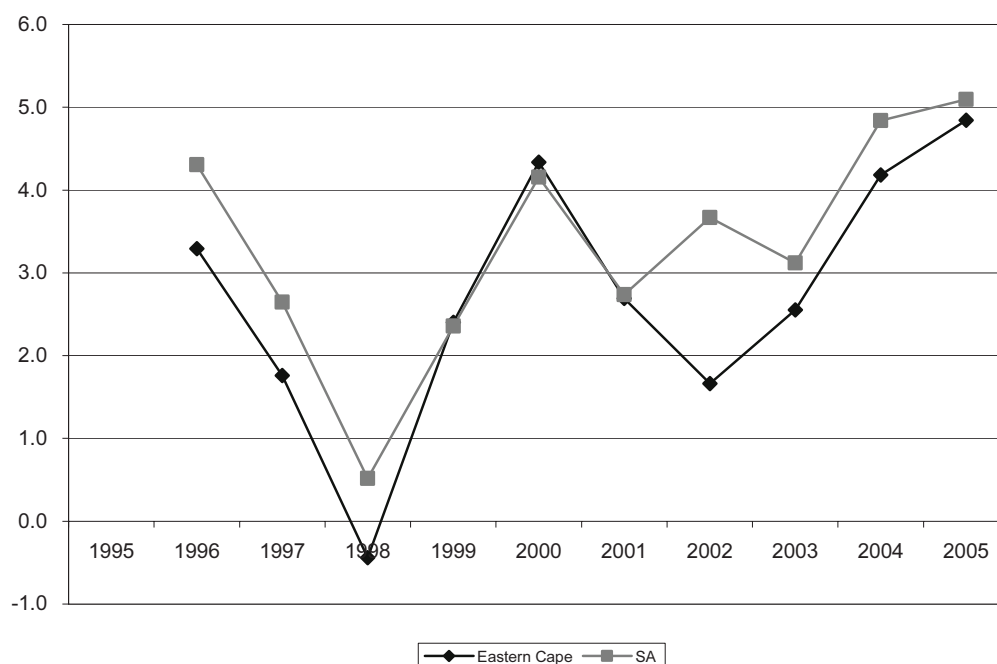
Source: Quantec Regional data, 2005

Economic Growth

The GDP of the Eastern Cape increased from R60.9 billion in 1995 to R80.3 billion in 2005 in real terms. This gives an annual average growth rate of 2.8 per cent which was much lower than the national average of 3.3 per cent. According to Figure 2.7 which shows the comparative annual growth rate for the period under review, the Eastern Cape economic growth rates were generally below the national economy's growth rates.

From 1996 to 1998, the provincial economy was in the decline. The economic growth reached rock bottom in 1998 when negative growth rate was recorded. In 1999, however there was a dramatic recovery of the economy that continued in 2000 with the growth rate increasing sharply to a high of 4.6 per cent. After the year 2000, the growth rate began to drop in line with the national trend. However, when the national growth recovered in 2001, the provincial growth rate continued to decline reaching a low of 1.7 per cent in 2002. From 2002, the provincial growth rate began to recover, this growth continued into 2005 where it reached a peak of 4.9 per cent, the highest growth rate achieved over the last decade.

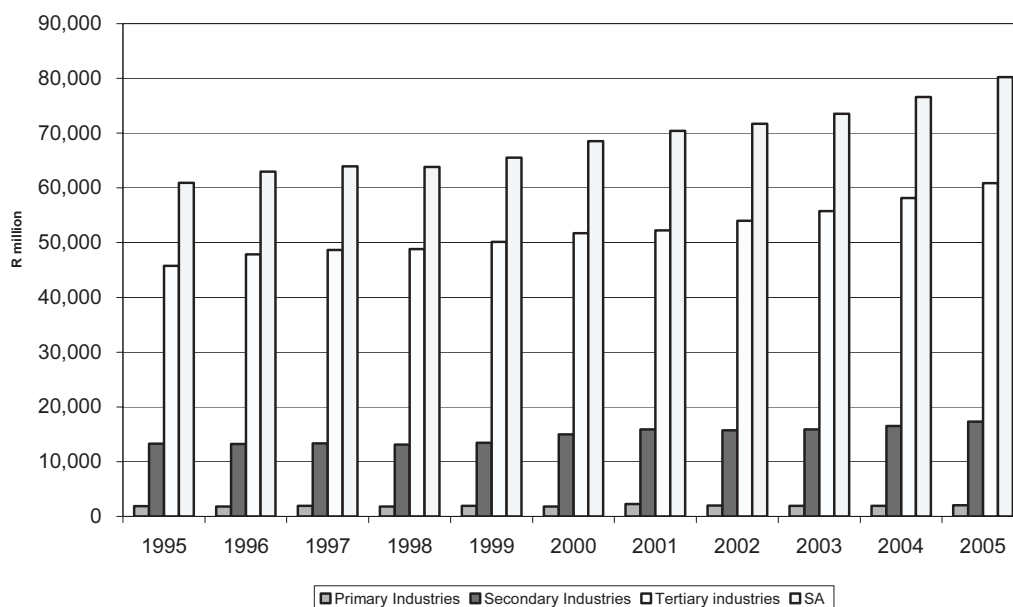
Figure 2.7: GDP Growth Rates



Source: Quantec Regional data (2005)

From Figure 2.8 a closer analysis of the different growth rates for the three broad sectors of the provincial economy reveal that over the period 1995 to 2005 growth level in the province was driven by the tertiary sector, particularly transport and communication and finance and business services. The Annual average growth rates for these two sectors of 5.7 per cent and 3.3 per cent respectively, exceeded the provincial average.

Figure 2.8: Eastern Cape: trends in economic growth



Source: Quantec Regional data, 2005

Structure of the economy

The structure of the Eastern Cape economy is relatively weak. The economy is dominated by the tertiary sector (particularly the public sector) which generates more than 75 per cent of Gross Geographic Product (GGP) in real terms (R60.9 billion out of R80.3 billion in 2005). The remaining one-quarter of the provincial output is accounted for by the primary sector (2.4 per cent) and the secondary sector (21.5 per cent). Within the secondary sector the single largest sub-sector is manufacturing accounting for 18 per cent of the total output in that sector.

Nevertheless, the contribution by the public sector has been consistently decreasing from 23.4 per cent in 1995 to less than 20 per cent in 2005. Over the same period the transport and communication sector steadily increased its share of the GGP from 7.7 per cent to 10.2 per cent. Finance and business (19.2 per cent to 20 per cent) also increased their share so that by 2005 finance and business became the leading contributor to the provincial GDP.

Table 2.3: Eastern Cape: contribution to GGP by sector (percent)

Sector	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Primary Industries	3	2.9	3	2.9	3	2.7	3.2	2.8	2.6	2.5	2.6
Agriculture, forestry and fishing	2.9	2.7	2.8	2.7	2.8	2.5	3	2.7	2.5	2.4	2.4
Mining and quarrying	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Secondary Industries	21.8	21	20.9	20.6	20.6	21.9	22.6	21.9	21.6	21.6	21.6
Manufacturing	18.4	17.6	17.4	17.2	17.1	18.5	19	19	18.1	18	17.9
Electricity and water	1.5	1.6	1.6	1.6	1.6	1.6	1.5	1.2	1.3	1.3	1.2
Construction	1.8	1.8	1.8	1.8	1.9	1.8	2.1	1.8	2.3	2.4	2.5
Tertiary industries	75.2	76.1	76.1	76.5	76.5	75.5	74.2	75.3	75.8	75.9	75.8
Wholesale & retail trade; hotels & restaurants	15.6	15.6	15.4	15.6	16.2	16.5	15.1	15.2	15.4	15.5	15.6
Transport and communication	7.7	8	8.3	8.6	8.7	8.8	9	9.8	9.7	9.5	9.5
Finance, real estate and business services	19.2	19.7	19.9	19.8	19.1	18.1	19.3	19.6	20.1	20.8	21
Community, social and other personal services	9.3	9.3	9.2	9.7	9.9	9.9	9.8	9.9	10	9.8	9.8
General government services	23.4	23.5	23.3	22.9	22.6	22.2	21	20.9	20.5	20.2	19.8

Source: Quantec Regional data, 2005

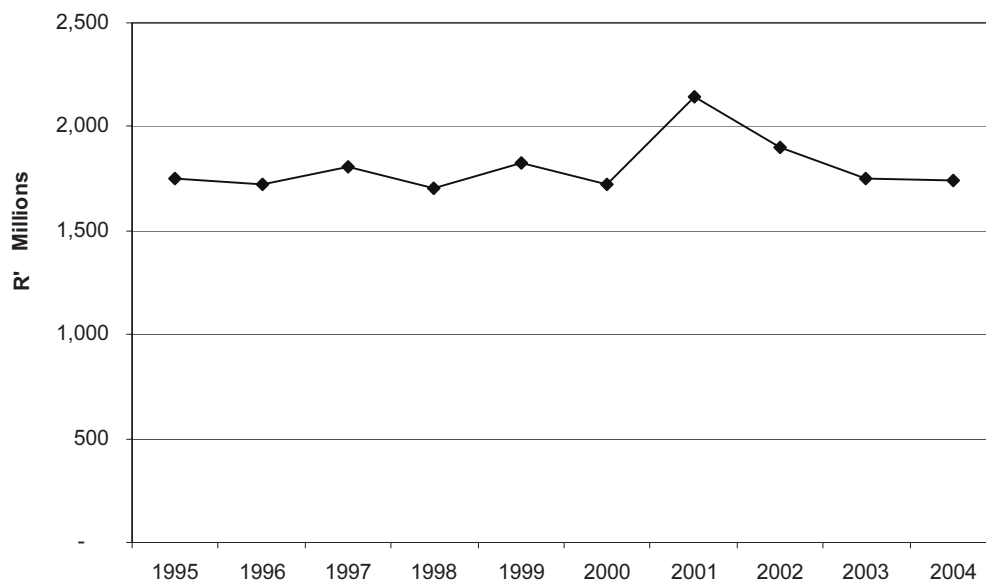
The structure of the provincial economy did not show any major signs of change during the period under review. The relative contributions of agriculture and construction remained very low at 2.4 per cent and 2.5 per cent respectively, while the contribution by manufacturing remained fairly stable at around 18 per cent.

This imbalanced structure of the provincial economy, together with the heavy reliance on the services sector for employment and growth is a cause for concern. There is therefore a need for a coherent and coordinated strategy for the development of a broad based manufacturing base hence the importance of both Coega and East London IDZ as instruments promoting structural transformation.

Agriculture

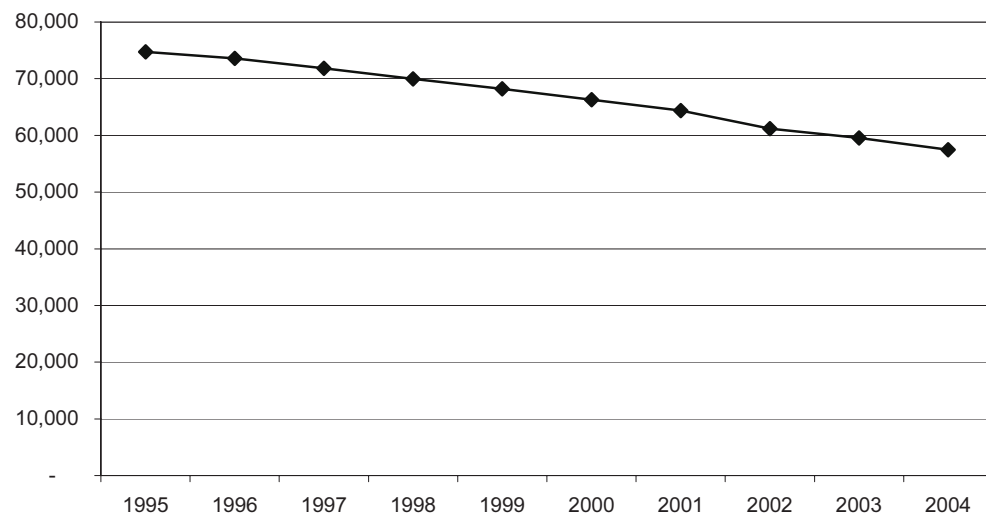
Eastern Cape agricultural sector is not only relatively small; its contribution to both the national agricultural output and the provincial GDP has been declining since 1995. The province's share in the country's agricultural GDP was 6.5 per cent in 2004 down from 8.4 per cent in 1995. Agriculture contributed 2.3 per cent to the province's GGP in 2004, from 2.9 per cent in 1995. The province recorded an average real decline in agricultural output of 0.1 per cent per annum from 1995 to 2004 compared to an average output growth of 2.9 per cent per annum for the economy as a whole. The poor output performance of the sector is a reflection of the steady decline in agricultural employment during the period. Agriculture employment dropped from 75,000 in 1995 to 57 000 in 2004, shedding 18 000 jobs.

Figure 2.9: Eastern Cape Agriculture Output



Source: Quantec Regional data (2004)

Figure 2.10: Eastern Cape Agriculture Employment



Source: Quantec Regional data (2004)

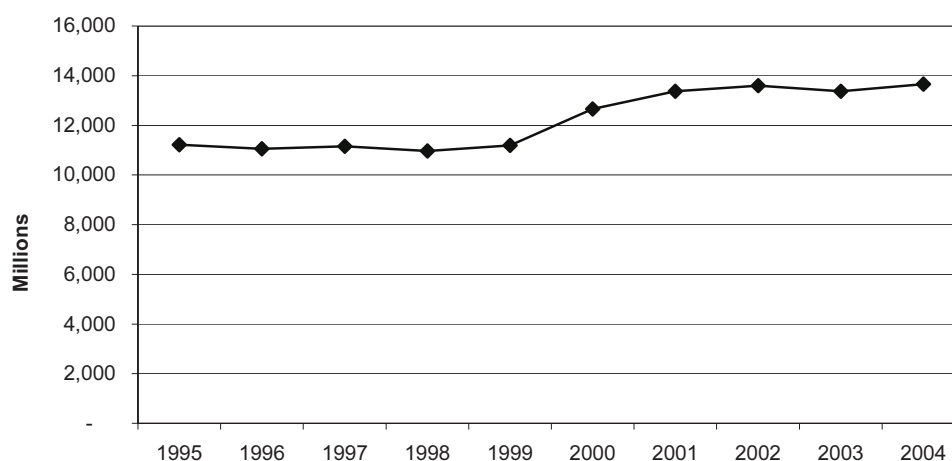
Manufacturing

The manufacturing industry in the Eastern Cape is made up of a whole range of sub-sectors, including among others, food and beverages, clothing and textiles, fuel, chemical, rubber and plastic products, wood and paper products, mineral and metal products, auto and transport equipment.

The contribution of the manufacturing sector to both the national manufacturing GDP and the total provincial output has remained relatively stagnant over the period under review at around 8 per cent and 18 per cent respectively. Despite this, total manufacturing output in the Eastern Cape increased in real terms from R11.2 billion in 1994 to R13.7 billion in 2005 resulting in an average annual growth rate of 2.2 per cent per annum over the same period.

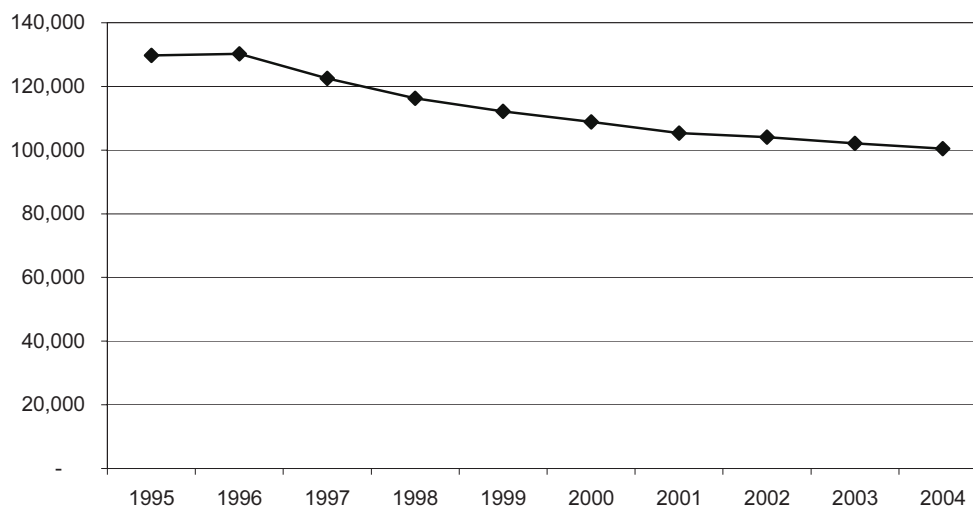
This enabled the manufacturing sector to maintain its position as the third largest contributor to the provincial GGP after the public sector and finance and business services. However growth in production in the manufacturing sector has been accompanied by a steady decline in employment. The sector employed 130,000 people in 1994 and 100,000 people in 2004; indicating a net loss of 30,000 jobs. Thus the manufacturing employment in the province decreased on average by 2.8 per cent per annum compared to 1.4 per cent for the national economy.

Figure 2.11: Eastern Cape Manufacturing Sector Output



Source: Quantec Regional data (2004)

Figure 2.12: Eastern Cape Manufacturing Sector Employment



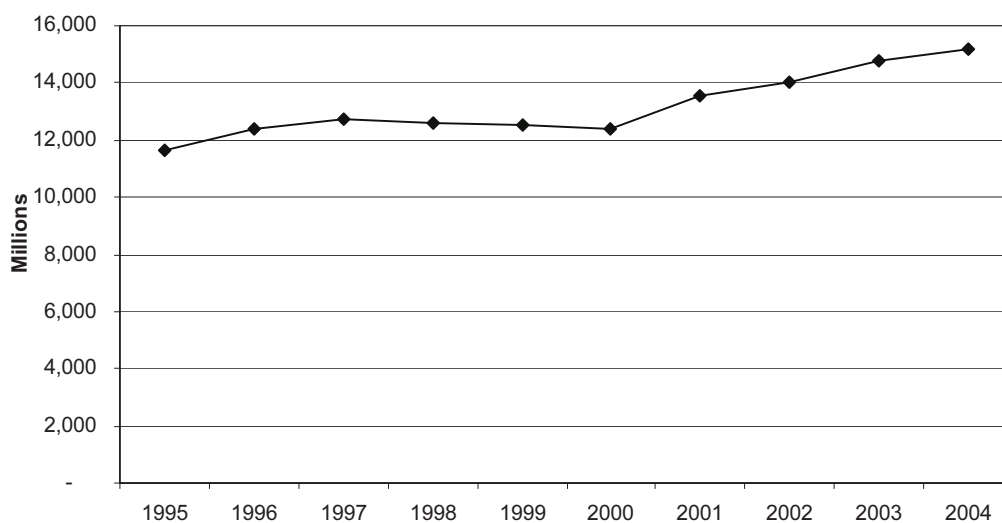
Source: Quantec Regional data (2004)

Finance and Business Services

The Finance and business services sector is the largest in terms of output both in the Eastern Cape and in the country as a whole. This sector contributed 21 per cent of the province's GGP in 2004; up from 19 per cent in 1995. The value of provincial output from this sector amounted to R11.7 billion in 1995 and R15.2 billion in 2004. This reflects an increase of R3.5 billion and an annual average growth of 3 per cent per annum.

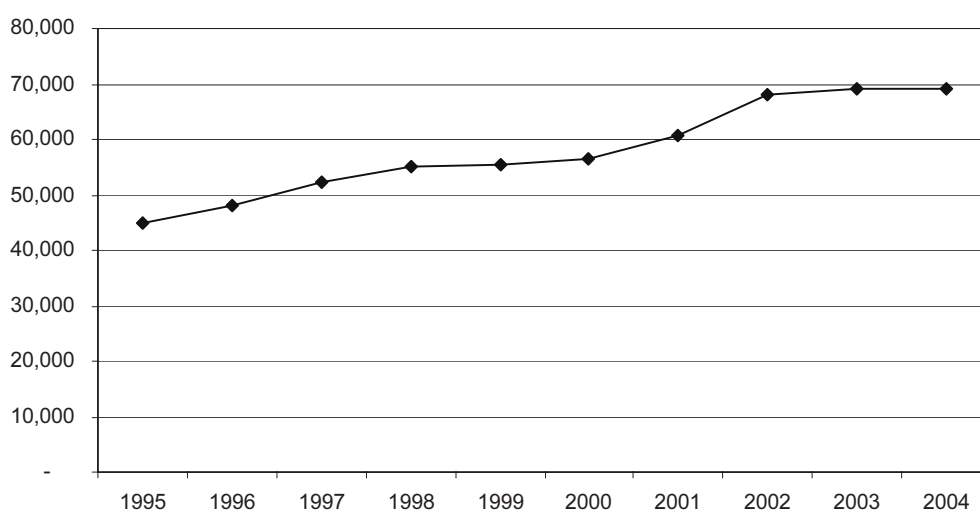
The output growth for this sector has been accompanied by a strong employment growth, most of which happened between 2000 and 2004. Employment in the sector grew by an average of almost 5 per cent per year between 1994 and 2004, leading to a net increase in jobs of 24 000.

Figure 2.13: Eastern Cape Finance and Business Sector Output



Source: Quantec Regional data (2004)

Figure 2.14: Eastern Cape Finance and Business Sector Employment



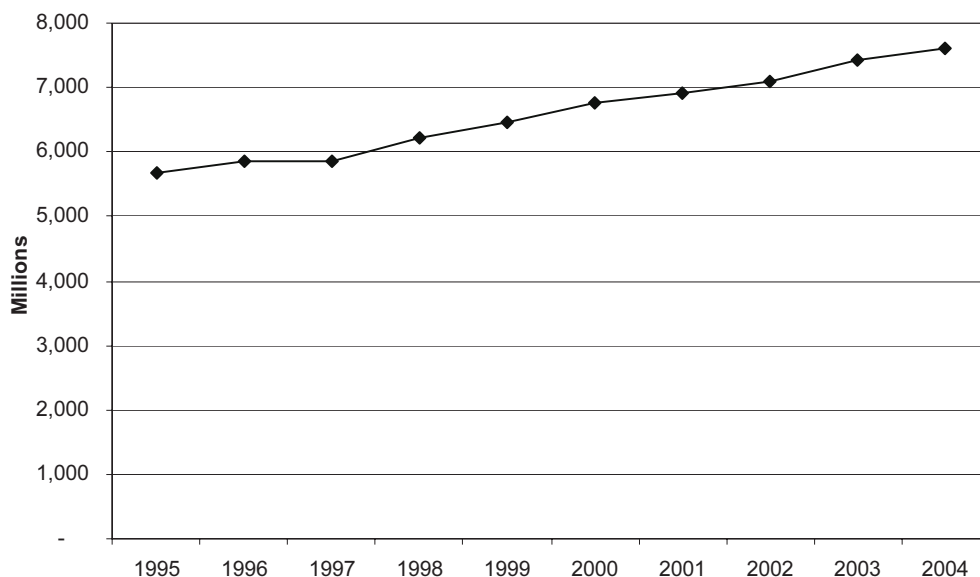
Source: Quantec Regional data (2004)

Community, social and personal services

Eastern Cape accounted for 13 per cent of national GDP in this sector and 10 per cent of Eastern Cape's GDP in 2004. The value of output for this sector amounted to R5.7 billion in 1994 and

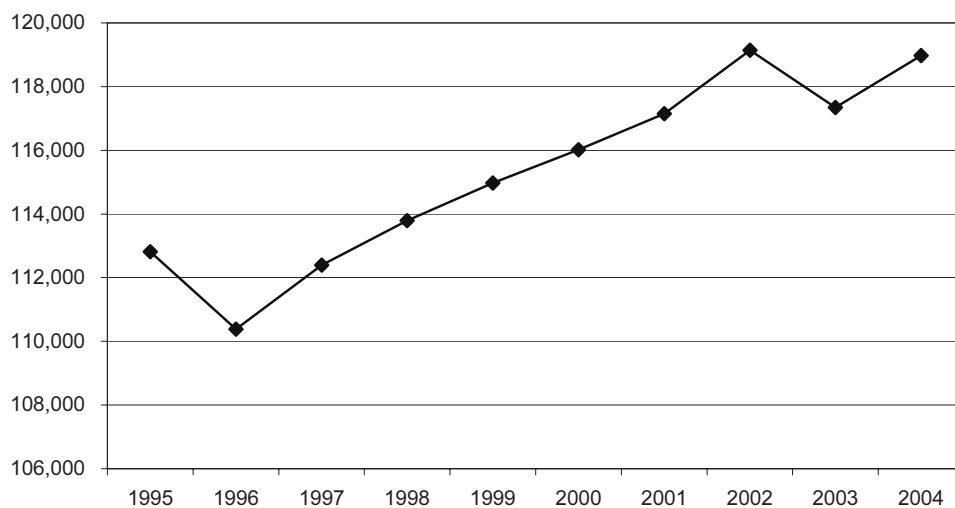
R7.6 billion in 2005 representing an increase of R1.9 billion (Figure 2.15). The sector employed 113,000 people in 1995 and 119,000 people in 2004, creating 7,000 new jobs.

Figure 2.15: Eastern Cape Community and Social employment



Source: Quantec Regional data (2004)

Figure 2.16: Eastern Cape Community and Social Output

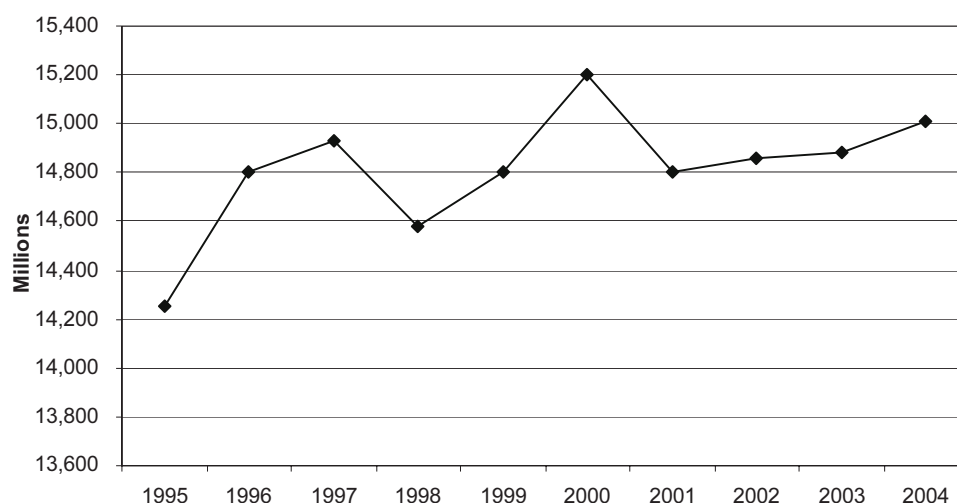


Source: Quantec Regional data (2004)

Government services

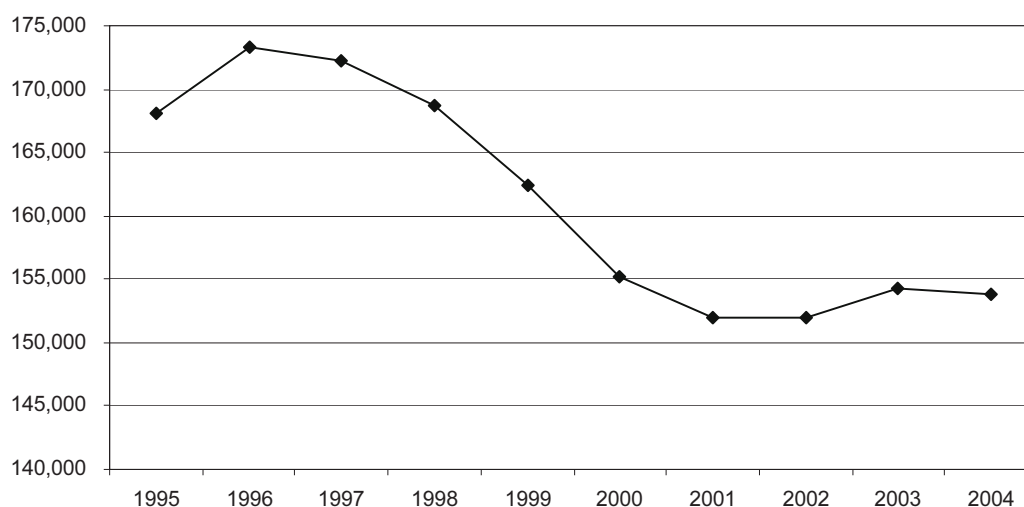
The government services sector of the Eastern Cape accounted for 11 per cent of national GDP of the sector in 2004. This sector accounted for 23 per cent of the province's total output in 1994 and its share dropping to 19.8 per cent in 2004. The value of output from this sector amounted to R45.8 billion in 1995 and R57.6 billion in 2004 indicating an increase of R11.8 billion. The sector employed 168,000 people in 1995 and 154 000 people in 2004, indicating a loss of 14,000 jobs. Employment for this sector increased from 1995 to 1996. It started to decline from 1997 until 2001 when it started to increase again (figure 2.18). On average employment in this sector declined by 1 per cent per year between 1994 and 2004.

