



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

2011/12

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Foreword

Elements of macroeconomic indicators will always have a direct bearing in our province, especially when the gap between the demands for services and resources to meet them continues to increase. While there are signs that the global economy is improving, its recovery is still fragile, requiring the continuation of fiscal prudence that have characterized our budget framework over the past three years.

The 2011/12 MTEF budget is beginning to make some priority trade-offs under those trying fiscal conditions. A clear policy direction has been set by National Government in the State of the Nation Address and in the Budget Speech, that the 'Creation of decent work and growing the economy' should top government's agenda in the next budget cycles. Furthermore, in the State of the Province Address, a target of 88 684 job opportunities has been set for 2011/12 financial year, through the intensification of Expanded Public Works Programme. To support this and as a bid to address infrastructure backlogs, about R14 billion has been allocated for infrastructure development over the medium term budget framework.

While strengthening public health services, education, building a skills and human resources base remain key priorities for the provincial government, this budget also gives content to the rural development initiatives, poverty reduction programmes, revitalization of irrigation schemes, fencing and support of the land reform beneficiaries.

However, for the Province to realize expected outputs in this regard, which will translate into realistic outcomes, the management public expenditure becomes critically important. Financial management reforms as enunciated in the Public Finance Management Act (PFMA), attempts to give practical meaning to this imperative.

The initial phase of the Public Finance Management Act puts more emphasis on the basics of financial management, like the introduction of proper financial management systems, appropriate controls and the accountability arrangements for the management of budgets. Current fiscal challenges demand that we focus on increasing efficiencies in the public spending and this budget framework has about R700 million being redirected from non-core spending items to protect front line services.

As part of graduating from the first phase of the financial management reforms, the province has improved in other fronts, hence the improvement in the audit outcomes of 2009/10 financial years for other departments, while consolidating initiatives to realize the same for the Departments of Health and Education.

Notwithstanding the achievements, more work needs to be done to improve the financial management of the province. In particular, the challenge of overspending continues to weaken the strength of the Provincial Revenue Fund in responding to the emerging policy priorities. More attention is given to ensure that this situation is reversed over the medium term, with the key strategy being to increase the oversight of public performance and raising the bar on issues of financial discipline.

Overview of Provincial Revenue and Expenditure:

This budget also gives a full expression to the new configuration of provincial departments, as announced by the Honourable Premier in November 2010. Some of these initiatives, which will help accelerate with speed the service delivery, include the establishment of the Provincial Planning Commission, the renewed focus on agrarian reform and improvement of monitoring systems through the decentralization of Shared Internal Audit Services.

As in the past, the 2011 Budget Overview and Estimates of Provincial Expenditure, as the name implies, presents the overview of the budget, discusses and anticipates budget trends and developments over the current and forthcoming MTEF periods. It also provides a snapshot of the socio economic and demographic profile of the province, while taking care to isolate salient features. The Estimates of Provincial Expenditure provides details on the funding of votes for 2011/12 financial year and the MTEF.

Sincere gratitude goes to the Executive Council and Legislature, for continued guidance as well as my colleagues in the national and provincial departments for their co-operation and support in putting together this budget.

A handwritten signature in black ink, appearing to read 'Qonda Kalimashe', is written over a horizontal line.

Qonda Kalimashe
Acting Superintendent General and
Head Official of Treasury

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List of Acronyms

| | |
|------------|---|
| CBC | Cabinet Budget Committee |
| EXCO | Executive Council |
| FET | Further Education and Training |
| FFC | Financial and Fiscal Commission |
| GHS | General Household Survey |
| IDP | Integrated Development Plans |
| MEC | Member of Executive Committee |
| MINCOM BUD | Minister's Committee of Budget |
| MTEC | Medium Term Expenditure Committee |
| MTEF | Medium Term Expenditure Framework |
| MTSF | Medium-term Strategic Framework |
| PGDP | Provincial Growth and Development Plan |
| RAF | Road Accident Fund |
| Stats SA | Statistics South Africa |
| TCF | Technical Committee on Finance |
| APP | Annual Performance Plan |
| DDG | Deputy Director General |
| SCOA | Standard Chart of Accounts |
| SCM | Supply Chain Management |
| HROPT | Human Resource Operational Project Team |
| ECDC | Eastern Cape Development Corporation |
| ELIDZ | East London Industrial Development Zone |
| ASGISA | Accelerated and Shared Growth Initiative for South Africa |
| MTBPS | Medium Term Budget Policy Statement |
| PCF | Premier's Co-ordinating Forum |

1 Budget Strategy and Aggregates

1.1 Introduction

The slow recovery of the global economy has serious implications for the South African economy. National tax revenue recovery which was 24.4 percent of gross domestic product (GDP) in 2009/10 is projected to increase only to 26.4 GDP percent only in the 2013/14 fiscal year. The sluggish recovery in national tax revenue coupled with the projected provincial fiscal exposure at the end of the current financial year and the financing thereof implies that there will be very limited fiscal resources for additional allocations.

To impact positively on the socio-economic circumstances of the poor and to bridge the gap between the first and second economies, the government has set itself 12 outcomes as the strategic policy priorities for the 2011 MTEF (Medium Term Expenditure Framework) period. The twelve outcomes which are the focal point of the Medium Term Strategic Framework (MTSF) need to inform the strategic planning, budgeting and service delivery at all the three spheres of government in the country. The theme for the strategic agenda for the next five years is ***“jobs, growth and development”***.

To enforce the government's development agenda, the 12 outcomes are encapsulated in delivery agreements of ministers of national and provincial departments, with priority given to education, health, infrastructure development and job creation. In light of the recent public on service delivery, government is determined to ensure that it achieves better value for money and improved performance in public-service delivery. Initiatives to improve spending discipline, and to reorganize public administration to reduce management deficiencies, are central to the transformation challenge. No effort will be spared to ensure that integrated sector planning and budgeting takes place to address service delivery backlogs. Specifically the theme for this year's planning and budgeting has been *“integrated planning for enhanced service delivery”*.

Outcomes

For the 2011MTEF, departments are required to ensure that they reflect the outcomes aligned to their mandate in the annual performance plans and budget while their service delivery initiative should critically be geared towards the achievement of the 12 outcomes listed below:

- Improve the quality of basic education
- Create decent employment through inclusive economic growth
- Develop a skilled and capable workforce
- Improve healthcare and life expectancy among all South Africans
- Build a safer country
- Support an efficient, competitive and responsive economic infrastructure network
- Develop vibrant, equitable and sustainable rural communities that contribute to adequate food supply
- Protect our environment and natural resources
- Create sustainable human settlements and improved quality of household life
- Build a responsive, accountable, effective and efficient local government system
- Create a better South Africa, a better Africa and a better world
- Generate an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship.

1.2 Summary of Budget Aggregates

Table 1.1 below shows the summary of the provincial fiscal framework for the 2011 MTEF period, together with the variations to the provincial equitable share allocation.

Table 1.1: Summary of Budget Aggregate, Eastern Cape Provincial Government

| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|-----------------------|-------------------|-------------------|
| R' 000 | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Provincial receipts | | | | | | | | | |
| Transfer receipts from national | 30 392 096 | 36 102 992 | 42 272 989 | 47 587 075 | 49 063 845 | 49 063 845 | 53 016 147 | 56 097 052 | 59 268 200 |
| Equitable share | 27 344 125 | 32 131 702 | 37 314 768 | 40 134 424 | 41 022 154 | 41 022 154 | 44 120 028 | 46 495 024 | 48 931 829 |
| Conditional grants | 3 047 971 | 3 971 290 | 4 958 221 | 7 452 651 | 8 041 691 | 8 041 691 | 8 896 119 | 9 602 028 | 10 336 371 |
| Provincial own receipts | 1 008 247 | 965 482 | 761 949 | 636 990 | 710 719 | 714 250 | 668 809 | 718 517 | 776 690 |
| Total provincial receipts | 31 400 343 | 37 068 474 | 43 034 938 | 48 224 065 | 49 774 564 | 49 778 095 | 53 684 956 | 56 815 569 | 60 044 890 |
| Provincial payments | | | | | | | | | |
| Current payments | 24 745 532 | 31 189 821 | 36 436 576 | 38 700 148 | 40 221 298 | 42 788 989 | 41 895 603 | 44 223 773 | 47 002 696 |
| Transfers and subsidies | 3 292 848 | 4 823 707 | 5 537 868 | 5 871 831 | 6 048 742 | 6 039 730 | 6 994 645 | 7 344 586 | 7 768 467 |
| Payments for capital assets | 2 164 455 | 3 027 855 | 3 234 687 | 3 648 907 | 3 453 897 | 3 377 704 | 3 753 288 | 3 569 691 | 3 770 402 |
| Payments for financial assets | 5 383 | 26 322 | 23 659 | - | - | 96 | - | - | 0 |
| Total provincial payments | 30 208 218 | 39 067 705 | 45 232 789 | 48 220 886 | 49 723 936 | 52 206 518 | 52 643 535 | 55 138 050 | 58 541 566 |
| Surplus / (deficit) before financing | 1 192 125 | (1 999 231) | (2 197 851) | 3 179 | 50 628 | (2 428 423) | 1 041 420 | 1 677 519 | 1 503 325 |
| Financing | | | | | | | | | |
| Provision for finance bill | - | - | - | - | - | - | (1 041 420) | (1 677 519) | (1 503 325) |
| Surplus / (deficit) after financing | 1 192 125 | (1 999 231) | (2 197 851) | 3 179 | 50 628 | (2 428 423) | 0 | 0 | (0) |

Source: EC Provincial Treasury, 2011

Payments and estimates for the 2010/11 financial year shows that the provincial adjusted appropriation augmented the provincial budget by R1.5 billion resulting in a total adjusted appropriation on R49.8 billion, while total payments and estimates amounts to R49.7 billion, resulting in a surplus of approximately R50.6 million.

The Preliminary allocation letter from the National Treasury shows that National Treasury undertook a revision of the Equitable Share formula. The revision was based on the recommendations of a task team that reviewed the components and updated the data used in the formula. Revisions to the Equitable Share formula for the 2011/12 financial year are informed by the data from the 2010 Mid-year Population Estimates, 2010 Education Snap Survey, the 2008 GDP-R, District Health Information Services patient day data for 2008 and 2009 and the Risk Equalization Fund, and the 2005 Income and Expenditure Survey. The adjustments will be phased in over three years. The Technical Committee on Finance (TCF) and Budget Council endorsed a new formula for health and a change of weights to the health, education and basic components. The components of the new health formula capture all expenditure needs of the health sector including previous add-ons for occupation specific dispensation (OSD) and primary health care. These adjustments are therefore phased into the Provincial Equitable Share (PES) formula over the 2011 MTEF.

Adjustments to the baseline due to new data and component changes in the equitable share formula, the phasing in of previous year's add-on for health, the phasing in of the Forensic Pathology Services and the Hospital Revitalization grants have resulted in a marginal increase in the provincial baseline allocation by R66.2 million, R228.8 million and R48 million respectively for each year of the 2011 MTEF period.

In order to ensure both the sustainability of South Africa's public finances and to address new and outstanding budget issues which arose since the tabling of the Medium Term Budget Policy Statement, on the 8th of December 2010, national Cabinet approved that a 0.3 percent cut to baselines be effected across all national government votes and the provincial equitable share. Such an adjustment will generate additional resources amounting to R6 billion, of which R2.7 billion is attributable to the provincial sphere. These savings are expected to be utilized in administrative spending and overhead costs, such that spending on frontline services is unaffected and protected.

Revenue

The preliminary allocation letter for the 2011 MTEF shows that the additional allocation is earmarked for inflationary adjustments for improvement in conditions of service (ICS) and increase in housing allowance in terms of Bargaining

Council Resolution 4 of 2010 and to address sector specific priorities for Health and Education Occupational Specific Dispensation.

The final Sector Specific Conditional grant allocations for the 2011 MTEF period are R8.9 billion, R9.6 billion and R10.3 billion respectively for each year of the MTEF. Own revenue collection by the province is projected at R688.8 million, R718.5 million and R776.7 million for each year of the MTEF period respectively. The total resource envelope that becomes available to the province for the 2011 MTEF period is R53.7 billion, R56.8 billion and R60 billion respectively.

Transfers from national government represent 98.7 percent of the total resources available to the province while provincial own revenue represents only 1.3 percent of the total. Of the total resources, equitable share represents 83 percent in 2011/12, 81.7 percent in 2012/13 and 81.7 percent in 2013/14. Conditional grants allocations, which form the other component of national transfers, accounts for 15.7 per cent, 17 percent and 17 percent of total resources available to the province in 2011/12, 2011/13 and 2013/14 financial years respectively. Total fiscal envelope of the province is estimated to experience year on year growth of 7.9 per cent, 7.0 percent and 5.2 percent in the 2011/12, 2012/13 and 2013/14 financial years respectively.

Table 1.2: 2011 MTEF – Revenue

| Receipts | Audited | | | Original budget | Adjusted budget | Revised estimates | Medium-term estimates | | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2010/11 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
| Transfers from National | 30 526 711 | 36 352 543 | 42 848 172 | 47 587 075 | 49 063 845 | 49 063 845 | 53 016 147 | 56 097 052 | 59 268 200 |
| Equitable share | 27 344 125 | 32 131 702 | 37 314 768 | 40 134 424 | 41 022 154 | 41 022 154 | 44 120 028 | 46 495 024 | 48 931 829 |
| Conditional grants | 3 047 971 | 3 971 290 | 4 958 221 | 7 452 651 | 8 041 691 | 8 041 691 | 8 896 119 | 9 602 028 | 10 336 371 |
| Provincial own revenue ** | 1 008 247 | 965 482 | 761 949 | 636 990 | 710 719 | 710 719 | 668 809 | 718 517 | 776 690 |
| Total Receipts | 31 400 343 | 37 068 474 | 43 034 938 | 48 224 065 | 49 774 564 | 49 774 564 | 53 684 956 | 56 815 569 | 60 044 890 |
| % of Total revenue | | | | | | | | | |
| Transfers from National | 97.2 | 98.1 | 99.6 | 98.7 | 98.6 | 98.6 | 98.8 | 98.7 | 98.7 |
| Equitable share | 87.1 | 86.7 | 86.7 | 83.2 | 82.4 | 82.4 | 82.2 | 81.8 | 81.5 |
| Conditional grants | 9.7 | 10.7 | 11.5 | 15.5 | 16.2 | 16.2 | 16.6 | 16.9 | 17.2 |
| Provincial own revenue | 3.2 | 2.6 | 1.8 | 1.3 | 1.4 | 1.4 | 1.2 | 1.3 | 1.3 |
| Total Receipts | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Nominal growth (%) | | | | | | | | | |
| Transfers from National | | 19.1 | 17.9 | 11.1 | 3.1 | 0.0 | 8.1 | 5.8 | 5.7 |
| Equitable share | | 17.5 | 16.1 | 7.6 | 2.2 | 0.0 | 7.6 | 5.4 | 5.2 |
| Conditional grants | | 30.3 | 24.9 | 50.3 | 7.9 | 0.0 | 10.6 | 7.9 | 7.6 |
| Provincial own revenue | | -4.2 | -21.1 | -16.4 | 11.6 | 0.0 | -5.9 | 7.4 | 8.1 |
| Total Receipts | | 18.1 | 16.1 | 12.1 | 3.2 | 0.0 | 7.9 | 5.8 | 5.7 |

Payments

The 2010 Medium Term Budget Policy Statement (MTBPS) indicates that in the 2011 MTEF period, the fiscal stance targets a combination of revenue and expenditure that will enable government to pay for existing programmes while reinforcing the sustainability of the public finances. The main components of this approach include the following: higher GDP growth and reduced inflation; recovery in tax revenue from 24.4 percent of GDP in 2009/10 to 26.4 percent of GDP by 2013/14; a moderation in the real growth of non interest expenditure and a reduction in the proportion of expenditure to GDP over the medium-term expenditure framework and a rise in government debt service costs from 7.5 percent of expenditure in 2010/11 to 9.6 per by 2013/14.

The 2011 MTEF provincial fiscal framework will be severely constrained or extremely tight because of the adverse impact of the exposure of 2009/10 financial year and the projected over expenditure of the current financial year. This will require prudent public finance management that will curb the tendency for the social sector departments to overspend their budget and thereby increase the debt service costs to the province. This will crowd out investments in economic or productive infrastructure in the province.

The current investment choices of the province have resulted in a biased spending towards the social services which reflect the necessary bias to pro-poor programmes accounting for 77 percent of the budget. However, the cost is less investment on economic services which may not be sustainable in the long term. The main concern about this trend is the decline in the creation of productive capacity and the rise in expenditure on labour costs. To reverse this,

concerted efforts are being made to improve efficiencies in social services which might release resources for investment in economic services.

The gloomy fiscal prospects notwithstanding, pro-poor programmes and projects need to be protected. The Treasury has adopted a zero based approach to the 2011 MTEF budget, whereby departments have to undertake a proper costing of their cost drivers, ensuring that the adequate funding of critical policy priorities and contractual obligations and reprioritize funds for the implementation of the 12 outcomes aligned to their mandates.

2. Budget Process and Medium-Term Expenditure Framework

Planning and budgeting for 2011 MTEF

In preparation for the 2011 first budget submission and the MTEC (Medium Term Expenditure Committee) Hearings, departments were strongly advised to ensure that their 2011 budgets are aligned to government's strategic policy priorities for the electoral cycle as encapsulated in: the MTSF; Programme of Action; Apex priorities; the 12 outcomes, the President's state of the nation and Premier's 2011 state of the province addresses.

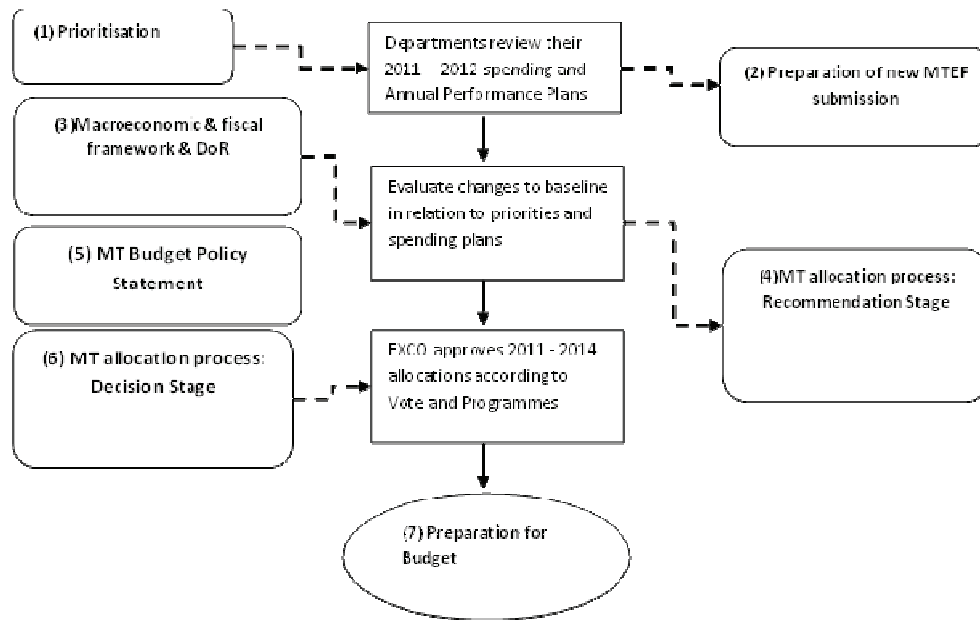
To enhance service delivery through the strengthening of the provincial planning processes, a number of joint planning workshops were held where the importance of sector planning and budgeting, performance budgeting for better service delivery were stressed. In addition, provincial departments were interceded to ensure that their plans are formulated within the top-down frameworks set by overarching national and sectoral plans, as well as the bottom-up approach with information coming from district offices, and the Integrated Development Plans (IDP's) developed by local government. In a nutshell, the MTSF should find expression in five year Strategic Plans of departments which must be aligned to their Annual Performance Plan and the budgets. The departments were also encouraged to position themselves to effectively and efficiently execute and translate their budgets into goods and services that will alleviate the plights of the people.

National Policy Priorities for the Medium Term

The provincial budget process mimics the national process as the two processes are interdependent. The five point manifesto of the ruling party, the ten Medium-Term Strategic Framework and the 12 outcomes pronounced by the presidency are the main planning documents that must underpin planning, policy prioritisation, resource allocation and budget implementation for the 2011 MTEF budget. While the aforementioned documents are the focal point of the 2011 MTEF, there is a shift in emphasis from input based budgeting to the outcomes approach. The outcomes identified in the new approach have been referred to as government's "change agenda", but the "sustained agenda", i.e. government's previously funded priorities, is still of importance.

Departments are required to link their existing budget to both the change agenda and the sustained agenda; and areas outside of this should be considered as sources for reprioritisation (see figure 2.1). To enhance coordinated approaches to addressing government's priority areas across different departments, the Presidency has established the cluster management system.

Figure 2.1 Diagrammatic Representation of the Budget process in the Eastern Cape (2011/12 MTEF)



Planning, budgeting and its implementation for the 2011 MTEF period will focus on the development and transformation goals of government. The central goals of government's development strategy are organized around 12 outcomes and elaborated in delivery agreements, with priority given to education, health, infrastructure development and job creation.

In making strategic choices over the medium term, government will focus on those outcomes:

- With the greatest potential impact on economic growth and development;
- Enhancing the quality of basic education and skills development;
- Improving the quality of health care and health infrastructure;
- Investing in new infrastructure and proper maintenance of economic infrastructure networks; and
- Accelerating the creation of jobs.

Given that 7 of the 12 outcomes require activities by partners from two or more spheres of government as they are concurrent functions, this therefore calls for a sector budgeting approach at all spheres of government and especially at the provincial and local to ensure collaboration, coordination and synergy in service delivery. In terms of MTEF budgeting, a forum should be created at the provincial level for sectors to identify their policy priorities, undertake baseline reprioritization, funding requirements, implementation plans and capacity building initiatives. Sectors can formulate Sector development strategies linked to national and provincial development strategies.

Significant reforms are needed to support the proposed growth path. In view of this, Government plans to increase support for land and agrarian reform to reduce inequality, boost food production and provide assistance to newly settled farmers. The fight against crime will continue to be prioritised, as will the integration process within the criminal justice system. Support for industrial development gives effect to the revised industrial policy action plan. Housing delivery will be better coordinated and synchronized with the delivery of related community services.