Figure 2.17: Eastern Cape Government Services Sector Output Trends



Source: Quantec Regional data (2004)

Figure 2.18: Eastern Cape Government Services Employment Trends

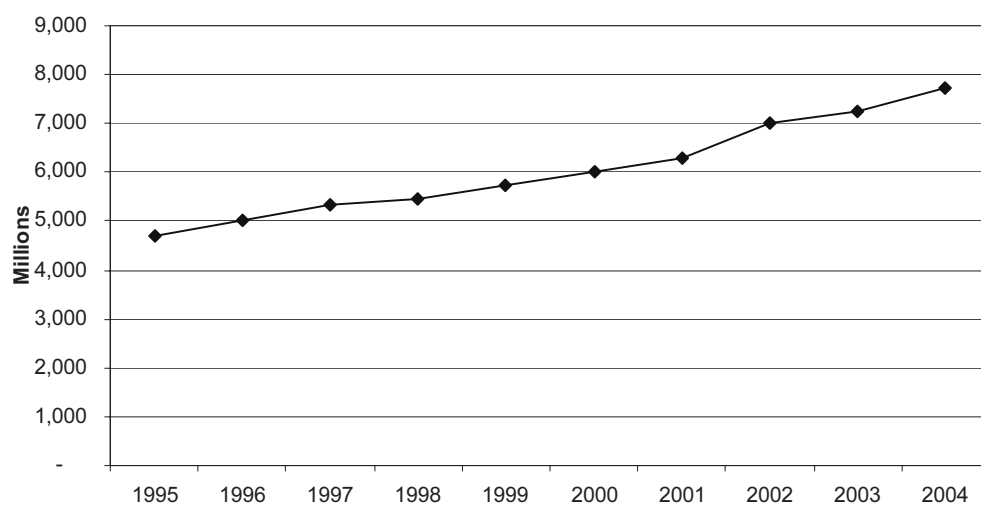


Source: Quantec Regional data (2004)

Transport and Communication

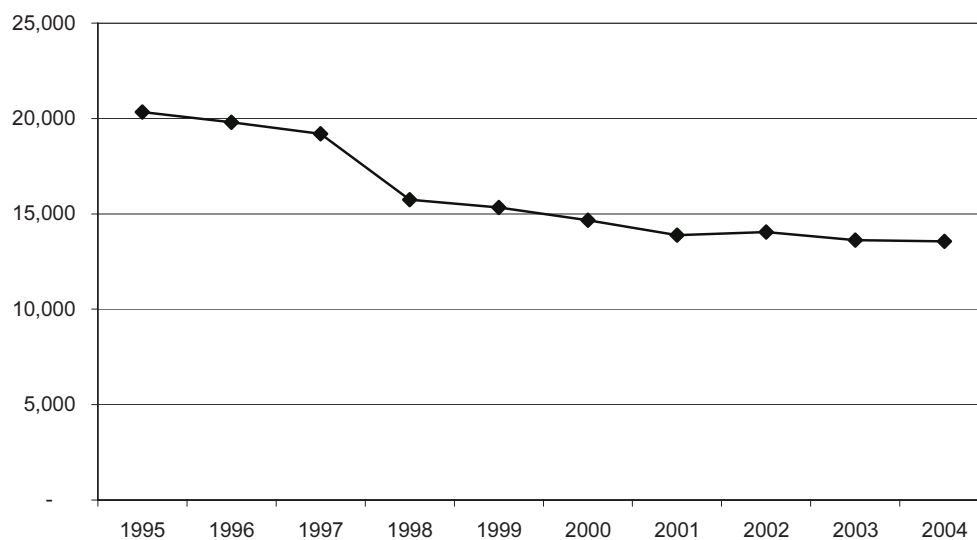
The Transport and Communication sector contributed 10 per cent to the provincial GGP in 2004, from 7.7 per cent in 1995. The sector experienced the strongest growth in the province with an annual average growth rate of 5.7 per cent between 1995 and 2004. However this growth in output was not accompanied by growth in employment. The sector's employment declined by an average of 4.4 per cent per annum over the period. As a result almost 6,700 jobs were lost between 1995 and 2004 (Figure 2.19).

Figure 2.19: Eastern Cape Transport and Communication Output Trend



Source: Quantec Regional data (2004)

Figure 2.20: Eastern Cape Transport and Communication Employment Trend

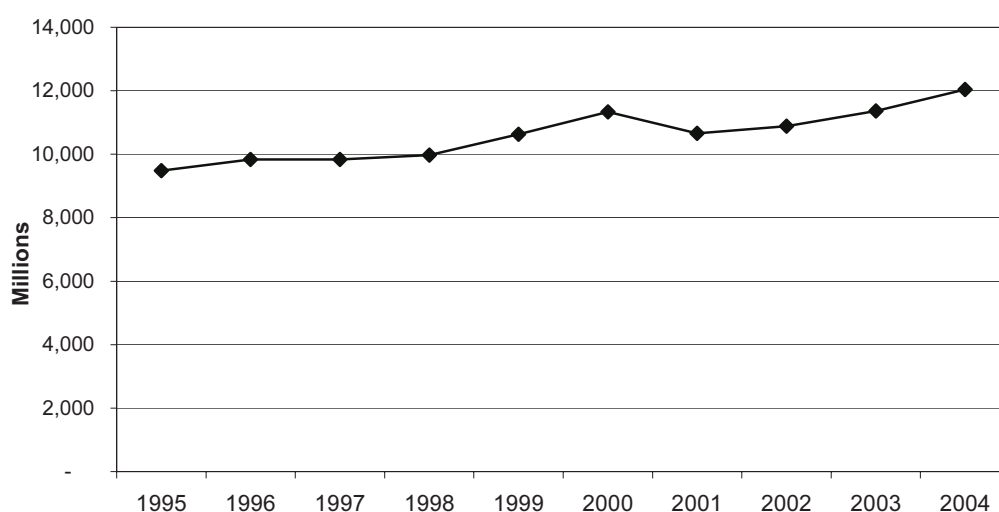


Source: Quantec Regional data (2004)

Wholesale and retail

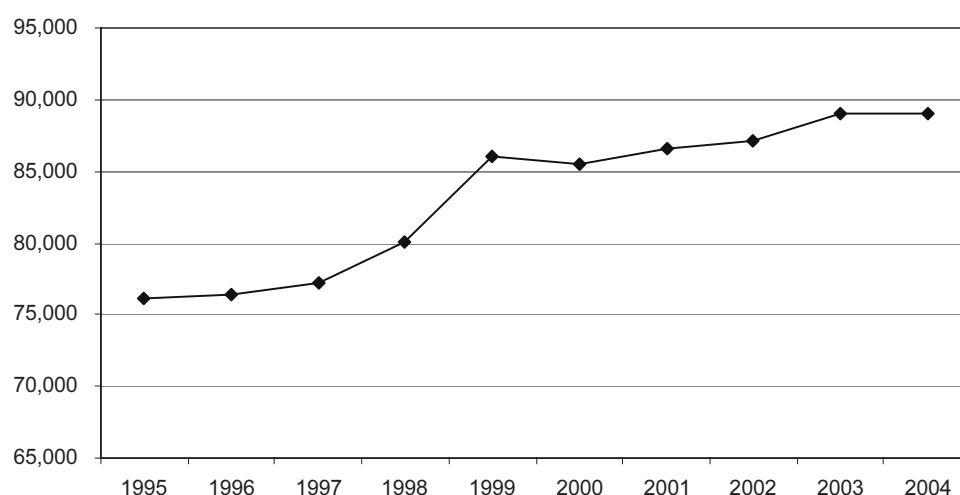
Output for this sector increased from R9.5 billion in 1995 to 12 billion in 2004. Unlike the other sectors of the provincial economy the strong output growth was accompanied by strong growth in employment. The employment levels increased from 76,000 to 89,000 with thereby creating 13,000 more jobs.

Figure 2.21: Eastern Cape wholesale & retail Output trend



Source: Quantec Regional data (2004)

Figure 2.22: Eastern Cape wholesale & retail employment trend



Source: Quantec Regional data (2004)

Sector Composition of Employment

The distribution of those employed between the different sectors of production not only depicts employment opportunities available to labour, but can also act as an indicator of the quality of the available employment opportunities. Table 2.4 indicates that in 2007 the highest proportion of black workers in the province worked either in community, social services or agriculture sector or in some other undefined production sectors.

2.3 Labour, Employment and Poverty

Box 2.1 Labour Supply and Demand, Conceptual Issues

Before presenting the actual regional indicators certain measures and ratios need to be defined and explained to aid in their interpretation. Conceptually, the amount of labour supplied is defined as the amount of productive effort offered by a population of a given size. This amount is usually decomposed into four components: (1) the percentage of the population aged 15-65 years engaged in or seeking gainful employment, usually called the labour force participation rate; (2) the number of hours people are willing to work per day, week, or per year while they are at work. (3) The amount of effort that people put forth per hour or day while at work; and (4) finally, the level of training and skills that workers bring to their jobs (Berndt E., 1989). Ideally these measures should cover both formal and informal work, but in practice only formal employment data is readily available.

While the importance of components (1) and (2) are obvious as scale measures, components (3) and (4) measure the “quality” dimension of labour supply. They are meant to capture the variability in productivity and ability both within and across workers in performing certain tasks. Because data on components (2) and particularly (3) are not readily available in practice only components (1) and (4) are emphasized. That is, workers doing *identical* jobs are assumed to be equally productive and, because of institutional and other contractual rules, their work hours on average are assumed fixed, typically at 35-45 hours per work week. This simple labour supply measure is widely adopted in practice and it is the measure adopted in preparing this document.

Having defined and measured labour supply defining and measuring labour demand becomes relatively simple. It is the number of workers or production hours the production sector is prepared to utilize at various wage levels. And the difference between the size of the labour force and labour employment represents under or over employment of labour

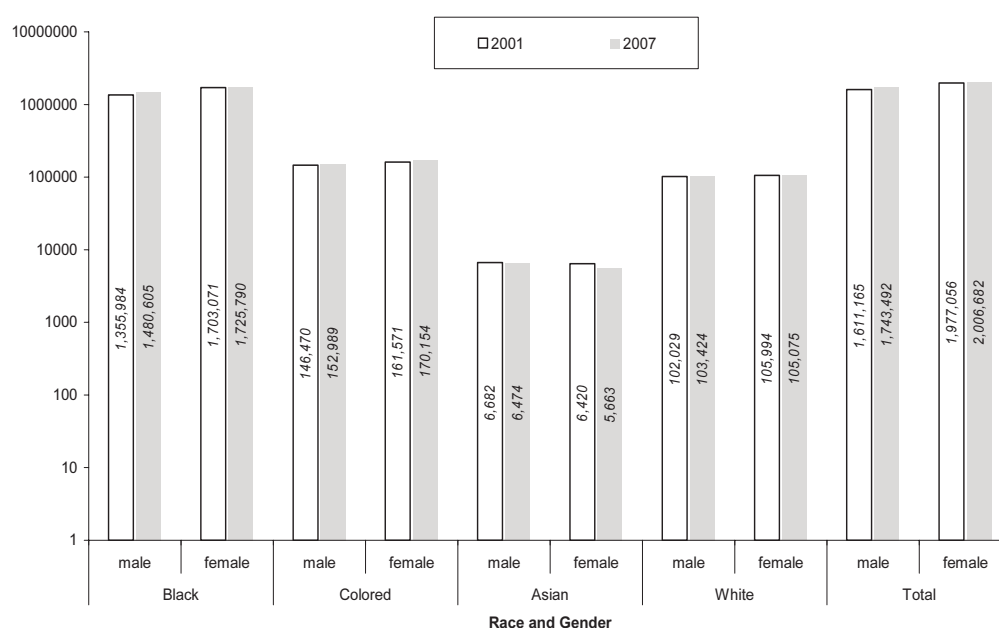
In practice when estimating the size of the labour force and the number of the unemployed two approaches are commonly followed. There is the so-called expanded approach which treats as part of the labour force every working age person who is currently working or who has sought work in the past but was unable to find one, irrespective of whether that person has since given up on looking for work. The narrow approach, however, excludes all discouraged workers as part of the labour force. In particular, this approach only concentrates on those who are currently working during some reference week or actively sought work during the past four weeks and stand ready to resume work within one week if they were to be employed.

Obviously the two approaches will yield different values for such calculated ratios as the labor force participation rate, unemployment rates, with the expanded version being always higher for the two ratios. The employment/unemployment data series from Stats SA’s LFS and GHS seem to follow the narrow definition, which is an international practice, while the census data, which was used in preparing this document, seems to adopt the expanded definition.

Labour Force

Between 2001 and 2007 there was an increase in the number of the working age people (those aged 15-65 years) from about 3.6 million to 3.8 million (5.56 per cent increase). This increase is evident across all races and genders with the exception of the Asian group which experienced some marginal declines (Figure 2.25).

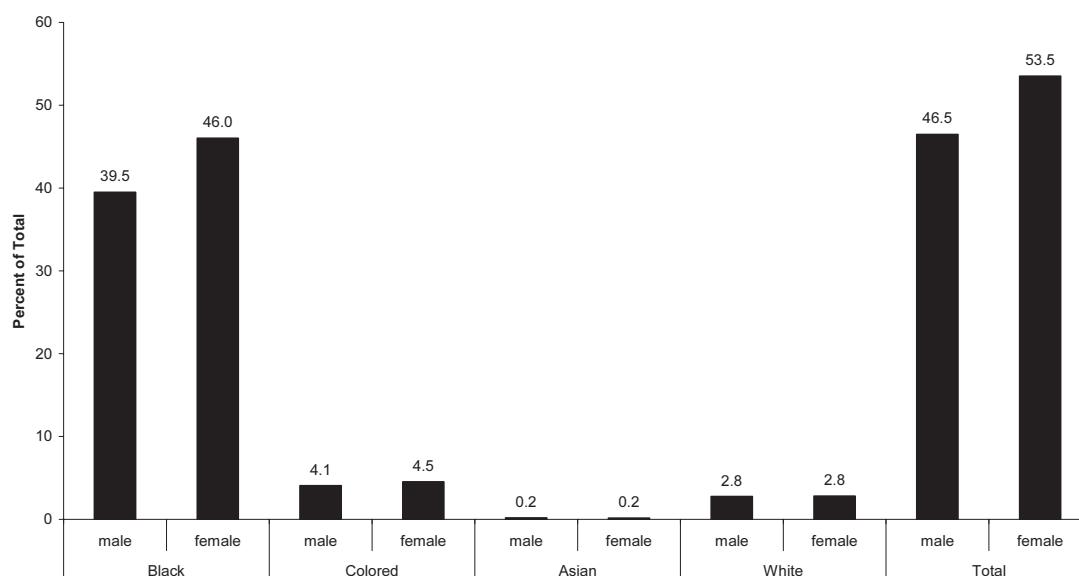
Figure 2.25: Eastern Cape Working Age Population by Gender and Race



Source: Stats SA, Census (2001), Community Survey (2007)

The distribution of the working age population across race and gender in the province during the 2001 and 2007 period was not uniform. The black African population constituted the largest share of the total working age population followed by Coloureds then Whites. Asians constitute a very tiny fraction of the total working age group. Also evident from Figure 2.26 are the differences in the number of males and females in each racial group, generally with females outnumbering their male counterparts.

Figure 2.26: Eastern Cape Distribution of Working Age Population by Race and Gender, 2007



Source: Stats SA, Community Survey (2007)

Labour Force Participation Rates

For the period between 2001 and 2007 there have been consistent differences, both nationally and at the provincial level, between the labour force participation rates (LFPR) for the different races and genders.² The gender differential is evident within and across racial groupings. But generally, over the period there was a steady movement towards the narrowing of these racial and gender gaps.

Table 2.5a indicates, for the Eastern Cape Province on average 41 per cent of the females in the age group 15 - 65 years were economically active in 2001 while only 49.7 per cent of males in the same age group were active. These numbers were well below the national averages of 52 per cent and 64 per cent for females and males, respectively. The provinces with the highest LFPR rates in 2001 were Gauteng and the Western Cape, while the Eastern Cape and Limpopo had the lowest aggregate LFPRs. Race and gender groups with the lowest ratios were black African females and males in all provinces. For the Eastern Cape region the LFPR were 39.3 per cent and 46.1 per cent for black females and black males, respectively. White and Asian males

² The labour force participation rate is defined as the proportion of the working age population who work or actively seek work.

had the highest labour force participation ratios in all regions including in the Eastern Cape, 72 per cent and 73.6 per cent.

Table 2.5a: Labor Force Participation Rates, by Province, Race and Gender, 2001

Province	Gender	Labor Force Participation Rates (%)				
		<i>black african</i>	<i>coloured</i>	<i>asian</i>	<i>white</i>	<i>total</i>
Eastern Cape	male	46.1	67.1	73.6	72.0	49.7
	female	39.3	53.0	50.4	53.8	41.1
Free State	male	63.9	68.2	81.8	70.1	64.6
	female	54.5	57.1	51.0	50.5	54.2
Gauteng	male	76.3	73.0	77.4	77.2	76.4
	female	66.7	64.4	49.6	60.8	65.0
KwaZulu-Natal	male	57.4	71.4	73.5	75.1	60.4
	female	49.1	59.6	43.0	58.0	49.1
Limpopo	male	48.5	66.1	84.6	77.0	49.6
	female	39.9	53.8	38.3	54.9	40.3
Mpumalanga	male	62.4	69.6	80.1	76.0	63.6
	female	49.1	58.0	42.0	49.9	49.2
North West	male	64.1	64.3	81.5	72.6	64.7
	female	48.5	50.9	39.4	46.6	48.4
Northern Cape	male	68.5	65.5	72.9	76.0	68.0
	female	54.6	48.2	50.0	49.1	50.7
Western Cape	male	75.2	72.3	72.0	72.5	73.2
	female	65.4	56.8	47.1	54.3	58.5
National	male	61.7	70.8	74.5	75.0	64.3
	female	50.8	56.2	44.5	56.5	51.7

Source: Stats SA, Census (2001)

By 2007, there had been a gradual increase in the LFPR for females across all races. Nationally the female ratio increased to 54.3 per cent by 2007. In the Eastern Cape the female LFPR increase was from 41.1 per cent to 45.4 per cent (Table 2.5b).

Table 2.5b: Labor Force Participation Rates, by Province, Race and Gender, 2007

Province	Gender	Labor Force Participation Rates (%)				
		black african	coloured	asian	white	total
Eastern Cape	male	49.1	66.5	66.2	73.3	52.1
	female	43.6	53.5	56.7	61.0	45.4
Free State	male	64.8	67.7	87.5	73.5	65.8
	female	54.6	55.7	49.6	60.5	55.3
Gauteng	male	74.6	72.2	78.0	78.0	75.3
	female	66.8	65.8	56.7	66.9	66.5
KwaZulu-Natal	male	57.7	73.1	72.4	74.8	60.2
	female	49.7	60.3	46.4	62.1	50.2
Limpopo	male	49.0	69.4	82.8	79.1	50.1
	female	42.0	54.0	37.9	61.3	42.5
Mpumalanga	male	62.9	73.9	85.6	80.7	64.6
	female	52.0	59.2	43.0	60.8	52.7
Northern Cape	male	58.7	64.2	83.7	76.8	63.5
	female	46.4	49.2	63.0	57.1	49.0
North West	male	63.4	64.4	72.2	73.2	64.2
	female	48.3	49.8	46.7	56.2	48.9
Western Cape	male	75.9	72.3	67.5	73.4	73.5
	female	68.2	60.1	55.5	60.1	62.4
National	male	62.0	70.5	73.7	76.1	64.7
	female	52.8	58.3	49.4	63.0	54.3

Source: Stats SA, Community Survey (2007)

Perhaps more surprising was the low increase or in some cases even a decline during the period in the LFPRs for males across all categories.

Educational Attainment

An equally important aspect in labour supply is the quality of the labour force. Highly skilled and healthy educated workers are likely to be more productive and command higher wages in the workplace. These workers are also more likely to be associated with industries with higher future productivity growth potential.

Although there is no perfect measure for the quality of labour numerous indicators are used to act as a proxies. The most common include the levels of educational attainment of the labour force, their health status, skills level and occupation structure.

Table 3.3.2 indicates the education levels for both black African males and females aged 20 and over in the province are concentrated at the lower end of the scale compared to all other races. As of 2007 more than 60 per cent of blacks and coloreds in the labour force had not completed grade 12. For other races the corresponding number is less than 40 per cent.

Table 2.6: Eastern Cape Educational Attainment for those Aged 20 years and over, 2007

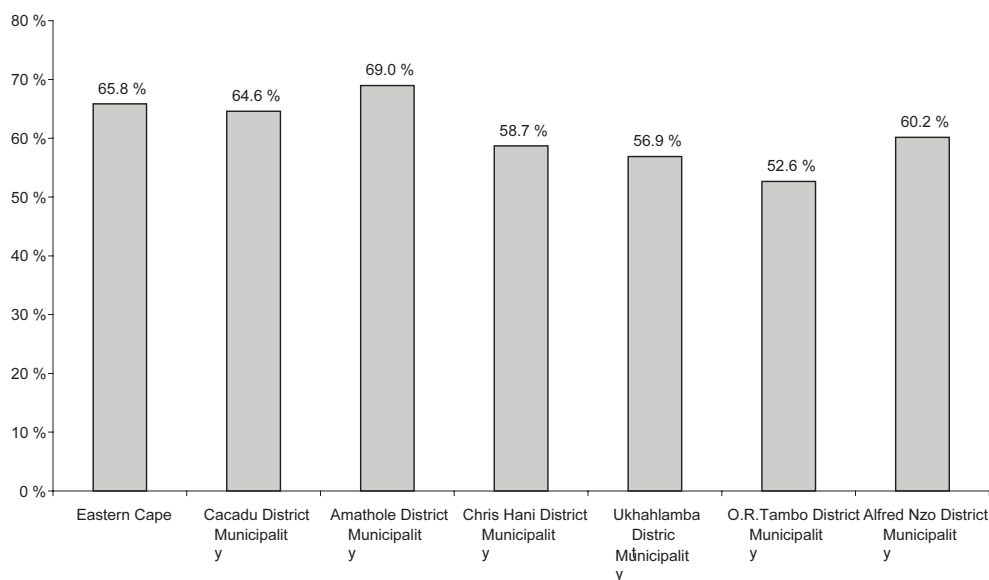
	Black African		Coloured		Asian		White	
	Male	Female	Male	Female	Male	Female	Male	Female
No schooling	11.4	14.7	5.4	5.9	4.0	1.9	0.7	0.6
Some primary	25.0	21.1	15.4	17.0	2.7	3.1	0.7	1.1
Complete primary	7.0	7.8	8.6	10.5	2.1	1.1	0.7	0.8
Some secondary	38.6	40.1	44.2	43.3	29.8	39.8	34.6	34.9
Grade 12/Std 10	10.5	9.1	16.6	15.3	33.6	21.6	31.3	32.4
Higher	4.4	5.1	6.2	6.0	22.8	28.8	28.5	25.2
Out of scope (children)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unspecified	1.3	1.4	0.9	1.0	1.5	0.2	0.2	0.4
NA/Institutions	1.8	0.8	2.7	1.0	3.4	3.6	3.2	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Stats SA, Community Survey (2007).

For black African males more than 40 per cent of those 20 years and older did not have any form of secondary schooling. These numbers are in stark contrast to those of whites and Asians, the majority of whom have reached grade 12 or higher. Given the premium placed on education and skills level in the labour market these racial differences in terms of education attainment should naturally have implications for wage income distribution between races.

Figure 2.27 provides a further break-down of education attainment in terms of functional literacy (i.e. completed primary school) at district level in the Eastern Cape for 2005. Districts with lowest literacy rates were O.R. Tambo, Ukhahlamba and Chris Hani districts.

Figure 2.27: Eastern Cape Districts Functional Literacy for those Aged 20+, 2005



Source: Global Insight (2005)

Occupational and Skills structure of the Labour force

Table 2.7 provides a snapshot of the occupation structure of the labour force for the province across racial groups.

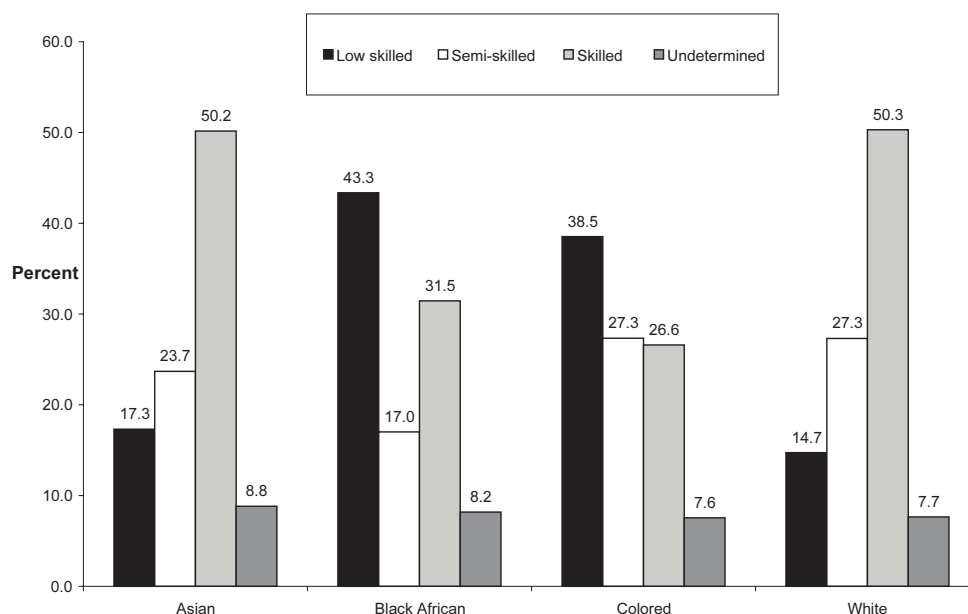
Table 2.7: Eastern Cape Occupational Structure, 2007

	Black African	Colored	Asian	White
Legislators, senior officials and managers	2.2	2.8	14.9	13.8
Professionals	5.3	3.4	20.1	14.4
Technicians and associate professionals	12.8	9.3	11.7	15.1
Clerks	7.5	11.5	17.2	18.8
Service workers; shop and market sales workers	9.4	9.1	13.4	12.0
Skilled agricultural and fishery workers	3.1	2.5	0.2	4.1
Craft and related trades workers	9.5	15.8	6.5	8.6
Plant and machine operators and assemblers	8.2	8.6	3.3	3.0
Elementary occupations	33.9	29.4	3.9	2.8
Undetermined	8.2	7.6	8.8	7.7
Total	100.0	100.0	100.0	100.0

Source: Stats SA, Community Survey (2007)

Table 2.7 shows that a significant proportion (33.9 per cent) of the formally employed black African population is concentrated in elementary occupations. This can be contrasted with the small proportions of Whites and Asians occupying similar elementary occupations.

Figure 2.28: Eastern Cape Skills Structure of the Labour Force, 2007



Source: Stats SA, Community Survey (2007)

Regrouping those employed in terms of skills levels one gets Figure 2.28 which clearly shows the high concentration of low skilled workers for black Africans. Again this is in sharp contrast to the skills distribution for whites and Asians, whose numbers for the employed are predominantly skilled or semi-skilled.

Employment, Income Distribution and Poverty

Given the general increase in the labour force participation rates, especially for women, an immediate question relates to how regional labour markets have responded to such changes. The differential unemployment rates across gender, race and province are evident from Table 2.8a and Table 2.8b.

Table 2.8a Unemployment Rates by Province, Race and Gender, 2001

Province	gender	black african	coloured	asian	white	total
Eastern Cape	male	59.6	33.8	12.9	6.2	51.4
	female	64.4	40.5	13.9	6.6	57.8
Free State	male	38.9	33.3	5.8	6.3	35.3
	female	55.9	44.4	12.9	8.2	51.4
Gauteng	male	38.4	34.7	12.5	6.7	31.5
	female	53.0	34.2	13.4	6.6	42.5
KwaZulu-Natal	male	52.0	29.8	17.5	6.3	43.6
	female	61.7	28.1	21.0	7.0	54.1
Limpopo	male	42.8	25.5	4.9	5.1	40.6
	female	58.6	32.2	10.2	8.0	56.6
Mpumalanga	male	34.6	29.1	7.3	5.7	31.7
	female	55.8	37.1	12.4	9.4	52.1
North West	male	38.3	34.8	7.1	5.9	35.6
	female	58.7	42.2	12.4	9.2	54.9
Northern Cape	male	32.3	31.7	16.7	4.5	27.8
	female	49.0	42.4	21.3	7.0	40.5
Western Cape	male	40.5	21.3	11.1	4.8	23.8
	female	54.2	22.8	13.5	4.3	28.9
National	male	43.3	25.7	15.7	6.1	35.8
	female	57.8	28.6	18.7	6.6	48.1

Source: Stats SA, Census (2001)

According to Table 2.8a the national average unemployment rate for women in 2001 was just above 48 per cent while for men it stood at just below 36 per cent, using the expanded definition. In contrast the unemployment rates for females and males in the Eastern Cape were almost 58 per cent and 51.4 per cent, respectively. For black African women and men the unemployment rates were estimated at 64.4 per cent and 60 per cent, respectively. With the exception of Limpopo, these unemployment rates were the highest in the country. Population groups with the lowest unemployment rates in the province were whites and Asians, which had below 7 per cent and 14 percent average unemployment rates, respectively.

The national averages indicate that as of 2007 (Table 2.8b) the unemployment rate for women stood at 39 percent compared to the 28 percent for men. These numbers were a significant improvement compared to earlier years.

Table 2.8b Unemployment rate (%), by province, race and gender, 2007

Province	gender	black african	coloured	asian	white	total
Eastern Cape	male	41.8	30.2	12.8	4.6	37.2
	female	45.1	40.0	15.9	7.6	41.8
Free State	male	30.4	24.5	4.9	3.1	27.0
	female	51.1	38.5	28.7	8.9	45.8
Gauteng	male	29.2	27.0	9.1	4.6	23.8
	female	43.9	31.7	13.9	6.9	35.5
KwaZulu-Natal	male	38.8	19.5	14.4	4.3	33.3
	female	47.2	23.2	21.2	6.3	42.0
Limpopo	male	35.6	38.6	2.0	4.7	34.0
	female	48.1	37.7	9.1	8.3	46.6
Mpumalanga	male	28.6	24.1	5.1	3.8	25.8
	female	45.5	27.2	16.5	9.9	41.9
North West	male	28.0	28.4	7.6	4.2	25.8
	female	52.4	39.0	17.7	11.6	48.2
Northern Cape	male	32.3	27.7	3.1	4.0	26.0
	female	49.4	36.2	16.0	6.8	37.3
Western Cape	male	30.7	18.1	6.9	3.8	19.2
	female	43.0	21.8	14.7	4.9	25.5
National	male	33.1	21.5	12.3	4.2	27.5
	female	46.4	26.7	18.7	7.0	38.8

Source: Stats SA, Community Survey (2007)

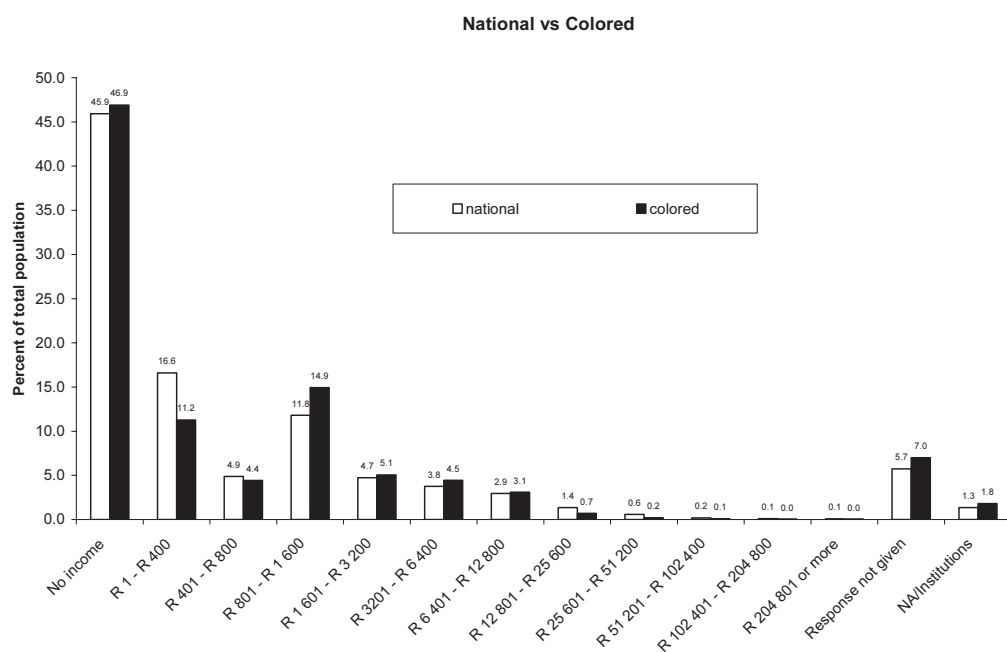
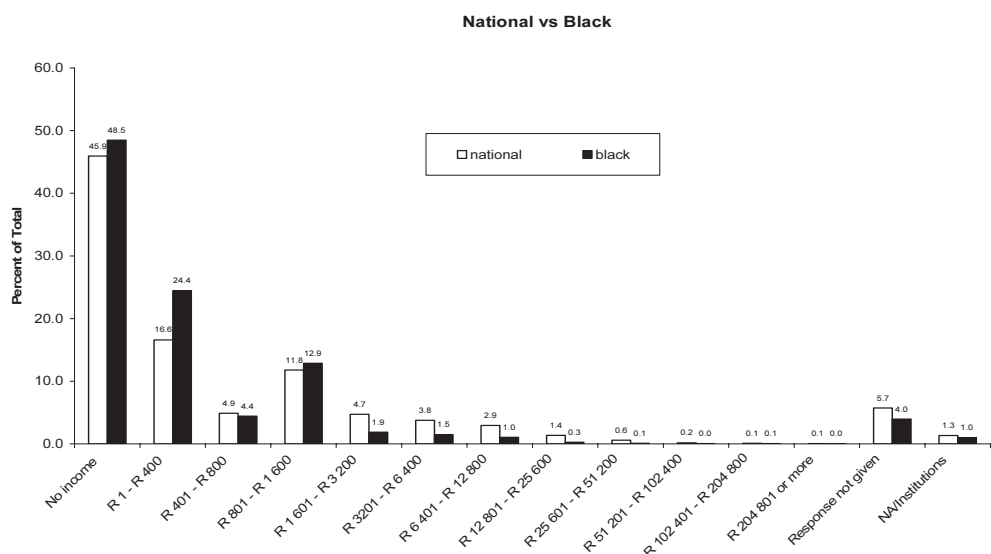
This national decline in the unemployment rate also gets reflected at the provincial level, with substantial declines in the unemployment rates for black males and females. Although the declining unemployment rates are positively welcomed the numbers are still high in absolute terms.

Income Distribution

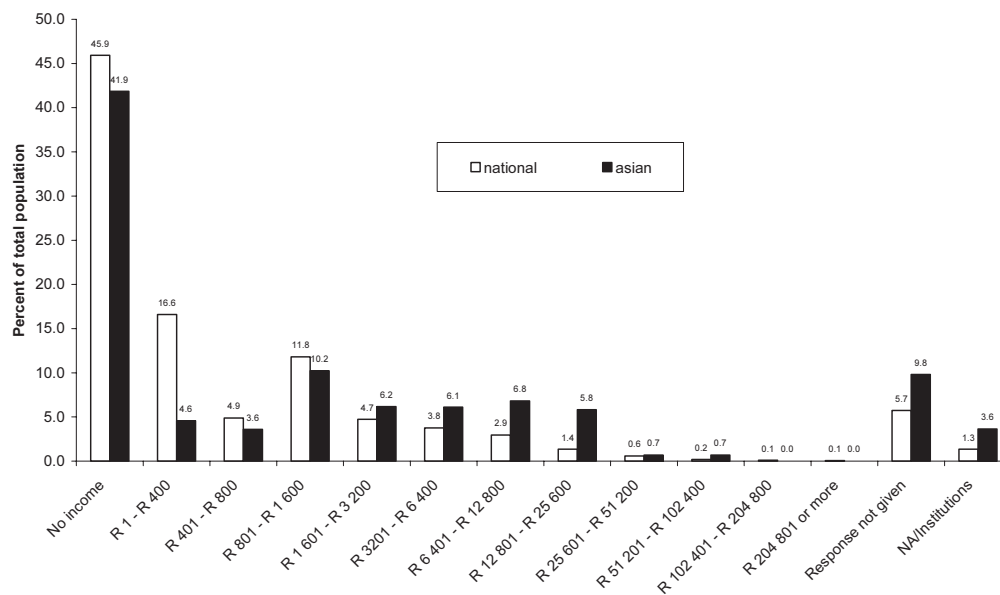
Figures 2.29a-d depict the distribution of total monthly income between races in the province for the year 2007. Some of the more striking features of these income distribution graphs are the substantially high concentration of people in the “no income” and low income categories, especially for blacks and coloreds. These may genuinely be reflections of high rates of impoverishments or, in the case of “no income” category, may partly be due to misinterpretation of survey questionnaire by respondents.

Data credibility questions aside, the main information that can easily be inferred from these income distribution graphs is that income for blacks and coloreds as compared to other racial groups are disproportionately concentrated at the lower end levels. More than 90 percent of black Africans and less than 42 percent of Whites had monthly incomes less than R1 600. In contrast

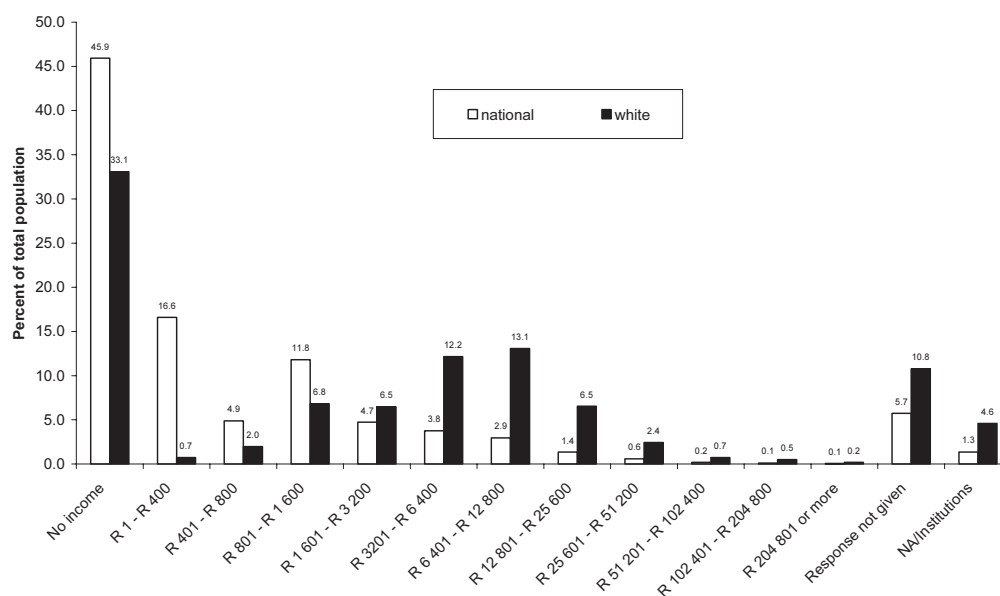
Figures 2.29: a-d Distribution of total monthly income, race vs. national averages, 2007



National vs Asian



National vs White

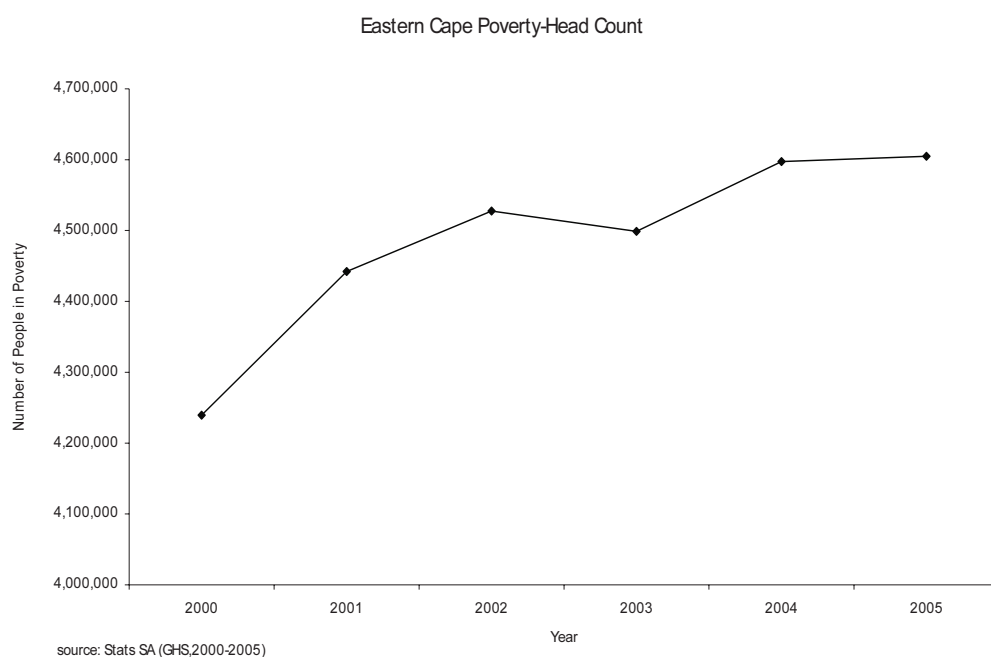


Source: Stats SA, Community survey, (2007)

Poverty and Welfare

The number of people living in poverty has been increasing at a declining rate in the province (Figure 2.30).³

Figure 2.30: Eastern Cape Poverty-head count, 2000-2005

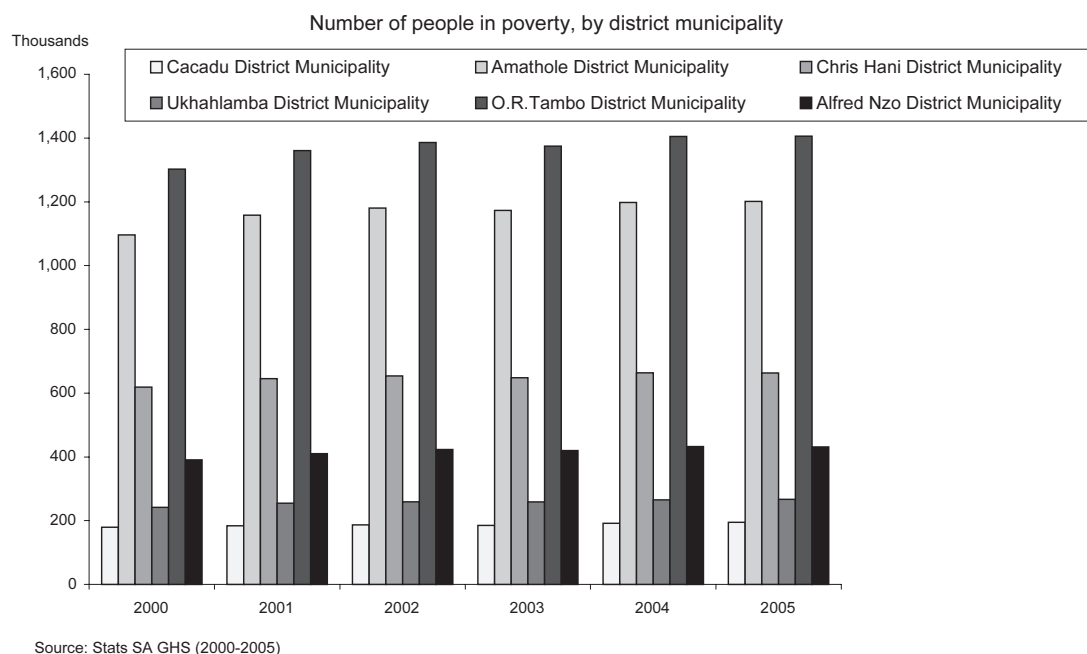


The poverty numbers reached a peak in 2004 and seem to be leveling off to about 4.6 million in 2005.

Decomposing the aggregate provincial poverty head-count according to district municipalities one gets Figure 2.31.

³ Poverty Head-count: Number of people with income below some minimum living level.

Figure 2.31: Poverty Head-Count by District Municipality, 2000 - 2005



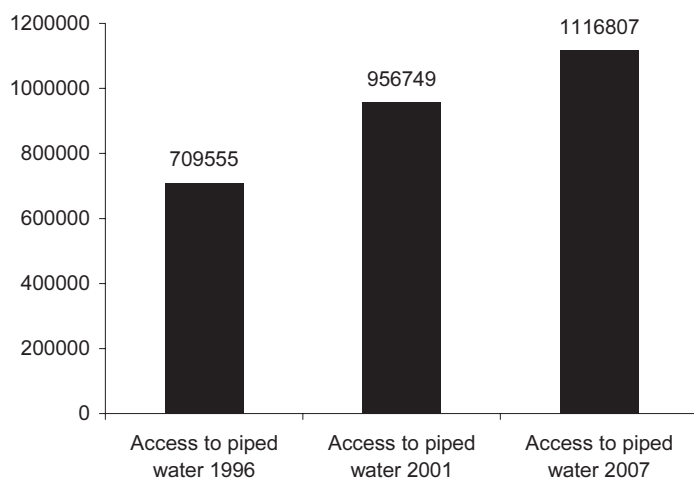
District municipalities such as the O.R. Tambo, Amathole and Chris Hani have had the highest number of people living in poverty for the years 2000 – 2005 (while Cacadu has had the least numbers).

2.4 Access to Basic Services

Water

The provision of safe drinking water remains one of the most critical challenges confronting South Africa. Figure 2.32 reveals that much has been achieved in the provision of water in the province. Households' access to piped water in the Eastern Cape Province has improved from 709 555 (representing 53.3 per cent of the total number of 1,332,345 households in 1996) to 1,116,807 (representing 70.4 per cent of the total number of 1,586,738 households in 2007).

Figure 2.32: Eastern Cape: Households Access to Water (1996 – 2007)

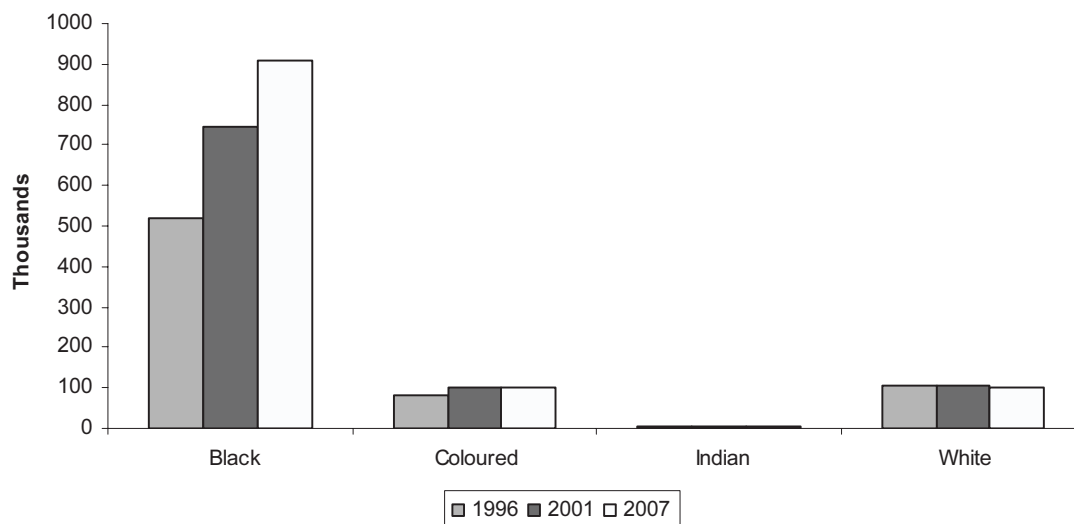


Source: Census (1996 and 2001), Community Survey (2007)

Figure 2.33 shows that the number of black households with access to piped water has increased from 517,304 or 46 per cent of the total black household in 1996 to 910,511 or 66.4 per cent in 2007, representing a 20.4 percentage point change.

Despite this more still needs to be done especially when one considers that there are approximately 500,000 (or 35.6 per cent) black households who are still relying on water either from river, dam, borehole, rain water tank or other sources. These households are thus exposed to water-related diseases such cholera, typhoid, bilharzias and cholera, increasing the incidence of diseases and illnesses and putting tremendous pressure to the province's health budget. This figure further reveals that more whites, Indians and colored have more access to piped water. Whites are at 96.5 per cent, Indians at 93.4 per cent while Coloureds are at 96.5 per cent.

Figure 2.33: Eastern Cape: Households Access to Piped Water by Race, 1996 – 2007



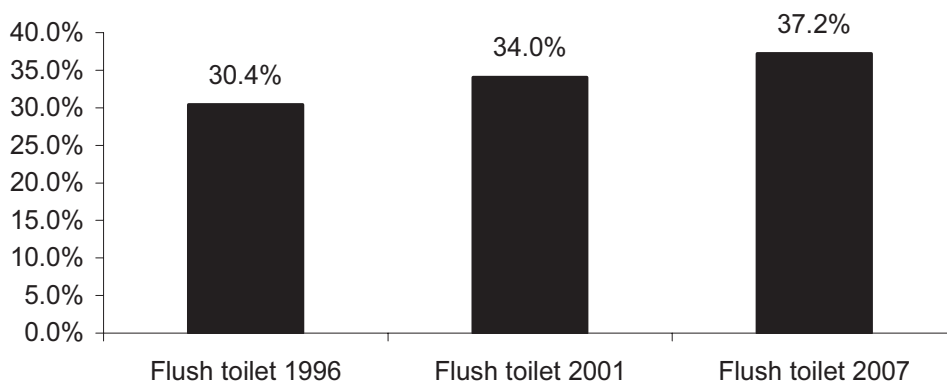
Source: Census (1996 and 2001,) and Community Survey (2007)

Sanitation

One of the major challenges facing South Africa is the provision of adequate sanitation facilities for the poor (DBSA, 2001). According to the 2007 Community Survey, access to sanitation refers to households having access to flush toilets, either in their dwellings or on site, and these flush toilets can be connected either to a public sewerage system or to a septic tank. Good sanitation system is essential for good health. Without proper access to water and sanitation, it becomes difficult to maintain good hygiene. When sanitation systems fail, or are inadequate, the health of the community can be extremely jeopardized. The need to invest more in sanitation infrastructure cannot therefore be over-emphasized.

According to figure 2.34, very little change in access to sanitation occurred in the Eastern Cape Province during the 1996 to 2007 period. The number of Households' access to sanitation increased from 404,929 or 30.4 per cent in 1996 to 601,172 or 37.2 per cent in 2007. Of those households with inadequate sanitation, about 42,138 or 2.7 per cent use the bucket system, 498,099 or 30.8 per cent use unimproved pit toilets and about 375,982 or 23.3 per cent have no toilets at all.

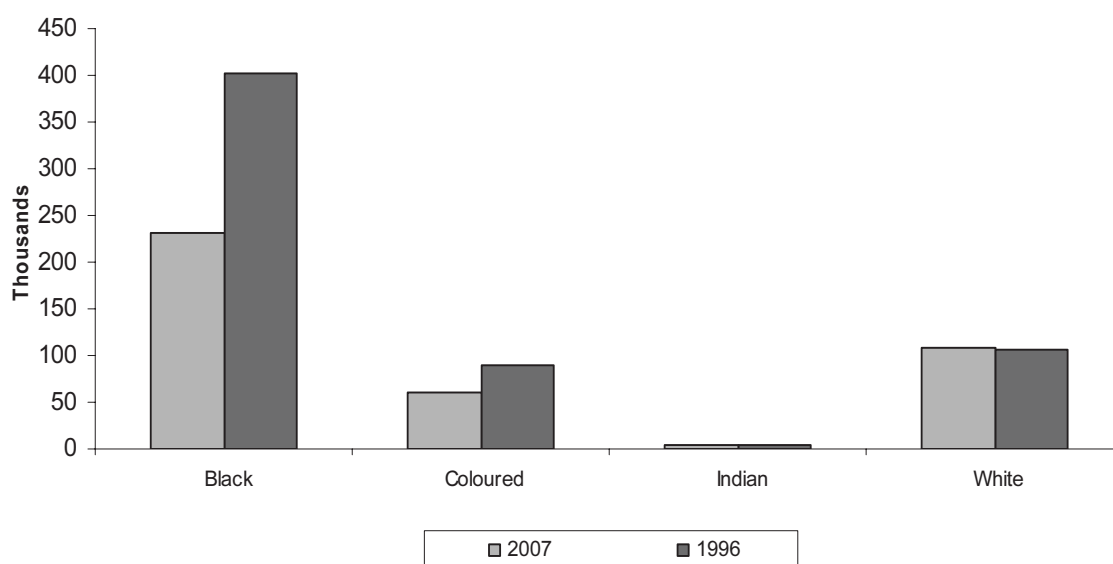
Figure 2.34: Eastern Cape: Households Access to Sanitation, 1996 – 2007 (Percentage)



Source: Census (1996 and 2001), Community Survey, (2007)

Access to sanitation has improved for all races except for Indians/Asians. Figure 2.35 shows that access to sanitation for black households has only increased from 231,647 or 20.6 per cent in 1996 to 401,151 or 28.6 per cent in 2007. This implies that approximately one million black households have no access to proper sanitation. On the other hand, for white households access has been 100 per cent throughout the years.

Figure 2.35: Eastern Cape: Households Access to Sanitation, by Race, 1996 – 2007



Source: Census (1996 and 2001), Community Survey (2007)

Housing

Housing provides the context for family life. People's rights to adequate housing means that they should not have live in informal dwellings. Hence the provision of housing to communities in the Eastern Cape Province is noted as one of the top priorities.

According to the Community Survey (2007), approximately 600,000 (or 42.8 per cent) of the black households resides in "traditional dwellings"⁴. This then implies that a significant proportion of the black households in the Eastern Cape Province reside in rural areas. On the other hand, approximately 662,000 or 47.3 per cent of the black households reside in "formal dwellings"⁵ compared to 425,000 or 38.6 per cent in 1996 (Figure 2.36). This again, poses another challenge of increasing the pace of housing delivery to the poor by the Eastern Cape Provincial Government.

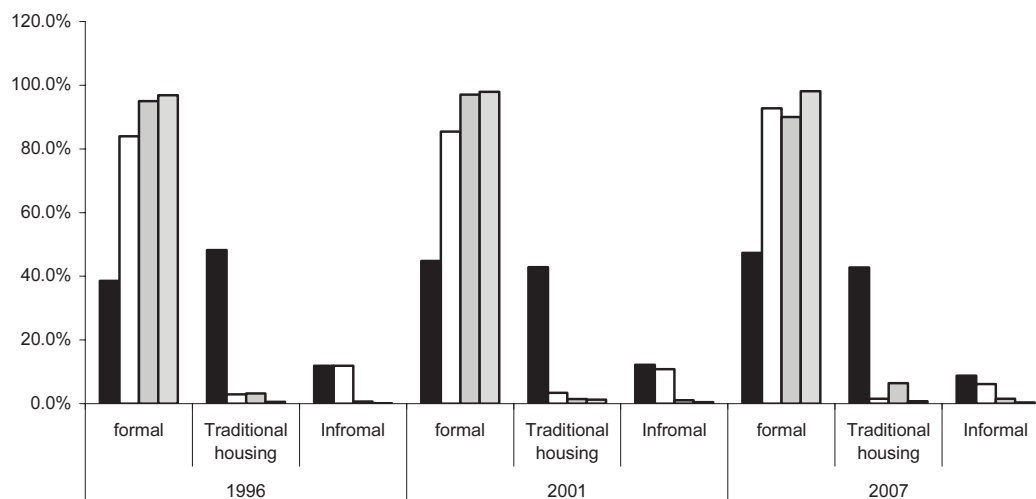
This suggests that although the Eastern Cape Province has made some progress in the delivery of formal housing, especially to the poorest of the poor, however, a backlog still exists as approximately 8.7 per cent of Black and 6.2 per cent of the Coloured households still live in "informal dwellings"⁶.

⁴ 'Traditional Dwelling' according to the 2007 Community Survey refers to a hut or structure made of traditional materials.

⁵ Formal dwelling according to the 2007 Community Survey refers to a house or brick structure on a separate stand or yard, town house, unit in a block of flats or room in the backyard.

⁶ "Informal dwelling" according to the 2007 Community Survey refers to a shack either in the backyard or not in the backyard.

Figure 2.36: Eastern Cape: Dwelling According to Race, 1996 - 2007



Source: Census (1996 and 2001), Community Survey (2007)

As part of its continued drive to provide adequate housing, the Eastern Cape Province has increased the integrated housing and human settlement grant from R637 million in 2006/2007 financial year to R1, 053 million during the current financial year 2007/2008. During the period 2003/2004 to 2006/2007 however, spending on the housing grant funding dropped at an average annual rate of 7.7 per cent. Actual spending of housing grant by the Eastern Cape's Department of Housing stood at R567 million in financial year 2006/2007. Meanwhile, spending during the current financial year (2007/2008) stood at R155 million at the end of the first 9 months against an estimated budget of R1,053 million. As a result of this under-spending, the national housing department has withheld R500 million at the end of November 2007. Considering under-spending in the province in the past, the projected increased allocations for 2008/2009 of 18.8 per cent will require the province to step up its spending capacity (Table 2.9).

Table 2.9: Expenditure of the Integrated Housing and Human Settlement Development Grant, 2003/2004 – 2009/2010 (R Million)

Province	2003/2004	2004/2005 Outcome	2005/2006	2006/2007	2007/2008 Preliminary Outcome	2008/2009 Estimate	2009/2010 Estimate	Percentage Growth (Average Annual) 2003/2004-2006/2007
Eastern Cape	810	584	607	637	1053	1251	1482	-7.7
Free State	327	464	370	528	653	772	893	18.7
Gauteng	993	1121	1357	1760	2197	2580	2959	21.0
Kwazulu Natal	928	829	816	1075	1311	1576	1854	11.2
Limpopo	454	318	378	649	652	783	921	11.5
Mpumalanga	285	310	269	330	526	629	736	17.2
Northern Cape	110	94	103	105	131	161	195	7.9
North West	364	381	615	697	767	896	1022	19.7
Western Cape	292	527	552	769	949	1204	1469	32.8
Total	4563	4629	5067	6550	8239	9852	11531	16.6

Source: National Treasury (2007)

Despite this, there has been a considerable progress in the delivery of houses since 1994. For the country as a whole a total of 2.3 million have been build since 1994. Gauteng Province has built the most houses totaling 592,457, followed by KwaZulu-Natal with 390,098, Northwest has 228,361, and the Eastern Cape with 288,231 (Table 3.4.1). Increase in housing delivery in the province dropped from 58,662 in 2002/2003 financial year to 27,119 in 2003/2004 financial year. Thereafter, delivery increased to 37 524 in 2004/2005. The housing delivery however, dropped again to 19,526 in 2005/2006, and in 2006/2007, only 16,526 houses were completed and/or were under construction. This indicates a drop of about 16.6 per cent (Table 2.10).