3 Socio-Economic Review

3.1 Demographic Profile

Population Growth and density

Population size is a major driving force in the demand for goods and services in an economy. People provide labour and entrepreneurship for production and also consume the output of production. Thus, the structure of the population, the skills, location as well as the health of the population has a direct bearing on the trajectory of the economy. Since population size affects the supply of infrastructure such as communication, transport, and social services such as education, health etc, it thus becomes one of the key factors in the planning process.

Estimates from the Statistics South Africa (Stats SA) indicate that the South African population increased from approximately 44.8 million in 2001 to 48.5 million in 2007. This number is estimated to have considerably risen to 49.9 million in 2010 representing a total increase of approximately 5.1 million between 2001 and 2010 period. Over the same period, the Eastern Cape population is estimated to have increased by about 465 thousand from 6.2 million to 6.7 million (table 3.1). Given the fact that the population of the province had increased, undoubtedly there will be more demand on the province's resources (social services and the like). With the limited financial resources available in the province, it thus becomes vitally important that choices have to be made. Priorities should be made with respect to the provincial fiscus.

Though the provincial share of the national population has marginally shrunk from 14 percent in 2001 to 13.5 in 2010, Eastern Cape is however, still the third most populous province in the country after Gauteng (GP) (22.4 percent) and KwaZulu-Natal (KZN) with 21.3 percent. Northern Cape (NC) remains the province with the smallest share of the population at 2.2 percent (table 3.1).

As seen in section 3.1 above, the Eastern Cape Province encloses 169,056 square kilometers (km²), constituting 13.8 percent of the total 1 221 219 km² land area of the country. This translates to a population density¹ of 39 people per square kilometer (km²). Accordingly the province is considered to be predominantly rural which has a direct impact on financial resources in terms of the transportation costs related to service delivery. Gauteng on the other hand is enormously concentrated with approximately 636 people for each km². Of all the provinces, Northern Cape is astonishingly less swarming with an estimated paucity of only three people per km² compared to the national level average of 40 people per km² (table 3.1).

Table 3.1: Population Distribution by Province, 2001 to 2010

| | Population Size (Number) | | | Provincial Share of | | | Area in | % Share of | Population |
|-----|--------------------------|------------|------------|---------------------|-------|-------|-----------|------------|------------|
| | Census | CS* | MY* | SA Population | | | Square km | SA area | Density |
| | 2001 | 2007 | 2010 | 2001 | 2007 | 2010 | 2010 | 2010 | 2010 |
| EC | 6 278 651 | 6 527 746 | 6 743 823 | 14.0 | 13.5 | 13.5 | 169 056 | 13.8 | 39.9 |
| FS | 2 706 776 | 2 773 066 | 2 824 570 | 6.0 | 5.7 | 5.7 | 130 006 | 10.6 | 21.7 |
| GP | 9 178 873 | 10 451 709 | 11 192 029 | 20.5 | 21.5 | 22.4 | 16 539 | 1.4 | 676.7 |
| KZN | 9 584 129 | 10 259 230 | 10 645 508 | 21.4 | 21.2 | 21.3 | 93 453 | 7.7 | 113.9 |
| LP | 4 995 533 | 5 238 286 | 5 439 552 | 11.1 | 10.8 | 10.9 | 125 990 | 10.3 | 43.2 |
| MP | 3 365 885 | 3 643 435 | 3 617 513 | 7.5 | 7.5 | 7.2 | 76 727 | 6.3 | 47.1 |
| NC | 991 919 | 1 058 057 | 1 103 918 | 2.2 | 2.2 | 2.2 | 373 186 | 30.6 | 3.0 |
| NW | 3 193 678 | 3 271 946 | 3 200 649 | 7.1 | 6.7 | 6.4 | 106 756 | 8.7 | 30.0 |
| WC | 4 524 334 | 5 278 591 | 5 223 908 | 10.1 | 10.9 | 10.4 | 129 505 | 10.6 | 40.3 |
| SA | 44 819 778 | 48 502 066 | 49 991 470 | 100.0 | 100.0 | 100.0 | 1 221 219 | 100.0 | 40.9 |

¹ Population density is generally defined as the average number of people per square kilometer in a particular area which is calculated by dividing total population by land area in square kilometers.

* CS and MY denote Community Survey and Mid-Year respectively.

Source: Stats SA (Census 2001, 2007 Community Survey and 2010 Mid-Year Population Estimates) and Quantec (2010).

Age and Gender Distribution

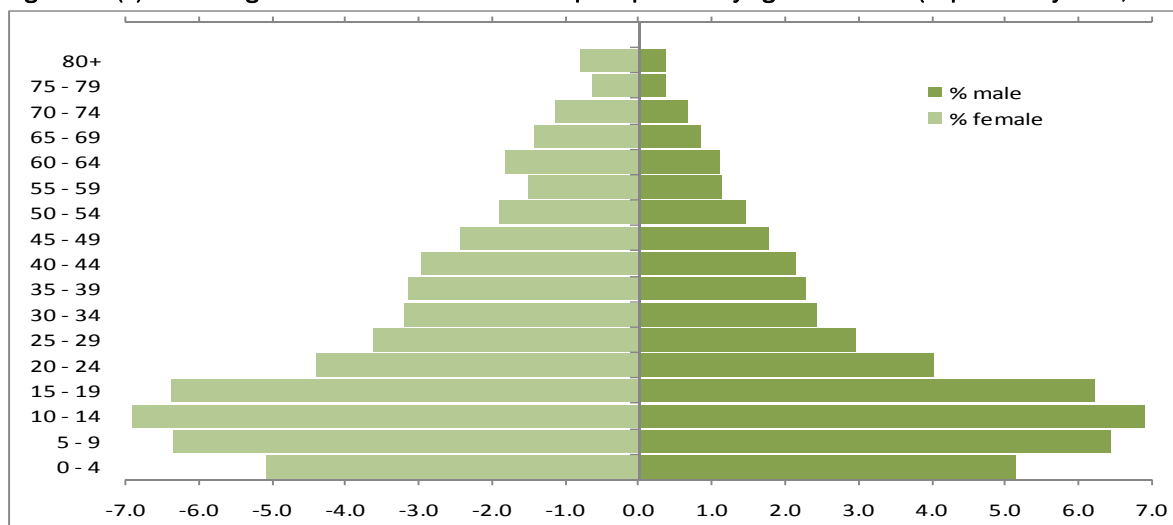
The population pyramids in figure 3.1 below provide a comparison of the age and sex profiles of Eastern Cape in 2001 and 2010. Following the decline in the population growth rate, the 2010 pyramid structure differs considerably from that of 2001. In 2001, the largest proportion (13.8 percent or 889 112) of the provincial population fell in the 10-14 age cohort, by 2010 the largest concentration (12.4 percent or 835 467 people) shifted into the 15-19 year age group. The largest share (3.1 million or 45.2 percent) of the provincial population is children and young people between the ages of 0 and 19 years. This implies that the government should redirect more funding towards investing in basic education and child welfare. In addition to this, the large number of young people finishing school entering the job market may imply an increase in unemployment numbers in the future, unless, the economy grows at a higher rate which will ensure that new entrants in the job market are absorbed.

Though the population size increases progressively all the way from 0-19 age cohorts, with a minor decline in the 10-14 age group, it however plunges in the number of persons aged 20-39 residing in the province. The most likely explanation of the smaller proportional representation of persons in the 20-39 age categories (2.1 million or 31.4 percent) is that the working age persons migrate to other provinces for educational or working purposes. The effects of deaths however, resulting particularly from tuberculosis (TB), Acquired immune deficiency syndrome (AIDS) or human immunodeficiency virus (HIV) diseases could not be ruled out.

Anecdotal evidence suggests that young people leave the province after they have finished with schooling for economic opportunities in other provinces. The Eastern Cape Province should have a retention strategy through job creation and other economic opportunities for the youth. The province is losing its return on human capital investment through skills that are lost to other provinces. What makes matters worse is that the Provincial Equitable Share is population driven; it therefore follows that emigration to other provinces adversely affect the provincial financial resources.

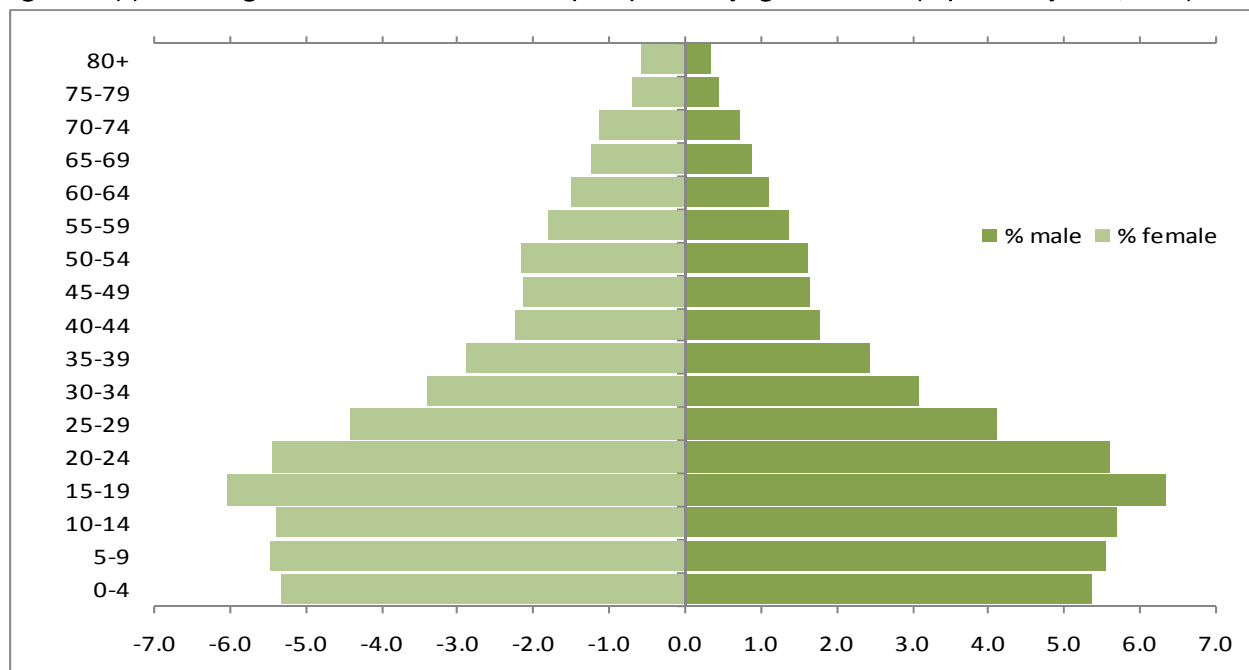
The pyramid further shows that in the early age groups, the proportion of male population is either greater or equal over females' one. By contrast the female population exceeds the male population in every cohort of people aged 25 and older. As a result, compared to females, there are significantly fewer males at the age of 80 years and older. Although the population of the elderly in the Eastern Cape appears to be very small, there are however grave implications in terms of providing health and social welfare services for this age group.

Figure 3.1 (a): Percentage Distribution of the Eastern Cape Population by Age and Gender (Population Pyramid, 2001)



Source: Stats SA, Census (2001)

Figure 3.1 (b): Percentage Distribution of the Eastern Cape Population by Age and Gender (Population Pyramid, 2010)



Source: Stats SA, Mid-Year Population Estimates (2010)

The largest size of approximately 4.1 million (61.2 percent) of the provincial population falls within the 15-65 years age bracket, which constitutes the economically active population (EAP). This means that 38.8 percent (2.6 million) of the population is distributed between those under the age of 15 and over the age of 64 years which translates to a dependency ratio² of 63.5 percent. Dependency ratio means that there are people who are not of working age and therefore are not paying taxes. As the dependency ratio increases, so are the numbers of people the government must look after. Further, the persons who constitute the “dependency burden” in the economy are also not saving. The implication of this is that if the dependency ratio increases, capital formation may also experience a slowdown in that savings constitute investments. This has a direct impact on the financial position of the province since more resources would be required in the provision of social security.

² Dependency Ratio = (number of people under 15 years) + (number of people aged 65 and over) / (number of people between 15 and 64 years) X 100 = (2 214 311 + 404 834) / (4124 678) X 100 = 63.5 percent. The dependency ratio is an age-population ratio of those typically not in the labour force (the *dependent* part) to those typically in the labor forces (economically active population). The dependent part usually includes those under the age of 15 and over the age of 64, while the working age group makes up the population in between ages 15 and 64.

Spatial Distribution

Table 3.2: Eastern Cape Population by district municipality, 2001, 2005 and 2009

| Year | Population Size (Number) | | | Provincial Share of SA Population | | | Average Annual Growth Rate | | Area in Square km | % Share of EC area 2010 | Population Density |
|------------|--------------------------|-----------|-----------|-----------------------------------|-------|-------|----------------------------|-----------|-------------------|-------------------------|--------------------|
| | 2001 | 2005 | 2010 | 2001 | 2005 | 2010 | 2001-2005 | 2005-2010 | | | |
| Cacadu | 388 864 | 379 321 | 383 410 | 6.0 | 5.8 | 5.7 | -0.6 | 0.2 | 58 272 | 34.5 | 6.6 |
| Amatole | 1 709 026 | 1 700 888 | 1 737 265 | 26.3 | 26.0 | 25.8 | -0.1 | 0.4 | 23 594 | 14.0 | 73.6 |
| Chris Hani | 833 029 | 820 828 | 824 383 | 12.8 | 12.5 | 12.2 | -0.4 | 0.1 | 36 728 | 21.7 | 22.4 |
| Joe Gqiba | 348 575 | 332 759 | 326 072 | 5.4 | 5.1 | 4.8 | -1.2 | -0.4 | 25 689 | 15.2 | 12.7 |
| O.R.Tambo | 1 763 113 | 1 824 416 | 1 905 311 | 27.2 | 27.8 | 28.3 | 0.9 | 0.9 | 15 960 | 9.4 | 119.4 |
| Alfred Nzo | 416 848 | 418 946 | 479 591 | 6.4 | 6.9 | 7.1 | 1.9 | 1.3 | 6 859 | 4.1 | 69.9 |
| NMM | 1 028 559 | 1 043 819 | 1 087 791 | 15.9 | 15.9 | 16.1 | 0.4 | 0.8 | 1 953 | 1.2 | 557.0 |
| EC | 6 488 013 | 6 550 976 | 6 743 823 | 100.0 | 100.0 | 100.0 | 0.2 | 0.6 | 169 055 | 100.0 | 39.9 |

Source: Own Calculations using data from Quantec (2009)

Despite being the smallest in terms of geographic spread (1 953 km²), Nelson Mandela Metropolitan (NMM) continues to be the highly concentrated area in the province with about 557 people per km². With an average annual growth rates of 0.4 percent (2001-2005) and 0.8 percent (2005-2010) for the respective periods, population size in the NMM slightly ascended to approximately 1.1 million in 2010 from about 1 million in 2001. Both O.R Tambo (1.9 million) and Amatole (1.7 million) continued to be the most populous districts in the province, accounting for an accumulative average of roughly 54 percent of the provincial population over the years.

In terms of the geographic spread, Cacadu (58 272 km²) is the largest district in the Eastern Cape. It however only accommodates an average of 5.8 percent of the population with the least population concentration of around 6.6 people per km² during the period under review. Joe Gqiba on the other hand has a relatively smaller average share (5 percent) of the provincial population and lesser concentrated at 12.7 persons per km², when compared with other district municipalities (table 3.2).

Fertility

Fertility rate is a demographic indicator used to describe the total number of children average women in a population are likely to have based on the current birth rates throughout her life. It thus becomes one of the key drivers of population growth. An immense amount of literature on fertility suggests that factors such as the empowerment of women in terms of education, family planning and access to job opportunities determine fertility rates.

Monitoring of fertility rate is thus to a large extent indispensable since it is partly influenced by social and economic trends including economic growth, social mobility, culture, migration etc. Consequently, the Eastern Cape government needs to strengthen the long-term investment in the full range of health and wellbeing of the needs of those residing in the province, particularly the poorest of the poor. As a result, implementation of the current existing policies and interventions aimed at supporting children, education, health, employment and poverty which are most essential in determining long term health outcomes must be intensified.

Table 3.3 below indicates that in 2001, the estimated national fertility rate was at around 2.8 children per woman. This number is however estimated to have progressively dropped to 2.4 children per woman in 2009. With the exception of Eastern Cape (2.6), KZN (2.5), Limpopo (LP) (2.8) and Mpumalanga (MP) (2.5), fertility rates in all other provinces were estimated to have steadily dropped and fell below the national average of 2.4 children per woman in 2009.

Table 3.3: Provincial Average Total Fertility Rates, 2001-2009

| | 2001 | 2005 | 2009 |
|------------|------------|------------|------------|
| EC | 3.2 | 2.9 | 2.6 |
| FS | 2.5 | 2.4 | 2.3 |
| GP | 2.3 | 2.2 | 2.1 |
| KZN | 2.8 | 2.6 | 2.5 |
| LP | 3.4 | 3.0 | 2.8 |
| MP | 2.9 | 2.7 | 2.5 |
| NC | 2.5 | 2.4 | 2.3 |
| NW | 2.6 | 2.5 | 2.3 |
| WC | 2.3 | 2.2 | 2.2 |
| SA | 2.8 | 2.5 | 2.4 |

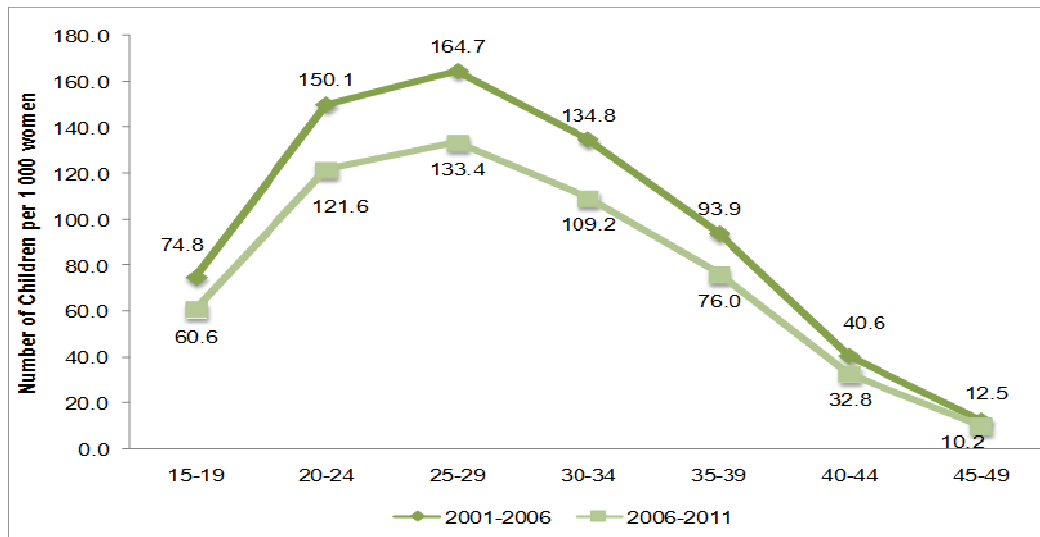
Source: Quantec (2010)

Age Specific Fertility Rate

A relatively convenient method of calculating fertility is the age-specific fertility rate (ASFR)³. ASFR is usually expressed as births per 1 000 women of a particular age group. Figure 3.2 shows the estimated average ASFR in the Eastern Cape Province for the periods 2001 to 2006 and 2006 to 2011. As expected, the average ASFR is high among the 20 to 34 age groups. Between 2001 and 2011, the provincial average ASFR is estimated and projected to have dropped by about 33 births per 1 000 women within the 25-29 age group, from a peak of 164.7 births per 1 000 women in 2001-2006 to 133.4 births per 1 000 women in the 2006 to 2011 period. The ASFR declines to moderate levels in the 30-39 age groups, and to low levels in the 40-49 age group, thus contributing to the lesser population growth rates observed in section 1.3 above.

Anecdotal evidence indicates that, the estimated and projected average ASFR is falling across all age groups over the 2001 to 2011 period. Nevertheless the average ASFR of 60.6 per 1 000 teenage women is a cause for concern. This is indeed evident in a province like Eastern Cape where poverty rate is rife, which suggests that having children too early in life might as well put some children at a socioeconomic disadvantage or reduce the educational opportunities for some mothers.

³ ASFR is calculated by dividing the number of births to mothers of each age group by the number of females of that age group in the population.

Figure 3.2: Provincial Average Age-Specific Fertility Rates, 2001-2006

Source: Own Calculations using data from Stats SA, Mid-Year Population Estimates (2010)

Mortality

Mortality, or death rate per individual, is another determining factor of population growth rate which requires a careful analysis and monitoring. The level of mortality is one of the indicators of the well-being and health status of a population. Accurate and timely mortality statistics are needed for policy formulation, implementation and monitoring of health interventions aimed at increasing life expectancy and improving the health status of the population. Its inclusion, among others, in the construction of human development indices, the Millennium Development Goals (MDGs), and in the multi-dimensional approach to the measurement of poverty is therefore of great importance. As a result, it becomes vitally important for the province to have an accurate number of people who die in each year and the main causes of deaths in order to have the necessary and properly functioning health systems in place.

In the Eastern Cape, the registered number of deaths⁴ increased consistently in each year from 61 614 in 2000, reached a peak of 92 912 in 2005 before falling to 87 452 by 2007. The highest percentage change of 10.9 percent in the total number of deaths was recorded between the periods 2001-2002. The percentage change in the total number of deaths however plunged to a negative annualised 0.8 percentage in 2005-2006 and further plummeted to the lower of negative 5.2 percentages in the period 2006-2007. The crude death rate, indicating the number of deaths per 1 000 people increased from 9 deaths per 1 000, peaked at 14 deaths per 1 000 people in 2005 and 2006 and marginally dropped to 13 deaths 1 000 people by 2007 (table 3.4).

⁴ The total number includes the deaths due to Multidrug-Resistance TB (MDR-TB) and Extremely Drug-Resistant TB (XDR-TB).

Table 3.4: Eastern Cape Province's Distribution of Total Deaths and Crude Death Rate by Year of Death, 2000-2007

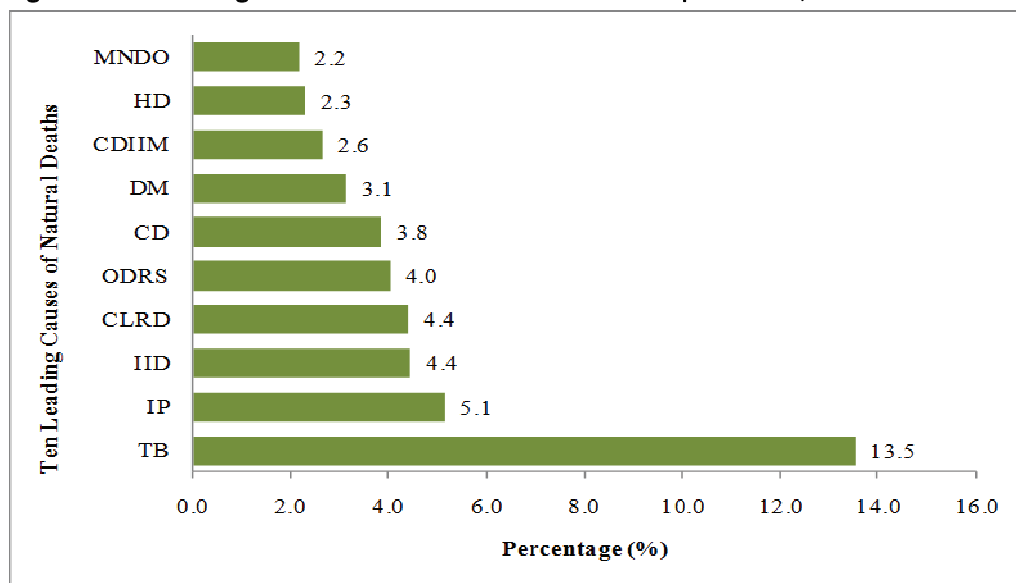
| Year | Total Number of Deaths | Total % Change of deaths per annum | Crude Death Rate |
|------|------------------------|------------------------------------|------------------|
| 2000 | 61 614 | | 9 |
| 2001 | 67 025 | 8.8 | 10 |
| 2002 | 74 361 | 10.9 | 11 |
| 2003 | 82 285 | 10.7 | 13 |
| 2004 | 88 187 | 7.2 | 13 |
| 2005 | 92 912 | 5.4 | 14 |
| 2006 | 92 207 | -0.8 | 14 |
| 2007 | 87 452 | -5.2 | 13 |

Source: Derived from Stats SA, Death Notifications (2009)

The Ten Leading Underlying Natural Causes of Death in the Eastern Cape, 2007

Figure 3.4 below shows the ten leading causes of registered natural deaths in the Eastern Cape Province in 2007. Tuberculosis (TB) was the leading cause of death in 2007, accounting for 11 836 or 13.5 percent of all registered natural deaths followed by influenza and pneumonia with 4 482 (or 5.1 percent). Other major causes of deaths include amongst others intestinal infection diseases (4.4 percent), chronic lower respiratory diseases (4.4 percent) and other diseases of the respiratory system (4 percent).

Figure 3.3: Ten Leading Causes of Natural Death in the Eastern Cape Province, 2007



Source: Stats SA, Death Notification (2009)

MNDO: Malignant Neoplasm of Digestive Organs
 HD: Hypertensive Diseases
 CDIIM: Certain Disorders involving the immune mechanism
 ODRS: Other Diseases of the Respiratory System
 DM: Diabetes mellitus
 OFHD: Other forms of heart diseases
 CD: Cerebrovascular diseases
 IID: Intestinal Infectious Diseases
 CLRD: Chronic lower respiratory diseases
 IP: Influenza and pneumonia
 TB: Tuberculosis
 IID: Intestinal Infectious Diseases

HIV and AIDS

HIV/AIDS has far reaching effects as it leads to an increase in the number of orphans whilst at the same time reducing human capital in a nation. For each person living with HIV, not only does it impact on their lives, but also those of their families, friends and wider communities. Corollary, Millennium Development Goal (MDG) number 6 identifies HIV/AIDS as one of the diseases that requires particular attention. Subsequently, the incidence of HIV infections becomes one of the key indicators of the progression of the epidemic that needs to be monitored, particularly in the more mature stage of the epidemic. If unattended to, the scourge of HIV and AIDS might compromise any developmental strategy the province might have going forward.

Table 3.5 below presents the national and provincial estimated number of people living with HIV in 2001, 2005 and 2009. The total number of people estimated to be living with HIV in the Eastern Cape increased from approximately 445 thousand in 2001 to about 627 thousand in 2005 and thus recording an average annual growth rate of 8.8 percent. Between 2005 and 2009, the number increased by more than 117 thousand to an estimated 744 thousand implying that in 2009 almost 11 in 100 persons in the province were estimated to be living with HIV, and thus making Eastern Cape to be the third largest province with the number of HIV infected population. The major drop in annual average growth rate to 4.4 percent over the 2005 to 2009 period suggests that, the proportion of new infections is declining, partly as result of the effectiveness of current HIV/Aids intervention policies and the fact that the pandemic may be reaching its maturity stages and beginning to stabilize.

Table 3.5: HIV Infection by Province, 2001-2009

| | 2001 | | 2005 | | 2009 | | 2001 to 2005 | 2005 to 2009 |
|-----|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|----------------------------|--------------|
| | Number of HIV Infected | % Share of Infected | Number of HIV Infected | % Share of Infected | Number of HIV Infected | % Share of Infected | Average Annual Growth Rate | |
| EC | 445 000 | 10.7 | 626 648 | 10.8 | 743 915 | 12.1 | 8.9 | 4.4 |
| FS | 300 446 | 7.3 | 380 555 | 6.56 | 408 939 | 6.7 | 6.1 | 1.8 |
| GP | 1 009 988 | 24.4 | 1 375 723 | 23.71 | 1 572 894 | 25.7 | 8.0 | 3.4 |
| KZN | 1 253 535 | 30.3 | 1 535 333 | 26.47 | 1 666 903 | 27.2 | 5.2 | 2.1 |
| LP | 253 846 | 6.1 | 343 776 | 5.93 | 393 500 | 6.4 | 7.9 | 3.4 |
| MP | 369 194 | 8.9 | 448 572 | 7.73 | 483 967 | 7.9 | 5.0 | 1.9 |
| NC | 44 848 | 1.1 | 68 196 | 1.16 | 83 096 | 1.4 | 11.0 | 5.1 |
| NW | 321 271 | 7.8 | 414 633 | 7.15 | 450 023 | 7.3 | 6.6 | 2.1 |
| WC | 145 622 | 3.5 | 246 280 | 4.25 | 320 875 | 5.2 | 14.0 | 6.8 |
| SA | 4 143 749 | 100.0 | 5 801 304 | 100.0 | 6 124 110 | 100.0 | 8.8 | 1.4 |

Source: Quantec (2009)

The table further shows that people living with HIV are not uniformly distributed through the country's nine provinces. Of the estimated number of people living with HIV in 2009, KZN has the highest (1.7 million or 27.2 percent). This is followed by Gauteng with approximately 1.6 million (or 25.7 percent). Nonetheless, the trend exhibits an extensive decline in the average annual growth rates in the number of HIV infected population across all provinces. Meanwhile over the same period, provinces like Free State (1.8 percent) and Mpumalanga (1.9 percent) recorded infection growth rates which were close to the national rate of 1.4 percent.

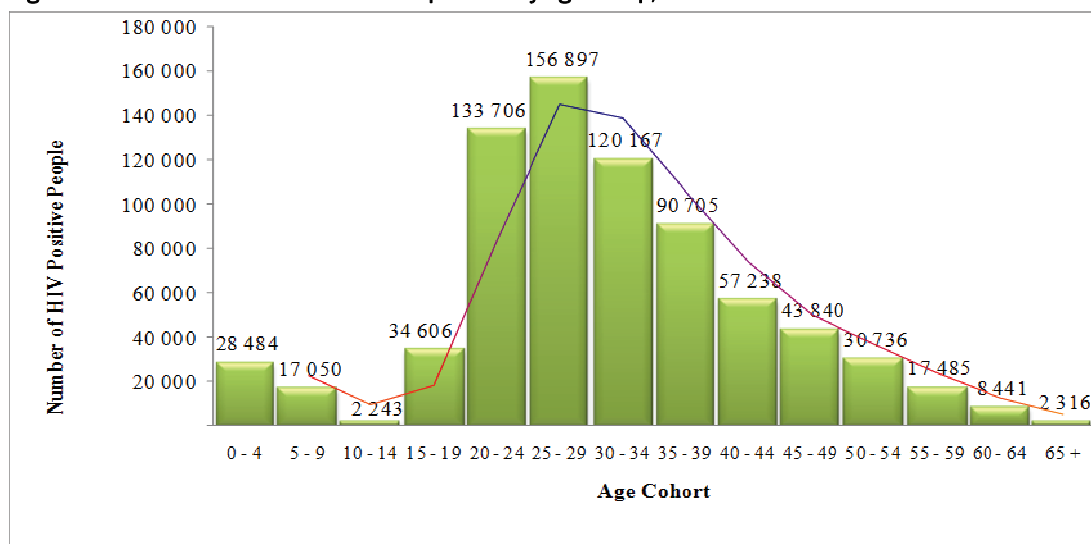
HIV Prevalence by Age Group

Figure 3.4 presents the Eastern Cape Province's estimated number of people living with HIV by age cohort in 2009. The figure shows that HIV incidence is rife among the 15-54 years age group. The 15-54 years age group accounts for an estimated sum of about 668 thousand or 89.8 percent of all of those who are HIV positive. Considering the magnitude of the HIV infection, it therefore becomes extremely important for the province to monitor infection rate so as to provide reliable information for planning and to be able to assess the impact of interventions.

Within the age group (15-54 years) the highest estimated number of the infected people is among those aged between 25-29 years at about 157 thousand persons or 21.1 percent of the HIV infected population. This is followed by the 20-24 age group which recorded an estimated number of approximately 134 thousand HIV infected people or

18 percent. The third largest estimated number of around 120 thousand or 16.2 percent is recorded amongst the 20-24 age cohorts.

Figure 3.4: Distribution of HIV Infected Population by Age Group, 2009



Source: Quantec (2009)

Infant and Child Mortality Rates

The World Health Organization (WHO) regards Infant Mortality Rate (IMR) and Child Mortality Rate (CMR)⁵ as the leading indicators of the level of child health in a country. Both IMR and CMR are thus widely recognized as part of the important indicators of development. IMR and CMR provide a key baseline indication of how a country is progressing to realize children's rights, in particular their rights to life, health-care services, nutrition, water, social security and protection etc.

According to the United Nation Children's Fund (UNICEF), IMR and CMR are influenced by a wide variety of input factors which include amongst others, the nutritional health and the health knowledge of mothers, the level of immunisation and oral rehydration therapy, the availability of maternal and child health services (including prenatal care), income and food availability in the family, the availability of clean water and safe sanitation and the overall safety of child's environment. Paramount to these factors, MDG number 4 aims at reducing both IMR and CMR by two-thirds by 2015.

Across all provinces both IMR and CMR exhibit a downward trend over the period under review. At the national level, the estimated IMR and CMR dropped from an estimated 60 deaths per 1 000 babies and 90 children per 1 000 children in 2001 to the projected 43 deaths per 1,000 babies and 68 deaths per 1,000 children in 2009. Over the same period, the estimated IMR and CMR in the Eastern Cape Province dwindled from 74 deaths per 1,000 babies to a projected 58 deaths per 1 000 babies in 2001 and 107 deaths per 1 000 children to a projected 86 deaths per 1 000 children in 2009 respectively. This therefore makes CMR in the Eastern Cape to be the second highest in the country, slightly below KZN (table 3.6).

⁵IMR is the number of children per 1,000 live births who died before their first birth day, while the CMR or under-five mortality rate refers to the number of deaths among children before reaching the age of five years, per 1,000 live births.

Table 3.6: Estimated and Projected Infant and Child Mortality Rate by Province, 2000-2009

| | 2001 | | 2005 | | 2009 | |
|-----|------|-----|------|-----|------|-----|
| | IMR | CMR | IMR | CMR | IMR | CMR |
| EC | 74 | 107 | 63 | 94 | 58 | 86 |
| FS | 72 | 107 | 60 | 93 | 53 | 81 |
| GP | 51 | 78 | 39 | 65 | 32 | 55 |
| KZN | 81 | 123 | 64 | 102 | 57 | 88 |
| LP | 46 | 68 | 38 | 59 | 34 | 53 |
| MP | 68 | 104 | 55 | 87 | 48 | 74 |
| NC | 63 | 63 | 53 | 53 | 49 | 49 |
| NW | 34 | 86 | 27 | 72 | 24 | 65 |
| WC | 34 | 48 | 27 | 40 | 24 | 37 |
| SA | 60 | 90 | 49 | 77 | 43 | 68 |

Source: ASSA Model (2003)⁶

Though these downward trends in both IMR and CMR clearly show the movement in the right direction especially in the North West and Western Cape provinces, this is however still some distance away from the target of reducing CMR by 66 percent by 2015, particularly in the Eastern Cape Province. Nonetheless, reaching the MDG on reducing child mortality requires the province to intensify the current existing affordable interventions of caring for newborns and their mothers; infant and young child feeding; vaccines; prevention and case management of diarrhea, pneumonia and sepsis; malaria control; and prevention and care of HIV/AIDS. Successful implementation of these interventions could extensively reduce the IMR and CMR in the province.

Life Expectancy

As in the case with IMR and CMR, life expectancy at birth is one of the mortality indicators frequently utilized in analyzing components of demographic data in a country. This indicator represents the average life span of a newborn which indicates the overall health of a country. Life expectancy is generally influenced by a vast range and complex interaction of factors running through each individual's life, from conception to death. These factors include amongst others, maternal health and wellbeing, including teenage pregnancy, smoking, drinking, drugs and diet; parental relationships and influences in the early years of life, including breastfeeding, mental health, diet, physical activity, dental health and support for cognitive and educational development; wider factors influencing health such as income, education, skills and employment etc. Thus an improvement in the health and the social welfare of the population increase the life expectancy. Corollary, higher life expectancy yields to a better shape of the country's population structure.

Table 3.7 below shows the provincial and national estimated as well as projected life expectancy at birth and fertility rates from 2001 to 2009. Life expectancy appears to be generally falling over time, a problem which is mainly attributed to health issues such as HIV and AIDS related diseases. During the period under review, the population of the Eastern Cape has the fourth lowest life expectancy of all provinces in the country. The life expectancy of the province was estimated at 53 years in 2001, lower than the national average of 56 years and is projected to have dwindled to 48 years in 2009, which is three years below the national 51 years. This declining life expectancy has indirect adverse effects on the overall economic performance of the province.

⁶ ASSA 2003 Model provides estimated data for 2001 to 2003 and projections for 2004 to 2009. The ASSA 2006 Model is currently under construction and is expected to be available before the end of 2009.

Table 3.7: Estimated and Projected Life Expectancy, 2000-2009

| | 2001 | 2005 | 2009 |
|-----|------|------|------|
| EC | 53 | 49 | 48 |
| FS | 52 | 47 | 47 |
| GP | 57 | 52 | 52 |
| KZN | 48 | 43 | 43 |
| LP | 60 | 56 | 56 |
| MP | 51 | 47 | 47 |
| NC | 60 | 58 | 56 |
| NW | 54 | 50 | 49 |
| WC | 63 | 62 | 61 |
| SA | 56 | 51 | 51 |

Source: ASSA Model (2003)⁷

Orphans

Whilst dealing with the issue of children it also becomes important to consider the case of orphans in the province. The premature death of parents deprives children of love, support, schooling, care and a brighter or better life in the future. Overall these children often become more vulnerable to the brunt poverty prevailing across provinces. The problem of orphan-hood is further exacerbated by the intricate effects of HIV/AIDS related deaths, leading to a number of child-headed households. Of the national 2 million estimated orphaned children in 2009, about 282 thousand (or 14.1 percent) are living in the Eastern Cape. Disturbingly, the annualised rate marginally dropped from 8.8 percent in the 2001 to 2005 period to 8.2 percent between 2005 and 2009 (table 3.8). Following section 29 of the South African constitution, children have right to parental care, basic nutrition, shelter, basic health care services and social services, education etc., the Eastern Cape government is thus constitutionally bound to look after these children. This therefore has a serious financial burden to the province.

Table 3.8: Estimated and Projected Number of Orphan Children in the Eastern Cape Province (2001, 2005 and 2009)

| | 2001 | | 2005 | | 2009 | | 2001 to 2005 | 2005 to 2009 |
|-----|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-----------------------------|--------------|
| | Number of Orphans | % Share of Orphans | Number of Orphans | % Share of Orphans | Number of Orphans | % Share of Orphans | Average Annual Growth Rates | |
| EC | 146 843 | 17.9 | 206 023 | 15.0 | 282 000 | 14.1 | 8.8 | 8.2 |
| FS | 56 017 | 6.8 | 91 591 | 6.7 | 131 965 | 6.6 | 13.1 | 7.6 |
| GP | 114 974 | 14.0 | 237 211 | 17.3 | 386 035 | 19.3 | 19.8 | 10.2 |
| KZN | 235 772 | 28.8 | 425 415 | 31.0 | 615 360 | 30.7 | 15.9 | 7.7 |
| LP | 72 569 | 8.9 | 127 943 | 9.3 | 182 792 | 9.1 | 15.2 | 7.4 |
| MP | 11 118 | 1.4 | 15 715 | 1.1 | 21 760 | 1.1 | 9.0 | 6.7 |
| NC | 11 118 | 1.4 | 15 715 | 1.1 | 21 760 | 1.1 | 9.0 | 6.7 |
| NW | 58 830 | 7.2 | 101 302 | 7.4 | 151 544 | 7.6 | 14.6 | 8.4 |
| WC | 51 475 | 6.3 | 71 561 | 5.2 | 98 399 | 4.9 | 8.6 | 6.6 |
| SA | 819 651 | 100.0 | 1 371 626 | 100.0 | 2 001 479 | 100.0 | 13.7 | 7.9 |

Source: ASSA Model (2003)

Migration

In both 2009 and 2010 mid-year estimates, Western Cape and Gauteng are still the two major provinces that gain from inter-provincial migration. In both provinces, the estimated net gain is however showing a decline. In Gauteng,

⁷ ASSA 2003 Model provides estimated data for 2001 to 2003 and projections for 2004 and beyond.

between 2006 and 2011, the net gain stood at around 447 thousand in the 2009 estimates. Over the same period, this number is estimated to have plummeted to about 364 thousand persons in the 2010 estimates. This observation is also pertinent in the Western Cape (from 137 thousand to approximately 95 thousand). In KZN the estimated paucity number of persons gained plummeted significantly from 12 thousand to a mere 2 thousand over the period (table 1.9).

The two major net losers in terms of migrations patterns are Eastern Cape and Limpopo provinces. Between 2006 and 2011, there are approximately 327 thousand persons estimated and projected to have emigrated from the Eastern Cape Province. Over the same period the estimated number of immigrants stood at 116 thousand, leading to the province's net loss of approximately 212 thousand persons. In the case of Limpopo, this net loss is estimated at about 141 thousand (table 3.9).

Table 3.9: Estimated and Projected Provincial Migration Streams, (2006-2011)

| | 2006-2011 (2009 Mid-Year Estimates) | | | 2006-2011 (2010 Mid-Year Estimates) | | |
|-----------|-------------------------------------|----------------|------------------|-------------------------------------|----------------|------------------|
| | Emmigrants | Immigrants | Net Gain/Loss | Emmigrants | Immigrants | Net Gain/Loss |
| EC | 390 100 | 116 500 | - 273 600 | 327 200 | 115 500 | - 211 600 |
| FS | 125 900 | 94 100 | - 31 800 | 122 000 | 92 600 | - 29 400 |
| GP | 29 500 | 741 900 | 446 900 | 309 300 | 673 700 | 364 400 |
| KZN | 195 200 | 207 300 | 12 100 | 196 100 | 197 900 | 1 800 |
| LP | 286 700 | 97 500 | - 189 200 | 237 400 | 96 300 | - 141 000 |
| MP | 166 600 | 122 800 | - 43 800 | 164 900 | 120 700 | - 44 200 |
| NC | 66 600 | 41 100 | - 25 500 | 61 500 | 43 000 | - 18 500 |
| NW | 193 900 | 161 800 | - 32 100 | 177 100 | 161 000 | - 16 000 |
| WC | 112 800 | 249 800 | 137 000 | 111 500 | 206 100 | 94 600 |

Source: Stats SA, Mid-Year Population Estimates (2009 and 2010)

3.2 Socio-economic Indicators

3.2.1 Public Health Services Provision

Improving the general health and life expectancy of all South Africans remains a key policy priority for government over the coming 2011 MTEF period. This continued focus on health has been prompted by the gradual worsening of some of the key public health indicators. A number of factors account for the decline including the high burden of HIV/Aids and TB, the poor management of public health resources and the declining quality of service delivery in public health care.

In responding to these challenges, in 2009 the South African government introduced some key policies towards the transformation of the public health care system. The specific aims of the “public health transformation process” are to promote equity and quality in health care provision, invest in human resources, and step up the fight against HIV/AIDS, TB and other communicable diseases. Also high up on this transformation agenda is the improvement of the Child-maternal mortality, the promotion of healthy lifestyles that mitigate against public health risks that lead to ill-health and pre-mature death (MTSF, 2009).

Burden of Disease

TB, HIV/AIDs and other immune system related diseases are fast becoming the leading causes of natural death in the province (Table 3.10). Based on Statistics South Africa 2007 mortality report, TB was the leading cause (at 13.4%) of natural deaths in the province. HIV/AIDS also featured prominently, although it could be meaningless to separate TB

and HIV/AIDS because of their close association. Also to be noted is the high burden of lifestyle and chronic diseases including hypertension, diabetes and mental health illness (DHIS, 2008/9).