Table 2.10: Housing units completed and in process of completion, 1994/1995 - 2006/2007

Number	1994/1995 - 2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	Total
Eastern Cape	117 759	10 816	58 662	27 119	37 524	19 825	16 526	288 231
Free State	71 699	7 005	9 155	16 746	16 447	20 536	19 662	161 250
Gauteng	269 264	46 723	24 344	49 034	66 738	69 310	77 944	592 457
Kwazulu Natal	206 670	14 379	24 485	33 668	36 734	35 872	38 290	390 098
Limpopo	83 147	16 667	14 953	15 810	16 514	46 813	23 609	217 513
Mpumalanga	68 860	14 584	21 649	21 232	18 000	14 986	10 651	169 962
Northern Cape	20 569	2 588	6 056	3 787	3 598	8 667	3 880	49 145
North West	87 684	13 885	23 784	10 484	10 037	35 515	46 972	228 361
Western Cape	148 376	16 634	20 500	15 735	11 756	11 310	34 585	258 896
Total	1 074 028	143 281	203 588	193 615	217 348	252 834	271 219	2 355 913

Source: National Treasury (2007)

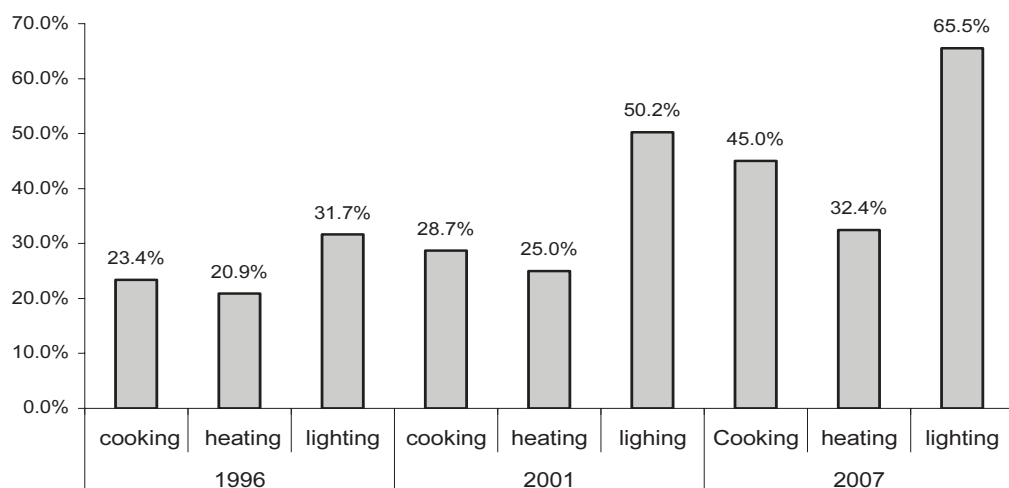
Electricity

Energy is identified as one of the basic services supported by the government programmes for poor households (Government Gazette, 2003). Electrification of areas historically without electricity is therefore one of the top priorities of the Government of the Eastern Cape Province.

Although tremendous progress has been made in extending electricity to households in the province, evidence from Statistic South Africa (2007) suggests that more still needs to be provided. Approximately 1.1 million (or 65.5 per cent) have access to electricity (Figure 2.37)⁷, implying that about a third (34.5 per cent) of the Province's households do not have access to electricity at all.

⁷ Use of electricity for lighting has been used as a proxy for access to electricity.

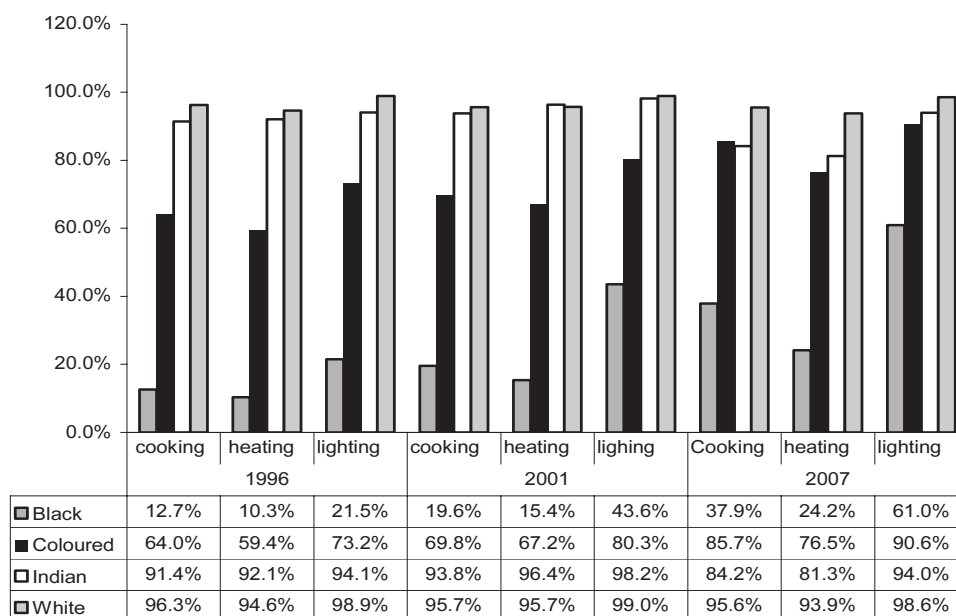
Figure 2.37 Eastern Cape: Households with Access to Electricity for Cooking, heating and lighting (1996 to 2007)



Source: Census (1996 and 2001), Community Survey (2007)

Figure 2.38 shows that the number of black households using electricity for cooking increased from 300 000 (or 12.7 per cent) in 1996 to 417 000 (or 37.9 per cent) in 2007, representing a 39 per cent change. The low electricity consumption for cooking might be an indication that poor households do not benefit from the efficiency afforded by electrification. Thus about 26 per cent of these poor households are resorting to the usage of paraffin, meanwhile 31.7 per cent use fire wood and approximately 1.3 per cent still uses animal dung for cooking.

Figure 2.38: Eastern Cape: Households with Access to Electricity for Cooking, Heating and Lighting, According to Race

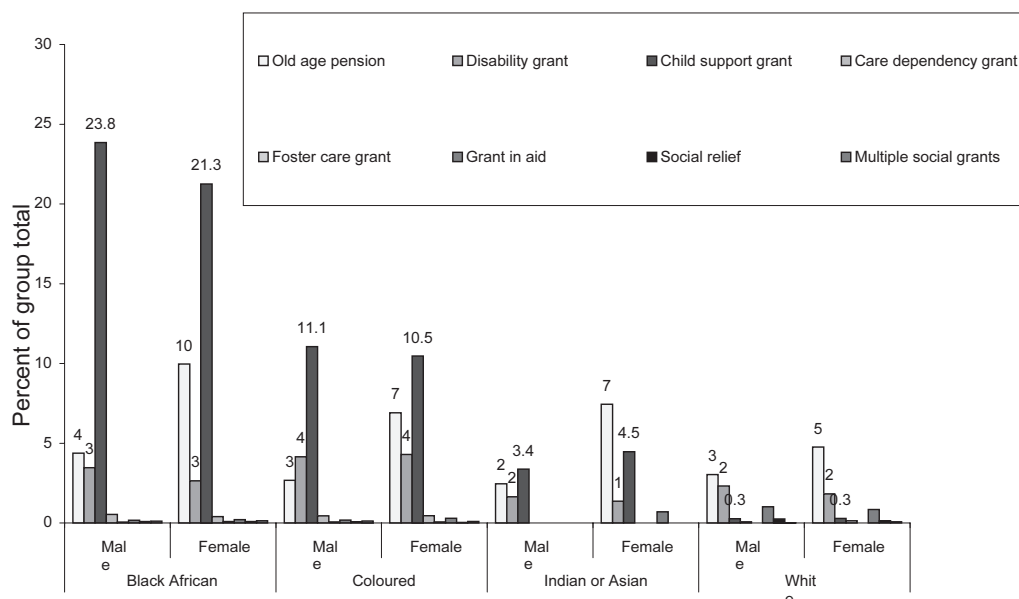


Source: Census (1996 and 2001), Community Survey (2007)

Access to Social Grants

The provision of social grants to poor households has been one of the many policy interventions adopted by the government to deal with poverty. Figure 2.39 provides a pictorial overview of access to social grants, for those eligible for government support, by race and gender in 2007. For black Africans access to social grants is mainly in the form of child support grants (22 per cent, average) and old-age grants (7 per cent, average).

Figure 2.39 Access to Social Grants, Race and Gender, Eastern Cape Population, 2007



Source: Stats SA, Community Survey (2007)

The majority of Whites and Asians who receive any form of government income support do so through old age pensions.

3. Budget process and the Medium-Term Expenditure Framework

Budget Process by Government.

South Africa has a single budgetary framework which is informed by socio economic environment. Provincial Treasury participate in all consultative discussions at both national and provincial level and these culminate in the tabling of the Medium Term Budget Policy Statement by the Minister of Finance in third quarter of each financial year. Consequently, the provincial approach to budgeting, the formats and systems used are in line with the nationally established requirements. Hence then in terms of priorities and allocations this budget document does not deviate from the budget as presented by the Minister of Finance in the Medium Term Budget Policy Statement and during the national budget speech.

Medium-Term Expenditure Framework

The Medium Term Expenditure Framework (MTEF) details 3-year rolling expenditure and revenue plans for national and provincial departments. It matches the overall resource envelope, estimated through 'top-down' macroeconomic and fiscal policy processes, with the bottom-up estimation of the current and medium-term cost of existing departmental plans and expenditure

programmes. In the nature of a three-year rolling budget process, each year the budget framework is revised. Additional resources for available expenditure are made up of the funds released by the drawdown of the contingency reserve and changes to the macroeconomic forecast.

Medium-term spending plans of national and provincial departments are prepared within the context of the Government's macroeconomic and fiscal framework set out in the previous budget. The framework set out in the previous budget outlines the resource envelope within which budget submissions are prepared.

The policy parameters and the figures contained in this document are therefore in line with the with the policy direction as captured in the 2007 Medium Term Budget Policy Statement.

4. The 2008 Medium-Term Expenditure Framework

National Policy Priorities for the Medium Term

The national and provincial budget processes are interrelated and to a large extent run on parallel lines. National priorities set the context for provincial and local government priorities, which find expression in provincial and local budgets. In broad terms, the national priorities for the 2008 Medium-term are the following:

- Accelerating the pace of economic growth and the rate of investment in productive capacity
- Advancing participation of the marginalize in activity through; expanded job creation, promotion of sustainable livelihoods, investing in people, and ensuring that skills development complements employment creation
- Maintaining and expanding a progressive social security safety net, alongside investment in community services and human development
- Improving the capacity and effectiveness of the state, including combating crime and creating a service-oriented public administration, and
- Building regional and international partnership for growth and development

In addition to the five national priorities outlined above, the national government has identified 24 projects for immediate action. However of the 24 projects, only 20 were found to be relevant to the Eastern Cape and include the following:

- Industrial development policy and its implementation
- Setting up an Investment Call Centre

- Setting up SME Procurement Assistance Call Centre
- Implementing intensive campaign of energy security
- Implementing interim anti-poverty campaign
- Self/employment interventions in the 2nd economy
- Resourcing poor schools and monitoring outcomes
- Speeding up land and agrarian reform
- Speeding up ICT interventions to provide cheap platforms
- Resolving organizational issues of skills development
- Speeding up community infrastructure programme
- Ensuring integrated planning across all spheres
- Regularizing employment and KPA at designated levels
- Implementing social cohesion programme
- Ratcheting up implementation of ECD programme
- Intensifying campaign of communicable diseases
- Implementing special crime combating and security initiatives
- Partnership and communication in fighting crime
- Reducing number of cases pending trial
- Improving civic services

Provincial Programs for Immediate Action and for the Medium Term

For the province, the 20 priorities have been regrouped and packaged into nine broad categories. These include:

Accelerating Access to Basic Social Services

This involves:

- Implementing School Infrastructure Recovery Plan to intensify the eradication of mud structure schools

- Scaling up of Learner and Teacher Support Material Program to ensure all grade 12 pupils in every learning area are supplied with textbooks for the 2008 school year.
- Develop an e-Learning Program with 8 FET colleges by January 2008 (through partnership with Lower Saxony)
- Rectifying 20,000 identified and assessed damaged houses
- Unblocking 49 blocked housing projects
- Providing emergency housing for 80 families living in tents in Alfred Nzo District Municipality
- Intensifying housing delivery to provide 66,000 units by 2010
- Implementing 11 Breaking New Ground Pilot Projects to benefit 88,300 beneficiaries by 2011
- Holding Rural Housing Summit in Elliotdale before March 2008

Up-Scale Hands-on Support to Local Government

This will be done through:

- Providing financial and budgeting support to address audit queries
- Aligning financial and procurement systems with the Municipal Finance Management Act
- Establishing Project Management Deployment Team to beef up absorptive and spending capacity in targeted municipalities to accelerate the roll-out of water, sanitation and housing
- Providing economic planning support to package local economic development projects or develop value propositions to leverage resources in terms of the National Industrial Policy Framework and the Provincial Industrial Strategy
- Appointing Municipal Managers and CFOs for all municipalities, district and local, by May 2008
- Integrating all the Growth and Development Summit (GDS) priorities into the PGDP

Intensify Poverty Reduction Initiatives

This will be implemented through:

- Finalizing the anti-poverty program aimed at moving the poor into sustainable economic activity
- Supporting 9,900 poorest families in 11 targeted municipalities to mitigate vulnerability and move them into sustainable livelihood.
- Supporting 15,000 poor households through the Siyazondla Program by 2010
- Up-scaling the School Nutritional Program to feed up to Grade 7 learners in quintiles 4 and 5 thus increasing learners fed from 900,000 to 1,300,000
- Launching a Rural Access Roads Program in collaboration with District Municipalities to remove the isolation of rural households and create labour-intensive work opportunities

Intensifying the fight against HIV/AIDS and TB

This will be operationalized through:

- Implementing the National Strategic Plan on HIV/AIDS and develop a Provincial Plan by December 2007
- Doubling access to anti-retroviral treatment from 50,000 to 100,000 by 2010
- Providing home-based care to 250,000 patients by 2010
- Intensifying the prevention of XDR-TB and treat all cases of XDR-TB in the Line Listing Register

Implementing the Provincial Industrial Strategy

This will be implemented through:

- Increasing industrial employment by 20 per cent by 2010
- Doubling investment into the East London IDZ by 2010
- Leveraging up to R40 billion investment into the Coega IDZ
- Completing the Industrial Action Plans for forestry and timber processing, agro-processing, tourism, business processing outsourcing, chemical and cultural industries by September 2008

- Building capacity in Department of Economic Development and Environmental Affairs (DEDEA), Eastern Cape Development Corporation (ECDC), Uvimba Bank, ASGISA-EC, Eastern Cape Tourism Board (ECTB) and the IDZs to deliver on the outcomes of the Industrial Action Plans
- Establishing a SME Procurement Call Centre by December 2008
- Completing a Cooperatives Development Strategy by March 2008
- Investigating concessions package to rural industries in targeted sectors

Accelerating the Agrarian Transformation

This will entail:

- Planting 100,000 hectares of bio-fuel crops (canola, soya, maize, sugar beet) by April 2010
- Establishing 2 bio-fuel processing plants, 3 maize mills, 3 dairies and 4 abattoirs by 2010
- Building institutional capacity in Ilima Institute in Partnership with the University of Fort Hare to support new entrants with technology and access to markets
- Putting 30,000 hectares of land under afforestation by 2010 to address the crisis of round-wood supply shortages and also provide a platform to create opportunities for new entrants into the timber processing industry
- Fast-tracking the Umzimvubu Development Zone Initiative by prioritizing the stakeholder mobilization and social compacting and to fully operationalize ASGISA-EC by December 2007
- Developing a Strategic Environmental Assessment and Land-use Plan for the Umzimvubu Basin by May 2008
- Putting 100,000 hectares of land under cultivation in the Umzimvubu Basin by 2010
- Following up with the Department of Water Affairs and Forestry Water Storage and Transfer Feasibility Study to be completed by December 2008
- Addressing the land administration bottlenecks in the eastern part of the province
- Prioritizing land distribution in the western part of the province

Building Transport and Logistics Infrastructure for Equitable Growth

This requires:

- Fast-tracking infrastructure provision throughout the province
- Following up Transnet's commitment to undertake detailed feasibility study on the expansion of the East London Port
- Engaging Eskom to investigate the possibility of expanding electrification to meet the 2012 universal access targets, especially in Alfred Nzo and OR Tambo District Municipalities
- Developing a Provincial Capital Expenditure Plan by July 2008 (to provide details of all rail, road, air, electrification and social infrastructure)
- Developing a Provincial ICT Strategy by July 2008

Addressing the Skills Deficits in the Public Sector and Targeted Growth Sectors

Through:

- Operationalizing the Provincial JIPSA
- Implement the following projects:
 - QUIDS UP Program
 - Maths & Science Program
 - Upgraded Career Guidance Program
 - Upgrading of the FET colleges and the Adult Basic and Education Training Program

Improving Readiness for the 2010 FIFA Soccer World Cup

Through:

- Supporting the efforts of Nelson Mandela Metropolitan Municipality as a host city
- Supporting Mthatha and Buffalo City as base camps
- Developing a 2010 Cultural Industries Development Strategy by December 2007
- Developing a 2010 Tourism Plan to promote eco-tourism, sports and heritage products and gear up SMMEs to benefit from the event

- Facilitating a Community Mobilization against Crime Program throughout the province
- Organize a 2010 Safety Conference before March 2008

The budget bids that were presented by departments for the 2008 MTEF are presented in table below and is a summary of the budget bids that were presented at the MTEC hearings.

Table 3.1: Summary of Budget Bids for the 2008 MTEF

Department	2008/09	2009/10	2010/11
	Additional Requests		
Education	2,954,076	3,794,655	5,218,221
Health	2,209,602	1,969,722	2,041,687
Social Development	145,023	166,610	176,765
Office Of The Premier	77,500	85,600	93,700
Provincial Legislature	-	-	-
Public Works	96,400	84,500	87,000
Local Government And Traditional Affairs	307,216	335,483	354,527
Agriculture	221,023	253,597	277,156
Economic Development & Environmental Affairs	115,000	106,500	113,000
Roads And Transport	1,291,000	1,266,997	1,350,490
Housing	149,706	158,292	166,118
Provincial Treasury	-	-	-
Sport, Recreation, Arts & Culture	229,000	238,008	249,061
Safety And Liaison	31,148	34,517	34,890
Total	7,826,694	8,494,481	10,162,615

The request for additional funds for the 2008/09 financial year are R7,8 billion, rising to R8,5 billion in the 2009/10 and R10,2 billion in 2010/11 financial year. This indicates that over the medium-term, provincial departments plan to spend additional R26,5 billion. Given the limited resources available for distribution, only a hand full of these requests by departments could be funded.

Funded Priorities in the 2008 MTEF

Department of Education

2nd and 3rd Notches from the Bulembu verification

Backlogs exists in respect of 2nd & 3rd notches, brought about by the 1996 case, in which Public Service Association (PSA) took the department to labour court on behalf of 7 employees. The case involved the withholding of the awards for 2nd & 3rd notches for certain employees, following the recommendations from the Bulembu initiative which was driven by Office of The Premier. The department reviewed its position and settled out of court with the seven employees but the settlement had to be extended to other employees. The estimated cost now stands at about R178, 4 million.

Because this is a cabinet resolution and our preliminary investigation indicate that this is a cost pressure area for the department, an amount of R178, 4m has been allocated.

Infrastructure funding

The provision of adequate educational infrastructure is a pre-requisite for effective teaching and learning. The dire need for infrastructure facilities cannot be over-emphasized. The eradication of mud structures is a national and also a provincial priority. In the 2007/08 financial year the department was allocated R200m for the eradication of mud structures. Commitment has been made to eradicate these structures in the 2008/09 financial year. It is therefore imperative that funds be made available for this purpose. Therefore an additional amount of R100m has been allocated for the eradication of mud structures in the 2008/09 financial year.

Scholar Transport

In the 2007/08 financial year the budget for scholar transport was R208m. The indicative budget for 2008/09 is R180m. Considering the cost pressures the department faced in the 2007/08 financial year an additional amount of R70m was allocated to the department for 2008/09 financial year.

No Fee Schools

The government introduced the no-fee school policy to end the marginalization of poor learners. This is in line with the country's Constitution, which stipulates that citizens have the right to basic education regardless of the availability of resources. Currently the department is paying R581 rands per learner. The national norm is R775 per learner. The department is committed to bring the funding per learner at par with the national norm. To this end an additional amount to the tune of R178 million is allocated for 2008/09 financial year.

Post provisioning

Payment for ex college lecturers

The case involves some placement (absorption) of ex college lecturers to higher posts as part of redundancy management strategy. The lecturers were never remunerated appropriately as their appointments were never normalized. The intention is to formally appointment them to the current posts retrospectively.

Appointment of temporary teachers.

The department has been entangled in protracted dispute with the labour union over the existing learner and educator numbers. This has made it difficult to agree on educators posts that should be declared. The last declaration was in 2005 and even this declaration was unilateral. This has resulted in resistance on teacher redeployment as part of ensuring equitable distribution of teachers to schools. The department had to resort to using temporary teachers to ensure continuity of teaching at schools. The teachers' contracts had to be renewed for a number of times and there is a view that the temporary teachers must now be made permanent, partly to comply with the Labour Relations Act which requires that where someone is engaged in a temporary employment for more than a prescribed period, the employer must consider making the posts permanent.

On further discussions it transpired that the department has dealt with the issue within its current budget.

Appointment of additional teachers (Maths and Science)

The rollout of the New Curriculum Statement (NCS) also requires that additional number of teachers (mostly for Maths and Science) to be employed to deal with the requirement that all learners must do Maths (an option on either Maths or Maths Literacy). There is also a need to increase the number of Science Teachers to improve performance of learners in this learning area to respond to demands in the labour market.

Appointment of 150 educators for inclusive education

The department is planning to mainstream learners with minor disabilities to regular / normal schools, to promote integration of people with disabilities to a broader society. For kick-starting the programme 150 educators for learners with special needs are proposed and funded in 2008/09.

Appointment of the Dinaledi Teachers

In 2001, the government launched a National Strategy for Mathematics, Science and Technology in Education which sought to break the cycle of mediocrity in these subjects. This resulted in National Cabinet approving the strategy in January 2004.

The strategy has the following goals:

- Double the number of learners passing a Higher Grade Mathematics and Physical Science by 2008,
- Increased number of Dinaledi Schools based on a ratio of total grade 12 participation and Mathematics HG output,
- Provide package of support to all Dinaledi Schools

- Focus on teacher appointments, development and support, and
- Monitoring and reporting on progress on biannual basis.

The number of schools identified in 2005, using national minimum selection criteria, was 60 for Eastern Cape. The provincial Department of Education is responsible for the participation and performance of all schools. This includes the core functions of progressively providing basic teacher support packs (Calculators, Computers and Study Guides), human resource (Subject Advisors & Teachers), teacher training programmes and incentives for the most improved Schools.

In response to the above the Department of Education seeks to appoint 149 educators to unfold the Programme in 60 Schools as confirmed by National department. In the 2008/09 financial year, funds are made available to kick-start the programme.

Appointment of the Subject Advisors

The department is planning to increase the number of subject advisors to improve the quality of learning and teaching. 112 additional posts are proposed and are funded in 2008/09 financial year.

Appointment of non-teaching staff at schools

The department is planning to provide all schools with non-teaching staff to provide administration support. 1500 schools are targeted in the 2008/09 financial year with initially 2 posts (1 for Admin Clerk and 1 for General Assistants) being provided for each school. Table 3.2: provides a summary of the funded priorities.

Table 3.2: Additional funding provided for priorities in the Department of Education

Priority (R'000)	MTEF			Total
	2008/9	2009/10	2010/11	
Maintenance of educational infrastructure (school maintenance)	100,000	104,700	109,516	314,216
ICS 1.5% adjustment	177,544	186,421	195,742	559,706
Step up of the OSD for the Education Sector		62,678	187,087	249,764
2nd & 3rd Notches financed from 2007/08 surrenders	178,354			178,354
Post Provisioning Model	200,000	209,000	218,405	627,405
Early Childhood Development (0-4)	15,748	23,504	70,158	109,410
Textbooks for Grades 10-12 to support the NCS	22,048	31,339	38,976	92,363
Expansion of Grade R	-	70,512	202,677	273,190
Expansion of Inclusive Education (learners with disabilities)	-	31,339	124,725	156,063
Infrastructure (acceleration of School Building Programme)	100,000			100,000
Scholar Transport	70,000	73,150	76,442	219,592
No Fee Schools	178,000	186,010	194,380	558,390
Changes in conditional grants	152,429	255,294	200,284	608,007
<i>FET Training College Sector Recapitalisation grant</i>	(282)	-	-	(282)
<i>HIV and Aids (Life Skills Education) grant</i>	-	-	32,156	32,156
<i>National School Nutrition Programme grant</i>	84,279	117,153	23,771	225,203
<i>PIG (School Building Programme)</i>	68,432	138,141	144,357	350,930
Total	1,194,122	1,233,947	1,618,392	4,046,461

Department of Health

Occupational Specific Dispensation (OSD)

The Health Professional Remuneration Review was introduced in 2007 MTEF, through a phased implementation. In terms of the 2008 budget submission Guideline, the carry-through implication of the phased approach needs to be provided for in the budget. The remuneration review targeted professional nurses in the first year, doctors, dentists and pharmacists in the second year and various professional groups such as physiotherapists and occupational therapists in the third year. The OSD for nurses has been finalized and the budget seeks to provide for this.

Project 5,000

The Public Health Service in the country has been suffering from the gradual migration of health patients to the private hospitals as a result of obsolete public health infrastructure and declining standards of service delivery. While the private health sector has been expanding and modernizing rapidly, the public health system has remained relatively stagnant. To stem the tide of decline and deterioration, the National Department of Health has introduced an intervention strategy known as the Service Transformation Project or Project 30,000. This involves the employment of different categories of Health professionals, administrative staff and the

continuous training of the health personnel as a means of improving service standards and regaining the confidence of the public in the public health system in the country.

The situation in the province is exacerbated by the rural nature of the greater part of the province and the high vacancy rates in major areas of health care services. The provincial reflection of the STP is what is popularly known as Project 5,000. In terms of the provincial plan, the department wishes to employ 5,000 health professionals over a period of three years as a means of not only filling vacant posts but also to improve service delivery. Last year an additional funding of R100 million was made available to the Department for the implementation of the Plan. To maintain the momentum and ensure to realization of the objectives of the plan it has become imperative to make additional funds available to the department, hence an additional R100 million is proposed.

Speed up infrastructure programmes in the province

The Department of Health has the strategic objective to ensure effective mobilization and utilization of human capital, financial resources, information and business systems, appropriate health technology and infrastructure to support a primary health care driven provincial health system.

As part of the efforts to achieve this objective, the Department of Health has committed to the implementation of this policy priority through the construction and maintenance of health infrastructure facilities in the province. The priority is one of the National Priority Projects for Immediate Action.

Intensify the fight against HIV & AIDS and TB

TB is a national problem and has been identified as such in the State of the Nation address and is one of the National Priorities. It has been declared an emergency by African Ministers of Health and as a crisis by the South African Minister. However, TB is curable and with effective programme management we can both reduce the prevalence of TB as well as MDR and XDR TB over time. Due to the highly contagious nature of the disease and high rate of treatment default by patients, the government has introduced a policy decision to hospitalise MDR and XDR patients (separately) for the first six months as the best solution to the problem. The decision has the following advantages:

- Decrease the possibility of these patients infecting others in their home, community and work environments;
- Increase compliance with treatment – these patients need daily injections;

- Enable close monitoring of patient response to treatment and
- Provide an opportunity for extensive counseling and education of the patient about their disease.

This policy priority is also related to the national policy priority that seeks to fight against communicable diseases. The magnitude of the problems of HIV/AIDS and TB in the society cannot be over-emphasized. The strategies being implemented to stem the spread of the scourge of the diseases is step in the right direction. The department is requested an additional amount of R184,3 million for its implementation. It is aligned to the strategic goals of the department and seeks to achieve the following objectives:

- To strengthen the development and implementation of district health services for the implementation of PHC driven health services
- To expand ARV sites and increase access to HIV counseling & testing
- To ensure Comprehensive Treatment and management of people living with HIV & AIDS
- To detect at least 70 per cent of new smear positive cases
- To cure at least 80 per cent of TB patients
- To reduce treatment defaulters
- To identify and treat 100 per cent MDR TB cases
- To identify and treat 100 per cent XDR cases
- To ensure the expansion of beds in the MDR/XDR Centres
- To ensure the filling of identified critical posts
- To ensure the provision of MDR/XDR medicines

Emergency medical services towards 2010 World Cup

Emergency medical services is of strategic significance where it relates to service delivery in support of community access to health services, as well as providing an essential support to hospitals in the movement of patients requiring a higher level of care to higher level health facilities. EMS is considered therefore to be a transversal system which provides support services to all levels of health care from primary health care to tertiary services. EMS is also considered as the backbone in the initial health response to major incidents or disasters. There is the need for a concerted effort to improve the level of care provided by the public health emergency services. This relates to appropriately trained personnel, designed facilities and equipment.

Given the high incidence of natural disasters in the province it is imperative to enhance the readiness of the EMS to ensure the vital link between victims and the sources of assistance.

The implementation of the priority is geared towards the achievement of the following objectives which are crucial for the effective and efficient health service delivery:

- To develop a world-class and customer-focused Emergency Medical Services that will meet the health needs.
- To shorten response time
- To provide effective First Aid
- To provide emergency sites in all districts
- To provide adequate resources and personnel
- To ensure effective control of ports to prevent spread of diseases

Table 3.3: Additional funding provided for priorities in the Department of Health

Priority (R'000)	MTEF			Total
	2008/9	2009/10	2010/11	
Hospital maintenance	100,000	104,700	109,516	314,216
ICS 1.5% adjustment	66,069	69,372	72,841	208,282
Restoration of baseline (2007/08 surrender)	235,942	-	-	235,942
Project 5000	100,000	105,000	110,250	315,250
Tuberculosis - MDR and EDR	39,371	70,512	148,110	257,993
Provincial Health Baseline adjustment	48,032	106,552	233,859	388,443
Generators for health facilities	50,000	52,350	54,758	157,108
Changes in conditional grants	153,810	116,730	73,833	344,373
<i>Hospital Revitalisation grant</i>	53,322	36,291	-	89,613
<i>Comprehensive HIV and Aids grant</i>	35,959	65,925	-	101,884
<i>Forensic Pathology Services grant</i>	-	8,715	69,345	78,060
<i>Health Professions Training and Development grant</i>	-	-	-	-
<i>National Tertiary Services grant</i>	5,529	5,799	4,488	15,816
<i>Restoration of baseline (2007/08 surrender)</i>	59,000	-	-	59,000
Total	793,224	625,216	803,167	2,221,607

Department of Social Development

The department has identified the following priorities that will be implemented over the 2008 MTEF period:

Sustainability of the Home and Community Based Care (HCBC)

Funds have been provided to the department to provide care to orphans, HIV/AIDS infected and affected groups in the communities.