Table 3.10: Burden Disease Eastern Cape

| Ten-leading Causes of Natural death (2006) | % of total | Causes of morbidity (DHIS, 2008/9) | Indicator type | Burden |
|---|-------------------|---|-----------------------|-------------------------|
| Tuberculosis | 13.4 | Hypertension | PHC case load | 13.3% |
| HIV/AIDS | 2.8 | | | |
| Certain Disorders involving the immune system | 2.4 | Diabetes | PHC case load | 3.0% |
| Diabetes mellitus | 2.9 | HIV and Aids | Prevalence | 26.0% |
| Cerebra-vascular diseases | 3.9 | TB | incidence rate | 908/100 000 (new cases) |
| Other forms of heart diseases | 3.7 | Asthma | case load | 2.1% |
| Chronic lower respiratory diseases | 4.2 | Diarrheal disease | case load | 0.5% |
| Internal infectious disease | 4.5 | | | |
| Influenza and pneumonia | 5.3 | Psych/ mental health illnesses | case load | 2.2% |
| Other Viral Diseases | 2.3 | Low birth weight | rate | 11.5% |

Source: Stats SA, DHIS (2008/9)

Child and Maternal Mortality

Maternal health continues to be a public health concern. Disparities between regions still remain despite the existence of effective interventions to decrease maternal mortality (HST, 2010).

Within the Eastern Cape there continues to be high levels of maternal deaths and infant mortalities. In 2008 there were 223 reported facility-based maternal deaths in the province (ECDOH, 2009). To deal with this the provincial health authorities will continue with the implementation of the Saving Mothers Saving Babies Project which is an attempt to reduce maternal and perinatal morbidity and mortality.

Table 3.11: Immunization coverage

| District | Immunisation coverage < 1 year | | | | | |
|--------------------------|--------------------------------|-------------|--------------|--------------|--------------|--------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
| District (MDB) | | | | | | |
| Cacadu | 71.2 | 87.8 | 89.1 | 71.9 | 75.9 | 84.5 |
| Amathole | 58.3 | 59.4 | 81.9 | 81.3 | 88.8 | 75.8 |
| Chris Hani | 69.2 | 71.9 | 76.0 | 82.6 | 80.8 | 86.3 |
| Ukhahlamba | 82.2 | 59.4 | 83.9 | 71.8 | 74.9 | 102.2 |
| O.R. Tambo | 84.7 | 89.9 | 85.1 | 84.9 | 74.5 | 74.1 |
| Alfred Nzo | 91.9 | 89.1 | 97.1 | 101.1 | 101.8 | 70.9 |
| Nelson Mandela Bay Metro | 86.2 | 68.9 | 65.1 | 71.8 | 100.5 | 122.8 |
| EC | 68.9 | 67.9 | 73.35 | 75.7 | 78.9 | 84.3 |
| FS | 74.8 | 78.9 | 86.82 | 88.1 | 86.6 | 90.4 |
| GP | 79.2 | 78.6 | 88.89 | 91.1 | 91.6 | 101.6 |
| KZN | 76.9 | 77.0 | 82.67 | 84.6 | 82.1 | 86.3 |
| LP | 74.9 | 74.4 | 79.49 | 84.9 | 78.6 | 84.3 |
| MP | 73.9 | 79.2 | 83.39 | 81.4 | 78.6 | 72.4 |
| NC | 83.2 | 87.5 | 92.88 | 96.2 | 82.6 | 93.2 |
| NW | 71.1 | 70.6 | 78.20 | 73.5 | 77.9 | 88.7 |
| WC | 91.2 | 90.0 | 91.61 | 101.8 | 100.6 | 103.9 |

Source: HST and DHIS, 2010

In addition to these specific interventions provincial health authorities will try and improve the immunization coverage rate and introduce the Rota and Pneumococcal vaccines in various health districts. Table 3.11 provides some of the highlights and progress in terms of child immunization coverage.

Table 3.12: Medical Aid Scheme Coverage

| Medical aid scheme coverage | Yes | No | Total population |
|-----------------------------|-------------|-------------|-------------------|
| Western Cape | 25.2 | 73.9 | 5 369 228 |
| Eastern Cape | 11.3 | 88 | 6 649 368 |
| Northern Cape | 15.4 | 84.3 | 1 147 906 |
| Free State | 17.9 | 81.4 | 2 904 467 |
| KwaZulu-Natal | 12.4 | 86.8 | 10 460 661 |
| North West | 13.6 | 85.4 | 3 453 714 |
| Gauteng | 26.5 | 73 | 10 556 080 |
| Mpumalanga | 13.3 | 86.2 | 3 610 167 |
| Limpopo | 8.8 | 90.8 | 5 230 024 |
| Total | 16.8 | 82.5 | 49 381 615 |

Source: Stats SA, GHS (2009)

Table 3.12 highlights the number of people directly dependent on the public health system across provinces. In the Eastern Cape close to 6 million people (or 88 percent) are without medical insurance and therefore could be classified as dependent on the public health care system. This is the third highest level of dependency in the country, behind Kwazulu-Natal and Gauteng provinces.

Public Health Facilities

The national health policy identifies the district health system as the main vehicle for improving and accelerating the delivery of primary care. Table 3.13 reports the number of health facilities in the province as of 2009/10 financial year. By the end of the 2009/10 financial year, the province had 47 districts, 8 tertiary, 2 regional and 20 specialized

hospitals scattered throughout the province. Clinics, of which there were 748 in the province, were the most common platforms for public health services provision. There is also a limited number of community health centers (CHC) in the province, totaling 32. In terms of usable beds in district hospitals, the public sector had 6 013 beds compared to the 1 488 beds in the 14 provincial private sector hospitals.

Table 3.14 compares the number of health facilities in the province normalized against population numbers. As per health sector norms and standards, there should be 1 clinic for every 10 000 people, 1 community health centre for every 60 000 people, 1 district hospital for every 300 000 people, and 1 tertiary/provincial hospital for every 500 000 people in the province.

There were 3 district hospitals for every 300 000 people in the province. This is more than the required minimum. For clinics and tertiary hospitals the province just manages to attain the required minimum. It is only in terms of regional hospitals and community centers that the province seems to be lagging behind the required standards.

Table 3.13: Health Facilities in the Province, 2009

| District | Private hospitals/ health facilities | Private health facility beds | Clinics | CHCs | District Hospital | Regional Hospital | Provincial Tertiary Hospital | Specialised Hospital | Usable beds public sector (for all the facilities regardless of level) | Usable beds (district hospitals only) |
|------------|---|---------------------------------|---------|------|----------------------|----------------------|------------------------------------|-------------------------|---|---|
| Cacadu | | | 81 | 3 | 5 | - | - | 5 | 1236 | 600 |
| Amathole | 5 | 393 | 219 | 6 | 11 | - | 2 | 5 | 2271 | 1550 |
| Chris Hani | 1 | 30 | 147 | 3 | 8 | 1 | - | 1 | 1606 | 1167 |
| Ukhahlamba | | | 45 | 1 | 8 | - | - | 2 | 519 | 420 |
| O.R. Tambo | 1 | 110 | 141 | 8 | 10 | 1 | 3 | 2 | 1363 | 1357 |
| Alfred Nzo | | | 60 | 3 | 4 | - | - | 1 | 903 | 694 |
| NMM | 7 | 955 | 55 | 7 | 1 | - | 3 | 4 | 1584 | 225 |
| EC | 14 | 1488 | 748 | 32 | 47 | 2 | 8 | 20 | 9480 | 6013 |

Source: CHIS and ECDoH 2009

Of concern could be the insufficient number of CHC's across all districts. However, it could be argued that the insufficient numbers of CHC's is compensated for by the over-supply of district hospitals in most regions except Nelson Mandela. For the Nelson Mandela Metro, given its population size, there seems to be an insufficient number of primary health care facilities, i.e., district hospitals, clinics and community health centers.

Table 3.14: Public Health Facilities in the Province normalized by population numbers as per sector norms and standards

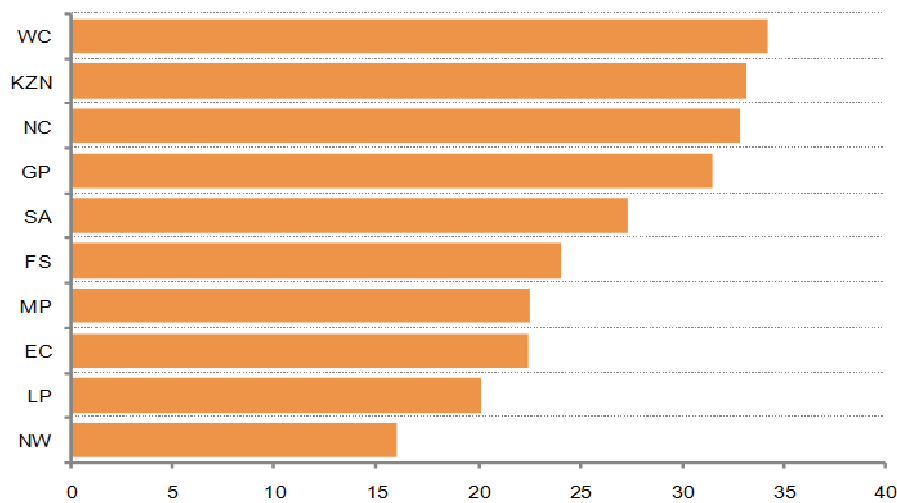
Source: ECDoH Annual Report, 2009

Note: Figures in red indicate an insufficient supply of health facilities as per sector norms and standards

Medical Personnel in the Province

Compared to other Provinces the Eastern Cape is experiencing a shortage of public sector medical practitioners. In 2010 there were just less than 23 medical professionals per 100 000 people in the EC, compared to the average of more than 25 per 100 000 for SA (Figure 3.5)

Figure 3.5: Medical professionals per 100 000 people, 2010



Source: SA Health Review (2010)

3.2.2 Education

Education is commonly accepted as a means of empowerment, economic growth and general improvement in the social welfare of a country. As enshrined in the Bill of Rights of the South African constitution, everyone has a right to basic education. It is in this respect that education has been targeted as one of the priorities in the 2009 national government's Medium Term Strategic Framework (MTSF).

Number of Learners, educators and Schools

In most provinces, with the exception of GP, KZN, MP and WC; the number of learners in the public schools has to some extent decreased between 2005 and 2010. In the EC, the number dropped by almost 176 thousand, whilst the number of teachers has increased by approximately 500 over the same period. Amongst others, one factor considered in improving the quality of education is the learner-to-educator ratio (LER). LER is the average number of pupils per educator at a specific level of education, or for a specific type of school, in a given school year. The average LER consequently drops from 33.3 to 30.1 whilst the average learner-school ratio decreases from 366 to almost 353 children per school. Though the learner-to-educator ratio mentioned above may look somewhat promising, the classroom shortages in a number of schools may compromise the quality of education (table 3.15).

Table 3.15: A Comparison of the Educational Status across Provinces, 2005 and 2010

| | 2005 | | | | | 2010 | | | | |
|-----|-----------------|------------------|----------------|------|-------|-----------------|------------------|----------------|------|-------|
| | No. of Learners | No. of Educators | No. of Schools | LER | LSR | No. of Learners | No. of Educators | No. of Schools | LER | LSR |
| EC | 2 179 138 | 66 083 | 6 239 | 33.0 | 349.3 | 2 003 129 | 66 626 | 5 588 | 30.1 | 358.5 |
| FS | 655 233 | 22 324 | 1 842 | 29.4 | 355.7 | 638 756 | 23 016 | 1 422 | 27.8 | 449.2 |
| GP | 1 599 685 | 50 600 | 1 897 | 31.6 | 843.3 | 1 776 925 | 57 423 | 2 013 | 30.9 | 882.7 |
| KZN | 2 675 993 | 77 906 | 5 653 | 34.3 | 473.4 | 2 743 979 | 87 466 | 5 927 | 31.4 | 463.0 |
| LP | 1 885 508 | 55 361 | 4 187 | 34.1 | 450.3 | 1 660 700 | 55 992 | 3 965 | 29.7 | 418.8 |
| MP | 893 040 | 26 643 | 1 863 | 33.5 | 479.4 | 1 013 760 | 33 245 | 1 838 | 30.5 | 551.6 |
| NC | 207 688 | 6 513 | 422 | 31.9 | 492.2 | 266 296 | 8 617 | 597 | 30.9 | 446.1 |
| NW | 836 159 | 26 929 | 2 025 | 31.1 | 412.9 | 746 096 | 25 074 | 1 646 | 29.8 | 433.3 |
| WC | 949 925 | 30 119 | 1 454 | 31.5 | 653.3 | 959 714 | 31 870 | 1 455 | 30.1 | 659.6 |
| SA | 11 882 369 | 362 478 | 25 582 | 32.8 | 464.5 | 11 809 355 | 389 329 | 24 451 | 30.3 | 483.0 |

Source: School Realities, National Department of Education (2005 and 2010)

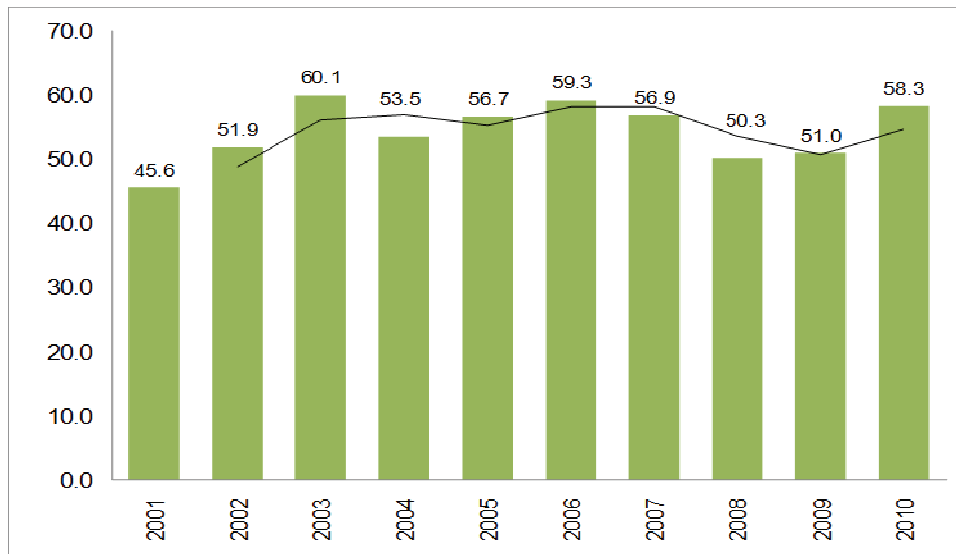
Matric Pass Rate

A key measure of the performance of education is the Grade 12 pass rate. Like all measures based on examination results, it is a limited instrument as it generally does not consider other criteria that would impact on results, like teacher expertise and qualifications, retention rates in other grades and resources at schools. However, in the absence of any other comprehensive measure of performance, the Grade 12 results are frequently used.

The Eastern Cape recorded a lowest matric pass rate of 45.6 percent in 2001, a percentage which significantly increased and peaked at 60.1 percent in 2003 before dropping to 53.5 percent in 2004. After recording a 59.3 percent pass rate in 2006, the National Senior Certificate (NSC) pass rate took a sharp decline to 50.3 percent in 2008. The NSC pass rate in the Eastern Cape has risen from 51 percent in 2009 to 58.3 percent in 2010. The improvement in the pass rate in 2010 indicates a significant progress made in achieving education objectives in the province (figure 3.6). This pass rate was however below the national average of 67.8 percent and slightly above the two lowest provinces namely Mpumalanga (56.8 percent) and Limpopo (57.9 percent).

It is understood that there are many variables that influence the matric pass rate e.g. socio-economic issues, Intelligence Quotient (IQ) of the learners, etc. and these are not accounted for in the above diagram. However, the NSC pass rate is being used on both international and national level as a proxy to measure output in education. Although budget allocation in running education in the Eastern Cape had been increasing over time, however this is not matched by positive outcomes; at least in as far as matric pass rate is concerned.

The scenario depicted in figure 3.6 below portrays an urgent call for the improvement of the quality of education as well as the qualification of teachers to be able to produce quality learners. Further, the conditions at schools, facilities, safety, discipline, learning material etc. are all important to be able to produce a nation that is highly qualified.

Figure 3.6: National Senior Certificate pass rate in the Eastern Cape Province, 2001-2010

Source: National Department of Basic (2010) and Eastern Cape Provincial Department of Education (2009 & 2010)

Early Child Development

Early Child Development (ECD) for children below six years is a globally acknowledged investment in human development, not only for its contribution towards universal completion of primary education but also for lifelong learning and development. In his State of National Address (2008) the then South African president (Mr. Mbeki), re-emphasised the expansion of the number of children attending ECD centres as one of the national government priorities aimed at developing a sound foundation and preparing children for primary school. Subsequently, ECD is acknowledged and included as the first step in the education ladder.

Table 3.16: Attendance (%) of Learning Centres⁸ and Early Childhood Development by Children aged 0-4 Years per Province, 2009

| | WC | EC | NC | FS | KZN | NW | GP | MP | LP |
|---------------|------|------|------|------|------|------|------|------|------|
| Attend Centre | 27.6 | 29.5 | 19.3 | 36.8 | 23.7 | 21.8 | 43.5 | 28.1 | 27.9 |
| ECD at Centre | 20.3 | 24.8 | 17.2 | 34 | 12.3 | 17.4 | 39.3 | 23.6 | 22.6 |
| ECD at Home | 24.9 | 18.3 | 33.7 | 50.5 | 25.3 | 31 | 29.5 | 18.4 | 14.1 |
| ECD anywhere | 38.3 | 38.3 | 43.6 | 67.1 | 3.2 | 42.8 | 59.1 | 42.1 | 35.3 |

Source: Stats SA (General Household Survey (GHS), 2009)

Nationally, there are approximately 29.9 percent of the children aged 0-4 years attending ECD centres. The highest recorded attendance rate is in Gauteng (43.5 percent), followed by Free State (36.8 percent) with Eastern Cape trailing thirdly at 29.5 percent, while Northern Cape posted the lowest at 19.3 percent (table 3.16). Across provinces children not attending a centre mostly stay at home with their parents or guardians (GHS, 2009).

School Attendance

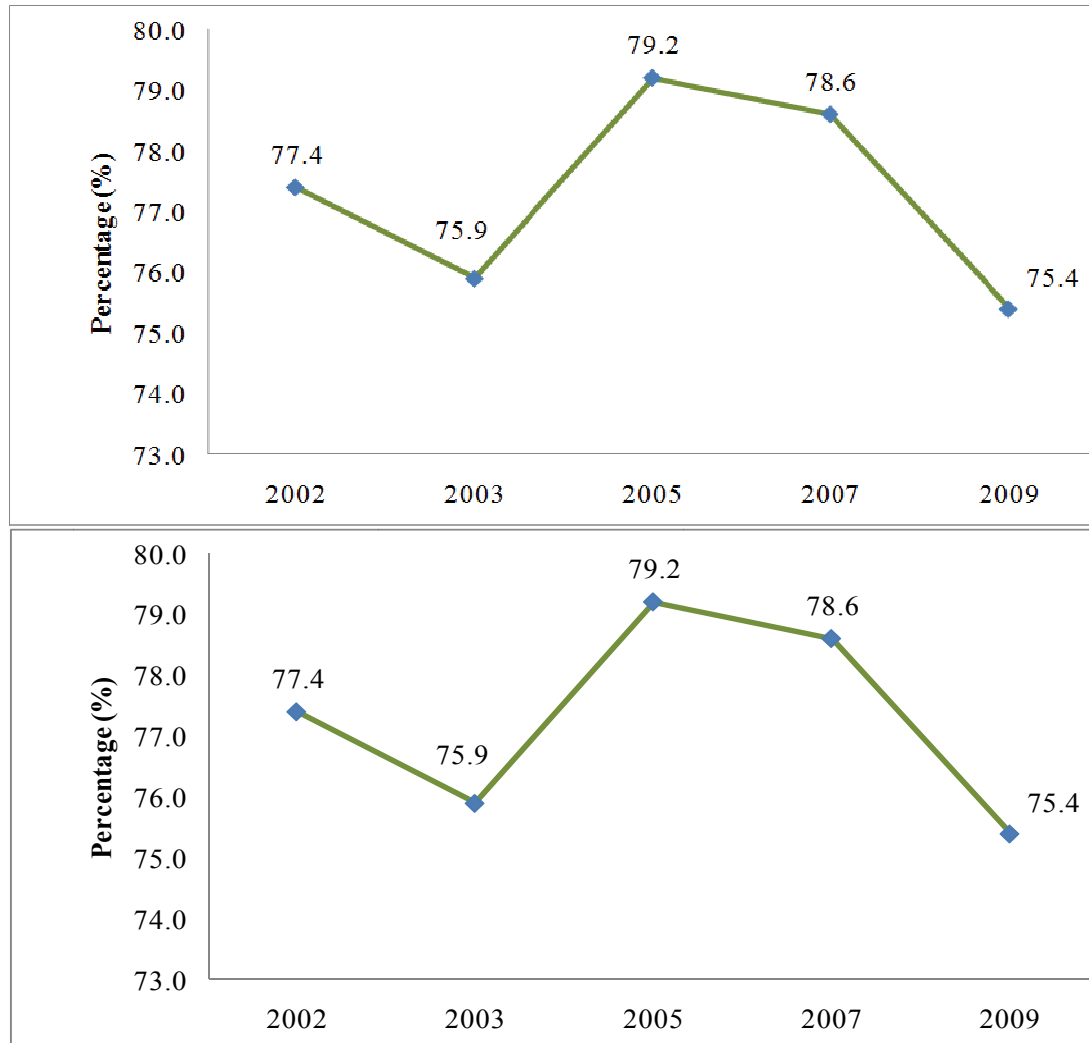
Figure 3.7 shows the percentage of those aged 7-24 years attending educational institutions (both private and public) in the province. The attendance rate increased slightly from 77.4 percent in 2002 to 79.2 in 2005. This rate however

⁸Centres include day care centre, crèches, early childhood development centre, play groups nursery school and pre-primary school.

dropped to 75.4 percent in 2009. Lack of money (30.7 percent) was cited as the primary reason for not attending school, while pregnancy among young girls constituted 4 percent in 2009 (GHS, 2009).

Even though lack of money is still a problem for a significant proportion of learners, a “no-fee” policy on public schools seem to have a positive impact to parents. The proportion of learners not paying school fee improved drastically from 0.3 percent in 2003 to 65.8 percent in 2009. In so far as school nutrition programme is concerned, approximately 70 percent of all learners attending public schools received food at public schools in 2009. Meanwhile, problems experienced by those attending schools in 2009 includes amongst others: bad facilities (6.3 percent), lack of books (5.2 percent), lack of teachers (3.2 percent) etc. (GHS, 2009).