Occupational Specific Dispensation (OSD) for Social Workers and Related Operations

The DPSA mandated certain Departments to develop Occupation Specific Dispensation (OSD) for certain specialists/professionals as part of the new government remuneration policy framework. OSD for Social Workers and Related Occupations will be implemented by 01 April 2008 and this was a commitment of the employer in the 2007/08 wage agreement with organized labour. Linked to the OSD project is the payment of a remote allowance to attract and retain social workers to identified remote areas in the country.

To this end, funds have been provided to finance the implementation of Occupation Specific Dispensation for Welfare Services in the 2008/09 financial year.

Children Homes and people with disability

The department is responsible for rendering services to children's homes and to people with disabilities. Currently, the tariffs of the department are below the national norms on payments of subsidies. The department has been allocated additional funds to assist it to close the existing gaps.

Early Childhood Development

Early Childhood Development (ECD) is a critical national priority. There is a three year action plan which has the following objectives:

- Increase the number of registered ECD sites
- Increase the subsidy to registered ECD sites
- Extend ECD services to all children who qualify for the subsidy
- To develop an effective information system

In July 2007, during the 10x10 engagement of Social Development, it was recommended that ECD should take a priority as the ECD programmes are aimed at stimulating and developing children. The department has been allocated additional resources to finance this initiative.

Children in conflict with law

The department has been allocated additional resources to fund the provision of secure care facilities, home-based supervision and the appointment of more Probation Officers in the 2008/09 financial year. Current legislation requires

the department (together with Justice and SAPS) to provide services to children awaiting trial and to ensure that such children are not kept in police cells/custody for more than 48 hours and or detained in correctional facilities.

Table 3.4: Additional funding provided for priorities in the Department of Social

Priority (R'000)	MTEF			Total
	2008/9	2009/10	2010/11	
ICS 1.5% adjustment	4,626	4,857	5,100	14,582
Implementing of OSD for Welfare Services	29,134	32,906	34,299	96,339
Expansion of Early Child Hood Development	23,622	47,008	140,315	210,946
Developing M & E Evaluation Capacity for Welfare Services	3,150	4,701	6,236	14,087
Expansion of Home and Community Based Care	15,748	23,504	46,772	86,024
Expansion of services to "Children in Conflict with the Law"	7,874	15,669	38,976	62,520
Restoration of baseline (balance of 2007/08 surrender)	72,044	-	-	72,044
Total	156,198	128,645	271,698	556,542

Transport

Investment in roads is a long-term investment in the growth of the economy. It provides one of the necessary pre-conditions for economic growth by opening marginalised areas for social development, market access and business opportunities.

The 1998 Rural Access Roads study identified 7,660 km of gravel roads needing upgrading to access rural schools, and 1,900 km of access roads to reach rural clinics. Currently, 81% of the rural population only have access to a clinic 10 km or further away, double the accepted World Health Organization (WHO) standard of accessibility. Upgrading the 9, 000 km rural access roads over five years will lead to a significant improvement in access to health and education services.

Upgrading of rural access roads will open previously inaccessible areas to Enterprise Development. Improved rural access roads in the former Transkei and Ciskei will open up remote areas for small scale irrigation from rivers and for livestock marketing. Access roads feeding in to the Wild Coast Toll Road will open up Pondoland for greater agricultural development. Pondoland holds some of the highest potential arable land in South Africa, well watered by rivers, but previously very inaccessible for inputs and marketing.

In the 2007/08 Budget Adjustment Estimate, the Department was allocated R100 million to fund rural access roads. In the 2008/09 and 2009/10 financial years the Department has been allocated R100 million for each of the years (being the carry through cost of the rural access road & other roads networks).

Public Works

The provincial administration is experiencing acute shortage of office accommodation. Efforts to provide sufficient office accommodation have resulted in shortfall in the budget allocated for the rental of office accommodation. The department has been allocated funds to deal with these cost pressures in the 2008/09 financial year. Additional funds have also been allocated to the department for the construction of the Bhisho Office complex. Other cost pressures that have been funded in the 2008/09 financial year include the provision for HROTP payment

The department has also been allocated a conditional grant to help it deal with the function shift pertaining to responsibilities for rates and taxes. A new transitional conditional grant has been introduced (Devolution of Property Rate Funds grant) to ensure that province takes over the responsibility of paying the property rates and municipal charges of properties that were previously administered by the national government.

The department has been allocated R19, 9 million in the 2008/09 financial year. This is for the purpose of restoring the baseline. In the 2007/08 budget adjustment estimate, the department was forced to surrender the unspent amount.

Table 3.5: Additional funding provided for priorities in the Department of Public Works

Priority (R'000)	MTEF			Total
	2008/9	2009/10	2010/11	
ICS 1.5% adjustment	3,736	3,923	4,119	11,779
HROPT 2nd & 3rd Notches	26,000	-	-	26,000
Carry through cost of leases	21,502	22,470	23,481	67,453
Upgrade of Legislature	10,000	10,450		20,450
Bhisho office complex & skills development programme for artisans	20,000	20,900	21,841	62,741
Devolution of property rates (conditional grant)	119,638	134,061	147,467	401,166
Restoration of baseline (balance of 2007/08 surrender)	19,928	-	-	19,928
Total	220,804	191,804	196,908	609,517

Agriculture

The province is presently mobilizing farmers in six district municipalities namely: OR Tambo, Alfred Nzo, Chris Hani, Ukhahlamba, Amatole and CACADU for the production of Bio-fuel related crops such as sunflower, sugar beet, soya beans etc. A R700 million processing plant will be built in EL. The provincial Department of Agriculture together with ELIDZ want to ensure that there is sufficient supply of input. The challenge facing the province is to fence the 300,000 hectares of arable land in 2008/09 financial year and 200,000 hectares of arable land in 2009/10 financial year.

The 300,000 hectares translate to 4000 km. The fencing cost per kilometer is R25,000 million. This cost covers materials, and labour in accordance with EPWP principles. This translates to a total cost of R100 million. In the 2009/10 financial year, the remaining 200 hectares will be fenced.

Sports Recreation Arts & Culture

As a contribution to the successful hosting of the 2010 World Cup, the Provincial Government has put side R222 million for construction of a stadium in the Nelson Mandela Bay jurisdictional area. This money is payable in two tranches of R100 million in the 2008/09 financial year and the R122 million in the 2009/10 financial year. Furthermore, a sum amount of R150 million has been made available to in order fund identified based camps. To this end, the Mthatha stadium is set to receive R100 million whilst R50 million will go Buffalo City.

5. Receipts

Table 4.1 shows the actual and projected total revenue for the 2008/09 MTEF period. The total provincial revenue for the 2008/09 financial year is estimated at R36,8 billion, comprising R35,7 billion of national transfers to the province. The national transfers comprise of equitable share and conditional grants. Provincial own source revenue accounts for the balance of the total revenue. Own revenue projected for 2008/09 is R912.4 million, R1, 0 billion for 2009/11 and 1, 1 billion in 2010/11.

The bulk of the total revenue is in the form of national transfers, which accounts for 98 per cent of total provincial revenue in each year of the 2008 MTEF. The total provincial revenue is estimated to be R41, 6 billion in 2009/10 and R45, 8 billion in 2010/11 financial.

Table 4.1 Summary of Total Provincial Receipts

Source (R'000)	2007/08	Medium-term estimates			
	Adjusted budget	2008/9	2009/10	2010/11	Total
Transfer from National	31,158,985	35,990,253	40,564,937	44,659,012	121,214,202
Equitable Share	27,380,749	31,383,310	35,343,194	38,445,639	105,172,143
Conditional Grants	3,778,236	4,606,943	5,221,743	6,213,373	16,042,059
Provincial Own Revenue	829,825	912,683	1,003,930	1,104,322	3,020,935
Total	31,988,810	36,902,936	41,568,867	45,763,334	124,235,137
% of total revenue					
Transfers from National	97	98	98	98	98
Equitable Share	86	85	85	84	85
Conditional Grants	12	12	13	14	13
Provincial Own Revenue	3	2	2	2	2
Total	100	100	100	100	100
Nominal growth					
Transfer from National					
Equitable Share	13	15	12	10	13
Conditional Grants	11	14	12	8	11
Provincial Own Revenue	26	10	10	10	14
Total	13	14	12	10	12

Equitable Share

The provincial equitable share is formula driven and reflects the magnitude of the basket of needs for the province. The total equitable share allocation to the province will increase from R31,9 billion in 2007/08 to R36,6 billion in 2008/09 and steadily to R45 billion in the last year of the MTEF. As a percent of the total provincial receipts, equitable share will account for 85 per cent in the first two years of the medium term and thereafter drop to 84 per cent in 2010/11.

Conditional grants

Conditional grants are a specific form of funding that caters for national priorities such as infrastructure provision, institutional capacity building and implementation of special initiatives. Conditional grants by design are for a more specific purpose than Equitable Share.

Conditional grants to the province show a steady increase over the medium term, increasing from R4, 6 billion in 2008/09 to R6, 2 billion in 2010/2011. As a percentage of total provincial receipts, the conditional grants will increase from 13 per cent in each of the first two years of the medium term to 14 per cent per cent for 2010/11. The major recipients of the grants in the province are the Department of Housing, Health and Education respectively.

The increase in the provincial grants is attributable largely to the large increase in the Integrated Housing and Human Settlement Development Grant, which shows a 128 per increase between the 2007/08 financial year and the 2010/11 financial year. It should also be noted that the high increase is due to the fact that the grant was adjusted downwards by R500 million in the 2007/08 financial year, thus reducing the base amount. A significant increase in the Comprehensive Agricultural Support Programme grant will also be experienced during the medium term. This is attributable to the planned agricultural support services, with particular emphasis on advisory services to emerging farmers.

The National School Nutrition Programme grant has been increased by some R91 million. This increase is provided to expand the programme at the primary school phase by broadening the coverage to more learners, in terms of providing meals on more school days and improving the quality of meals. The Department of Education also gets an increase in its share of the Provincial Infrastructure Grant; to address the school infrastructure needs which replacing unsafe and inappropriate school structures.

An additional R17,6 million is given to the Department of Health for the Hospital Revitalization Programme to assist the province in modernizing the hospital facilities. A sizeable increase in the Comprehensive HIV and AIDS grant of 29 per cent is also provided in the 2008/09 financial year. To assist the Department of Health in spending on diagnostic radiology, telemedicine and oncology, the National Tertiary Services grant has been increased by 8 per cent to R464, 747 million.

Table 4.2 Conditional Grants 2007/08 – 2010/11

Grant (R'000)	2007/08	MTEF			Total
	Adjusted budget	2008/9	2009/10	2010/11	
Agriculture	139,734	152,257	168,850	190,999	512,106
CASP	69,838	90,018	105,729	127,384	323,131
Agricultural disaster management	20,000	-	-	-	-
Provincial Infrastructure Grant	42,886	54,894	54,894	54,894	164,682
Land care programme	7,010	7,345	8,227	8,721	24,293
Sport, Recreation, Arts & Culture	92,569	87,483	118,281	128,770	334,534
Mass sport & recreation participation	28,369	44,895	62,765	66,531	174,191
Provincial Infrastructure Grant	41,520				
Community Library Services	22,680	42,588	55,516	62,239	160,343
Education	393,497	616,296	622,630	745,359	1,984,285
FET College Recapitalisation	78,815	115,506	-	-	115,506
HIV & Aids (Life skills education)	26,797	28,542	30,168	32,156	90,866
Provincial Infrastructure Grant	50,000	132,432	202,141	208,357	542,930
National School Nutrition Programme	237,885	339,816	390,321	504,846	1,234,983
Health	1,260,945	1,444,038	1,521,714	1,764,469	4,730,221
Comprehensive HIV & Aids	233,204	300,522	380,897	463,750	1,145,169
Forensic Pathology	68,135	58,129	61,214	69,345	188,688
Health Professionals Training & Dev.	133,944	140,641	151,362	160,444	452,447
Hospital Revitalisation	246,750	282,288	226,276	325,810	834,374
Provincial Infrastructure Grant	150,000	194,370	194,370	194,370	583,110
National Tertiary Services	428,912	468,088	507,595	550,750	1,526,433
Housing	1,052,554	1,251,018	1,510,127	1,865,963	4,627,108
Integrated Housing & Human settlement dev.	1,052,554	1,251,018	1,510,127	1,865,963	4,627,108
Provincial Infrastructure Grant	-	-	-	345,473	345,473
Unallocated portion	-	-	-	345,473	345,473
Public Works	-	119,638	134,061	147,467	401,166
Devolution of Property Rates	-	119,638	134,061	147,467	401,166
Roads and Transport	838,937	877,966	1,024,873	1,024,873	2,927,712
Provincial Infrastructure Grant	838,937	877,966	1,024,873	1,024,873	2,927,712
Total	3,778,236	4,548,696	5,100,536	6,213,373	15,862,605

Trend in own revenue collection

The provincial government relies largely on the equitable share, and conditional grants as it major source of funding. The share of the provincial own revenue to the total provincial receipts has shown no improvement in the past years. Own revenue is derived from user charges and fees made up of motor vehicle licenses, casino taxes, patient fees etc.

In the bid to improve the collection/optimization of own revenue, The Provincial Treasury has commissioned a study on provincial own revenue the outcomes of which may assist in resolving some of the problems bedevilling own revenue generation and collection in the province.

The main reason for commissioning the study is to address the problem of declining and fluctuating own revenue. A consortium of consultants has been appointed to:

- Identify and analyse the current revenue items and establish their potential to generate more revenue for the government;
- Identify the risk areas and weaknesses in revenue administration and recommend appropriate remedial measures;
- Establish the proportion of the bases that can be mobilised as revenue to the government based on the full potential as outlined above;
- Recommend the appropriate tariffs, fees, rates to impose to achieve the revenue objective;
- Provide concrete recommendations to address the problem of revenue decline to ensure that revenue is collected efficiently and effectively, and close to potential;
- Develop a revenue forecasting model for specific departments and the province and train personnel on how to use the model;
- Analyse and recommend new provincial taxes other than petrol levy.

It is envisaged that the service provider will come up with findings on the weaknesses and the risk areas in revenue administration in the province, unearth new potential sources of revenue as well as determine the total revenue potential of the province and the proportion of this that can be harnessed to augment the provincial resource envelop.

Table 4.3 shows own revenue collection per vote and by year. Although the rand value of own revenue collected over the years has increased, it has remained constant as a percentage of the total provincial receipts. The own revenue increased from R313 million in 2004/05 to a revised figure of R829, 8 million in the 2007/08 financial year rising to R1,1 billion in 2010/11.

Table 4.3 Own Revenue per Vote and by Year

(R'000)	2004/05	2005/06 Audited	2006/07	Main appropriation	Adjustments	Adjusted appropriation	2008/09 Medium-term estimate	2009/10	2010/11
Office of the Premier	-	-	166	397	-	397	417	436	479
Prov. Legislature	-	-	-	-	-	-	-	-	-
Health	53,784	62,491	78,260	63,433	-	63,433	61,168	67,284	74,013
Social Development	9,170	901	2,563	821	-	821	906	997	1,096
Public Works	11,831	7,594	9,174	24,383	(15,107)	9,276	11,910	13,101	14,411
Education	24,844	40,307	31,012	30,976	6,203	37,179	47,697	52,467	57,713
Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-
Agriculture	2,855	4,578	3,565	5,355	-	5,355	5,221	5,743	6,317
Economic Development & Environmental Affairs	66,071	93,771	88,110	91,508	-	91,508	101,644	111,809	122,990
Roads & Transport	116,426	321,590	275,647	194,900	79,495	274,395	372,072	439,189	512,538
Housing	10,132	5,875	8,147	8,841	4,794	13,635	11,039	12,142	13,357
Provincial Treasury	17,484	105,499	262,908	193,416	140,000	333,416	300,170	300,279	300,877
Sport, Recreation, Arts & Culture	377	383	667	410	-	410	439	483	531
Safety & Liaison	-	-	-	-	-	-	-	-	-
Total	312,974	642,989	760,219	614,440	215,385	829,825	912,683	1,003,930	1,104,322

6. Payments

Overall position

While investment in economic and social infrastructure remains a core government priority, continued growth in baselines reflects additional allocations to education, health, social development, public transport and agriculture. Over the medium term, public sector expenditure plans total R121 billion. The major funding proposals over the next three years will go to the social sector. Of the projected expenditure amounting to R120 billion, the Education sector accounts for R58 billion followed by the Health sector with R31 billion.

The primary intent for education additional allocation is to increase resource envelop that is meant for scaling up of grade R, making public ordinary schools more inclusive, implement the new curriculum statement. As for Health additional R4,2 billion is made available in the same period. The main focus for this, is to decisively deal with challenge of multi-drug resistant and extreme drug-resistant tuberculosis and for a general increase in health spending.

With regards to the social development sector, the focus is on strengthening early childhood development, increase coverage of security to children in conflict with the law and strengthen access to home and community based care.

During the 2008 MTEF, government has set out broad proposals within which departmental and programme allocations have to be determined during the remaining months of the budget process. It outlines some of the policy considerations and implementation challenges ahead and also discusses specific changes to the 2007/08 budget estimates.

The 2008 budget framework centres on investment in human resources and physical infrastructure, geared towards sustainable long-term social and economic development. The proposed budget framework for the next three years makes provision for about R121 billion of

additional allocations, allowing for spending on services to rise above the 6 per cent inflation target for the MTEF period. Of this amount, a portion has been set aside to fund higher cost of the 2007 public service salary agreement.

To support economic growth, public infrastructure has risen significantly since 1994. Key amongst those, are the substantial investment of the built environment which includes housing, water, sanitation, electrification, schools, health facilities, roads and public transport investment. This is complemented by the progress made in industrial activities, particularly in Coega and East London IDZ.

Several conditional grant allocations are revised upwards. Over the MTEF period total allocation is expected to reach R15, 8 billion. Of this amount, the health sector accounts for R4,7 billion, Housing R4,6 billion, Roads and Transport R2,9 billion and Education R1,9 billion.

Payments by Vote

Table 6.1 Summary of provincial payments and estimates by vote

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium-term estimates			Change from Revised Estimate
	2004/05	2005/06	2006/07		2007/08		2008/09	2009/10	2010/11	2007/08
Vote 01: Office of the Premier	182,914	253,429	286,004	311,812	327,912	328,322	383,056	397,542	427,280	16.67
Vote 02: Provincial Legislature	91,540	111,042	130,912	154,525	164,203	155,527	188,094	202,438	214,304	20.94
Vote 03: Health	5,180,217	6,120,184	7,256,267	8,142,743	8,068,697	8,083,107	9,746,015	9,981,543	10,922,227	20.57
Vote 04: Social Development	419,172	539,649	730,319	951,735	882,794	942,469	1,385,123	1,412,873	1,632,979	46.97
Vote 05: Public Works	494,972	517,297	502,031	617,973	611,712	591,784	948,252	951,988	1,002,703	60.24
Vote 06: Education	10,654,446	11,523,158	12,872,743	14,726,061	14,497,592	14,504,487	17,810,197	18,881,136	20,238,193	22.79
Vote 07: Local Government and Traditional Affairs	336,957	416,397	397,913	472,157	616,150	619,388	551,055	575,651	609,178	(11.03)
Vote 08: Agriculture	821,936	787,327	871,799	989,282	1,077,775	1,068,178	1,174,555	1,237,189	1,322,652	9.96
Vote 09: Economic Development & Environmental Affairs	762,272	619,239	677,083	620,973	757,973	742,500	872,432	1,021,466	817,661	17.50
Vote 10: Roads and Transport	1,602,694	1,773,007	2,012,409	2,239,065	2,343,385	2,343,385	2,552,655	2,774,955	2,769,122	8.93
Vote 11: Housing	660,607	666,327	695,835	1,101,981	617,905	585,353	1,417,056	1,663,335	2,027,582	142.09
Vote 12: Provincial Treasury	147,750	118,992	117,255	243,859	193,859	185,611	248,773	255,057	270,341	34.03
Vote 14: Sport, Recreation, Arts and Culture	219,363	270,214	312,050	406,011	414,576	413,264	766,552	653,812	567,082	85.49
Vote 15: Safety and Liaison	11,541	12,782	23,787	30,634	34,253	33,553	40,915	42,758	45,259	21.94
Total provincial payments and estimates by Vote	21,586,381	23,729,044	26,886,407	31,008,811	30,608,786	30,596,928	38,084,731	40,051,743	42,866,564	24.47

The table above provides a summary of provincial payments and estimates by vote. In the period 2004/05 to 2006/07 financial years, actual expenditure increased from R21,5 billion to R26,9 billion. In the 2008/09 MTEF period, this positive outlook is expected to continue with estimated expenditure of R43, 3 billion in 2010/11 financial year.

Payments by economic classification

Table 6.2 Summary of provincial payments and estimates by economic classification

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium-term estimates			from Revised Estimate
	2004/05	2005/06	2006/07		2007/08		2008/09	2009/10	2010/11	2007/08
Current payments	17,291,261	19,048,139	21,958,065	25,016,205	24,595,525	25,011,927	29,724,761	31,145,504	33,579,487	18.84
Compensation of employees	14,322,435	15,159,095	16,514,886	18,639,841	18,392,666	18,688,194	22,266,156	23,486,514	25,240,977	19.15
Goods and services	2,922,420	3,874,827	5,437,817	6,372,904	6,197,032	6,317,898	7,452,778	7,655,212	8,332,127	18
Interest and rent on land	20,299	815	562	3,460	5,827	5,827	5,827	3,779	6,383	(0)
Financial transactions in assets and liabilities	26,107	13,402	4,800	-	-	-	-	-	-	
Unauthorised expenditure	-	-	-	-	-	8	-	-	-	
Transfers and subsidies to:	2,658,245	3,136,359	3,055,345	3,455,554	3,640,980	3,190,388	5,128,505	5,369,485	5,463,589	60.75
Provinces and municipalities	401,394	512,187	480,549	316,853	532,365	369,577	763,470	669,669	566,292	106.58
Departmental agencies and accounts	884,174	960,254	624,869	519,236	939,449	685,886	1,050,519	1,172,263	970,719	53.16
Universities and technikons	12,000	12,600	13,000	14,720	14,720	14,720	15,907	16,623	17,454	8.06
Public corporations and private enterprises	64,540	252,547	264,622	287,549	286,860	293,442	58,464	61,000	63,763	(80.08)
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	447,903	552,519	773,728	841,152	848,124	846,878	1,486,313	1,431,412	1,512,173	75.50
Households	848,234	846,252	898,577	1,476,044	1,019,462	979,884	1,753,832	2,018,519	2,333,188	78.98
Payments for capital assets	1,636,875	1,544,546	1,872,997	2,537,052	2,372,281	2,394,613	3,231,464	3,536,753	3,823,488	34.95
Buildings and other fixed structures	1,527,346	1,283,390	1,649,849	2,123,040	2,001,212	2,021,472	2,714,932	3,059,654	3,322,315	34.30
Machinery and equipment	108,001	257,409	211,716	410,304	367,140	368,041	515,442	475,960	499,983	40.05
Cultivated assets	1	134	183	-	221	163	-	-	-	(100.00)
Software and other intangible assets	1,527	3,613	11,249	3,708	3,708	4,585	1,090	1,139	1,190	(76.23)
Land and subsoil assets	-	-	-	-	-	352	-	-	-	(100.00)
Total economic classification	21,586,381	23,729,044	26,886,407	31,008,811	30,608,786	30,596,927	38,084,731	40,051,743	42,866,564	24.47

Table 6.2 above shows the summary of provincial payments and estimates by economic classification. Of the projected expenditure of R121 billion, Compensation of employees accounts for R78 billion. Expenditure on the Compensation of employees is expected to increase by approximately R3 billion each year over the MTEF period. In 2007/08 financial year, estimated expenditure on the Compensation of employees is estimated to be R18,6 billion and is set to increase to R26.3 billion in the 2010/11 financial year.

Expenditure on Goods and services is projected to be R8,3 billion by the 2010/11 financial year, as compared to an estimated expenditure of R6,3 billion in 2007/08 financial year. With regards to Transfers and subsidies, expenditure is set to increase to R5,4 billion by 2010/11 from R3,1 billion in the 2007/08 financial year. In respect of Payments for capital assets, expenditure is set to increase from R2,3 billion in 2007/08 financial year to R3,8 billion by 2010/11.

Infrastructure

The Province of the Eastern Cape is faced with immense challenges relating to delivery of infrastructure services. This has resulted in a less than optimal provision of infrastructure. The Province is still dealing with the apartheid legacy that has left it with massive backlogs, in both new facilities and of maintenance that was deferred. However significant strides have been made in addressing the infrastructure delivery in the Province. The national budget allocations have been increased and backlogs reduced.

Table 6.3 provides a summary of the provincial expenditure on infrastructure per vote. Expenditure on infrastructure has increased gradually from R2,2 billion in 2004/05 to R5,6 billion in 2010/11. Over the Medium Term, the infrastructure budget increases by more than R16 billion.

Table 6.3: Summary of Infrastructure Budget by Vote (R'000)

	Outcome	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2006/07	2007/08			2008/09	2009/10	2010/11
Vote 03: Department of Health	826,295	871,177	937,577	937,577	1,129,266	1,143,072	1,195,771
Vote 04: Social Development	23,630	30,470	20,083	20,083	28,520	26,971	28,924
Vote 05: Public Works	78,480	183,028	168,257	168,257	305,710	287,341	300,271
Vote 06: Education	559,862	729,633	552,337	552,337	1,027,931	1,299,351	1,515,558
Vote 07: Local Government and Traditional Affairs	3,084	26,821	20,021	20,021	27,894	29,149	30,461
Vote 08: Agriculture	62,898	112,724	114,663	114,663	190,018	207,759	231,535
Vote 10: Roads and Transport	1,525,819	1,834,629	1,885,043	1,885,043	2,092,669	2,287,142	2,254,151
Vote 11: Housing	0	0	0	0	20,000	0	0
Vote 14: Sport, Recreation, Arts & Culture	16,974	33,397	33,397	33,397	276,932	163,366	43,227
Total provincial infrastructure payments and estimates by Vote	3,097,042	3,821,879	3,731,378	3,731,378	5,098,940	5,444,151	5,599,898

It is apparent that the bulk of the infrastructure funds have been allocated to the provision of roads, school infrastructure, and hospital facilities. These allocations account for 86 per cent of the provincial infrastructure budget over the Medium Term.

Over the 2008/09 MTEF, the allocations in the Departments of Roads amounts to R6,6 billion, Education amounts to R3,8 billion and Health amounts to R3,5 billion.

The Department of Roads and Transport infrastructure budget is utilized for roads, rural access roads, re-gravelling of roads, the Kei Rail project and the Community Based Public Works Program.

The Department of Education's infrastructure budget is utilized for schools, which includes the replacement of mud-structures.

The Department of Health's infrastructure budget is utilized for the construction of clinics, community health centres, district hospitals, regional hospitals, specialized hospitals and for the Hospital Revitalization Program.

Increases in infrastructure in the 2008/09 baseline are for the provision of rural access roads (R100million - Roads and Transport), upgrade of Legislature (R10 million - Public Works), Bhisho office complex (R20 million – PPP, Public Works), Fencing (R45 million - Agriculture), support for the Nelson Mandela Metro for the construction of the FIFA 2010 stadium (R100 million), the King Sabata Dalindyebo for the construction of the Mthatha stadium (R100 million), for the upgrade of sports fields in the Buffalo City Municipality earmarked as training venues for the 2010 FIFA world cup (R50 million), infrastructure maintenance (R100 million each for Education and Health) and the Ndlambe Housing Project (R20 million – Housing).

Despite the above increase in resource allocations and subsequent increase in spending on infrastructure, there are several factors which continue to impede the provision of the much needed infrastructure in the Province. These include limited fiscal resources, unwillingness of people with technical skills to relocate to the Eastern Cape, lack of Project Management skills and therefore poor planning in the departments.

It is known that well functioning planning and coordination functions are one of the essential factors effecting satisfactory outcomes in Infrastructure provision. To this end the Provincial Treasury has taken a decision to continuously improve on the existing Provincial Infrastructure Plan. The Plan will indicate which infrastructure type has priority, what kinds of infrastructure projects should be prioritized, and the relative contributions of the infrastructure projects to the reduction of poverty and inequality.

The Provincial Treasury is also facilitating the refinement of the provincial service delivery model. The purpose of the service delivery model is to ensure the optimal use of the scarce technical skills in the Province and ultimately improve infrastructure delivery. The service delivery model will also be support by the signing of Service Delivery Agreements (SDAs) between the clients and the implementing agents. These SDAs will also subscribe to the Infrastructure Alignment Model which will assist in aligning infrastructure delivery cycles with the MTEF budget cycle. This approach will improve the planning, implementation and better cash-flow management in the government.

Furthermore the process of moving forward in infrastructure delivery will have to be informed by past inefficiencies and also ensure that systems are in place to address these issues. To this end, the Provincial Treasury has initiated an Infrastructure Performance Review which seeks to enhance the efficiency, effectiveness and economic use of infrastructure funding to support infrastructure provision in the province. The results of this Review will make specific recommendations and also propose an implementation strategy to address inefficiencies.

The more new infrastructure that is built, the more one needs to spend on maintenance (normal and backlog maintenance). Therefore maintenance budgets should show an increasing trend that is at least proportional to the growth in infrastructure spending. It is therefore extremely important that Departments ensure that their MTEF budgets reflect the full lifecycle costs of infrastructure including maintenance and rehabilitation. The continuity of maintenance activities is crucial and must be ensured so that the asset does not reach a state of such extreme disrepair that would require major rehabilitation prematurely or even replacement.

A common phenomena of placing too much emphasis on new construction, is to the detriment of maintaining existing facilities. The province's participation in the National Treasury initiated Infrastructure Delivery Improvement Program (IDIP) is expected to highlight and address this and other inefficiencies.

Provincial Treasury has supported the need for adequately budgeting for maintenance of existing and new infrastructure. To this end an amount of R100 million has been allocated to the Department of Education and another amount of R100 million has been allocated to the Department of Health. Furthermore, the Provincial Treasury has established and capacitated an Asset Management unit which will assist in enhancing departmental capacity to manage assets effectively. This initiative also focuses on immovable/infrastructural assets and will form valuable into the Integrated Provincial Infrastructure Plan.

7. Transversal Functions

Public-Private Partnerships

The Eastern Cape Province is faced with a challenge in terms of its infrastructure backlogs, which includes new works, upgrading, rehabilitation, and maintenance. To this end the province, through the Provincial Treasury have taken the following strides regarding PPP's:

- A PPP unit has been established in the Eastern Cape Provincial Treasury. The establishment of the unit was crucial in ensuring that Provincial Treasury is able to provide technical, financial, and regulatory advice to support the PPP projects currently underway in the Province.
- PPP conferences and workshops were initiated by Provincial Treasury and were attended by various stakeholders. These stakeholders included the Departmental Political Heads, Heads of departments and various senior officials within the public sector. Furthermore the private sector was well represented, the aim of which was to ensure the sourcing of private sector skill and funding.
- There are currently seven registered PPP projects, at various PPP life cycle stages, underway within the Province. These projects range from office accommodation, Health, fleet anagement, as well as municipal PPP's.

- The bigger projects now underway are the Bhisho and Mount Ayliff office accommodation. There is also further involvement with the municipalities, ranging from projects, such as office accommodation and bulk infrastructure services.

The above efforts has left the Eastern Cape Provincial Treasury poised to assist and ensure that the province, in addressing its pressing needs, not only consider the traditional source of funding, but indeed the whole avenue opened up by the market, through the PPP's.

Public Entities

Provincial Public Entities are established to facilitate the delivery of various key services, including creating crucial economic empowerment.

The Eastern Cape Province has 21 entities listed in Schedule 3 of the PFMA: 17 of these are listed as Provincial Public Entities, while 4 as Government Business Enterprises. Currently only 11 of these entities receive funding from the province. The public entities sector has received over R3.3 billion in funding over the past five years, with estimated R2 billion investments planned over the 2008 MTEF.

As a sector, public entities in the province directly employ over 1000 people, generate almost R300 million in own revenue and control assets totalling nearly R3 billion. However, the sector is not without its challenges. Due to the strategic nature of the sector in enhancing service delivery there is increasing attention being given in regulating the sector. In the main, focus is on:

- Restructuring and rationalizing
- Streamlining and integrating the budget practices with broader public sector strategy
- Streamlining the human resource and remuneration practices with that of the public sector
- Strengthening compliance with the supply chain management framework
- Strengthening governance and internal control structures
- Strengthening general financial management practices within the sector.

Box 2: Key statistics for the public entities sector in the Eastern Cape

Statistics	2006/07	2005/06
Revenue ¹	292,172	285,244
Expenditure ²	704,000	602,314
Assets	2,947,686	2,366,141
Employees	1,291	1,211

¹ excludes grants received and income collected on behalf of the province

² excludes expenditure on assets and infrastructure

To address these issues, Treasury has established a Public Entities Governance Unit to monitor public sector reforms in line with the current regulatory framework which seeks to harness the contribution of the sector to government's service delivery strategy.

Table 5.2: Transfers to Public Entities: 2003/04 to 2010/11

Public Entity	Department	Outcome				Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate		
		Audited	Audited	Audited	Audited				2008/09	2009/10	2010/11
		2003/04	2004/05	2005/06	2006/07						
1. ECSECC	Office of the Premier	13,589	8,800	24,800	26,342	32,416	32,416	32,416	34,902	36,544	40,564
2. ECATU	Office of the Premier	8,000	8,891	7,719	10,500	11,327	11,327	11,327	12,218	12,768	14,172
3. EC Youth Commission	Office of the Premier	6,000	7,272	9,300	10,000	9,788	9,788	9,788	10,587	10,990	12,199
4. ECRFC	Agriculture	15,500	22,000	18,100	20,000	36,477	66,477	66,477	40,000	41,734	43,612
5. EC Tourism Board	Economic Development	22,000	20,645	20,532	21,000	22,000	22,000	22,000	23,540	25,050	26,553
6. EC Gambling & Betting Board	Economic Development	12,400	13,364	14,364	19,246	20,233	20,233	20,233	20,690	22,017	23,338
7. Coega Development Corp.	Economic Development	375,145	359,431	180,000	-	-	25,200	25,200	-	-	-
8. EL IDZ	Economic Development	99,141	120,022	105,000	224,200	113,000	192,000	192,000	119,910	127,601	135,257
9. ECDC	Economic Development	125,900	83,743	76,066	180,131	146,410	179,210	179,210	262,288	382,899	140,873
10. EC Parks	Economic Development	34,037	44,734	65,000	79,700	99,407	99,407	99,407	100,000	102,500	108,650
11. EC Liquor Board	Economic Development	-	-	10,170	14,391	22,305	22,305	22,305	23,137	24,621	26,098
12. Mayibuye Transport Corporation	Roads & Transport	24,435	20,500	-	-	-	-	-	-	-	-
13. EC Prov. Arts & Culture Council	Sport, Rec, Arts & Culture	6,550	8,550	13,850	10,719	12,500	13,993	13,993	14,800	12,650	13,219
Total payments and estimates		742,697	717,952	544,901	616,229	525,863	694,356	694,356	662,072	799,374	584,535

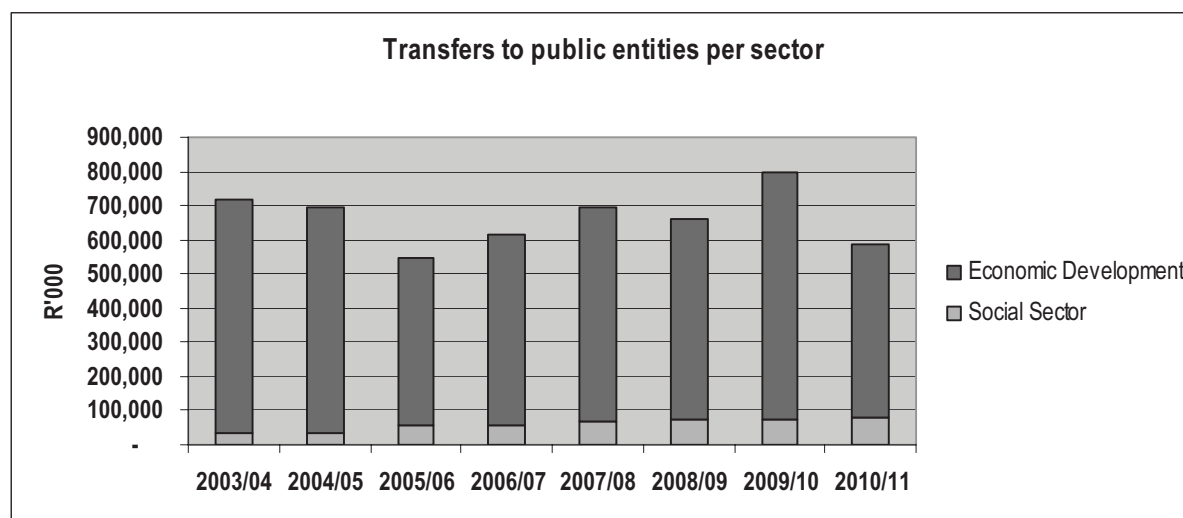
Table 5.4.1 shows the public entities that received funding and the transferring departments over the years. The amount transferred has been just about half a billion over the years. The amount transferred in 2005/06 is R544 million increasing to R663, 3 million in 2010/11. These transfers represent about 1 per cent of the total provincial payments (Table 5.3).

Table 5.3: Transfers to Public Entities 2003/04 to 2010/11 (as a percentage of total provincial payments)

	Outcome				Main appro- priation	Adjusted appropri- ation	Revised estimate	Medium-term estimate			% avg change 2003/4 - 2010/11
	Audited	Audited	Audited	Audited				2008/09	2009/10	2010/11	
	2003/04	2004/05	2005/06	2006/07							
Total provincial payments and estimates	21,718,766	21,586,382	23,729,831	26,923,636	31,008,811	30,608,786	30,618,462	38,074,729	40,051,741	42,866,561	10.42
of which											
Transfers to public entities	742,697	717,952	544,901	616,229	525,863	694,356	694,356	662,072	799,374	584,535	-1.32
% of total payments	3.4%	3.3%	2.3%	2.3%	1.7%	2.3%	2.3%	1.7%	2.0%	1.4%	

It is evident from graph 5.1 that the majority of funding to public entities has been focused on the economic sector. This is not surprising considering the fact that public entities are established among other things to facilitate the delivery of various key services including creating crucial economic empowerment. As a sector, public entities directly employ nearly 1300 people in the province.

Graph 5.1: Transfers to Public Entities per sector



The bulk of the province's investment in infrastructure and economic development is being driven by the industrial development zones (IDZ's) of the East London and the Coega Development Corporation (CDC). The Industrial Development Zones Programme is part of government's strategy to position the country within the global economy. The aim is to encourage international competitiveness and sustainable economic growth through strategic investments in export manufacturing industries.

The Coega Development Corporation (CDC) is the operator of the Coega Industrial Development Zone. The CDC was established in 1999 and is the successor in law to the Coega Implementing Authority, the body mandated in 1997 by the government to implement the Coega Industrial Development Zone.

Coega undoubtedly has a number of significant attributes that make it an appealing location for a wide range of local and international investors. This is already apparent through many multinational and local companies who have already committed to investments worth more than R26 billion in the Coega IDZ. Investment decisions by Alcan, Cerebos, Dynamic Commodities, Eastern Cape Biomass and Straits Chemicals already provide the foundation for Coega to become a meaningful player on the regional, national and world industrial/enterprise development stage.

Against a set target of creating 2 960 jobs in the 2006/07 financial year, 3 400 jobs were created. A total of 18 000 jobs have been created since construction started five years ago. With the current construction programme, jobs will peak at around 6 000 on site in the middle of 2008. In December 2007 the CDC announced that a 1200 hectare hi-tech prawn farming facility, employing 11 000 people at Coega and representing an investment of R9.2 billion, would be constructed.

From being the developer of economic infrastructure in the Coega IDZ, and the marketer of the IDZ to global and national investors, the CDC has identified opportunities in the market, which support the South African Government's ASGISA and JIPSA Programmes, while generating revenue for the CDC:

- The Coega Human Capital Solutions (CHCS) has developed nationally recognized best practice in large and complex infrastructure projects. Solutions developed by the CHCS brings together human capital development, business development and labour management.
- The CDC Consulting Services consults to provincial and national government departments on the delivery of infrastructure projects.

Established in 2002, the East London Industrial Development Zone has transformed a 430 hectares site into a world-class industrial zone ideal for cleaner, high value-adding manufacturing industries such as automotive, agro-industry and information and communication technology.

The Zone now boasts of more than 100 fully serviced sites. Adequate supply of electricity, water and other related services ensure full steam operations for manufacturers that have already settled in the zone. Road networks and other regional transport linkages allow for speedy access to key markets and on time delivery of raw materials.

Currently 11 manufacturers have taken up the opportunity of settling within one of South Africa's prime industrial estates. These manufacturers span through a variety of sectors including automotive, aqua culture and transport and logistics. The East London IDZ is currently involved in discussion with a number of other potential investors that intend to develop competitive world class facilities in South Africa.

Through the ELIDZ, nearly 1200 direct manufacturing jobs have been created in East London and R775 million investments attracted. In December 2007 the IDZ announced that it had secured a further four investments worth R165 million, bringing the number of confirmed investors in the operational zone to 14 and the value of their investments to R920 million. These investments also add a further 195 direct manufacturing jobs to the existing 1,118 jobs already created.

The ECDC is the official economic development agency for the province. Its mandate is to plan, finance, co-ordinate, market, promote and implement development of the province and its people in the fields of industry, commerce, agriculture, transport and finance.

Various initiatives during the past year have put the ECDC on a firm footing to strengthen and develop its core business focus. While the restructuring process has presented the corporation with significant challenges over the past financial year, it also presented them with an opportunity to realign the corporation in terms of the province's developmental objectives and priorities, and their own mandate to tackle poverty, unemployment, inequality and underdevelopment in the Eastern Cape. Several significant initiatives were developed and launched during the previous year, including:

- Issuing loans to SMME contractors to the value of R66 million
- Facilitating the R1.3 billion investment by Steinhoff in a timber cluster development near Ugie. This project is projected to create 3 000 direct jobs.
- Facilitating the establishment of the province's first scooter and motorcycle assembly plant in Markman Industrial Township in Port Elizabeth.
- Approval by the provincial cabinet of the corporation's asset conversion policy. This will unlock half a billion rand worth of property for private sector participation in the economy. Funds generated by this initiative will be used for development finance.
- Appointment of a debt management company to assist in recovering the large inherited debt book. The company has already identified 8 000 delinquent loan debtors who owe the ECDC approximately R500 million. Exhibiting at the newly launched Absa International Trade Bureau at OR Tambo International Airport.
- Implementation of the Integrated Emerging Contractor Development Model. The Model is a holistic training and practical skills development model for emerging contractors in the construction industry. This intervention will assist the corporation in reducing the high levels of debt write-offs from the construction sector.

Municipal Financial Oversight

MFMA Implementation

The Provincial Treasury has a key role in ensuring effective implementation of the municipal financial management and budget reforms uniformly across thirty nine (39) municipalities assigned to it in the province, and acknowledge the direct link between the success of the reforms and improvement in service delivery outcomes.

Substantial resources were invested in the past financial years to ensure the effective implementation of the MFMA reforms. The Provincial Treasury has streamlined the structure and functions of its Municipal Finance Unit to provide hands on support through its district offices that are located closer to municipalities in order to optimally support and assist these municipalities. The key strategic areas of support are focused at functions performed by Budget and Treasury Offices in the municipalities. These include, budget planning and implementation, finance governance, financial management and reporting, supply chain management, asset and liability management, debt management and revenue enhancement.

To date 15 managers have been appointed to strengthen the capacity of the department to provide support to municipalities in implementing and monitoring MFMA compliance in close collaboration with the National Treasury. Plans are underway to further increase and strengthen the capacity of the Treasury district offices by appointing six senior managers (one per district) to oversee the overall management and coordination of district support to the municipalities.

Of the 39 municipalities the province oversee, 16 can be categorized as low capacitated (mainly rural with communal tenure and with, at most, one or two small towns in the area), 22 are medium capacitated (having small towns with relatively small population and significant proportion of urban population but with no large town as core), 1 is high capacitated (large budget and large town as core). The low and medium local municipalities have huge service delivery responsibilities, but with low technical and fiscal capacity. Treasury support programmes takes this reality into account. More intense support or intervention is provided to low and medium capacitated municipalities. Support is provided in collaboration with other role players, particularly the Department of Local Government and Traditional Affairs and the districts that have an institutional response to supporting local municipalities (Amathole and Cacadu).

The Provincial Treasury, in collaboration with National Treasury and the University of Fort Hare's Public Financial Services Agency (PFSA), provides training interventions to municipalities. This training enhances the skills and competencies of the municipal officials and councilors in order to improve their day-to-day operational efficiency.

Budgetary Adjustments to Municipalities

The ongoing monitoring and assessment of municipal budgets reveals a number of factors that result in municipalities experiencing major funding and service delivery constraints. The Provincial Treasury has detected a number of indicators to assist in identifying municipalities in financial distress. They include the municipality:

- spending in excess of revenue or inconsistency with cash flows;
- failure to transfer taxes withheld on income of employees;
- failure to pay over employees' retirement contributions;
- failure to pay wages and salaries or other compensation owed to employees or retirees;
- failure to fulfil contractual obligations when they fall due, bulk providers and ordinary creditors;
- maintaining an operating deficit and failure to provide for the elimination of existing deficits;
- hiding deficit by over stating revenue and understating expenditure;
- default or failure to make payment of principal or interest on long term borrowing;
- failure to pay short term-loans within the same fiscal year;
- slow spending on infrastructure plans;
- use grant funding to finance operating expenditure; and

- grants used as surety in order to raise external loans.

It is acknowledged that the current mechanisms used to distribute transfers between municipalities do not always take full account of variations in fiscal and institutional capacity of municipalities. The funding of municipalities in poorer, more economically marginal areas needs to be reviewed. There is a need to make budgetary adjustments to weaker capacitated municipalities.

This, in addition to the fact that the province has a high percentage of local and district municipalities with serious capacity constraints, prompted Provincial Treasury to go beyond the provision of technical support to provide budgetary assistance to the struggling municipalities. In the 2007/08 Budget Adjustment Estimate, for instance, an amount of R113, 5 million was made available to the Department of Local Government and Traditional Affairs to be transferred to selected municipalities with serious short term financial crisis. This budgetary assistance is largely directed at ensuring municipalities' financial viability by funding those interventions that will lead to improving technical and financial management capacity, project management and, revenue mobilisation and enhancement.

Because many of the province's municipalities are facing enormous financial sustainability challenges, the provincial Executive requested the Treasury to intervene in resolving financial problems that the municipalities may experience (in line with section 137 of the MFMA), and also to look at ways by which the financial position of municipalities can be improved. In response to this, the Treasury initiated a study to assess the financial viability and the capacity of 29 selected municipalities in the province to meet their constitutionally mandated service delivery obligations on a sustainable basis. The study is expected to assist provincial government to understand the nature and causes of the financial challenges currently confronting the municipalities and develop sustainable responses to address them.

Treasury is also aware that in order to ensure financial sustainability of the municipalities it has to assist them to reduce their outstanding debt, improve integrity of the billing system and revenue collection, and monitor consumption efficiencies. Although the total debt to municipalities is still high, there are signs that progress is being made towards the re-payment of municipal debts, particularly by provincial departments. In the coming financial year, Treasury will be widening its scope to include debt owed by businesses, residents and other consumers.

In its analysis of progress made in creating sustainable municipalities, the Treasury noted that service delivery gaps are not only a reflection of resource constraints, but the gaps are shown also in planning and implementation capacity. Despite the various interventions and support measures instituted by the national government to provide technical and financial management support and capacity building to municipalities, this has proved to be a daunting task.

Most municipalities in the province may have appointed Chief Financial Officers (CFOs) and other senior managers to improve financial management capacity; however, they still do not necessarily meet the prescribed financial management competency levels required. Municipality

senior management staff still requires support and mentoring to maximize their administrative and operational efficiency. Some municipalities still have positions of CFOs vacant.

In response to the challenges outlined above, the Provincial Treasury decided to make provision in the 2008/09 budget for the appointment of senior managers with local government financial management expertise to the municipalities in order to mentor existing staff. In addition, a number of unemployed graduates are planned to be placed in each of the 29 municipalities and further strengthen the financial management capacity of the municipalities.

The Treasury is also exploring ways of influencing the refinement of local government fiscal system by:

- Assisting municipalities to identify and introduce new sources of revenue to replace Regional Services Council (RSC) levy and potential loss of revenue due to the establishment of Regional Electricity Distributors (REDs).
- Improving the alignment between the functional and fiscal division of powers and functions between local and district municipalities;
- Identifying appropriate capital finance arrangements for the various types and categories of municipalities, including the role of borrowing;
- Improving the quality of implementation and compliance in terms of the legal and regulatory framework;
- Enhancing understanding of the institutional and resource (financial, human and otherwise) requirements of implementing legislation and policies in municipalities.

Growth Development Summits

Growth and Development Summits (GDSs) were convened in all six district municipalities and the Metro over the period November 2006 until March 2007. These summits provided the opportunity to further confirm and refine the priorities identified in the IDPs. They also helped facilitate the process of stakeholder mobilization and worked very closely with civil societies.

The main aim of the District Growth and Development Summits has been to reach broad agreement on a development path and programme for the districts and the metro and what each social partner (government, business, labour and civil society) should contribute to the implementation of the programme.

Overall the GDSs:

- Revealed fragility of growth paths in the DMs (outside of ADM and metro);
- Revealed lack of support for economic development, investment promotion, Business Development Services outside of the IDZs;

- Revealed the severity of land issues in the province (redistribution in west and land administration bottlenecks in the former bantustan areas);
- Revealed the severity of service backlogs and unlikelihood of meeting targets with current allocations and implementation capacity;
- Revealed the extent to which poor transport infrastructure and services is a major impediment to growth;
- Identified key growth sectors in each DM and projects for inclusion in industrial strategy and an updated PGDP; and
- The need for project packaging and financial structuring for priority projects.

Annexure to Budget Statement 1

Summary Tables

- A1: Summary of provincial own receipts by Vote
- A2: Summary of provincial infrastructure payments and estimates by Vote
- A3: Summary of provincial Public-Private Partnership (PPP) projects
- A4: Summary of provincial transfers to local government by category
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A1: Summary of provincial own receipts by Vote

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium-term estimates			Change from Revised Estimate
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11	2007/08
Vote 01: Office of the Premier	218	418	166	397	397	71	417	436	479	487.32
Vote 02: Provincial Legislature	115	121	180	-	-	212	-	-	-	(100.00)
Vote 03: Health	64,487	75,669	108,247	63,853	63,453	63,829	61,168	67,284	74,013	(4)
Vote 04: Social Development	901	1,851	2,563	821	821	11,451	20,906	997	1,097	83
Vote 05: Public Works	11,831	9,767	11,627	9,276	9,276	9,276	11,910	13,101	14,411	28.40
Vote 06: Education	24,844	40,307	31,012	30,976	37,179	37,179	47,697	52,467	57,713	28.29
Vote 07: Local Government & Traditional Affairs	-	-	-	-	-	-	-	-	-	
Vote 08: Agriculture	-	-	-	-	-	-	-	-	-	
Vote 09: Economic Development & Environmental Affairs	66,071	93,771	88,110	91,508	91,508	92,404	101,644	111,809	122,990	10.00
Vote 10: Roads and Transport	116,427	321,591	275,647	194,900	279,600	279,600	372,072	439,189	512,538	33.07
Vote 11: Housing	11,330	9,054	15,146	8,841	10,871	15,237	11,039	12,142	13,357	(27.55)
Vote 12: Provincial Treasury	17,527	105,935	262,365	193,416	193,416	241,235	300,170	300,279	300,877	24.43
Vote 14: Sport, Recreation, Arts and Culture	377	383	667	410	410	397	439	483	531	10.58
Vote 15: Safety and Liaison	-	-	-	-	-	-	-	-	-	
Total provincial own receipts by Vote	314,128	658,867	795,730	594,398	686,931	750,891	927,462	998,187	1,098,006	23.51

A2: Summary of provincial infrastructure payments and estimates by Vote

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium-term estimates			Change from Revised Estimate
	2004/05	2005/06	2006/07				2008/09	2009/10	2010/11	
Vote 01: Office of the Premier	-	-	-	-	-	-	-	-	-	(0)
Vote 02: Provincial Legislature	-	-	-	-	-	-	-	-	-	
Vote 03: Health	372,554	434,159	692,427	629,726	629,726	629,840	629,726	673,077	699,998	(39)
Vote 04: Social Development	3,440	11,531	29,205	30,470	30,470	27,261	16,605	19,018	19,873	2 121
Vote 05: Public Works	52,419	47,836	78,156	152,781	152,781	11,850	263,159	274,587	293,849	82
Vote 06: Education	296,863	279,402	560,339	729,633	552,337	552,337	1,003,007	1,057,766	1,105,044	40
Vote 07: Local Government and Traditional Affairs	-	6,946	3,084	26,821	20,021	19,916	27,894	29,149	30,461	
Vote 08: Agriculture	-	-	-	-	-	-	-	-	-	
Vote 09: Economic Development & Environmental Affairs	-	-	-	-	-	-	-	-	-	
Vote 10: Roads and Transport	-	-	1,450,924	1,834,629	1,542,172	1,542,172	1,666,163	1,945,949	2,283,842	8
Vote 11: Housing	-	-	-	-	-	-	-	-	-	
Vote 12: Provincial Treasury	-	-	-	-	-	-	-	-	-	
Vote 14: Sport, Recreation, Arts and Culture	6,982	23,854	17,278	33,397	33,397	33,397	36,482	41,366	43,227	9
Vote 15: Safety and Liaison	-	-	-	-	-	-	-	-	-	
Total provincial infrastructure payments and estimates by Vote	732,258	803,728	2,831,413	3,437,457	2,960,904	2,816,773	3,643,036	4,040,912	4,476,294	29.33

A3: Summary of provincial Public-Private Partnership (PPP) projects

R thousand	Outcome			Main Appropriation	Adjusted Appropriation 2007/08	Revised estimate	Medium-term estimates			Change from Revised Estimate 2007/08
	2004/05	2005/06	2006/07				2008/09	2009/10	2010/11	
Projects under implementation	227,771	147,270	168,993	1,760	172,420	191,925	213,009	222,595	232,643	10.99
PPP unitary charge	228,263	157,430	172,237	1,760	172,320	191,725	212,709	222,281	232,315	10.94
Advisory fees	3	-	100	-	100	200	300	314	328	50
Revenue generated (if applicable)	(495)	(15,468)	(3,344)	-	-	-	-	-	-	
Project monitoring cost	-	5,308	-	-	-	-	-	-	-	
New projects	-	780	29,601	101,000	101,000	101,000	141,000	136,732	128,107	39.60
PPP unitary charge	-	-	2,101	101,000	101,000	101,000	101,000	101,000	101,000	
Advisory fees	-	780	4,500	-	-	-	40,000	35,732	27,107	
Revenue generated (if applicable)	-	-	-	-	-	-	-	-	-	
Project monitoring cost	-	-	23,000	-	-	-	-	-	-	
Total	227,771	148,050	198,594	102,760	273,420	292,925	354,009	359,327	360,750	20.85

A4: Summary of provincial transfers to local government by category

	Outcome			Main appro- p-riation 2007/08	Adjusted appro- p-riation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11	% Change from Revised estimate 2007/08
Category A	6 834	107 542	162 193	45 475	63 569	36 321	207 682	235 078	118 219	471.80
Category B	121 091	167 060	159 562	103 018	205 645	96 890	321 430	179 614	187 731	231.75
Category C	273 452	237 586	176 762	162 860	257 591	232 233	110 420	116 310	108 030	(52.45)
Total provincial transfers to local government	401 377	512 188	498 517	311 353	526 805	365 444	639 532	531 002	413 981	

A5: Summary of personnel numbers and costs by Vote

R thousand	As at 31-Mar-05	As at 31-Mar-06	As at 31-Mar-07	As at 31-Mar-08	As at 31-Mar-09	As at 31-Mar-10	As at 31-Mar-11
Vote 01: Office of the Premier	278	296	329	377	414	424	425
Vote 02: Provincial Legislature	178	217	241	228	289	299	300
Vote 03: Department of Health	13 055	13 383	13 650	14 300	1 612 856	1 612 858	1 612 882
Vote 04: Department of Social Development							
Vote 05: Department of Public Works	2 346	1 936	1 812	1 800	1 888	1 920	1 972
Vote 06: Department of Education	78 115	76 428	79 715	84 301	253 186	254 445	254 445
Vote 07: Department of Local Government and Traditional Affairs							
Vote 08: Department of Agriculture	6 106	5 870	5 886	5 994	5 994	5 994	5 994
Vote 09: Department of Economic Affairs, Environment and Tourism	163	168	170	235	250	250	250
Vote 10: Department of Roads and Transport							
Vote 11: Department of Housing	118	140	150	176	328	372	412
Vote 12: Provincial Treasury	344	344	416	522	602	607	640
Vote 14: Department of Sport, Recreation, Arts and Culture	538	745	615	1 268	1 530	1 650	1 770
Vote 15: Department of Safety and Liaison	36	45	87	101	117	117	117
Total provincial personnel numbers	101 277	99 572	103 071	109 302	1 877 454	1 878 936	1 879 207
Total provincial personnel cost (R thousand)	104 639	103 374	107 086	113 622	116 897	119 174	120 004
Unit cost (R thousand)	14 322 435	15 159 095	16 514 886	18 688 194	22 266 156	23 486 514	25 240 977