Figure 3.7: Percentage of persons Aged 7 to 24 Years Attending Educational Institutions, 2002-2009



Source: Stats SA (GHS, 2009)

Despite the social challenges such as HIV/AIDS, poverty and unemployment, the province has nevertheless posted these notable achievements. These challenges undermine the welfare of households and disrupt the education system in various ways. HIV/AIDS has deprived schools of teachers and has forced orphaned children to assume the burden of care for the family, making school attendance impossible.

3.3.3 Housing

The General Household Survey reveals an improvement in access to housing in the Eastern Cape Province. The percentage of households living in informal dwelling slightly improved from 9.4 percent in 2002 to 7.2 percent in 2009. Despite the improvement in the proportion of households living in informal houses, the province however experienced a set-back in terms of the number of completed RDP housing units. This number severely dropped from 24 684 units in the 2004/05 financial year to a meager paucity of 7 209 units in the 2007/08 financial year. It however improved significantly to 18 965 in the 2009/10 financial and thus recorded an annual average growth rate of 62.2 percent between the 2007/08 and 2009/10 financial years. An investigation on the possible reasons for the drop in the number of units completed is beyond the scope of this publication. Though the increase in the number of RDP houses delivered is of great achievement, communities however raised concerns regarding quality of the completed units. In 2009, approximately 31 percent of households owning RDP houses in the province felt that walls in their dwellings were either weak or very weak while 31.5 percent felt the same regarding roofs (table 3.17).

Table 3.17: Percentage of Households Living in Informal Dwellings per province, 2002-2009; Number of Houses Completed and their Quality, 2009

| Year | 2002 | 2003 | 2005 | 2007 | 2009 |
|--|------|------|--------|-------|--------|
| Informal (%) | 9.4 | 10.1 | 9.2 | 9.7 | 7.2 |
| No. of RDP Houses Completed | | | 24 684 | 7 209 | 18 965 |
| % of Households Concerned about Houses with Weak Walls | | | | | 31 |
| % of Households Concerned about Houses with Weak Roofs | | | | | 31.5 |

Source: Stats SA (GHS, 2009) and the Eastern Cape Department of Human Settlements (Annual Reports 2008/09)

3.3.4 Electricity

An analysis of GHS (2002 to 2009) reveals that household access to electricity in the country has improved significantly over the past seven years. Despite the considerable improvement (55.6 percent to 69.8 percent), Eastern Cape still remains the province with the lowest percentage of households with a connection to the mains electricity supply. Western Cape on the other hand remains the most improved province (88.4 percent to 90 percent), an achievement surpassing the national average of 76.8 percent to 82.6 percent (table 3.18).

Table 3.18: The Percentage of Households Connected to the Mains Electricity Supply by Province, 2002-2009

| | 2002 | 2003 | 2005 | 2007 | 2009 |
|-----|------|------|------|------|------|
| WC | 88.4 | 89.2 | 92.7 | 96.2 | 90.0 |
| EC | 55.6 | 58.1 | 68.2 | 69.7 | 69.8 |
| NC | 81.4 | 79.0 | 88.6 | 88.6 | 89.4 |
| FS | 85.2 | 84.3 | 88.4 | 87.9 | 91.7 |
| KZN | 69.2 | 70.7 | 73.0 | 76.1 | 76.4 |
| NW | 82.0 | 85.5 | 85.3 | 85.5 | 82.5 |
| GP | 87.1 | 87.3 | 83.4 | 80.4 | 86.1 |
| MP | 76.2 | 81.1 | 81.7 | 85.3 | 85.3 |
| LP | 72.7 | 75.6 | 82.9 | 86.6 | 84.1 |
| RSA | 76.8 | 78.4 | 80.8 | 81.8 | 82.6 |

Source: Stats SA (GHS, 2009)

3.3.5 Sanitation

One of the major challenges facing most developing countries is the provision of adequate sanitation facilities for the poor. 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 impact on the health of the community can be extremely serious as witnessed by the cases of diarrhoea around the country. Subsequently, there is indeed a great need for a country to invest more in sanitation infrastructure. Though the percentage of households with no toilet facilities or using bucket toilets in the Eastern Cape declined from 36.4 percent in 2002 to 18.9 percent in 2009, the proportion of households with no toilet facilities or using bucket in the province remains the largest in the country (12.6 percent to 6.6 percent) (table 3.19).

Table 3.19: Percentage of households that have no toilet facilities or using bucket toilet per province, 2002-2009

| | 2002 | 2003 | 2005 | 2007 | 2009 |
|------------|-------------|-------------|-------------|-------------|-------------|
| WC | 5.7 | 8.6 | 5.3 | 3.8 | 4.2 |
| EC | 36.4 | 32.8 | 26.7 | 23.2 | 18.9 |
| NC | 17.7 | 16.9 | 10 | 9.7 | 8.7 |
| FS | 17 | 15.6 | 18 | 13.3 | 7.5 |
| KZN | 10.8 | 9 | 7.6 | 6.2 | 6.3 |
| NW | 7 | 5.5 | 9 | 7 | 3.9 |
| GP | 1.9 | 2.1 | 1.4 | 1.3 | 1.6 |
| MP | 7.5 | 6.4 | 9.4 | 7 | 5 |
| LP | 20.3 | 16.8 | 12.3 | 9.9 | 8.8 |
| RSA | 12.6 | 11.4 | 9.7 | 7.9 | 6.6 |

Source: Stats SA (GHS, 2009)

3.3.6 Water

The provision of safe drinking water remains one of the most critical challenges humanity faces. Table 3.20 below, reveals that much has been done in the provision of piped water. Access to piped water in the country increased from 84.5 percent in 2002 to 89.3 percent in 2009. There is however variations across the provinces with the Western Cape leading with close to 100 percent of the households having access to piped water, followed by Gauteng with 95.9 percent. Eastern Cape had the least accessibility to piped water at 56.3 percent and 75.1 percent in 2002 and 2009 respectively; this was way below the national average of 84.5 percent and 89.3 percent. Other provinces that performed below the national average in 2009 were Limpopo (80.8 percent), Kwa-Zulu/Natal (84.3 percent) and Mpumalanga (87.3 percent).

Despite this great improvement however, the percentage of households without access to clean water is still abysmally high. There are approximately 433 thousand (or 24.9 percent) of households in the Eastern Cape who are still relying on water either from river, dam, borehole, rain water tank or other sources. Subsequent to this predicament, these households are exposed to water-related diseases such cholera, typhoid, bilharzia and cholera. This therefore has greater financial implications to the provincial government (especially the department of health) as it has to spend more towards the treatment of such diseases.

Table 3.20: Percentage of Households with Access to Piped or Tap Water in the Dwelling, Off-site or On-site by province, 2002 to 2009

| | 2002 | 2003 | 2005 | 2007 | 2009 |
|-----|------|------|------|------|------|
| WC | 98.8 | 98.8 | 99.0 | 99.5 | 99.6 |
| EC | 56.8 | 60.0 | 69.2 | 75.1 | 75.1 |
| NC | 92.2 | 96.1 | 95.4 | 95.2 | 95.9 |
| FS | 95.5 | 97.1 | 97.0 | 96.5 | 95.0 |
| KZN | 76.2 | 78.7 | 82.2 | 84.0 | 84.3 |
| NW | 85.6 | 90.3 | 87.2 | 90.0 | 87.9 |
| GP | 98.7 | 99.0 | 98.1 | 98.0 | 98.0 |
| MP | 90.6 | 91.4 | 89.9 | 88.9 | 87.3 |
| LP | 74.1 | 79.2 | 77.7 | 83.7 | 80.8 |
| RSA | 84.5 | 86.7 | 87.9 | 89.8 | 89.3 |

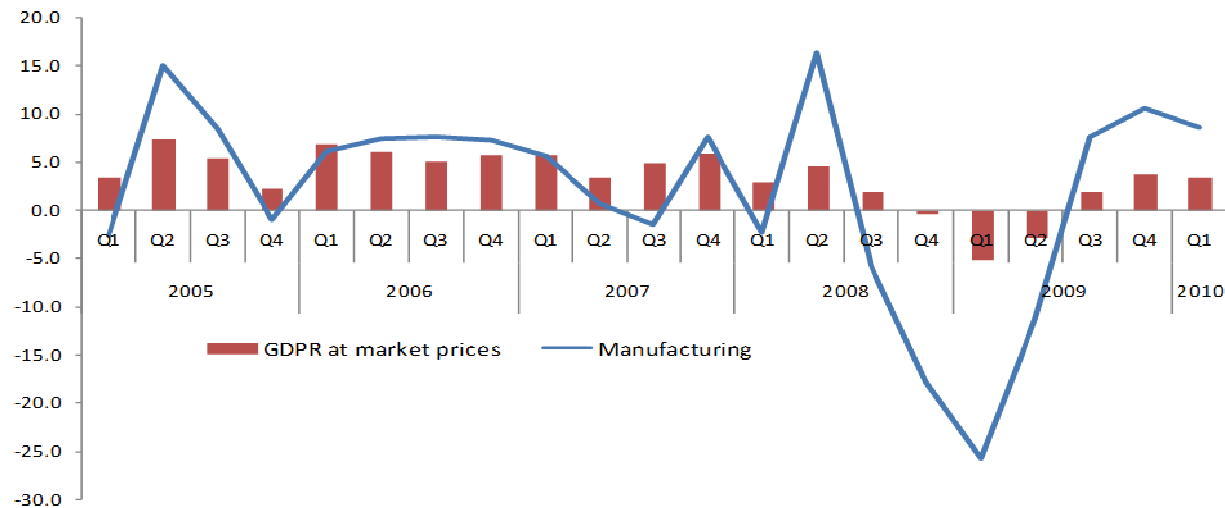
Source: Stats SA (GHS, 2009)

3.3 Economic Indicators

Eastern Cape Economic Developments and Outlook

Following the Great Recession, growth in the EC gained momentum in the fourth quarter of 2009 and first quarter of 2010 largely due improvement in both the national and global economic conditions. Real GDP expanded at an annualized rate of 3.5 percent in the first quarter of 2010 following an increase of 3.8 percent in the fourth quarter of 2009 (Figure 3.8).

FIGURE 3.8 Real Gross Domestic Product (% change from Quarter to Quarter)



Source: Stats SA (2010)

This improvement in economic performance can be attributed to strong growth in manufacturing which is the key driver of economic activity in the province (Figure 3.8). The real output by the manufacturing sector turned around and increased at an annualized rate of 7.7 percent in the third quarter of 2009 before expanding further by 10.5 percent and 8.7 percent in the fourth quarter 2009 and first quarter of 2010 respectively (Table 3.21). This was largely accounted for by a sharp expansion in vehicle and components parts manufacturing in response to an increase in both foreign demand (According to the Eastern Cape Development Corporation (ECDC, 2007) the EC manufactures half of

the country's passenger vehicles and provides 51% of South Africa's vehicle exports mainly to the EU; US; and Canada) and domestic demand (both EC and the rest of SA) for motor vehicles. The auto sector is a large and important part of the EC economy, accounting for more than a third of provincial manufacturing output and close to 20 percent of the total provincial GDP.

Table 3.21: Real Gross Domestic Product: % Change at Seasonally Adjusted Annualized Rates

| | 2009 | | | | | 2010 |
|--|-------|-------|------|------|-------|------|
| | Q1 | Q2 | Q3 | Q4 | Year | Q1 |
| Agriculture, forestry and fishing | -2.9 | -12.7 | -7.6 | -2.0 | -0.5 | 1.2 |
| Mining and quarrying | -30.4 | 17.7 | -3.2 | 8.8 | -6.7 | 21.6 |
| Manufacturing | -25.8 | -11.2 | 7.7 | 10.5 | -11.0 | 8.7 |
| Electricity and water | -7.8 | 2.3 | 4.6 | 1.4 | -0.2 | 1.8 |
| Construction | 11.6 | 9.9 | 7.5 | 5.2 | 8.8 | 2.2 |
| Wholesale & retail trade; hotels & restaurants | -1.3 | -4.3 | 1.1 | 2.1 | -1.7 | 1.9 |
| Transport and communication | -2.2 | -0.9 | 1.4 | 2.3 | 0.4 | 1.9 |
| Finance, real estate and business services | -2.7 | -4.7 | -1.5 | 1.5 | 0.9 | 2.0 |
| Community, social and other personal services | 2.6 | 3.3 | 3.5 | 3.0 | 2.6 | 2.0 |
| General government services | 2.0 | 4.0 | 4.3 | 4.9 | 4.1 | 2.6 |
| All industries at basic prices | -5.1 | -2.5 | 2.5 | 4.0 | -0.6 | 3.2 |
| Taxes less subsidies on products | -6.0 | -6.2 | -2.6 | 1.8 | -3.7 | 5.9 |
| GDP at market prices | -5.2 | -2.9 | 1.9 | 3.8 | -1.0 | 3.5 |

Source: Stats SA (2010)

Table 3.21 further shows the output performance of the other sectors between the first quarter of 2009 and the first quarter 2010. All the other sectors turned onto a positive growth trajectory in the third quarter of 2009 bar agriculture, forestry and fishing; mining; and finance and business services. Agriculture, forestry and fishing continued on a negative growth path in the fourth quarter only to resume modest growth in the first quarter of 2010. Despite erratic fluctuations in real output during the period under review, the mining sector switched from negative growth in the third quarter of 2009 to an annualized growth rate of 8.8 percent in the fourth quarter of 2009 which further strengthened to 21.6 percent in the first months of 2010.

Although all the sectors were hit hard by the global crisis, the construction sector maintained exceptional annualized quarterly growth rates throughout most of the recession, which translated to an annual growth rate of 8.8 percent for the entire 2009. The sector resilience reflects its relatively limited integration into the global economy. However in the first quarter of 2010 the growth in output of the construction sector slowed to an annualized rate of 2.2 percent from more than 5 percent in the final quarter of 2009. The other sector that maintained a positive growth path during the recession is the general government. This can be attributed to rising employment levels by the public sector as part of countercyclical efforts to ameliorate the impact of the recession alongside structural efforts to improve service delivery. The real output by general government slowed to an annualized rate of 2.6 percent in the first quarter of 2010 as the pace of employment increases in the public sector moderated.

The real output by the transport and communication sector increased at an annualized rate of 1.4 percent in the third quarter of 2009 after declining for two consecutive quarters. This was followed by further expansion of 2.3 percent and 1.9 percent in the final quarter of 2009 and first quarter of 2010 respectively. Trade normalization both nationally and internationally contributed materially to the increased activity in the transport sector.

Table 3.22: Eastern Cape GDP forecast

| | 2009 | 2010 | 2011 |
|---|-------|------|------|
| Agriculture, forestry & fishing | -3.6 | -1.2 | 0.5 |
| Mining | 3.7 | 0.3 | 0.6 |
| Food, beverages & tobacco | -5.6 | -6.0 | 5.8 |
| Textiles, clothing & leather goods | -2.5 | 0.0 | 0.1 |
| Wood, paper, publishing & printing | -3.0 | 0.5 | 3.2 |
| Petroleum products, chemicals, rubber & plastic | -0.8 | 0.8 | 5.0 |
| Other non-metal mineral products | 2.9 | 4.2 | 3.0 |
| Metals, metal products, machinery & equipment | -13.7 | 5.7 | 3.5 |
| Electrical machinery & apparatus | -1.4 | -0.3 | 2.0 |
| Radio, TV, instruments, watches & clocks | -1.0 | 0.1 | 1.4 |
| Transport equipment | -6.9 | 2.8 | 4.8 |
| Furniture & other manufacturing | -1.9 | -3.1 | 3.3 |
| Electricity | -3.7 | 0.0 | 1.0 |
| Water | -0.2 | 0.1 | 0.6 |
| Construction | 11.7 | 9.3 | 4.6 |
| Wholesale & retail trade | -3.8 | -0.1 | 3.1 |
| Catering & accommodation services | 0.9 | 0.3 | 0.5 |
| Transport & storage | -6.2 | 0.5 | 3.9 |
| Communication | -6.6 | 2.6 | 5.3 |
| Finance & Insurance | -6.1 | 3.0 | 6.5 |
| Business services | -1.4 | 1.3 | 2.6 |
| Community, social & personal services | 0.1 | 0.8 | 1.9 |
| General government | 1.1 | 1.5 | 1.5 |
| Total | -2.4 | 1.2 | 3.2 |

Source: Quantec (2010)

The real output by the trade sector increased at an annualized rate of 1.9 percent in the first quarter of 2010 after growing at 2.1 percent in the fourth quarter of 2009. This reflects a national trend of expansion in the retail and motor sector from a relatively low base in the third quarter of 2009. Demand for consumer durable goods gained momentum, driven mainly by low interest rates, and relatively low inflation. The outlook for the trade sector is more favorable as indicated by the confidence level of retailers which recorded its highest reading since the final quarter of 2007 (BER, 2010). Growth in real output by utilities increased modestly from an annualized rate of 1.4 percent in the fourth quarter of 2009 to 1.8 percent in the first quarter of 2010.

Looking ahead, the Eastern Cape economy is expected to expand by 1.2 percent in 2010 and 3.2 percent in 2011 after declining by 1 percent in 2009. However these average growth forecasts conceal substantial variation in the future performance of the different sectors. The sector wide growth prospects for 2010 and 2011 are illustrated in Table 1.6. Recovery of all sectors (except for food and beverage; agriculture, forest and fishing; electrical machinery and apparatus; furniture and other manufacturing; wholesale and retail) is anticipated in 2010 with strong growth in construction (9.3 percent); metals, metal products, machinery and equipment (5.7 percent); other non-metal mineral

products (4.2 percent). Positive growth is anticipated across the entire economy in 2011, with all the sectors recording positive growth rates.

Table 2.23 indicates the structure of output and value added for the 10 sectors and three broad aggregates representing primary, secondary and tertiary industries in the Eastern Cape. The dominance of the services sector in the Eastern Cape economy comes out clearly. About 60.6 percent of the Eastern Cape's output and 77.2 percent of the province's value added originate in the tertiary sector. The corresponding shares for the secondary sector are 37.4 percent and 20.4 percent, while those for the primary sector are 2 percent and 2.4 percent respectively.

Table 3.23: Domestic Output and Value Added

| | Q(%) | VA(%) | VA/Q | L/VA | K/VA |
|-------------------------------|--------------|--------------|-------------|-------------|-------------|
| Agriculture | 1.8 | 2.2 | 47.7 | 20.5 | 79.5 |
| Mining | 0.2 | 0.2 | 54.7 | 22.8 | 77.2 |
| Primary | 2.0 | 2.4 | 48.2 | 20.7 | 79.3 |
| Manufacturing | 33.0 | 17.4 | 21.0 | 48.0 | 52.0 |
| Electricity and Water | 1.0 | 1.1 | 44.8 | 30.8 | 69.2 |
| Construction | 3.4 | 1.9 | 21.8 | 51.7 | 48.3 |
| Secondary | 37.4 | 20.4 | 21.7 | 47.4 | 52.6 |
| Trade and Accommodation | 12.4 | 15.1 | 48.8 | 41.3 | 58.7 |
| Transport and Communication | 9.8 | 10.1 | 40.9 | 32.4 | 67.6 |
| Finance and Business Services | 16.5 | 20.7 | 50.0 | 32.2 | 67.8 |
| General Government Services | 16.7 | 25.6 | 61.2 | 84.0 | 16.0 |
| Community and Social Services | 5.2 | 5.8 | 44.4 | 61.0 | 39.0 |
| Tertiary | 60.6 | 77.2 | 60.9 | 53.3 | 46.7 |
| Total | 100.0 | 100.0 | 39.9 | 51.3 | 48.7 |

Source: Own calculations based on the 2006 ECSAM

Key:

Q: Output

VA: Value Added

Q (%): Output as a share of total Q

VA (%): Value Added as a share of total VA

VA/Q: Value Added share of total Output

L/VA: Labour share of Value Added

Source: EC Provincial Treasury based on the 2006 ECSAM

The low contribution of agriculture to provincial output is partly a reflection of underutilization of arable land in the former homelands. This is despite the fact that two-thirds of the province's population is based in the former homelands and largely depends on social grants and subsistence farming (Eastern Cape Provincial Government, 2007). Hence the revival of agriculture holds the greatest potential for tackling unemployment and poverty in the rural areas of the province.

The intensity of value added in production as well as the value added shares for labour and capital in each sector are also shown in Table 2.23. This gives an indication of the contribution of factors of production towards enhancing the value of intermediate inputs used in the production process.

Among the three broad aggregates the secondary sector has the lowest share of average value added in production (21.7 percent). However within the secondary sector the share of value added in production of electricity and water is more than twice that of the secondary industry as a whole. With just above half of the total output attributed to factor payments the tertiary sector has the highest average value added in production. This average, nevertheless mask considerable variation in the proportion of value added across the individual components of the tertiary sector. The

share of value added in total production varies from 40.9 percent for transport and communications to 61.2 percent for general government services.

The tertiary industry is the most labour intensive activity in the Eastern Cape where labour represents 51.3 percent of total value added. This is closely followed by secondary industry with a labour intensity in total value added of 47.4 percent. Although the total value added ratio for the primary sector is close to 50 percent the contribution of labour relative to capital is the lowest at 20.7 percent.