A6: Summary of provincial personnel numbers and costs

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07				2008/09	2009/10	2010/11
Total for department									
Personnel numbers (head count)	104,639	103,374	107,086	113,912	113,630	113,622	116,897	119,174	120,004
Personnel cost (R'000)	14,322,435	15,159,095	16,514,886	18,639,841	18,392,666	18,688,194	22,266,156	23,486,514	25,240,977
Human resources component									
Personnel numbers (head count)	1,829	1,775	1,833	1,774	1,722	1,774	1,980	2,093	2,141
Personnel cost (R'000)	302,290	242,977	212,817	255,201	259,262	265,695	280,436	296,564	306,616
Head count as % of total for department	1.75	1.72	1.71	1.56	1.52	1.56	1.69	1.76	1.78
Personnel cost as % of total for department	2.11	1.60	1.29	1.37	1.41	1.42	1.26	1.26	1.21
Finance component									
Personnel numbers (head count)	1,861	1,940	1,867	2,637	2,611	2,637	2,920	2,977	3,025
Personnel cost (R'000)	270,971	302,898	293,541	386,741	353,186	353,518	438,231	454,241	470,381
Head count as % of total for department	1.78	1.88	1.74	2.31	2.30	2.32	2.50	2.50	2.52
Personnel cost as % of total for department	1.89	2.00	1.78	2.07	1.92	1.89	1.97	1.93	1.86
Full time workers									
Personnel numbers (head count)	91,314	88,183	90,382	91,671	91,610	91,671	94,502	96,306	97,176
Personnel cost (R'000)	10,543,612	11,128,977	11,952,650	13,287,407	13,262,178	13,270,501	14,929,940	16,120,781	17,113,407
Head count as % of total for department	87.27	85.30	84.40	80.48	80.62	80.68	80.84	80.81	80.98
Personnel cost as % of total for department	73.62	73.41	72.38	71.28	72.11	71.01	67.05	68.64	67.80
Part-time workers									
Personnel numbers (head count)	108	109	364	368	368	368	366	366	366
Personnel cost (R'000)	13,156	21,112	18,407	15,512	15,468	15,468	15,465	77,899	17,753
Head count as % of total for department	0.10	0.11	0.34	0.32	0.32	0.32	0.31	0.31	0.30
Personnel cost as % of total for department	0.09	0.14	0.11	0.08	0.08	0.08	0.07	0.33	0.07
Contract workers									
Personnel numbers (head count)	89	123	256	3,988	3,954	3,988	5,116	5,236	5,354
Personnel cost (R'000)	19,216	20,797	27,593	121,863	112,359	118,811	147,013	155,201	162,895
Head count as % of total for department	0.09	0.12	0.24	3.50	3.48	3.51	4.38	4.39	4.46
Personnel cost as % of total for department	0.13	0.14	0.17	0.65	0.61	0.64	0.66	0.66	0.65

A7: Details of information on provincial receipts

	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R'000									
Tax receipts	161,601	367,908	312,672	273,455	355,455	356,290	456,183	531,436	613,814
Casino taxes	46,681	55,733	72,052	77,382	77,382	77,990	85,789	94,368	103,805
Horse racing taxes	5,130	5,966	6,277	5,931	5,931	5,991	6,590	7,249	7,974
Liquor licences	3,958	2,619	3,119	4,190	4,190	4,357	4,793	5,272	5,799
Motor vehicle licences	105,832	303,590	231,224	185,952	267,952	267,952	359,011	424,547	496,236
Sales of goods and services other than capital assets	100,968	124,042	132,044	113,339	119,946	120,241	128,346	141,280	155,592
Sales of goods and services produced by department (excl. capital assets)	100,968	124,042	132,044	113,339	119,946	120,241	128,346	141,280	155,592
Sales by market establishments	8,192	10,217	9,829	4,769	5,173	5,143	6,020	6,935	7,799
Administrative fees	137	78	79	-	-	-	-	-	-
Other sales	92,639	113,747	122,136	108,570	114,773	115,098	122,326	134,345	147,793
Of which									
Commission	35,363	34,587	55,482	35,565	35,565	35,514	43,823	48,003	52,808
Boarding and Lodging	13,193	6,461	5,315	5,610	5,610	5,610	6,171	6,788	7,467
Hospital Fees	43,066	49,820	48,273	52,414	52,414	52,414	47,323	52,055	57,261
Other	1,017	22,879	13,066	14,981	21,184	21,560	25,009	27,499	30,257
Sales of scrap, waste, arms and other used current goods (excl. capital assets)	-	-	-	-	-	-	-	-	-
Transfers received from:	39	-	-	-	-	-	-	-	-
Other governmental units (Excl. Equitable share and conditional grants)	39	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	3,174	3,801	5,965	3,231	5,527	5,527	6,080	6,688	7,356
Interest, dividends and rent on land	25,421	110,740	270,605	195,935	195,935	249,061	307,762	308,625	307,620
Interest	24,749	109,176	270,605	195,935	195,935	249,061	307,762	308,625	307,620
Dividends	-	-	-	-	-	-	-	-	-
Rent on land	672	1,564	-	-	-	-	-	-	-
Sales of capital assets	479	4,258	30,519	7,775	9,805	9,805	5,159	5,674	6,243
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Other capital assets	479	4,258	30,519	7,775	9,805	9,805	5,159	5,674	6,243
Financial transactions in assets and liabilities	22,446	48,118	43,925	663	263	9,967	23,933	4,485	7,381
Total provincial own source receipts	314,128	658,867	795,730	594,398	686,931	750,891	927,462	998,187	1,098,006

A8: Details of information of provincial payments and estimates

Economic classification R'000	Outcome			Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08	Medium-term estimate			% Change from Revised estimate 2007/08
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11	
Current payments	17 291 261	19 048 139	21 958 065	25 016 205	24 595 525	25 011 927	29 724 761	31 145 504	33 579 487	18.84
Compensation of employees	14 322 435	15 159 095	16 514 886	18 639 841	18 392 666	18 688 194	22 266 156	23 486 514	25 240 977	19.15
Salaries and wages	12 342 650	13 488 159	14 647 458	15 549 920	15 297 435	15 552 966	19 962 013	20 994 865	22 538 444	28.35
Social contributions	1 979 785	1 670 936	1 867 428	3 089 921	3 095 231	3 135 227	2 304 143	2 491 649	2 702 533	(26.51)
Goods and services	2 922 420	3 874 827	5 437 817	6 372 904	6 197 032	6 317 898	7 452 778	7 655 212	8 332 127	17.96
Of which										
Audit fees	40 599	49 965	65 487	71 807	78 740	78 740	75 337	79 426	83 370	(4.32)
Audit fees: external	146 497	109 253	177 386	201 807	179 727	213 186	289 376	229 956	257 821	
Communication	22 914	16 566	25 096	17 968	20 262	20 262	16 462	17 221	18 363	(18.75)
Computer equipment	94 660	261 614	405 137	475 993	555 383	555 423	631 509	697 152	728 866	13.70
Consultancy fees	376 059	365 089	397 371	517 963	515 993	513 023	638 181	632 720	676 836	24.40
Consultants and specialised services	109 575	147 343	105 389	127 680	127 027	141 902	136 088	132 019	138 323	
Consumables	6 546	20 206	10 061	2 613	4 251	4 067	10 750	11 941	12 531	
Educational materials	160 979	374 070	397 696	507 739	488 356	488 356	369 526	412 173	430 725	(24.33)
Inventory	631 457	755 977	1 108 417	1 082 322	1 013 614	1 053 258	1 365 420	1 423 183	1 588 455	29.64
Maintenance and repairs and running cost	62 671	69 629	499 696	414 147	352 937	381 831	682 957	705 644	786 839	78.86
Medical services	63 536	73 991	285 927	302 102	318 189	294 667	214 373	226 254	282 224	(27.25)
Medical supplies	138 364	162 381	294 456	315 934	303 435	311 209	239 331	270 540	340 625	(23.10)
Medicine	226 240	379 954	467 135	500 066	492 283	492 175	443 867	565 974	691 695	(9.82)
Owned and leasehold property		15 095	19 583	22 255	20 360	20 360	16 254	16 579	17 408	(20.17)
Printing and publications	59 579	73 432	79 873	96 032	90 747	86 568	88 447	94 816	104 051	2.17
Training	70 852	108 888	203 550	184 568	126 550	165 282	220 179	280 876	305 213	33.21
Travel and subsistence	47 828	42 428	54 385	64 903	65 903	67 917	61 703	60 526	65 022	(9.15)
Other	664 064	848 946	841 171	1 467 005	1 443 276	1 429 670	1 948 019	1 793 499	1 803 759	(9.15)
Interest and rent on land	20 299	815	562	3 460	5 827	5 827	5 827	3 779	6 383	(0.01)
Interest	20 299	815								
Rent on land			562	3 460	5 827	5 827	5 827	3 779	6 383	(0.01)
Financial transactions in assets and liabilities	26 107	13 402	4 800							
Unauthorised expenditure						8				(100.00)
Transfers and subsidies to (Current)	2 064 148	2 315 229	2 161 687	2 188 508	2 882 298	2 457 885	3 603 839	3 702 069	3 560 624	46.62
Provinces and municipalities	401 370	512 170	472 019	316 853	532 365	369 577	513 470	547 669	566 292	38.93
Provinces	118 547	221 122	93	4 000	4 000	2 001	2 100	2 205	2 337	4.95
Provincial Revenue Funds	9									
Provincial agencies and funds	118 538	221 122	93	4 000	4 000	2 001	2 100	2 205	2 337	4.95
Municipalities	282 823	291 048	471 926	312 853	528 365	367 576	511 370	545 464	563 955	39.12
Municipalities	281 979	290 536	471 364	312 853	528 365	367 574	511 370	545 464	563 955	39.12
Municipal agencies and funds	844	512	562			2				(100.00)
Departmental agencies and accounts	884 174	960 254	624 869	519 236	939 449	685 886	1 050 519	1 172 263	970 719	53.16
Social security funds		4								
Public entities receiving transfers										
ECSECC	8 800	24 800	26 342	32 416	32 416	32 416	34 902	36 544	40 564	7.67
EC Appropriate Tech Unit	8 891	7 719	10 500	11 327	11 327	11 327	12 218	12 768	14 172	7.87
EC Rural Finance Corporation										
EC Tourism Board	20 645	20 532	21 000	22 000	22 000	22 000	23 540	25 050	26 553	7.00
EC Gambling & Betting Board	13 364	14 364	19 246	20 233	20 233	20 233	20 690	22 017	23 338	2.26
Coega Development Corp	359 431	180 000			25 200	25 200				(100.00)
EL IDZ	120 022	105 000	224 200	113 000	192 000	192 000	119 910	127 601	135 257	(37.55)
EC Development Corp	83 743	76 066	180 131	146 410	179 210	179 210	264 288	384 989	139 573	47.47
EC Parks Board	44 734	65 000	79 700	99 407	99 407	99 407	100 000	102 500	108 650	0.60
EC Liquor Board		10 170	14 391	22 305	22 305	22 305	23 137	24 621	26 098	3.73
Mayibuye Transport Corp										
EC Provincial Arts & Culture Council			10 719	12 500	13 993	13 993	14 800	12 650	13 219	5.77
EC Youth Commission	7 272	9 300	10 000	9 788	9 788	9 788	10 587	10 990	12 199	8.16
Other	217 272	447 299	28 640	29 850	311 570	58 006	426 447	412 533	431 095	635.18

A8: Details of information of provincial payments and estimates (continued)

Economic classification R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11	% Change from Revised estimate 2007/08
Universities and technikons	12 000	12 600	13 000	14 720	14 720	14 720	15 907	16 623	17 454	8.06
Public corporations and private enterprises	64 030	75 378	81 440	84 960	117 560	129 142	53 464	55 775	58 303	(58.60)
Public corporations	45 521	68 805	32 712	38 865	68 365	113 142	35 173	36 660	38 328	(68.91)
Subsidies on production										
Other transfers	45 521	68 805	32 712	38 865	68 365	113 142	35 173	36 660	38 328	(68.91)
Private enterprises	18 509	6 573	48 728	46 095	49 195	16 000	18 291	19 115	19 975	14.32
Subsidies on production	13 050	510								
Other transfers	5 459	6 063	48 728	46 095	49 195	16 000	18 291	19 115	19 975	14.32
Foreign governments and international										
Non-profit institutions	440 864	518 959	712 728	836 152	824 316	823 070	1 467 665	1 401 348	1 480 631	174.46
Households	261 710	235 868	257 631	416 587	453 888	435 489	502 814	508 392	467 225	15.46
Social benefits	70 093	87 596	53 487	66 329	66 105	43 093	32 049	33 642	35 156	(25.63)
Other transfers to households	191 617	148 272	204 144	350 258	387 783	392 396	470 765	474 750	432 069	19.97
Transfers and subsidies to (Capital)	594 097	821 130	893 658	1 267 046	758 682	732 503	1 524 666	1 667 416	1 902 965	108.14
Provinces and municipalities	24	17	8 530				250 000	122 000		
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	24	17	8 530				250 000	122 000		
Municipalities	4		8 515				250 000	122 000		
Municipal agencies and funds	20	17	15							
Departmental agencies and accounts										
Social security funds										
Public entities receiving transfers										
Universities and technikons										
Public corporations and private enterprises	510	177 169	183 182	202 589	169 300	164 300	5 000	5 225	5 460	(96.96)
Public corporations										
Subsidies on production										
Other transfers										
Private enterprises	510	177 169	183 182	202 589	169 300	164 300	5 000	5 225	5 460	(96.96)
Subsidies on production										
Other transfers	510	177 169	183 182	202 589	169 300	164 300	5 000	5 225	5 460	(96.96)
Foreign governments and international										
Non-profit institutions	7 039	33 560	61 000	5 000	23 808	23 808	18 648	30 064	31 542	(21.67)
Households	586 524	610 384	640 946	1 059 457	565 574	544 395	1 251 018	1 510 127	1 865 963	129.80
Social benefits	1 745	655		400	20	122				(100.00)
Other transfers to households	584 779	609 729	640 946	1 059 057	565 554	544 273	1 251 018	1 510 127	1 865 963	129.85
Transfers and subsidies to (Total)	2 658 245	3 136 359	3 055 345	3 455 554	3 640 980	3 190 388	5 128 505	5 369 485	5 463 589	60.75
Provinces and municipalities	401 394	512 187	480 549	316 853	532 365	369 577	763 470	669 669	566 292	106.58
Provinces	118 547	221 122	93	4 000	4 000	2 001	2 100	2 205	2 337	4.95
Provincial Revenue Funds	9									
Provincial agencies and funds	118 538	221 122	93	4 000	4 000	2 001	2 100	2 205	2 337	4.95
Municipalities	282 847	291 065	480 456	312 853	528 365	367 576	761 370	667 464	563 955	107.13
Municipalities	281 983	290 536	479 879	312 853	528 365	367 574	761 370	667 464	563 955	107.13
Municipal agencies and funds	864	529	577			2				(100.00)
Departmental agencies and accounts	884 174	960 254	624 869	519 236	939 449	685 886	1 050 519	1 172 263	970 719	53.16
Social security funds		4								
Entities receiving transfers										
ECSECC	8 800	24 800	26 342	32 416	32 416	32 416	34 902	36 544	40 564	7.67
EC Appropriate Tech Unit	8 891	7 719	10 500	11 327	11 327	11 327	12 218	12 768	14 172	7.87
EC Rural Finance Corporation										
EC Tourism Board	20 645	20 532	21 000	22 000	22 000	22 000	23 540	25 050	26 553	7.00
EC Gambling & Betting Board	13 364	14 364	19 246	20 233	20 233	20 233	20 690	22 017	23 338	2.26
Coega Development Corp	359 431	180 000			25 200	25 200				(100.00)
EL IDZ	120 022	105 000	224 200	113 000	192 000	192 000	119 910	127 601	135 257	(37.55)
EC Development Corp	83 743	76 066	180 131	146 410	179 210	179 210	264 288	384 989	139 573	47.47
EC Parks Board	44 734	65 000	79 700	99 407	99 407	99 407	100 000	102 500	108 650	0.60
EC Liquor Board		10 170	14 391	22 305	22 305	22 305	23 137	24 621	26 098	3.73
Mayibuye Transport Corp										
EC Provincial Arts & Culture Council			10 719	12 500	13 993	13 993	14 800	12 650	13 219	5.77
EC Youth Commission	7 272	9 300	10 000	9 788	9 788	9 788	10 587	10 990	12 199	8.16
Other	217 272	447 299	28 640	29 850	311 570	58 006	426 447	412 533	431 095	635.18
Universities and technikons	12 000	12 600	13 000	14 720	14 720	14 720	15 907	16 623	17 454	8.06
Public corporations and private enterprises	64 540	252 547	264 622	287 549	286 860	293 442	58 464	61 000	63 763	(80.08)

A8: Details of information of provincial payments and estimates (continued)

Economic classification R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11	% Change from Revised estimate 2007/08
Universities and technikons	12 000	12 600	13 000	14 720	14 720	14 720	15 907	16 623	17 454	8.06
Public corporations and private enterprises	64 540	252 547	264 622	287 549	286 860	293 442	58 464	61 000	63 763	(80.08)
Public corporations	45 521	68 805	32 712	38 865	68 365	113 142	35 173	36 660	38 328	(68.91)
Subsidies on production										
Other transfers	45 521	68 805	32 712	38 865	68 365	113 142	35 173	36 660	38 328	(68.91)
Private enterprises	19 019	183 742	231 910	248 684	218 495	180 300	23 291	24 340	25 435	(87.08)
Subsidies on production	13 050	510								
Other transfers	5 969	183 232	231 910	248 684	218 495	180 300	23 291	24 340	25 435	(87.08)
Foreign governments and international										
Non-profit institutions	447 903	552 519	773 728	841 152	848 124	846 878	1 486 313	1 431 412	1 512 173	(87.08)
Households	848 234	846 252	898 577	1 476 044	1 019 462	979 884	1 753 832	2 018 519	2 333 188	78.98
Social benefits	71 838	88 251	53 487	66 729	66 125	43 215	32 049	33 642	35 156	(25.84)
Other transfers to households	776 396	758 001	845 090	1 409 315	953 337	936 669	1 721 783	1 984 877	2 298 032	83.82
Payments for capital assets	1 636 875	1 544 546	1 872 997	2 537 052	2 372 281	2 394 613	3 231 464	3 536 753	3 823 488	34.95
Buildings and other fixed structures	1 527 346	1 283 390	1 649 849	2 123 040	2 001 212	2 021 472	2 714 932	3 059 654	3 322 315	34.30
Buildings	495 530	564 894	535 014	1 408 354	1 250 275	1 270 535	1 714 887	1 961 825	2 209 614	34.97
Other fixed structures	1 031 816	718 496	1 114 835	714 686	750 937	750 937	1 000 045	1 097 829	1 112 701	33.17
Machinery and equipment	108 001	257 409	211 716	410 304	367 140	368 041	515 442	475 960	499 983	40.05
Transport equipment	91	34 958	7 838	11 179	5 500	5 500	7 077	7 395	7 728	28.67
Other machinery and equipment	107 910	222 451	203 878	399 125	361 640	362 541	508 365	468 565	492 255	40.22
Cultivated assets	1	134	183		221	163				(100.00)
Software and other intangible	1 527	3 613	11 249	3 708	3 708	4 585	1 090	1 139	1 190	(76.23)
Land and subsoil assets						352				(100.00)
Total economic classification	21 586 381	23 729 044	26 886 407	31 008 811	30 608 786	30 596 927	38 084 731	40 051 743	42 866 564	24.47

A9: Details of payments by policy area

Policy Area	Department	Outcome			Main appro- p- riation 2007/08	Adjusted appro- p- riation 2007/08	Revised estimate 2007/08
		Audited 2004/05	Audited 2005/06	Audited 2006/07			
General Public Services	Executive Legislature	1,254,133	1,417,157	1,434,115	1,800,326	1,913,836	1,880,632
	Office of the Premier Programme	274,454	364,471	416,916	466,337	492,115	483,849
	1 Administration	182,914	253,429	286,004	311,812	327,912	328,322
	2 Institutional Building And Transformation	44,383	50,811	53,314	59,540	63,321	63,321
	3 Policy And Governance	101,431	142,528	157,693	164,827	169,183	169,015
Provincial Legislatur Programme	37,100	60,090	74,997	87,445	95,993	95,993	95,986
	91,540	111,042	130,912	154,525	164,203	164,203	155,527
	28,803	41,364	60,137	72,253	81,147	81,147	77,645
	2 Facilities For Members & Political Parties	5,858	8,722	13,359	13,487	13,487	13,026
	3 Parliamentary Services	28,526	28,550	31,145	38,508	39,292	34,769
Financial & Fiscal Services	4 Members Salaries	26,353	27,769	30,908	30,277	30,277	30,087
	147,750	118,992	117,255	118,992	243,859	193,859	185,611
	Provincial Treasury Programme	147,750	118,992	117,255	243,859	193,859	185,611
	1 Administration	40,541	45,848	53,997	108,169	85,850	85,212
	2 Sustainable Resource Management	10,541	9,840	20,620	53,797	40,837	34,584
General Services	3 Asset and Liability Management	78,501	54,127	42,642	48,020	39,752	39,669
	4 Financial Governance	18,167	19,028	8,145	33,873	27,420	26,146
	831,929	933,694	899,944	899,944	1,090,130	1,227,862	1,211,172
	Public Works Programme	494,972	517,297	502,031	617,973	611,712	591,784
	1 Administration	177,094	142,270	147,148	156,154	156,581	156,581
Local Government Programme	2 Public Works	299,395	308,130	343,395	443,224	433,455	413,527
	3 Community Based Public Works Programme	18,483	16,366	16,366	18,595	21,676	21,676
	336,957	416,397	397,913	397,913	472,157	616,150	619,388
	1 Administration	82,406	83,110	86,825	102,215	112,402	112,400
	2 Local Governance	82,937	110,410	79,232	94,280	238,724	238,724
Public Order & Safety	3 Development & Planning	106,020	133,274	133,998	147,572	139,556	139,939
	4 Traditional Institutional Management	65,594	89,603	97,858	128,090	123,440	128,325
	Safety & Liaison Programme	11,541	12,782	23,787	30,634	34,253	33,553
	1 Administration	4,677	6,000	8,328	12,502	12,274	12,274
	2 Facilitation	3,293	3,394	9,288	11,481	14,456	14,456
Economic Affairs	3 Financial Management	3,571	3,388	6,171	6,651	7,523	6,823
	3,081,070	3,069,906	3,438,416	3,438,416	3,701,557	4,031,370	4,005,689
	General Economic Affairs	3,081,070	3,069,906	3,438,416	3,701,557	4,031,370	4,005,689
	Economic Affairs Programme	656,440	509,572	554,208	473,210	610,210	594,126
	1 Administration	37,603	64,045	57,211	89,047	79,262	79,262
Agriculture	2 Economic Development	618,837	445,527	496,997	384,163	521,163	514,864
	821,936	787,327	871,799	871,799	989,282	1,077,775	1,068,178
	1 Administration	315,102	242,539	231,217	250,122	260,380	259,054
	2 Sustainable Resource Management	58,815	54,589	69,607	94,518	96,278	87,824
	3 Farmer Support & Development	293,471	365,398	365,398	412,021	465,660	466,666
Transport	4 Veterinary Services	88,114	88,563	117,919	117,147	120,070	119,399
	5 Technical Research & Dev. Services	33,737	41,741	49,645	56,001	56,001	55,963
	6 Agricultural Economics	3,217	6,312	8,107	21,532	40,945	40,831
	7 Structured Agricultural Training	29,480	30,464	29,906	37,941	38,441	38,441
	1,602,694	1,773,007	2,012,409	2,012,409	2,239,065	2,343,385	2,343,385
Transport	1 Administration	81,189	107,123	151,026	144,030	157,280	157,280
	2 Roads Infrastructure	1,282,252	1,368,965	1,491,951	1,515,105	1,615,105	1,615,105
	3 Public Transport	109,710	129,181	158,834	191,884	182,954	182,954
	4 Traffic Management	98,106	113,346	133,837	146,472	146,472	146,472
	5 Community Based Transportation	31,437	54,392	76,761	241,574	241,574	241,574

A9: Details of payments by policy area (continued)

Policy Area	Department	Outcome			Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08
		Audited 2004/05	Audited 2005/06	Audited 2006/07			
Environmental Protection	Environmental Devel Programme	105,832	109,667	122,875	147,763	147,763	148,374
		105,832	109,667	122,875	147,763	147,763	148,374
Housing & Community Amenities	Dept of Housing Programme	660,607	666,327	695,835	1,101,981	617,905	585,353
		14,400	10,688	12,314	15,833	20,933	13,561
Health	Dept of Health Programme	637,207	640,604	669,267	1,070,109	580,893	556,485
		5,156	7,061	7,426	7,130	7,130	7,015
Recreation, Culture and Religion	Dept of Sports Arts & Culture Programme	5,180,217	6,120,184	7,256,267	8,142,743	8,068,697	8,083,107
		245,207	248,398	331,643	369,065	351,361	378,572
Education	Department of Education Programme	2,558,483	2,812,011	3,237,762	3,555,512	3,627,219	3,559,295
		125,234	219,052	321,586	380,734	333,912	360,579
Social Protection	Dept of Social Development Programme	1,708,351	2,043,109	2,287,337	2,759,089	2,773,393	2,664,424
		-	-	-	-	-	-
Total	Total	159,948	327,406	364,582	417,915	355,687	429,495
		10,440	36,049	20,930	30,701	23,977	27,200
Total	Total	372,554	434,159	692,427	629,727	603,148	663,542
		219,363	270,214	312,050	406,011	414,576	413,264
Total	Total	171,426	206,540	250,231	334,626	340,498	339,186
		143,579	161,280	167,909	202,743	204,243	202,931
Total	Total	14,103	18,407	39,545	67,909	72,139	72,139
		13,744	26,853	42,777	63,974	64,116	64,116
Total	Total	47,937	63,674	61,819	71,385	74,078	74,078
		47,937	63,674	61,819	71,385	74,078	74,078
Total	Total	10,654,446	11,523,158	12,872,743	14,726,061	14,497,592	14,504,487
		673,525	796,219	888,107	968,591	1,041,922	1,041,922
Total	Total	9,330,214	10,009,326	11,152,847	12,609,444	12,417,313	12,417,313
		15,557	18,342	25,130	35,241	35,433	35,433
Total	Total	185,497	210,394	249,388	336,880	297,551	304,446
		169,876	167,932	222,330	302,200	266,534	266,534
Total	Total	126,047	136,348	155,802	149,383	149,215	149,215
		36,937	38,823	46,313	105,753	91,513	91,513
Total	Total	116,793	145,774	162,826	218,569	198,111	198,111
		419,172	539,649	730,319	951,735	882,794	942,469
Total	Total	125,356	113,132	193,190	207,681	195,834	202,646
		258,001	343,447	411,340	580,398	540,969	573,039
Total	Total	35,815	83,070	125,789	163,656	145,991	166,784
		21,586,381	23,729,044	26,886,407	31,008,811	30,608,786	30,596,928

A10: Details of payments on infrastructure

Category/type of structure	Vote	Number of projects MTEF	Total costs MTEF	Medium-term estimates		
R thousands				2008/09	2009/10	2010/11
New constructions (buildings and infrastructure)						
Accommodation	3	6	75,388	35,000	29,694	10,694
Specialized Hospital	3	1	-	-	-	-
Clinic	3	89	261,700	97,500	111,200	53,000
Community Health Centre	3	2	16,000	11,000	-	5,000
District Hospital	3	3	135,381	20,000	70,700	44,681
Local Service Area Office at District Hospital	3	3	20,200	15,000	5,200	-
Generators - District Hospitals	3	1	120,000	40,000	40,000	40,000
Generators - Provincial Hospitals	3	1	37,108	10,000	12,350	14,758
Nursing College	3	7	15,000	-	11,000	4,000
Motuary Buildings	3	1	-	-	-	-
Ambulance Stations	3	1	-	-	-	-
Medical Equipment	3	1	27,000	-	17,000	10,000
Multipurpose Centre	4	1	-	-	-	-
Justice Centre	4	5	14,829	4,575	5,152	5,102
Secure Care Centre	4	6	16,304	4,190	6,000	6,114
Service Office	4	1	2,519	500	1,000	1,019
Home For Aged	4	3	8,894	3,340	2,516	3,038
New Accommodation	5	2	150,697	38,321	54,952	57,424
Special Schools	6	16	591,330	188,500	196,983	205,847
GET Schools	6	167	19,867	-	7,204	12,663
FET Schools	6	11	19,867	-	7,204	12,663
Learner Assessment Centre	6	1	-	-	-	-
House of Traditional Leaders	7	1	49,179	9,174	19,562	20,443
Traditional Council Offices	7	8	38,325	18,720	9,587	10,018
Animal Housing Facility	8		2,588	850	850	888
Borehole	8		-	-	-	-
Conservation Works	8		-	-	-	-
Dipping Facility	8	13	17,268	5,671	5,671	5,926
Fencing	8	93	283,967	91,894	93,924	98,149
Irrigation	8	10	13,669	4,489	4,489	4,691
Stock handling facility	8	7	23,102	2,914	7,916	12,272
Storage and Marketing facility (Sheds)	8	17	25,550	8,391	8,391	8,768
Abattoir Structure	8	1	1,005	330	330	345
Dams	8	2	868	285	285	298
Dairy	8	1	3,045	1,000	1,000	1,045
Equipment and planting material	8	4	5,147	1,690	1,690	1,767
Tunnels	8	2	2,939	965	965	1,009
Nursery, Orchard Establishment	8	2	8,316	2,731	2,731	2,854
Poultry Structures	8	2	2,713	891	891	931
Stockwater System	8	5	36,208	4,023	9,431	22,754
Kei Rail	10	1	163,472	51,964	54,527	56,981
Stabilization of Roads	10	1	41,592	5,600	17,600	18,392
Tarred Roads/Surfaced Roads	10	36	1,845,931	547,988	597,570	700,373
Renewal of internal streets, stormwater and water reticulation	10	3	86,125	25,000	25,000	36,125
Bridges	10	1	43,397	16,800	13,006	13,591
R72 Tollgate Investigation	10	1	-	-	-	-
Ndlambe Housing Project.	11	1	20,000	20,000	-	-
Archives	14	2	9,270	2,500	2,770	4,000
Arts Centre	14	3	5,000	2,000	3,000	-
Community Museum	14	5	16,000	5,000	4,000	7,000
Cultural Village Structure	14	1	-	-	-	-
Library	14	3	14,000	4,000	4,000	6,000
Memorials and Monuments	14	19	1,178	948	230	-
Sports Complex	14	2	16,000	-	6,000	10,000
Stadium	14	3	373,000	251,000	122,000	-
Swimming Pool	14	2	5,000	1,000	4,000	-
Total New Construction				1,555,744	1,599,571	1,530,623