Employment, Poverty and Income Inequality

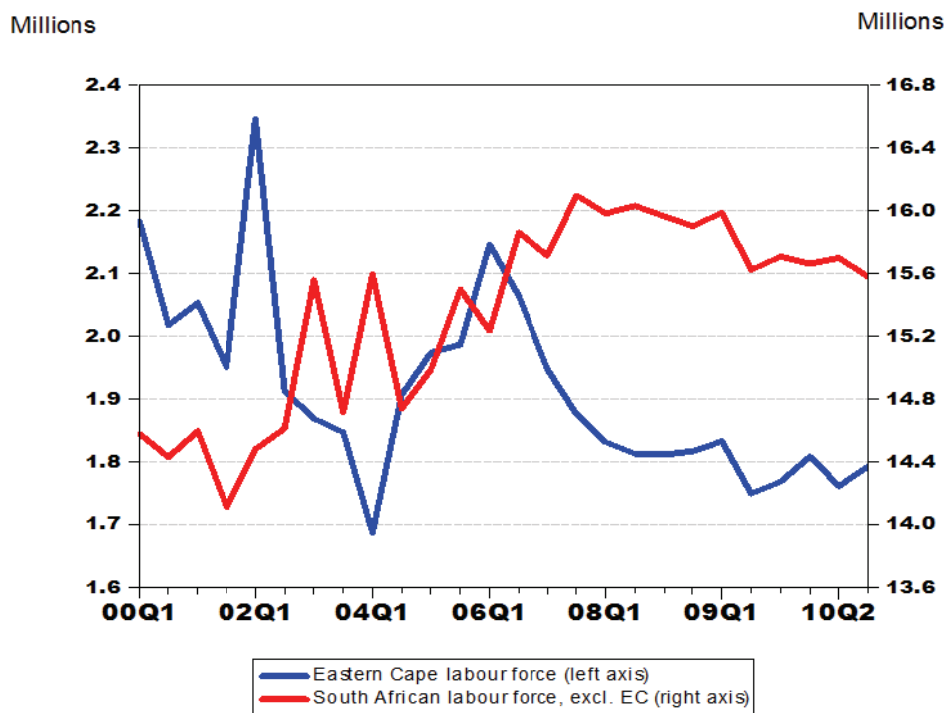
Unemployment has proven to be one enduring factor behind poverty and human underdevelopment in the country, and more so in the Eastern Cape; and moving forward any success or failure of government's economic policies will be judged by their stated potential to create jobs.

A brief overview of the state of the labour market and its relation to poverty and income distribution in the province is highlighted next.

Labour Supply

The medium to long-term trend in the size of the labour force in the Eastern Cape (using the strict definition) has been declining. From the first quarter of 2000 to the third quarter of 2010 the number of economically active people in the province decreased from 2.2 to 1.79 million, an equivalent decline of 2% per annum (Figure 3.9). By contrast, South Africa as whole, excluding the Eastern Cape, experienced positive labour force growth.

Figure 3.9: Labour Force

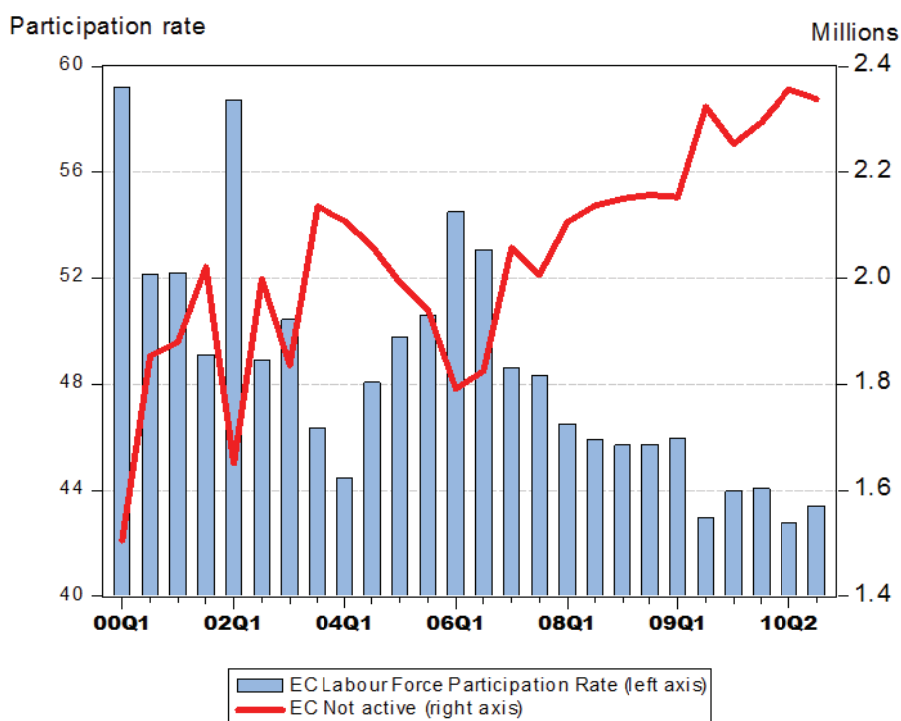


Source: Stats SA, LFS and QLFS (2000 - 2010q3)

A number of factors account for the decline, including an increasing number of potential workers choosing to opt out of the labour market due to the low likelihood of finding work, the so called discouraged job seekers. The rising share of the provincial work force moving out of the labour market due to ill health and aging; worker relocations between provinces; and the burgeoning informal sector have all contributed to the labour force decline.

Declining Labour Force Participation Rates

Figure 3.10 and Table 3.24 indicate the declining labour force participation rates and by implication the rising numbers of economically inactive people in the Eastern Cape compared to other provinces. In 2000, 59 percent (or almost 2.2 million) of those between the ages of 15 and 64 were economically active. The rate was the second lowest in the country just above Limpopo. The participation rates in the Western Cape and Gauteng were the highest (Table 3.24).

Figure 3.10: Labour Force Participation

Source: Based on Stats SA, LFS, QLFS (2000 - 2010q3)

By the end of 2005 the participation rate in the province had dropped significantly to 50 percent (or, 1.9 million of the working age total), and by the end of quarter three in 2010 it had dropped even further to 43 percent (1.79 million of the working age total).

Table 3.24: Labour force participation rates

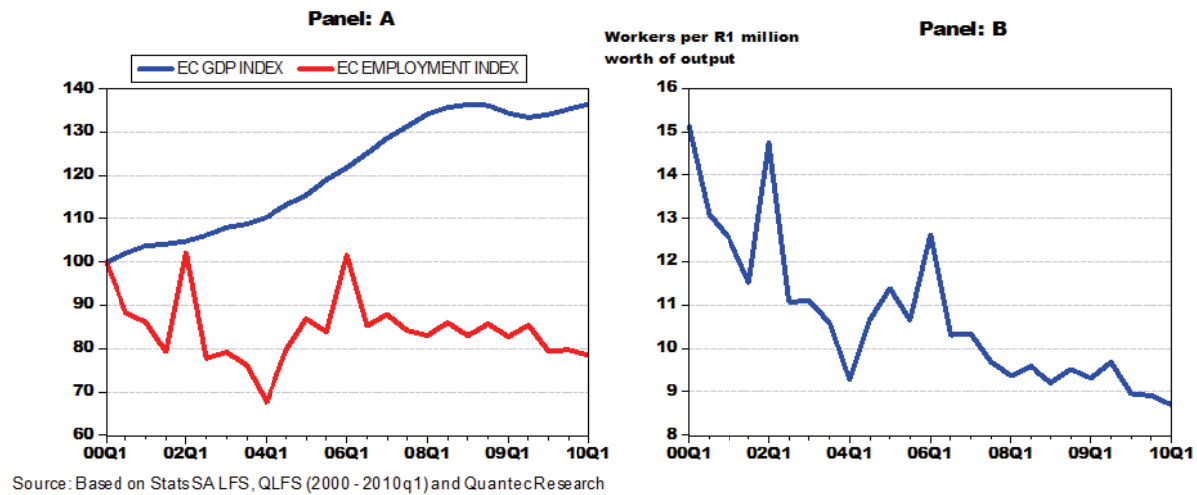
| Quarter | EC | FS | GP | KZN | LIM | MP | NC | NW | WC |
|---------|----|----|----|-----|-----|----|----|----|----|
| 2000q1 | 59 | 69 | 70 | 61 | 54 | 62 | 62 | 59 | 73 |
| 2005q1 | 50 | 63 | 69 | 55 | 41 | 58 | 59 | 55 | 69 |
| 2010q1 | 44 | 56 | 71 | 47 | 37 | 54 | 52 | 48 | 68 |

Source: Stats SA, LFS 2000q1 - 2010q1

Labour Demand: Employment

Under normal circumstances aggregate employment rises and falls with economic output. For the Eastern Cape this association has been very weak. For most of the recent past while the overall trend in provincial economic activity has been upward moving as measured by the gross regional product, total employment has trended downward (Figure 3.11(A)).

Figure 3.11: Output and employment

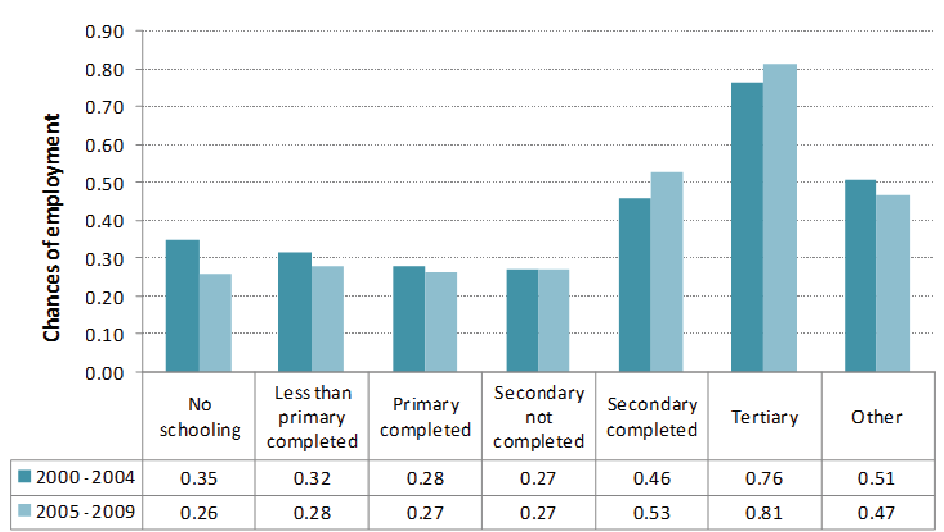


The divergence between production and employment comes out more clearly in falling aggregate labour output ratios (Figure 3.11 (B)). In 2000 it took an average of 15 workers to produce R 1 million worth of output quarterly. By the end of the first quarter of 2010 it took less than 9 workers to produce the same amount. The implication is that the Eastern Cape economy may have been undergoing some form of labour shedding output growth.

Employment and education

An individual's investment in his or her education and skills development (so called human capital development) significantly influences his or her labour market outcomes. For the past 10 years the provincial labour market has placed a greater premium on education: an education attainment above completed secondary has greatly increased an individual's chances of employment (Figure 3.12).

Figure 3.12: Education and employment



Source: Calculations based on Stats SA (LFS, 2000 - 2009)

Unemployment

During the 2008/09 recession the Eastern Cape economy was one of the hardest hit provinces in terms of unemployment rate. In 2009 the province recorded the highest average unemployment rate in the country of 28 percent. By the end of the first quarter of 2010 the rate had increased further to 30 percent which was still the highest in the country (Table 3.25). The economic recovery of 2010 has reduced the provincial unemployment rate to 27 percent which was only two percentage points above the national average.

Table 3.25: Unemployment rates (%)

| Quarter | RSA | WC | EC | NC | FS | KZN | NW | GP | MP | LP |
|---------|-----|----|----|----|----|-----|----|----|----|----|
| 2008q1 | 24 | 18 | 28 | 25 | 25 | 23 | 22 | 23 | 24 | 32 |
| 2008q2 | 23 | 19 | 28 | 25 | 26 | 22 | 23 | 22 | 25 | 31 |
| 2008q3 | 23 | 20 | 27 | 23 | 23 | 22 | 27 | 22 | 23 | 30 |
| 2008q4 | 22 | 17 | 26 | 22 | 23 | 21 | 26 | 21 | 23 | 29 |
| 2009q1 | 23 | 18 | 28 | 27 | 25 | 23 | 27 | 22 | 25 | 28 |
| 2009q2 | 24 | 21 | 28 | 28 | 27 | 18 | 28 | 23 | 27 | 26 |
| 2009q3 | 25 | 22 | 27 | 30 | 28 | 18 | 28 | 26 | 28 | 28 |
| 2009q4 | 24 | 21 | 27 | 25 | 25 | 18 | 27 | 26 | 27 | 27 |
| 2010q1 | 25 | 20 | 30 | 28 | 27 | 18 | 28 | 27 | 28 | 27 |
| 2010q2 | 25 | 22 | 28 | 30 | 28 | 21 | 28 | 27 | 28 | 23 |
| 2010q3 | 25 | 23 | 27 | 28 | 30 | 20 | 28 | 27 | 28 | 25 |

Source: Stats SA (2010)

Poverty

Currently South Africa has no officially accepted measure or indicator of poverty. A variety of indicators (both absolute and relative) have been adopted for various purposes.⁹

Table 3.26: Poverty rates

| Province | Child poverty (0-17Years) Poverty head-count rate | | | Adult poverty Poverty Head-count Rate | | |
|---------------|--|-----------|-----------|--|-----------|-----------|
| | Rate (%) | Share (%) | Number | Rate (%) | Share (%) | Number |
| Western cape | 37.9 | 5 | 587 580 | 25.1 | 6.8 | 783 390 |
| Eastern Cape | 77.9 | 20.1 | 2 378 696 | 59.8 | 16.8 | 1 929 699 |
| Northern Cape | 69.1 | 2 | 235 269 | 48.5 | 2.7 | 308 918 |
| Free State | 63.6 | 5.9 | 695 166 | 44.2 | 6.2 | 714 570 |
| Kwazulu-Natal | 75 | 25.2 | 2 975 734 | 53.8 | 23.2 | 2 655 005 |
| Northwest | 66.2 | 8.1 | 962 355 | 49.4 | 8.5 | 976 390 |
| Gauteng | 41.3 | 9.6 | 1 138 511 | 26 | 14.2 | 1 623 636 |
| Mpumalanga | 66.4 | 7.2 | 846 494 | 48.6 | 7.5 | 862 988 |
| Limpopo | 78 | 16.9 | 2 002 739 | 65.6 | 14 | 1 597 726 |

Source: Adapted from FFC, 2010-11 DOR Submissions

Adopting as the poverty line the per capita annual expenditure below the 40th percentile, in 2005/06 the Eastern Cape had the second highest incidence of child and adult poverty in the country, after KZN. Close to 60 percent of the

⁹ The national department of Social Development is in the process of developing a national absolute poverty line

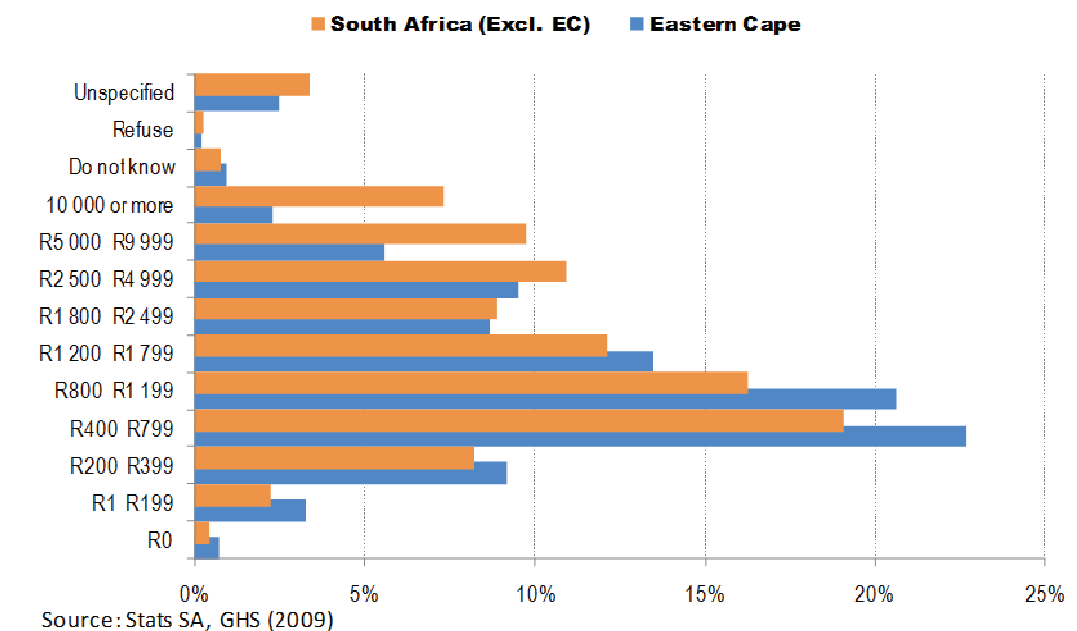
total adult population in the province could be classified as poor. The poverty rate was also high among children (0 – 17 years) (Table 3.26) at 78 percent.

The medium-term trend in the poverty head count has, however, been declining in the province largely as a consequence of the improving targeting and greater penetration of the social grants system.

Income Distribution

Based on the 2009 GHS household data the Eastern Cape province has one of the most unequal distributions of income in the country. In terms of household monthly expenditure 57 percent of all households in the Eastern Cape spend less than R1 200 a month compared to 46 percent for the rest of South Africa. Only 17 percent of households spend more than R2 500 per month in the province compared to 28 percent for the rest of the country (Figure 3.13)

Figure 3.13: Income distribution, EC 2009



Government Policy Response

In dealing with the challenges of high unemployment, poverty and income inequality the South African government has undertaken to facilitate the creation of approximately five million jobs within the next 10 years. The following are some of the direct strategic and policy interventions proposed by government:

- Boost productivity through quality education and skills development
- Support for job seekers
- Support for small businesses
- Jobs fund
- Youth employment incentives
- Training layoff scheme
- Expanded public works

In introducing this New Growth Path initiative President Jacob Zuma has committed government for the next five years into spending at least R39 billion by way of subsidies and incentives to industries with the greatest jobs creation potential.

Chapter 4 Receipts

4.1 Overall Position

Total provincial receipts are comprised of national transfers in the form of conditional grants and equitable share together with provincial own receipts derived from provincially raised revenue. Equitable share, the major source of revenue for the province, will over the medium term as illustrated in table 4.2 contribute on average 81.8 percent per annum to total revenue while conditional grants and provincially raised revenue will contribute 16.9 and 1.3 percent respectively.

Table 4.1: Summary of Provincial Receipts

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Transfer receipts from national | | | | | | | | | |
| Equitable share | 27 344 125 | 32 131 702 | 37 314 768 | 40 134 424 | 41 022 154 | 41 022 154 | 44 120 028 | 46 495 024 | 48 931 829 |
| Conditional grants | 3 047 971 | 3 971 290 | 4 958 221 | 7 452 651 | 8 041 691 | 8 041 691 | 8 896 119 | 9 602 028 | 10 336 371 |
| Total receipts from National | 30 392 096 | 36 102 992 | 42 272 989 | 47 587 075 | 49 063 845 | 49 063 845 | 53 016 147 | 56 097 052 | 59 268 200 |
| Provincial own receipts | | | | | | | | | |
| Tax receipts | 333 644 | 384 390 | 422 138 | 432 648 | 452 103 | 436 953 | 480 962 | 524 212 | 570 990 |
| Casino taxes | 82 433 | 87 718 | 81 793 | 104 071 | 104 071 | 88 294 | 108 995 | 114 445 | 120 739 |
| Horse racing taxes | 4 190 | 4 799 | 7 541 | 4 998 | 4 998 | 4 137 | 6 089 | 6 393 | 6 745 |
| Liquor licences | 5 931 | 1 977 | 4 462 | 8 034 | 8 034 | 9 522 | 8 373 | 8 791 | 9 275 |
| Motor vehicle licences | 241 090 | 289 896 | 328 342 | 315 545 | 335 000 | 335 000 | 357 505 | 394 582 | 434 231 |
| Sales of goods and services other than capital assets | 130 979 | 138 058 | 136 543 | 175 572 | 162 251 | 160 083 | 166 830 | 176 938 | 186 951 |
| Transfers received | 16 | - | - | - | - | 50 | - | - | - |
| Fines, penalties and forfeits | 6 255 | 8 223 | 6 727 | 8 544 | 7 276 | 7 589 | 7 594 | 8 283 | 9 112 |
| Interest, dividends and rent on land | 494 003 | 372 219 | 142 142 | 11 344 | 73 126 | 72 400 | 1 849 | 2 002 | 2 172 |
| Sales of capital assets | 4 768 | 12 100 | 4 703 | 1 286 | 7 099 | 7 276 | 4 590 | 959 | 1 052 |
| Financial transactions in assets and liabilities | 38 582 | 50 492 | 49 696 | 7 596 | 8 864 | 29 899 | 6 984 | 6 123 | 6 412 |
| Total provincial own receipts | 1 008 247 | 965 482 | 761 949 | 636 990 | 710 719 | 714 250 | 668 809 | 718 517 | 776 690 |
| Total provincial receipts | 31 400 343 | 37 068 474 | 43 034 938 | 48 224 065 | 49 774 564 | 49 778 095 | 53 684 956 | 56 815 569 | 60 044 890 |

Source: EC Provincial Treasury, 2011

Table 4.1 below gives a summary of provincial receipts for the period 2007/08 to 2013/14 fiscal years. Over the medium term, the total provincial receipts budget will amount to R170.5 billion. This represents an average annual growth rate of 6 percent over the medium term. For the 2011/12 fiscal year a total receipts budget of R53.6 billion is expected (table 4.1), and this represents an increase of 6 percent from the 2010/11 revised budget.

While the total receipts budget is expected to increase from R53.7 billion in 2011/12 to R60 billion in 2013/14, average annual growth rate for the same period will be less than zero in real terms (table 4.3). This can be attributed to the estimated drop in real growth rate of:

- -3 percent in equitable share allocation in the 2012/13 financial year
- -10 percent in own revenue for 2010/11 and
- -12, -3 and -2 percent for conditional grants for the 2011/12, 2012/13 and 2013/14 fiscal years respectively. In nominal terms, average annual growth rates of 6 percent for equitable share, 12 percent for conditional grants and 3 percent for own revenue are estimated over the medium term.

In respect of the 2010/11 fiscal year, the revised total provincial receipts budget will amount to R50.4 billion and this represents an increase of 5 percent from the original budget of R48.2 billion (table 4.1).

Table 4.2: Percentage Contributions

| | 2011/12 | 2012/13 | 2013/14 | Average |
|--|-------------|-------------|-------------|-------------|
| Transfer receipts from national | 98.8 | 98.7 | 98.7 | 98.7 |
| Equitable share | 82.2 | 81.8 | 81.5 | 81.8 |
| Conditional grants | 16.6 | 16.9 | 17.2 | 16.9 |
| Provincial own receipts | 1.2 | 1.3 | 1.3 | 1.3 |
| Total | 100 | 100 | 100 | 100 |

Table 4.3: Growth Rates in Provincial Receipts

| | | 2011/12 | 2012/13 | 2013/14 | 2010/11- 2013/14 |
|-----------------------|----------------|------------|------------|-----------|---------------------|
| Equitable Share | Nominal | 8% | 5% | 5% | 6% |
| | Real | -3% | 0% | 0% | -1% |
| Conditional Grants | Nominal | 19% | 8% | 8% | 12% |
| | Real | -12% | -3% | -2% | -6% |
| Own Revenue | Nominal | -5% | 7% | 7% | 3% |
| | Real | -10% | 2% | 3% | -2% |
| Total Receipts | Nominal | 6% | 6% | 6% | 6% |
| | Real | -2% | -1% | 0% | -1% |

4.2 Equitable Share

The provincial equitable share (PES) is a constitutionally established funding instrument which enables provinces to deliver constitutionally mandated services or functions. An objective transfer mechanism called the PES formula is used to distribute funds among the nine provinces on the basis of demographic and economic profile. The formula is made up of six weighted components and is reviewed yearly using current statistical data. The components of the formula are as follows:

- Education – (51%), takes into account the size of the school age population (ages 5-17) and the number of learners enrolled in public ordinary schools.
- Health – (26%), proportion of population with and without access to medical aid
- Basic share – (14%), each province's share of the national population
- Poverty – (3%), reinforcing the redistributive bias of the formula
- Economic activity – 1%, based on GDP by region (GDP-R data)
- Institutional component – 5%, divided equally among provinces.

The most recent review of the PES formula has introduced changes to the health formula and a change of weights to the health, education and basic components. These changes are phased into the PES in the 2011 Division of Revenue.

For the 2011/12 financial year the province will, in line with Section 227 of the Constitution receive a share of 15.1 percent or R44.1 billion out of the total equitable share pool available to provinces (table 4.4). This represents an increase of 8 percent from the 2010/11 adjusted budget of R41 billion. Over the medium term, total equitable share allocation will amount to R139.5 billion and this represents on average, an annual growth rate of 6 percent in nominal terms (table 4.3).

Table 4.4: Revenue Outlook

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Transfer receipts from national | | | | | | | | | |
| Equitable share | 27 344 125 | 32 131 702 | 37 314 768 | 40 134 424 | 41 022 154 | 41 022 154 | 44 120 028 | 46 495 024 | 48 931 829 |
| Conditional grants | 3 047 971 | 3 971 290 | 4 958 221 | 7 452 651 | 8 041 691 | 8 041 691 | 8 896 119 | 9 602 028 | 10 336 371 |
| Total provincial own receipts | 1 008 247 | 965 482 | 761 949 | 636 990 | 710 719 | 714 250 | 668 809 | 718 517 | 776 690 |
| Total provincial receipts | 31 400 343 | 37 068 474 | 43 034 938 | 48 224 065 | 49 774 564 | 49 778 095 | 53 684 956 | 56 815 569 | 60 044 890 |

Source: EC Provincial Treasury, 2011

4.3 Conditional Grants

This section focuses on new and revised conditional grant allocations to the province for the 2011/12 medium term. The ultimate objective of conditional grants is to achieve explicit goals, which may not be necessarily attainable if only Provincial Equitable share is utilised. Over the 2011/12 MTEF the conditional grants allocation to the Province reflects a strong growth.

Supplementary to the existing conditional grants, there is a new conditional grant for the Department of Education. The new grant is called the Dinaledi Schools Grant. The objective of this grant is to assist both the educators and learners in ensuring that the results of Mathematics and Physical Science are improved. Additional to the above, there is an Expanded Public Works Programme Incentive Grant for Public Works and the Social Sector

The Infrastructure Grant to Provinces (IGP) has been decomposed into separate infrastructure grants namely: the Education Infrastructure Grant, the Health Infrastructure Grant and the Provincial Roads Maintenance Grant.

The Forensic Pathology Services Grant housed in the Department of Health will be phased into the provincial equitable share in 2012/13.

Table 4.5 below shows the provincial grants framework for the periods 2007/08 to 2013/14 fiscal years. As the table illustrates, the total conditional grants budget is expected to grow from R3.3 billion in 2007/08 to R10.3 billion in 2013/14. Over the medium term, a total budget of R28.8 billion is estimated which represents an annual average growth rate of 8.7 percent and the main drivers of growth per department are:

Department of Education

- **Dinaledi Schools Grants:** This grant will promote Mathematics and Physical Science teaching and learning and also to improve learner performance in both subjects and lastly to improve educator's content knowledge of Mathematics and Physical Science. The allocation for the MTEF is as follows: 2011/12, R8.400 million; 2012/13, R12 million and R12.600 million for 2013/14.

- **HIV and Aids (Life Skills Education Grant):** The grant will provide support in the prevention of HIV and Aids by increasing sexual and reproductive knowledge; skills and appropriate decision making among learners and educators. The allocation for the MTEF is as follows, 2011/12, R34.346 million; 2012/13, R35.322 million and for 2013/14, R37.265 million.
- **National School Nutrition Programme Grant:** The grant will provide nutritious meals to targeted learners. The budget is estimated to increase by 20 percent from the 2010/11 adjusted budget of R702 million to R845 million in 2011/12. The allocation for the MTEF is spread as follows, R845.166m; R909.644 million and R959.674 million for the 2011/12; 2012/13 and 2013/14 respectively
- **Technical Secondary Schools Recapitalisation Grant:** The purpose of the grant is to recapitalize technical schools in order to improve skills and development and training. The allocation for the current MTEF is as follows, 2011/2, R37.584 million; 2012/13, R39.464 million and 2013/14, R41.635 million. The allocation is expected to grow by 294 percent in 2011/12 or from R9.5 million in 2010/11 (adjusted budget) to R37.6 million in 2011/12.
- **Education Infrastructure Grant:** The grant will accelerate construction, maintenance; upgrading and rehabilitation of new and existing infrastructure and also to increase the capacity to deliver infrastructure within the Department. The allocation for 2011/12 will be R968.435 million; 2012/13 R1.058 billion and lastly 2013/14, R1.116 billion.
- **Further Education and Training Colleges Grant:** The grant will ensure successful transfer of the further education and training colleges from national Department of Education. The budget is estimated to grow at an annual average growth rate of 11 percent over the medium term that is from R627 million in 2011/12 to R761million in 2013/14. The purpose of this grant is to ensure a successful transfer of the FET colleges function to the National Higher Education and Training.
- **Expanded Public Works Programme Incentive Grant to Provinces:** There will be a once –off allocation over the MTEF period of R0.711 million in 2011/12.

Department of Health

- **Comprehensive HIV and AIDS Grant:** The grant will facilitate the Department in developing effective responses to HIV/AIDS inclusive of general access to HIV counseling and testing and also to subsidise the in-part funding for antiretroviral treatment programme. The allocations for the current MTEF period are as follows in 2011/12, R864.173 million; in 2012/13, R1.014 billion and R1.222 billion in 2013/14. The grant will increase by 17 per cent over the 2011/12 MTEF period.
- **Forensic Pathology Services Grant:** The purpose of the grant is to maintain the development and provision of adequate provision of forensic pathology services in the Province. The Department will receive a once-off allocation of R73.506 million in 2011/12.
- **Hospital Revitalisation Grant:** The grant will assist with the modernisation, rationalization and transformation of the health infrastructure in the province. The 2011/12 MTEF allocation is as follows; for 2011/12, R382.048 million, in 2012/13, R402.678 million and for 2013/14 R387.104 million.
- **National Tertiary Services Grant:** The ultimate goal of the grant is to compensate tertiary facilities for additional costs as a result of spill over effects and also to ensure adequate provision of tertiary health services for the province. Over the 2011/12 MTEF period the grant will receive allocations as follows; for 2011/12 it will be R609.327 million; in 2012/13 it will be R660.693 million and for 2013/14 it will be R698.110 million.
- **Health Infrastructure Grant:** The grant will ensure sufficient funding for health infrastructure in order to facilitate proper maintenance and provision of provincial health infrastructure. The funding for the grant in the current

MTEF is as follows; in 2011/12, R299.754 million, in 2012/13, R327.673 million and R345.695 million for the 2013/14 financial year.

- **Health Professions Training and Development Grant:** The grant will provide financial assistance in order to fund service costs associated with training of health professionals; development and recruitment of medical specialists in rural parts of the province. The allocations for the 2011/12 MTEF is as follows; for 2011/12, R170.071 million; 2012/13 R178.730 million and for the 2013/14 financial year it is R188.560 million.
- **Expanded Public Works Programme Incentive Grant:** The ultimate objective of the grant is to promote job creation within the Social sector in the Province. The Department will be given a once-off allocation of R16.579 million in 2011/12.

Department of Human Settlements

- The budget for Integrated Housing and Human Settlements Grant is expected to increase from R1.5 billion in 2010/11 to R2.4 billion in 2013/14. In 2011/12 a growth of 36 percent from the 2010/11 adjusted budget of R1.6 billion is expected. The purpose of this grant is to provide funding for the creation of sustainable human settlements

Department of Transport

- **Public Transport Operations Grant:** The budget for Public Transport Operations Grant is estimated to increase by 13 percent in 2011/12 from R148 million in 2010/11(adjusted) to R167 million in 2011/12. The grant will provide supplementary funding towards public transport services provided by the province. The grant has been allocated the following in the 2011/12 financial year, R166.973 million, R180.461 million in 2012/13 and R196.061 million in 2013/14.
- **Expanded Public Works Programme Incentive Grant to Provinces:** There will be a once –off allocation over the MTEF period of R7.788 million in 2011/12.

Department of Sport, Recreation, Arts and Culture

The Department for the 2011/12 MTEF period will administer the following grants during the 2011/12 MTEF period:

- **Community Library Services Grant:** The ultimate goal of the grant is to transform urban and rural community library infrastructure, facilities and services primarily focusing on previously disadvantaged areas. The grant for the 2011/12 MTEF will receive its allocation as follows; R80.974 million in 2011/12; for 2012/13 the allocation will be R79.273 million and R75.633 million for the 2013/14.
- **Mass Sport and Recreation Participation Programme:** Through the grant, mass participation within communities and schools will be facilitated and empowered with the use of relevant stakeholders. In order to ensure that the grant achieve its ultimate object the following allocations will be made for the 2011/12 MTEF are as follows; an amount of R63.570 million will be allocated in 2011/12; R66.749 million in 2012/13 and an amount of R70.420 million in 2013/14.
- **Expanded Public Works Programme Incentive Grant to Provinces:** There will be a once –off allocation over the MTEF period of R1.277 million in 2011/12.

Department of Roads and Public Works

During the 2011/12 MTEF period the Department managing the following grants:

- **Devolution of Property Rate Funds Grant:** The purpose of this grant is to assist in the transfer of property rates expenditure responsibility to provinces. The facilitation will be possible through the 2011/12 MTEF allocation of R192.709 million in 2011/12; R202.854 million in 2012/13 and R214.360 million.
- **Provincial Roads Maintenance Grant:** The grant aims to enhance provincial roads investments and support preventative maintenance on provincial roads networks and also ensures that road asset management systems are implemented and maintained. The budget for this grant is expected to be 5.9 percent on average per year over the medium term. The allocations for the 2011/12 MTEF period are that, in 2011/12 an amount of R1.034 billion will be allocated, for 2012/13 an amount of R1.215 billion will be made available and in 2013/14, R1.312 billion will be allocated.
- **Expanded Public Works Programme Incentive Grant for Provinces (Infrastructure Sector):** The purpose of this grant is to make provision for incentives in the province in order to increase spending in labour intensive programmes to stimulate job creation. The grant will receive a once-off allocation of R30.431 million in 2011/12.
- **Expanded Public Works Programme Grant for Social Sector:** To incentivise provincial social sector departments identified in the 2011 Social Sector EPWP Log-frame to increase job creation by focusing on the strengthening and expansion of social service programmes that have employment potential. The allocations for the 2011/12 MTEF period are; in 2011/12 R5.070 million; R7.120 million is for 2012/13 and in 2013/14 R9.139 million will be allocated. This grant is for Social Development.
- **Department of Rural Development & Agrarian Reform –** In the 2011/12 MTEF, the Department administers the following grants:
 - **Ilima/Lestema Projects Grants:** The purpose of this grant is to assist targeted vulnerable farmers to increase agricultural production and also improve farming skills. For the 2011/12 MTEF the grant will receive the following allocation; R40 million; R42 million and R44.3 million for 2011/12; 2012/13 and 2013/14 respectively.
 - **Land Care Programme Grant:** To develop sustainable conservation of natural agriculture resources by involving communities and also by creating a beneficial environment for improved food security and poverty relief. In 2011/12 the grant will receive R9.244 million; in 2012/13 the allocation will be R16.823 million and lastly for 2013/14 the grant will be allocated R15.866 million.
 - **Comprehensive Agricultural Support Programme Grant:** The purpose of this grant is to expand the provision of agricultural support services, promote and facilitate agricultural development by targeting smallholder and previously disadvantaged farmers within the province. The allocation for the 2011/12 MTEF is R174.985 million for 2011/12; R195.209 million in 2012/13 and will be R223.523 million in 2013/14.
 - **Expanded Public Works Programme Incentive Grant to Provinces:** There will be a once –off allocation over the MTEF period of R0.536 million in 2011/12.

2010/11 Adjustments

The 2010/11 conditional grants budget has been adjusted by an amount to the tune of R588 million and this brings the total budget estimate for 2010/11 to R8.9 billion for 2010/11 fiscal year. Of this amount, R549 million is roll overs and R38.9 million is additional allocations for the Department of Public Works (Property Devaluation Grant) and the Department of Education (Further Education and Training Grant). A detailed breakdown is as follows:

- Agriculture with total adjustments to the tune of R56.1 million of which R15 million is towards infrastructure,

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- Education with total adjustments to the tune of R82.1 million of which R74.8 is for infrastructure,
- Health with total adjustments to the tune of R 299.5 million of R24.3 million is for infrastructure,
- Public Works with total adjustments to the tune of R135.9 million for Devolution of Property Rates Funds,
- Sport Recreation Arts and Culture with total adjustments to the tune of R4.9 million for Community Services Libraries and R9.3 million for Mass Sport Participation.

Table 4.5: Summary of Conditional Grants

| Department/Grant R'000 | Outcome | | | Original | Adjusted | Revised | Medium term estimates | | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|------------------|-------------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Agriculture | 100 365 | 112 153 | 157 591 | 188 725 | 229 787 | 229 787 | 224 229 | 254 032 | 283 699 |
| Agricultural Disaster | 20 000 | 2 000 | 24 000 | - | 22 103 | 22 103 | - | - | - |
| Comprehensive Agricultural | 69 898 | 102 808 | 120 364 | 160 004 | 177 145 | 177 145 | 174 985 | 195 209 | 223 523 |
| Ilama/Letsema projects grant | - | - | 5 000 | 20 000 | 20 961 | 20 961 | 40 000 | 42 000 | 44 310 |
| Land Care Programme Grant | 10 467 | 7 345 | 8 227 | 8 721 | 9 578 | 9 578 | 9 244 | 16 823 | 15 866 |
| Education | 448 891 | 557 871 | 516 863 | 1 300 382 | 1 307 729 | 1 307 729 | 1 553 107 | 1 678 256 | 1 812 352 |
| Early Childhood Development | - | - | - | - | - | - | - | - | - |
| Financial Management and | 50 000 | - | - | - | - | - | - | - | - |
| Technical Secondary Schools | - | - | - | 9 549 | 9 549 | 9 549 | 37 584 | 39 464 | 41 635 |
| Expanded Public Works | - | - | - | 500 | 500 | 500 | - | - | - |
| Further Education and Training | 88 248 | 115 671 | - | 555 208 | 559 963 | 559 963 | 627 611 | 681 826 | 761 118 |
| HIV and Aids (Life Skills) | 26 797 | 28 542 | 30 168 | 32 189 | 34 781 | 34 781 | 34 346 | 35 322 | 37 265 |
| Dinaledi Schools Grant | - | - | - | - | - | - | 8 400 | 12 000 | 12 660 |
| National School Nutrition | 283 846 | 413 658 | 486 695 | 702 936 | 702 936 | 702 936 | 845 166 | 909 644 | 959 674 |
| Environmental Affairs | - | - | - | 1 684 | 1 684 | 1 684 | - | - | - |
| Expanded public works | - | - | - | 1 684 | 1 684 | 1 684 | - | - | - |
| Health | 1 096 904 | 1 294 956 | 1 458 663 | 1 872 185 | 2 014 466 | 2 014 466 | 2 099 125 | 2 256 235 | 2 496 254 |
| Comprehensive HIV and Aids | 233 204 | 300 522 | 493 702 | 690 940 | 758 127 | 758 127 | 864 173 | 1 014 134 | 1 222 480 |
| 2010 World Cup Health | - | - | 4 345 | - | - | - | - | - | - |
| Expanded public works | - | - | - | 6 012 | 6 012 | 6 012 | - | - | - |
| Expanded public works | - | - | - | 27 647 | 27 647 | 27 647 | - | - | - |
| Forensic Pathology Services | 119 704 | 90 324 | 61 214 | 69 345 | 69 345 | 69 345 | 73 506 | - | - |
| Health Professions Training and | 110 150 | 140 641 | 151 362 | 160 444 | 160 444 | 160 444 | 170 071 | 178 730 | 188 560 |
| Hospital Revitalisation Grant | 204 934 | 290 927 | 238 611 | 360 660 | 360 660 | 360 660 | 382 048 | 402 678 | 387 104 |
| National Tertiary Services | 428 912 | 472 542 | 509 429 | 557 137 | 632 231 | 632 231 | 609 327 | 660 693 | 698 110 |
| Integrated Nutrition Programme | - | - | - | - | - | - | - | - | - |
| Human Settlements | 509 477 | 1 251 018 | 1 313 378 | 1 599 146 | 1 599 146 | 1 599 146 | 2 177 676 | 2 274 820 | 2 403 688 |
| Expanded Public Works | - | - | - | 500 | 500 | 500 | - | - | - |
| Integrated Housing and Human | 509 477 | 1 251 018 | 1 313 378 | 1 598 646 | 1 598 646 | 1 598 646 | 2 177 676 | 2 274 820 | 2 403 688 |
| National Treasury | 1 123 343 | 1 317 909 | 1 661 391 | 2 010 800 | 2 125 102 | 2 125 102 | 2 302 275 | 2 602 228 | 2 774 765 |
| Provincial Infrastructure Grant | 1 123 343 | 1 317 909 | 1 661 391 | 2 010 800 | 2 010 800 | 2 010 800 | 2 302 275 | 2 602 228 | 2 774 765 |
| Of which | | | | | | | | | |
| Transport / Roads & Public | 838 937 | 877 966 | 1 124 873 | 1 120 414 | 1 120 414 | 1 120 414 | 1 034 086 | 1 215 920 | 1 312 210 |
| Education | 50 000 | 132 432 | 202 141 | 504 179 | 579 007 | 579 007 | 968 435 | 1 058 635 | 1 116 860 |
| Agriculture | 42 886 | 54 894 | 54 894 | 54 425 | 69 516 | 69 516 | - | - | - |
| Health | 150 000 | 194 370 | 279 483 | 331 782 | 356 165 | 356 165 | 299 754 | 327 673 | 345 695 |
| Unallocated | 41 520 | 58 247 | - | - | - | - | - | - | - |
| Transport | - | - | 126 540 | 153 596 | 153 596 | 153 596 | 166 953 | 180 461 | 196 061 |
| Overload Control Grant | - | - | - | 5 519 | 5 519 | 5 519 | - | - | - |
| Public Transport Operations | - | - | 126 540 | 148 077 | 148 077 | 148 077 | 166 953 | 180 461 | 196 061 |
| Government | - | - | - | - | - | - | - | - | - |
| Disaster Relief Grant | - | - | - | - | - | - | - | - | - |
| Africa | 28 511 | 44 895 | 62 765 | 66 531 | 75 838 | 75 838 | 63 570 | 66 749 | 70 420 |
| Mass Sport and Recreation | 28 511 | 44 895 | 62 765 | 66 531 | 75 838 | 75 838 | 63 570 | 66 749 | 70 420 |
| Trade and Industry | - | - | - | - | - | - | - | - | - |
| Industrial Development Zones | - | - | - | - | - | - | - | - | - |
| Social Development | - | - | - | 5 074 | 5 074 | 5 074 | - | - | - |
| Expanded Public Works | - | - | - | 202 | 202 | 202 | - | - | - |
| Expanded Public Works | - | - | - | 4 872 | 4 872 | 4 872 | - | - | - |
| Social Assistance Transfers | - | - | - | - | - | - | - | - | - |
| Culture | 17 010 | 42 588 | 55 515 | 77 357 | 82 280 | 82 280 | 80 974 | 79 273 | 75 633 |
| Programme Incentive Grant | - | - | - | 117 | 117 | 117 | - | - | - |
| Community Libraries | 17 010 | 42 588 | 55 515 | 77 240 | 82 163 | 82 163 | 80 974 | 79 273 | 75 633 |
| Public Works | - | 119 638 | 180 698 | 177 171 | 313 133 | 313 133 | 228 210 | 209 974 | 223 499 |
| Devolution of Property Rates | - | 119 638 | 150 706 | 147 467 | 283 429 | 283 429 | 192 709 | 202 854 | 214 360 |
| Expanded Public Works | - | - | 29 992 | - | - | - | 30 431 | - | - |
| Expanded Public Works | - | - | - | 29 704 | 29 704 | 29 704 | 5 070 | 7 120 | 9 139 |
| Total conditional grants | 3 324 501 | 4 741 028 | 5 533 404 | 7 452 651 | 8 040 701 | 8 040 701 | 8 896 119 | 9 602 028 | 10 336 371 |

4.4 Total Provincial Own Receipts (Own Revenue)

Own revenue is mainly comprised of tax receipts, sales of goods and interest revenue. Tax receipts as illustrated in table 4.7 will over the medium term, account for an average of 73 percent. Sales of goods and services on the other hand will account for an average of 25 percent over the same period. Interest revenue has not been budgeted for over the medium term due to a reduced liquidity position of the provincial revenue fund.

Over the medium term, motor vehicle license fees collected by the Department of Transport will on average contribute 55 percent per annum to total own revenue. Casino taxes on the other hand will contribute an annual average of 16 percent. Hospital fees are mainly collected for cost recovery.