A10: Details of payments on infrastructure (continued)

Category/type of structure	Vote	Number of projects MTEF	Total costs MTEF	Medium-term estimates		
				2008/09	2009/10	2010/11
R thousands						
Rehabilitation/upgrading						
Accommodation	3	1	600	600	-	-
Civil Work	3	0	-	-	-	-
Clinic	3	49	123,600	56,600	44,800	22,200
Community Health Centre	3	5	63,000	9,000	13,000	41,000
District Hospitals	3	4	860,499	236,181	240,008	384,310
District Hospital - Revitalization Equipment	3	4	74,300	33,800	21,000	19,500
Improvement of Quality of Care - Revitalization	3	1	62,248	38,248	12,000	12,000
Regional Hospital	3	13	714,278	272,502	191,776	250,000
Regional Hospital - Revitalization Equipment	3	4	29,580	23,080	4,000	2,500
Specialized Hospital	3	1	95,000	30,000	50,000	15,000
Community Centre	4	1	-	-	-	-
Secure Care Centre	4	1	2,200	-	1,200	1,000
Service Office	4	21	9,950	4,000	2,350	3,600
Home For Aged	4	1	300	-	300	-
Disaster Schools (DPW Managed)	6		30,088	20,000	6,004	4,084
District Offices	6	17	76,800	31,300	27,000	18,500
Head office	6	5	12,240	9,200	2,040	1,000
Leadership Institute - Head Office	6	1	2,000	500	1,500	-
Learner Assessment Centre	6	15	133,324	42,500	44,413	46,411
FET Schools	6	295	340,476	185,142	55,826	99,508
GET Schools	6	2740	1,702,835	263,140	660,033	779,662
FET Colleges	6	24	311,041	86,500	88,168	136,373
Special Schools	6	3	20,669	7,000	13,669	-
Non Grid Electricity Supply (Roshcon)	6	1	21,278	21,278	-	-
Borehole	8		-	-	-	-
Dipping Facility	8		-	-	-	-
Irrigation	8	8	113,682	37,894	37,894	37,894
Stock handling Facility	8		-	-	-	-
Woolshed	8		-	-	-	-
Nursery Structures	8	2	28,500	9,500	9,500	9,500
Poultry Structures	8	1	10,500	3,500	3,500	3,500
Soil conservation	8	1	12,000	4,000	4,000	4,000
Office Buildings	8	2	-	-	-	-
Public Transport facilities - Rehab of Umtata Airport	10	1	57,427	20,617	18,000	18,810
Tarred roads /Surface roads	10	19	1,399,921	401,006	471,350	527,565
Gravel Roads	10		-	-	-	-
Periodinc maintenance of bridges, plant and machineray	10		-	-	-	-
Theatre	14	2	4,184	2,000	2,184	-
Campsite	14	1	4,000	2,000	2,000	-
College Upgrading	14	1	6,542	-	2,000	4,542
Total Rehabilitation				1,851,088	2,029,515	2,442,459

A10: Details of payments on infrastructure (continued)

Category/type of structure	Vote	Number of projects MTEF	Total costs MTEF	Medium-term estimates		
				2008/09	2009/10	2010/11
R thousands						
Recurrent maintenance						
Clinic Maintenance	3	1	25,000	5,000	10,000	10,000
District Hospital - Boilers/Air Conditioning/Mech/Elec/Equipment Se	3	2	284,513	85,085	108,307	91,121
District Hospital - Maintenance of Medical Equipment	3	2	192,536	51,500	71,231	69,805
District Hospital - Servicing of Fire Equipment	3	1	22,170	5,170	7,500	9,500
District Hospital Maintenance	3	2	174,485	35,000	67,306	72,179
Uninterrupted Power Supply (UPS) - All Hospitals	3	1	22,516	10,000	3,000	9,516
Regional Hospital	3	0	-	-	-	-
Medical Equipment	3	0	-	-	-	-
Infrastructure Management System	3	1	16,007	9,000	2,000	5,007
Departmental facilities	4		29,419	11,915	8,453	9,051
Office/Depot Renovations	5	94	574,408	197,388	179,557	197,463
District Development Maintenance	5	24	64,971	30,001	17,100	17,870
Maintenance	5	14	-	-	-	-
Maintenance Recurrent - GET Schools	6		374,328	115,706	126,426	132,196
Maintenance Recurrent- FET Schools	6		156,174	47,439	53,161	55,574
Area Wide Road Maintenance	10	37	1,059,100	282,000	380,000	397,100
Routine maint. for 6 regions	10	6	451,407	201,994	121,962	127,451
Maintenance of gravel roads	10	6	322,426	88,500	112,322	121,604
Inaccessible Roads Project	10	35	204,500	100,000	104,500	-
Romix projects (Pilot Project)	10		42,675	12,000	15,000	15,675
Road to tarred roads maintenance	10	2	-	-	-	-
Library maintenance	14	79	28,382	6,484	10,213	11,685
Office	14		969	-	969	-
Total Recurrent Maintenance				1,294,182	1,399,007	1,352,797
Other capital projects						
Office Complex (PPP)	5	1	103,246	40,000	35,732	27,514
Document Management System Centre	6	1	7,000	1,500	3,500	2,000
Education Facilities Management System (EFMS)	6	1	7,522	-	2,500	5,022
Education Management Information System (EMIS)	6		500	500	-	-
MEC Interventions	6		7,775	-	3,720	4,055
Project Management	6	2	7,726	7,726	-	-
Training and mentorship	8		38,246	9,000	14,301	14,945
Bridges/Culverts	10	4	66,837	12,000	26,815	28,022
Project Management	10	5	849,154	327,200	329,490	192,464
Total other Capital Projects				397,926	416,058	274,022
Total Provincial Infrastructure				5,098,940	5,444,151	5,599,898

A11: Details of transfers to local government

Municipalities R'000	Outcome			Main appro- priation 2007/08	Adjusted appro- priation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11	% Change from Revised estimate 2007/08
Category A	6 834	107 542	162 193	45 475	63 569	36 321	207 682	235 078	118 219	471.80
Nelson Mandela Metro	6 834	107 542	162 193	45 475	63 569	36 321	207 682	235 078	118 219	471.80
Category B	121 091	167 060	159 562	103 018	205 645	96 890	321 430	179 614	187 731	231.75
Amahlathi	17 333	3 381	1 691	944	3 894	1 062	3 702	3 868	4 042	248.59
Baviaans	100	5 067	5 040	939	3 756	939	3 682	3 848	4 021	292.12
Blue Crane Route	7 163	1 243	4 368	183	840	291	718	750	784	146.74
Buffalo City	2 006	3 448	7 082	21 671	10 452	7 332	68 083	19 367	20 271	828.57
Camdeboo	2 481	32 735	6 676	9 008	35 012	9 053	33 932	35 459	37 055	274.81
Elundini	2 878	1 795	160	200	319	319				(100.00)
Emalahleni	353	1 487	410	760	760	760				(100.00)
Engcobo	750	1 255	650	500	500	500				(100.00)
Gariep	6 256	2 983	5 750	1 567	5 068	1 567	4 576	4 782	4 997	192.02
Great Kei	1 850	390	340	1 582	1 582	1 582	400	418	437	(74.72)
Ikwezi	2 987	1 865	526	6 018	6 760	6 142	808	844	882	(86.84)
Ingquza	200									
Inkwanca	473	320	520	500	784	786				(100.00)
Intsika Yethu	1 053	1 895	210	911	1 068	1 068				(100.00)
Inxuba Yethemba	1 362	8 867	8 242	2 060	8 659	2 479	8 078	8 442	8 822	225.86
King Sabata Dalindyebo	9 100	12 205	20 902	10 835	17 988	11 946	115 519	16 217	16 947	867.01
Kouga	7 098	8 842	10 662	714	2 256	714	2 016	2 106	2 201	182.35
Koukamma	5 058	19 429	30 348	9 597	32 565	9 978	29 524	30 853	32 241	195.89
Lukhanji	5 047	7 129	8 294	1 650	5 845	1 933	10 114	10 569	11 044	423.23
Makana	4 511	3 901	7 513	3 125	7 997	3 125	6 368	6 655	6 954	
Maletswai	5 700	5 334	5 539	2 322	6 835	2 722	5 376	5 618	5 871	
Matatiele										
Mbhashe	1 816	1 505	670	215	415	700	500	523	546	
Mbizana	804	1 275	480	660	660	660				
Mhlontlo	1 591	2 573	180	767	1 430	1 430				
Mnquma	700	3 933	2 830	2 519	4 886	2 519	3 094	3 233	3 379	22.83
Ndlambe	368	3 413	2 518	1 046	3 284	1 046	2 925	3 057	3 195	179.64
Ngqushwa	13 571	3 594	3 455	1 965	4 634	2 519	2 765	2 889	3 019	
Nkonkobe	5 686	3 958	2 813	1 564	3 030	1 683	2 161	2 258	2 360	
Ntabankulu	888	870	160	376	520	520				
Nxuba	185	13 533	13 214	3 817	2 437	3 817	12 454	13 015	13 601	
Nyandeni	2 691	1 667	120	1 200	1 200	1 200				
Port St Johns	1 030	845	280	1 878	2 078	2 606				
Qaukeni	1 639	1 056	50	1 092	1 542	1 542				
Sakiszwe	1 574	1 961	2 746	1 487	13 764	1 487	1 674	1 750	1 829	
Senqu	2 277	913	969	590	1 743	709	745	779	814	5.08
Sundays River Valley	616	677	2 442	6 825	8 197	7 054	2 216	2 315	2 419	
Tsolwana	810	360	1 110	1 456	1 556	1 556				
Umqimkhulu	150	1 056			400	400				(100.00)
Umqimvubu	936	300	602	475	791	791				(100.00)
Unallocated					138	353				(100.00)
Category C	273 452	237 586	176 762	162 860	257 591	232 233	110 420	116 310	108 030	(52.45)
Alfred Nzo	2 102	13 352	9 542	10 879	12 591	12 591	8 987	9 131	9 625	
Amathole	7 379	35 634	13 562	33 805	25 480	21 395	9 345	11 770	12 356	
Cacadu	6 739	3 524	10 443	15 393	14 573	14 573	15 545	18 073	13 520	
Chris Hani	9 401	25 984	29 964	29 437	42 283	31 110	33 538	32 619	31 635	
OR Tambo	6 354	20 233	12 813	30 591	22 743	17 076	16 942	17 737	14 618	
Ukhahlamba	4 534	21 376	33 253	16 197	26 449	17 479	25 063	25 936	25 185	
Unallocated	236 943	117 483	67 185	26 558	113 472	118 009	1 000	1 045	1 092	
Unallocated / unclassified										
Total transfers to local government	401 377	512 188	498 517	311 353	526 805	365 444	639 532	531 002	413 981	75.00

A12: Details of information on conditional grants

Table 1: Expenditure Trends on Conditional Grants (page 1 of 4).

	Vote and grant R'000	2001/02				2002/03				2003/04							
		Original appro- priation	Additional National Allocations & Roll Overs	Actual transfers from National Treasury	Audited ex- penditure	(Over) / Under Exp. (based on Adj. Approp.)	(Over) / Under Exp. (based on Act. Transfers)	Cumm Bal.(Based on Adj. Approp.)	Original appro- priation	Additional Allocations		Adjusted appro- priation	Actual transfers from National Treasury	Audited expen- diture	(Over) / Under Exp. (based on Adj. Approp.)	(Over) / Under Exp. (based on Act. Transfers)	Cumm Bal.(Based on Adj. Approp.)
										National Allocations & Roll Overs	Provincial Roll Overs						
Vote 6: Education		55,037	-	79,283	40,104	43,029	43,029	43,662	81,935	-	-	81,935	52,210	40,123	41,812	12,087	85,474
Financial management and quality enhancement	39,405			42,240	19,723	22,517	22,517	22,517	43,367			43,367	21,684	22,013	21,354	(329)	43,871
Early childhood development	3,885			27,238	9,218	21,067	21,087	21,122	16,280			16,280	13,810	7,820	8,460	5,990	29,582
HIV/AIDS (Lifeskills education)	11,747			9,805	11,163	(575)	(1,358)	23	22,288			22,288	16,176	10,290	11,988	6,426	12,021
Further Education and Training						-	-	-	-			-	-	-	-	-	-
Primary school nutrition programme						-	-	-	-			-	-	-	-	-	-
Vote 6: Health	322,926	2,431	451,252	588,722	588,722	(13,552)	(13,552)	(19,263)	592,080	7,000	-	599,080	599,080	581,242	17,838	17,838	(14,25)
National tertiary services	13,201			163,169		(8,632)	(8,632)	(26,576)	195,504			195,504	195,504	203,777	(8,273)	(8,273)	(34,849)
Central hospital						-	-	-	-			-	-	-	-	-	-
Hospital Revitalisation (Rehabilitation)	69,000			84,000	129,928	(19,082)	(19,082)	(20,342)	90,751			90,751	90,751	93,924	(3,173)	(3,173)	(23,515)
Redistribution of Specialised Health Services	49,172					-	-	15,508	-			-	-	-	-	-	15,508
Health Professions training and development	55,865			72,049	93,398	(4,642)	(4,642)	(4,657)	79,873			79,873	79,873	66,538	11,335	11,335	6,678
Integrated nutrition programme	131,838			131,838	137,160	30,303	30,303	30,903	172,465			172,465	172,465	173,433	(968)	(968)	29,935
Comprehensive HIV/AIDS Health	3,850		2,431	28,253	48,158	(14,523)	(14,523)	(16,523)	38,934			38,934	38,934	34,322	4,612	4,612	(11,911)
Medico-legal						-	-	-	-	1,000		1,000	1,000	1,000	1,000	1,000	1,000
Malaria and Cholera Prevention				9,333	6,909	2,424	2,424	2,424	14,553	6,000		6,000	6,000	7,246	7,305	7,305	6,000
Hospital management and quality improvement						-	-	-	-	-		-	-	-	-	-	-
Vote 4: Social Development	2,142	449,665		5,998	245,955	209,558	209,558	209,558	372,921	-	-	372,921	372,921	335,572	34,349	34,349	243,907
Financial management and improvement of social security system	642			1,200	1,100	100	100	100	272,130			272,130	272,130	178,837	93,293	93,293	100
Child support extension						-	-	-	-			-	-	-	-	-	-
Social security grants						-	-	-	-			-	-	-	-	-	-
Social security backlog						-	-	-	-			-	-	-	-	-	-
Victim empowerment						-	-	-	-			-	-	-	-	-	-
Criminal justice system care						-	-	-	-			-	-	-	-	-	-
HIV/AIDS (Community-based care)	1,500		150	4,798	3,231	1,567	1,567	1,567	6,658			6,658	6,658	6,658	-	-	1,567
Woman Flagship						-	-	-	-			-	-	-	-	-	-
Food emergency relief						-	-	-	94,133			94,133	94,133	94,133	-	-	-
Social Security Grants						-	-	-	-			-	-	-	-	-	-
Administration of Social Grants						-	-	-	-			-	-	-	-	-	-
Marketing of the child support grant					241,624	207,891	207,891	207,891	-			-	-	-	(58,944)	(58,944)	148,947
Disaster relief						-	-	-	-			-	-	-	-	-	-
Vote 8: Local Government and Housing	506,811	38,500	649,470	543,148	332,238	332,238	332,238	534,374	707,738	-	341,200	1,048,938	707,738	862,330	186,608	186,608	379,782
Housing subsidy	498,311			580,806	485,013	331,688	331,688	535,337	641,757		325,000	966,757	641,757	792,625	174,132	174,132	384,469
Local Government & Capacity building		9,700		31,200	47,666	(16,486)	(16,486)	(16,486)	46,338			46,338	46,338	43,970	2,368	2,368	(14,118)
Hostel upgrading						-	-	-	-			-	-	-	-	-	-
Human resettlement and redevelopment	8,500			10,198	10,007	10,204	10,204	8,691	11,000		16,200	11,000	11,000	17,085	(6,085)	(6,085)	2,606
Disaster Relief						-	-	-	8,643			8,643	8,643	8,650	16,200	16,200	-
Provincial project management					20,434	6,832	6,832	6,832	-			-	-	-	(7)	(7)	6,825
capacity for Municipal Infrastructure (MIG) (previously CMIP)						-	-	-	-			-	-	-	-	-	-
Vote 10: Roads and Transport (National Treasury)	147,275	130,000	356,107	356,107	38,800	38,800	38,800	27,707	456,673	-	-	456,673	456,673	457,278	(605)	(605)	27,102
Provincial Infrastructure	147,275		286,107	286,107	-	-	-	27,707	433,673			433,673	392,350	41,323	41,323	41,323	69,030
Flood Rehabilitation			70,000	70,000	38,800	38,800	38,800	-	23,000			23,000	23,000	64,928	(41,928)	(41,928)	(41,928)
Vote 8: Agriculture	-	4,891	6,000	10,796	204	204	204	(105)	8,000	-	-	8,000	8,000	7,622	378	378	273
Land care programme: Poverty relief and infrastructure development			6,000	10,796	204	204	204	(105)	-			-	-	-	-	-	(105)
Land Care Projects					-	-	-	-	8,000			8,000	8,000	8,000	-	-	8,000
Farmer Settlement - Drought/Disaster relief					-	-	-	-	-			-	-	-	-	-	-
Comprehensive Agriculture support programme					-	-	-	-	-			-	-	-	-	-	-
Vote 13: Cultural Affairs and Sport	-	-	-	-	-	-	-	-	-	-	-	-	-	7,622	(7,622)	378	(7,622)
Mass sport and recreation participation programme					-	-	-	-	-			-	-	-	-	-	-
Total Conditional grants	1,034,191	623,287	1,548,110	1,764,824	610,277	610,277	610,277	795,933	2,219,347	7,000	341,200	2,567,547	2,196,622	2,287,167	280,380	250,655	735,113

Table 1: Expenditure Trends on Conditional Grants (page 3 of 4).												
Vote and grant R'000	2005/06		2006/07									
	Cumm Bal.(Based on Adj. Approp.)	Original appro- priation	Additional Allocations		Adjusted appro- priation	Actual transfers from National Treasury	Preliminary Outcomes	Exp as % of Adjusted Approp.	(Over) / Under Exp. (based on Adj. Approp.)	(Over) / Under Exp. (based on Adj. Approp.)	Cumm Bal.(Based on Adj. Approp.)	
			National Allocatio ns & Roll overs	Provincial Roll Overs								
Vote 6: Education	119,496	319,995	-	32,917	352,912	352,912	354,023	#DIV/0!	-	31,806	85,468	
Financial management and quality enhancement	44,979	-	-	-	-	-	-	#DIV/0!	-	-	44,979	
Early childhood development	29,582	-	-	-	-	-	-	#DIV/0!	-	-	29,582	
HIV/Aids (Lifeskills education)	12,710	25,113	692	692	25,805	25,805	25,805	1	-	692	12,018	
Further Education and Training	-	61,000	-	-	61,000	61,000	61,000	-	-	-	-	
Primary school nutrition programme	32,225	233,882	-	32,225	266,107	266,107	267,218	1	(1,111)	31,114	(1,111)	
Provincial Infrastructure	-	-	-	-	-	-	-	-	-	-	-	
Vote 6: Health	85,120	905,102	17,612	31,253	953,967	953,967	953,032	5	935	32,188	54,802	
National tertiary services	(30,931)	374,203	-	-	374,203	374,203	380,285	1	(6,082)	(6,082)	(37,013)	
Central hospital	-	105,318	14,000	19,753	139,071	139,071	134,061	1	5,010	24,763	(654)	
Hospital Revitalisation (Rehabilitation)	14,089	-	-	-	-	-	-	-	-	-	15,508	
Redistribution of Specialised Health Services	15,508	-	-	-	-	-	-	-	-	-	33,042	
Health Professions training and development	22,788	127,566	-	1,694	127,566	127,566	117,312	1	10,254	10,254	32,747	
Integrated nutrition programme	32,747	127,566	-	1,694	127,566	127,566	117,312	-	1,694	3,388	32,747	
Comprehensive HIV/AIDS Health	(6,836)	218,021	-	-	218,021	218,021	249,115	1	(31,094)	(31,094)	(37,930)	
Medico-legal	9,911	79,994	3,612	8,261	91,867	91,867	72,259	1	19,608	27,869	21,258	
Malaria and Cholera Prevention	10,746	-	-	-	-	-	-	-	-	-	10,746	
Hospital management and quality improvement	17,098	-	-	1,545	1,545	1,545	-	-	1,545	3,090	17,098	
Provincial Infrastructure	-	-	-	1,318	1,318	1,318	-	#DIV/0!	1,318	2,636	696,206	
Vote 4: Social Development	696,206	-	-	1,318	1,318	1,318	-	-	-	-	100	
Financial management and improvement of social security system	100	-	-	-	-	-	-	-	-	-	211,871	
Child support extension	211,871	-	-	-	-	-	-	-	-	-	-	
Social security grants	-	-	-	-	-	-	-	-	-	-	-	
Social security backlog	-	-	-	-	-	-	-	-	-	-	-	
Social security backlog	-	-	-	-	-	-	-	-	-	-	-	
Victim empowerment	-	-	-	-	-	-	-	-	-	-	-	
Criminal justice system care	-	-	-	-	-	-	-	-	-	-	-	
HIV/Aids (Community-based care)	3,176	-	-	1,318	1,318	1,318	-	-	1,318	2,636	3,176	
Woman Flagship	-	-	-	-	-	-	-	-	-	-	-	
Food emergency relief	86,453	-	-	-	-	-	-	#DIV/0!	-	-	86,453	
Social Security Grants	214,129	-	-	-	-	-	-	#DIV/0!	-	-	214,129	
Administration of Social Grants	180,477	-	-	-	-	-	-	#DIV/0!	-	-	180,477	
Marketing of the child support grant	-	-	-	-	-	-	-	-	-	-	-	
Disaster relief	-	-	-	-	-	-	-	-	-	-	-	
Vote 5: Public Works	-	-	-	-	-	-	-	-	-	-	-	
Devolution of Property Rates fund grant	-	-	-	-	-	-	-	-	-	-	-	
Vote 7: Local Government and Housing	379,782	761,994	-	-	761,994	761,994	566,890	#DIV/0!	195,104	195,104	574,886	
Housing subsidy	384,469	761,994	-	-	761,994	761,994	566,890	1	195,104	195,104	579,573	
Local Government & Capacity building	(14,118)	-	-	-	-	-	-	-	-	-	(14,118)	
Hostel upgrading	-	-	-	-	-	-	-	-	-	-	-	
Human resettlement and redevelopment	2,606	-	-	-	-	-	-	#DIV/0!	-	-	2,606	
Disaster relief	-	-	-	-	-	-	-	-	-	-	-	
Provincial project management	-	-	-	-	-	-	-	-	-	-	-	
capacity for Municipal infrastructure (MIG) [previously CMIP]	6,825	-	-	-	-	-	-	-	-	-	6,825	

Table 1: Expenditure Trends on Conditional Grants (page 3 of 4).									
Vote and grant R'000	2005/06		2006/07						
	Cumm Bal.(Based on Adj. Approp.)	Original approp- iation	Additional Allocations		Adjusted approp- iation	Actual transfers from National Treasury	Preliminary Outcomes	Exp as % of Adjusted Approp.	(Over)/ Under Exp. Adj. Approp.
			National Allocatio ns & Roll	Provincial Roll Overs					
Vote 9: Environmental affairs and development planning	-	-							
Disaster damage	-	-							
National Treasury (Roads, Agr, Educ, Health)	24,481	742,057	-	-	742,057	742,057	742,057	1	-
Provincial Infrastructure	66,409	742,057			742,057	742,057	742,057	1	-
Flood Rehabilitation	(41,928)				-	-	-	-	-
Hospital revitalisation	-				-	-	-	-	-
Vote and grant R'000	#VALUE!	2005/06 approp- iation			Adjusted approp- iation	Actual transfer	expen- diture	#DIV/0!	#VALUE!
Vote 8: Agriculture	15,224	63,736	16,778	737	81,251	81,251	63,569	2	17,682
Land care programme: Poverty relief and infrastructure development	(5,487)	57,061	4,375	737	62,173	62,173	56,042	1	6,131
Land Care Projects	14,120				-	-	-	-	-
Farmer Settlement - Drought/Disaster relief	25,793		12,403		12,403	12,403	12,403	-	12,403
Provincial Infrastructure									
Comprehensive Agriculture support programme	(19,202)	6,675			6,675	6,675	7,527	1	(852)
Provincial Infrastructure	-				-	-	-		
Vote 13: Cultural Affairs and Sport	152	17,060	-	-	17,060	17,060	17,187	1	(127)
Mass sport and recreation participation programme	152	17,060			17,060	17,060	17,187	1	(127)
Community Library Services grant									
Vote 9: Economic Development & Environmental Affairs									
Subtotal Conditional grants		#REF!	58,200	#REF!	58,200	58,200		-	58,200
Unallocated Provincial Infrastructure Grant								#DIV/0!	
Subtotal Conditional grants								#DIV/0!	
Total Conditional grants	1,320,461	2,809,944	92,590	66,225	2,968,759	2,968,759	2,696,758	#DIV/0!	272,001
									280,026
									1,468,037

Table 1: Expenditure Trends on Conditional Grants (page 4 of 4).													
Vote and grant R'000	2007/08										Medium-term Estimates		
	Original appro- priation	Additional Allocations		Adjusted appro- priation	Actual transfers from National Treasury	Preliminary Outcomes	Exp as % of Adjusted Approp.	(Over) / Under Exp. (based on Adj. Approp.	(Over) / Under Exp. (based on Act. Transfers).	Cum Bal.(Based on Adj. Approp.)	2008/09	2009/10	2010/11
		National Allocations & Roll Overs	Provincial Roll Overs										
Vote 6: Education	343,487	-	-	343,487	343,497	346,507	#DIV/0!	(3,010)	(3,010)	83,569	483,864	420,489	537,002
HIV/Aids (Lifeskills education)	26,797			26,797	26,797	26,797	1	-	-	44,979	28,542	30,168	32,156
Further Education and Training	78,815			78,815	78,815	78,815		-	-	29,582	115,506	-	-
Primary school nutrition programme	237,885			237,885	237,885	240,895	1	(3,010)	(3,010)	9,008	339,816	390,321	504,846
Provincial Infrastructure										-			
Vote 3: Health	1,110,945	-	-	1,110,945	1,110,945	1,110,945	#DIV/0!	-	-	98,432	1,249,668	1,327,344	1,570,099
National tertiary services	428,912			428,912	428,912	428,912	1	-	-	-	468,088	507,595	550,750
Central hospital				-	-	-		-	-	54,802			
Hospital Revitalisation (Rehabilitation)	246,750			246,750	246,750	246,750	1	-	-	(37,013)	282,288	226,276	325,810
Redistribution of Specialised Health Services				-	-	-		-	-	-			
Health Professions training and development	133,944			133,944	133,944	133,944	1	-	-	(654)	140,641	151,362	160,444
Integrated nutrition programme				-	-	-	#DIV/0!	-	-	15,508			
Comprehensive HIV/AIDS Health	233,204			233,204	233,204	233,204	1	-	-	33,042	300,522	380,897	463,750
Medico-legal	68,135			68,135	68,135	68,135	1	-	-	32,747	58,129	61,214	69,345
Vote 5: Public Works	-	-	-	-	-	-	-	-	-	-	119,638	134,061	147,467
Devolution of Property Rates fund grant											119,638	134,061	147,467
Vote 11: Housing	552,554	-	-	552,554	552,554	525,386	#DIV/0!	27,168	27,168	1,167,509	1,251,018	1,510,127	1,865,963
Housing subsidy							#DIV/0!	-	-	-	1,251,018	1,510,127	1,865,963
Human resettlement and redevelopment	552,554			552,554	552,554	525,386	1	27,168	27,168	13,050			
National Treasury (Roads, Agr, Educ, Health)	1,123,343	-	-	1,123,343	1,123,343	926,814	1	196,529	196,529	221,010	1,317,909	1,597,485	1,827,967
Provincial Infrastructure	1,123,343			1,123,343	1,123,343	926,814	1	196,529	196,529	196,529	1,317,909	1,597,485	1,827,967
Flood Rehabilitation				-	-	-		-	-	24,481			
Vote 8: Agriculture	96,848	-	-	96,848	96,848	77,538	2	19,310	19,310	103,702	97,363	113,956	136,105
Land care programme: Poverty relief and infrastructure development	7,010			7,010	7,010	10,423	1	(3,413)	(3,413)	(3,413)	7,345	8,227	8,721
Farmer Settlement - Drought/Disaster relief													
Provincial Infrastructure	20,000			20,000	20,000		-	20,000	20,000	19,907			
Comprehensive Agriculture support programme	69,838			69,838	69,838	67,115	1	2,723	2,723	14,120	90,018	105,729	127,384
Provincial Infrastructure										40,919			
Vote 13: Cultural Affairs and Sport	51,049	-	-	51,049	51,049	51,049	1	-	-	25	87,483	118,281	128,770
Mass sport and recreation participation programme	28,369			28,369	28,369	28,369	1	-	-	-	44,895	62,765	66,531
Community Library Services grant	22,680				-	22,680				25	42,588	55,516	62,239
Total Conditional grants	3,278,236	-	-	3,255,556	3,255,556	3,038,239	#DIV/0!	239,997	239,997	1,674,247	4,606,943	5,221,743	6,213,373
Less: Social Development, Agriculture & Local Govt (outstanding inflows from National Treasury)								22,680	-	146,310			
Balance as at 31 March 2006 (Pre audited outcome for 2005/06).										1,527,937			