Table 4.6: Provincial Own Receipts

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|------------------|----------------|----------------|----------------|-----------------|------------------|-----------------------|----------------|----------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Basic Education | 44 982 | 58 556 | 47 436 | 54 081 | 54 081 | 54 081 | 54 081 | 56 569 | 59 397 |
| Health | 69 794 | 90 102 | 79 815 | 74 013 | 74 667 | 72 748 | 77 518 | 81 394 | 85 850 |
| Social Development And Special Programmes | 4 972 | 13 945 | (1 019) | 3 288 | 3 288 | 1 311 | 968 | 1 058 | 1 127 |
| Office Of The Premier | 109 | 379 | 931 | 202 | 202 | 326 | 215 | 227 | 240 |
| Provincial Legislature | 242 | 965 | 279 | 270 | 270 | 383 | 307 | 325 | 342 |
| Roads And Public Works | 11 751 | 11 763 | 9 929 | 14 411 | 14 411 | 14 671 | 15 406 | 15 780 | 17 268 |
| Local Government And Traditional Affairs | - | - | 2 042 | - | - | 568 | - | - | - |
| Rural Development & Agrarian Reform | 3 938 | 4 527 | 6 462 | 6 317 | 6 317 | 21 838 | 6 633 | 6 965 | 7 327 |
| Economic Development & Environmental Affai | 99 556 | 95 897 | 120 835 | 122 990 | 122 990 | 128 881 | 129 140 | 135 597 | 143 055 |
| Transport | 275 646 | 317 867 | 350 531 | 346 830 | 359 400 | 359 400 | 380 572 | 416 655 | 458 513 |
| Human Settlements | 9 152 | 11 411 | 16 255 | 13 357 | 13 357 | 3 570 | 2 610 | 2 487 | 2 077 |
| Provincial Treasury | 486 705 | 358 282 | 127 102 | 581 | 61 086 | 53 256 | 609 | 640 | 674 |
| Sport, Recreation, Arts And Culture | 1 386 | 1 731 | 1 333 | 650 | 650 | 3 200 | 750 | 820 | 820 |
| Safety And Liaison | 14 | 57 | 18 | - | - | 17 | - | - | - |
| Total | 1 008 247 | 965 482 | 761 949 | 636 990 | 710 719 | 714 250 | 668 809 | 718 517 | 776 690 |

Source: EC Provincial Treasury, 2011

Table 4.7: Provincial Own Receipts – Percentage Shares

| | Original Budget | Adjusted | Revised | Medium Term Estimates | | | Average |
|----------------------------|-----------------|------------|------------|-----------------------|------------|------------|-----------------|
| | | 2010/11 | | 2011/12 | 2012/13 | 2013/14 | 2011/12-2013/14 |
| Tax Receipts | 68.0 | 63.7 | 64.2 | 72.1 | 73.2 | 73.7 | 73.0 |
| Sale of Goods and Services | 27.5 | 22.8 | 22.1 | 24.9 | 24.6 | 24.1 | 24.5 |
| Other | 4.5 | 13.5 | 13.7 | 3.2 | 2.4 | 2.4 | 2.7 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Table 4.6 above gives a summary of own revenue per department for the period 2007/08 to 2013/14. An estimated total collection of R2.2 billion has been budgeted for, for the period 2011/12 to 2013/14. This represents an annual average growth rate of 3.2 percent from the 2010/11 revised budget. The 2010/11 revised budget estimate of R703 million is based on actual collections as at the end of December 2010. This represents an increase of 10.3 percent from the original budget of R637 million. To this upward revision, Provincial Treasury will contribute 79 percent, followed by the Department of Agriculture that will contribute 19.1 percent.

The 2010/11 budget for the Department of Transport will be revised upwards by R12.5 million where the revision is attributable to the over collection of motor vehicle licenses. The budget for this department is expected to grow from the 2010/11 revised budget by 8.5 percent over the medium term or from R359.4 million in 2010/11 to R458.5 million in 2013/14. Interest receipts collected by Provincial Treasury have not been budgeted for due to the reduced liquidity position of the Provincial Revenue Fund.

For the Department of Human Settlements, the bulk of revenue was derived from interest earned from trust accounts. The department used to pay a certain percentage of the costs of the top structure of the People's Housing Process (PHP) in advance to municipalities serving as implementing agencies and hence the trust accounts. The department has in the last few years done away with this practice and only makes payment on value created. These trust accounts have since continued to decrease. Resulting from the 2010/11 budget has been revised downwards from R13.3 million to R3.5 million. This represents a 73 percent drop in revenue collection for this department. For 2010/11 year, the department budgeted a collection to the tune of R10 million which has now been revised downwards to R1.1 million and for the medium term, the department has not budgeted for interest revenue.

Rental income which is the major source of revenue for the Department of Public Works is estimated to grow at an annual average growth rate of 6.4 percent per annum over the medium term. This is a conservative budget informed by the fact that the provincial department is currently in discussion with its national department and Treasury to sell some rental units in the 2011/12 year.

The budget for the Department of Economic Development, Environmental Affairs and Tourism on the other hand is estimated to grow by 5.4 percent year on year over the medium term. One route operator closed down in December 2009 and this has affected revenue derived from gambling and betting. For the 2010/11 fiscal year, the Eastern Cape Gambling and Betting Board estimates a shortfall in revenue collection. This is attributed to the economic downturn resulting in lower revenues for various licencees.

The 2010/11 budget for the Department of Agriculture will be revised upwards from the original budget amount of R6.3 million to R21 million. The reason for this anticipated over collection is that the department received an un budgeted for once off interest revenue from Uvimba Finance.

The revenue collected by the Department of Health is for cost recovery. Over the years the department has collected most of its revenue through claims submitted to the Road Accident Fund (RAF). The conditions of the contract the department has with RAF have changed and this has a negative impact on the revenue generated by this department. The revenue budgeted for the department is expected to increase by 5 percent over the medium term, from R77.7 million in 2011/12 to R85.6 million in 2013/14.

Provincial Own Revenue Enhancement

The provincial own revenue enhancement study which focused on the six major revenue generating departments has been concluded. The findings and the recommendations of the study and the accompanying revenue forecasting tool have been presented to the relevant departments through departmental workshops that were held in the current year. In the main, the study recommends; improvement of business processes and systems, adjustment of fees and tax rates and also addresses capacity issues within the revenue units. What still remains are for these departments to submit their respective implementation plans to Provincial Treasury.

5 Payments

5.1 Overall position

Informed by the twelve priority outcomes identified by the national government which place more emphasis on education, health, infrastructure development and jobs creation aimed at bringing better standard of living to the people of the Eastern Cape Province, the expenditure trends have continued to reflect positive trajectory. In the period

between 2007/08 and 20010/11 financial years, the provincial expenditure accelerated from R30 billion to R52 billion. Over the Medium Term Expenditure Framework (MTEF), expenditure to the tune of R166 billion is projected by the Province. The bulk of the projected expenditure is accounted for by the Departments of Basic Education and Health with R78 billion and R46 billion, respectively, collectively representing approximately 75 percent of the projected provincial expenditure over the coming MTEF period.

5.2 Payments by Vote

Table 5.1: Summary of provincial payments and estimates by Vote

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Basic Education | 14 485 498 | 17 523 692 | 20 750 351 | 22 387 030 | 22 890 684 | 24 342 177 | 24 634 708 | 25 734 169 | 27 289 725 |
| Health | 8 013 849 | 10 499 083 | 12 090 018 | 13 341 866 | 13 842 845 | 15 108 107 | 14 237 249 | 15 123 919 | 16 144 389 |
| Social Development And Special Programmes | 886 100 | 1 324 145 | 1 443 896 | 1 573 785 | 1 578 724 | 1 520 910 | 1 711 206 | 1 804 851 | 1 905 894 |
| Office Of The Premier | 291 779 | 343 976 | 359 724 | 378 586 | 380 297 | 388 725 | 403 880 | 424 630 | 447 677 |
| Provincial Legislature | 161 517 | 216 079 | 255 960 | 310 629 | 335 560 | 298 187 | 371 446 | 394 082 | 415 739 |
| Roads And Public Works | 2 403 064 | 3 087 251 | 3 202 686 | 3 131 724 | 3 273 967 | 3 273 967 | 3 269 009 | 3 559 558 | 3 784 848 |
| Local Government And Traditional Affairs | 610 754 | 612 415 | 745 113 | 711 465 | 822 411 | 812 603 | 746 085 | 784 808 | 827 763 |
| Rural Development & Agrarian Reform | 1 083 639 | 1 265 889 | 1 432 933 | 1 520 601 | 1 583 821 | 1 617 306 | 1 509 785 | 1 542 212 | 1 643 298 |
| Economic Development & Environmental Affai | 736 168 | 856 200 | 1 080 585 | 839 711 | 875 505 | 854 606 | 884 226 | 928 700 | 979 787 |
| Transport | 551 253 | 1 056 676 | 1 276 198 | 1 258 026 | 1 316 457 | 1 316 429 | 1 453 764 | 1 265 725 | 1 334 766 |
| Human Settlements | 396 886 | 1 230 905 | 1 532 801 | 1 828 875 | 1 868 488 | 1 798 806 | 2 424 942 | 2 534 081 | 2 677 157 |
| Provincial Treasury | 156 377 | 255 773 | 234 113 | 283 248 | 277 850 | 267 301 | 302 526 | 317 980 | 335 546 |
| Sport, Recreation, Arts And Culture | 398 053 | 753 629 | 780 691 | 605 356 | 623 816 | 559 678 | 636 323 | 661 843 | 690 159 |
| Safety And Liaison | 33 281 | 41 992 | 47 720 | 49 983 | 53 512 | 47 716 | 58 387 | 61 492 | 64 818 |
| Total | 30 208 218 | 39 067 705 | 45 232 789 | 48 220 885 | 49 723 936 | 52 206 518 | 52 643 536 | 55 138 050 | 58 541 566 |

Source: EC Provincial Treasury, 2011

Table 5.2 above shows actual expenditure trends between 2007/08 and 20010/11 financial years together with the estimates for the 2011/12 MTEF. In aggregate terms, provincial expenditure increased from R30 billion in 2007/08 to R52 billion in 2010/11 financial year. Over the next three years, the Province is projected to spend a total amount of R166 billion.

As evident from table 5.1 above, the bulk of provincial budget (R41 billion) goes to social services sector. The social sector accounts for more than 77 percent of the provincial expenditure. This is followed by economic and administration services sectors with R12 billion. A projected expenditure of the Department of Basic Education over the MTEF takes a positive growth path. In this period, an amount of R78 billion is projected to be spent by the department. The expenditure in this department is mainly to address backlogs in school infrastructure particularly the mud structures and it is also driven by the increase in the number of learners that are fed in schools in terms of school nutrition programme and learner support material.

The Department of Health is the second largest department in terms of expenditure and it is projected to spend an amount of R46 billion over the same period. The expenditure is aligned to development of human resource (training of the medical doctors and nurses), improvement of quality health services, revitalization of physical infrastructure and accelerates implementation of HIV/Aids plans. All of these priority areas are aimed at attaining a better and improved health conditions for the population of Province.

As for the economic cluster, resources envelop amounting to R26 billion is proposed for the MTEF period. The respective departments discussed below are the driving force behind economic services agenda of the Province.

Roads and Public Works - an amount of R10.7 billion is projected to be spent over the MTEF period. The expenditure is related to delivery of roads infrastructure (construction and maintenance), providing office space for provincial

government and municipalities, fulfillment of small town revitalization programme and up-scaling Extended Public Works Programme (EPWP).

Rural Development and Agrarian Reform- the projected expenditure of R4.7 billion would be realized over the next three years. The expenditure amount is associated with livestock genetic improvement, expanding Siyazondlaprogramme (food security), disaster relief for farmers, training and re-skilling of Extension Officers, agrarian land reform and rural development.

Economic Development and Environmental Affairs - an amount of R2.8 billion is expected to be spent over MTEF period. The expenditure is linked to agro-processing; green economy and associated services; manage and protect environment; advancing the rural development; strengthening small enterprise development, expanding manufacturing and service sector and tourism.

Human Settlement- is projecting to spend an amount of R7.6billion over the next three years. This is linked to acceleration of the housing delivery; water infrastructure and services; efficient land use; and also improve capacity in the municipalities in terms of bulk infrastructure delivery.

5.3 Payments by economic classification

Table 5.2 below depicts provincial expenditure by economic classification over the MTEF period. In terms of economic classification, the bulk of the provincial expenditure is accounted for by current payments in the form of compensation of employees followed by goods and services.

The expenditure on compensation of employees increased from R18.6 billion in 2007/08 to R28.3 billion in 2009/10 financial year. For 2010/11, expenditure on the compensation of employees accounts for R32.3 billion or 76 percent of the current payments. The expenditure on this line item will reach R36.6 billion by 2013/14 MTEF. Owing to labour intensiveness of the Education and Health sectors, bulk of the expenditure on compensation of employees will be found in the departments of Education and Health.

With regard to goods and services, the expenditure rose from R6.1 billion in 2007/08 financial year to R8.1 billion in 2009/10 financial year. For 2010/11 financial year, an amount of R10.1 billion is projected to be incurred. The cumulative expenditure on this line item is expected to reach R28 billion over the MTEF period.

Regarding transfers, the expenditure increased from R3.3 billion in 2007/08 to R5.5 billion in 2009/10 financial year. An amount of R6 billion is projected to be spent in the 2010/11 financial year. The total cumulative expenditure is projected to rise to R22 billion over the next three years.

As far as capital payment is concerned, the expenditure rose from R2.2 billion in 2007/08 to R3.2 billion in 2009/10 financial year. An amount of R3.7 billion is likely to be spent by the end of current financial year (2010/11). The total expenditure is anticipated to reach R11.8 billion over MTEF period.

Table 5.2: Summary of provincial payments and estimates by economic classification

| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| R' 000 | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Current payments | 24 745 532 | 31 189 821 | 36 436 576 | 38 700 148 | 40 221 298 | 42 788 989 | 41 895 603 | 44 223 773 | 47 002 696 |
| Compensation of employees | 18 610 505 | 22 931 940 | 28 300 346 | 29 544 245 | 30 857 231 | 32 442 131 | 32 993 990 | 34 523 469 | 36 596 588 |
| Goods and services | 6 131 772 | 8 235 354 | 8 124 995 | 9 155 902 | 9 364 037 | 10 343 030 | 8 900 924 | 9 618 468 | 10 364 906 |
| Interest and rent on land | 3 255 | 22 527 | 11 235 | - | 29 | 3 828 | 689 | 81 836 | 41 202 |
| Transfers and subsidies | 3 292 848 | 4 823 707 | 5 537 868 | 5 871 831 | 6 048 742 | 6 039 730 | 6 994 645 | 7 344 586 | 7 768 467 |
| Provinces and municipalities | 470 788 | 730 580 | 733 463 | 579 059 | 704 488 | 801 032 | 248 972 | 252 656 | 266 548 |
| Departmental agencies and accounts | 807 142 | 986 968 | 1 162 990 | 954 370 | 878 046 | 909 347 | 765 145 | 803 051 | 847 324 |
| Universities and technikons | 104 558 | 118 754 | 99 375 | 125 862 | 148 020 | 148 020 | 149 320 | 162 301 | 171 324 |
| Foreign governments and international | - | 1 000 | 1 045 | - | 187 | 187 | - | - | - |
| Public corporations and private | 267 052 | 61 772 | 229 461 | 216 421 | 256 921 | 256 921 | 270 170 | 274 890 | 295 889 |
| Non-profit institutions | 860 593 | 1 404 773 | 1 686 079 | 2 055 713 | 2 016 653 | 1 988 963 | 3 054 271 | 3 256 413 | 3 443 989 |
| Households | 782 715 | 1 519 860 | 1 625 455 | 1 940 406 | 2 044 427 | 1 935 260 | 2 506 767 | 2 595 275 | 2 743 393 |
| Payments for capital assets | 2 164 455 | 3 027 855 | 3 234 687 | 3 648 907 | 3 453 897 | 3 377 704 | 3 753 288 | 3 569 691 | 3 770 402 |
| Buildings and other fixed structures | 1 336 184 | 1 924 291 | 2 834 058 | 3 003 753 | 2 819 649 | 2 781 660 | 3 016 369 | 3 073 509 | 3 255 699 |
| Machinery and equipment | 826 642 | 1 091 659 | 396 053 | 635 530 | 624 245 | 589 560 | 724 541 | 482 552 | 500 478 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | 487 | - | 322 | 322 | - | - | - |
| Land and sub-soil assets | - | - | 333 | 500 | 500 | 500 | - | - | - |
| Software and other intangible assets | 1 629 | 11 905 | 3 756 | 9 125 | 9 181 | 5 662 | 12 378 | 13 630 | 14 225 |
| <i>Of which: Capitalised compensation</i> | - | - | - | - | - | - | - | - | - |
| <i>Of which: Capitalised goods and</i> | - | - | - | - | - | - | - | - | - |
| Payments for financial assets | 5 383 | 26 322 | 23 659 | - | - | 96 | - | - | 0 |
| Total | 30 208 218 | 39 067 705 | 45 232 789 | 48 220 886 | 49 723 936 | 52 206 518 | 52 643 535 | 55 138 050 | 58 541 566 |

5.4 Payments by policy area

Table 5.3 below shows actual expenditure trends between 2007/08 and 2009/10 financial years as well as 2010/11 financial year. In aggregate terms, provincial expenditure increased from R30.3 billion in 2007/08 financial year to R45.2 billion in 2009/10 financial year. For 2010/11 financial year, budget stands at R52 billion. In line with the strategic objective of government to provide more improved delivery of public goods and services, an expenditure of R166 billion is proposed over the MTEF period.

Table 5.3: Summary of provincial payments and estimates by policy area

| Policy area R'000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|---------------------|-----------------------|-------------------|-------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| General public services | 2 008 386 | 2 600 338 | 3 063 663 | 3 151 991 | 3 453 899 | 3 404 598 | 3 424 535 | 3 675 685 | 3 886 738 |
| Public Order and Safety | 33 281 | 41 992 | 47 720 | 49 983 | 53 512 | 47 716 | 58 387 | 61 492 | 64 818 |
| Economic Affairs | 3 845 996 | 4 946 501 | 5 364 724 | 5 076 036 | 5 198 181 | 5 214 766 | 5 306 483 | 5 320 931 | 5 649 613 |
| Environmental Protection | 140 169 | 147 420 | 158 925 | 205 963 | 213 787 | 209 760 | 209 703 | 221 079 | 233 073 |
| Housing and Community Amenities | 396 886 | 1 230 905 | 1 532 801 | 1 828 875 | 1 868 488 | 1 798 806 | 2 424 942 | 2 534 081 | 2 677 157 |
| Health | 8 013 849 | 10 499 083 | 12 090 018 | 13 341 866 | 13 842 845 | 15 108 107 | 14 237 249 | 15 123 919 | 16 144 389 |
| Recreation, Culture and Religion | 398 053 | 753 629 | 780 691 | 605 356 | 623 816 | 559 678 | 636 323 | 661 843 | 690 159 |
| Education | 14 485 498 | 17 523 692 | 20 750 351 | 22 387 030 | 22 890 684 | 24 342 177 | 24 634 708 | 25 734 169 | 27 289 725 |
| Social protection | 886 100 | 1 324 145 | 1 443 896 | 1 573 785 | 1 578 724 | 1 520 910 | 1 711 206 | 1 804 851 | 1 905 894 |
| Total | 30 208 218 | 39 067 705 | 45 232 789 | 48 220 885 | 49 723 936 | 52 206 518 | 52 643 536 | 55 138 050 | 58 541 566 |

Source: EC Provincial Treasury, 2011

5.5 Infrastructure payments

In an attempt to achieve the strategic objectives of the Province as outlined in the PGDP, tables 5.4 and 5.5 below indicate the infrastructure allocations and the categories of the infrastructure allocations respectively. Table 5.4 indicates that the bulk of the infrastructure allocations is located in Roads and Public Works, Education and Health amounting to R2.2 billion (45 percent), R1.3 billion (27 percent) and R1.2 billion (24 percent) for the 2011/12 financial year respectively. Table 5.5 on the other hand indicates that in respect of the categories of infrastructure in the 2011/12 financial year the province has allocated 32 percent to new and replacements and 68 percent to existing infrastructure assets.

Table 5.4: Payments and Estimates (Summary) of Provincial Infrastructure by Vote

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|---|------------------|------------------|------------------|------------------|--------------------|---------------------|-----------------------|------------------|------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Basic Education | 552 337 | 987 032 | 892 938 | 1 323 483 | 1 323 483 | 238 739 | 1 303 256 | 1 352 586 | 1 425 066 |
| Health | 807 864 | 1 023 985 | 1 042 263 | 1 481 303 | 1 488 101 | 1 488 101 | 1 187 991 | 1 165 682 | 1 214 607 |
| Social Development And Special Programmes | 26 906 | 26 808 | 18 207 | 41 121 | 44 121 | 35 478 | 43 981 | 45 630 | 48 067 |
| Roads And Public Works | 1 697 251 | 1 915 507 | 2 377 566 | 2 215 807 | 2 205 197 | 2 205 197 | 2 228 351 | 2 421 418 | 2 586 166 |
| Local Government And Traditional Affairs | - | 27 894 | 26 800 | 7 242 | 16 947 | 15 571 | 13 569 | 8 080 | 8 524 |
| Rural Development & Agrarian Reform | 64 329 | 131 369 | 121 018 | 154 515 | 185 003 | 185 003 | 111 099 | 130 810 | 152 249 |
| Transport | 43 219 | 10 373 | 13 885 | 32 434 | 22 434 | 21 872 | 4 311 | 7 941 | 8 338 |
| Sport, Recreation, Arts And Culture | 26 637 | 263 698 | 263 505 | 53 185 | 53 737 | 27 743 | 50 661 | 46 581 | 42 375 |
| Total | 3 218 543 | 4 386 666 | 4 756 182 | 5 309 090 | 5 339 023 | 4 217 704 | 4 943 219 | 5 178 728 | 5 485 392 |

Source: EC Provincial Treasury, 2011

Table 5.5: Payments and Estimates (Summary) of Provincial infrastructure by Category

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| New infrastructure assets | 155 283 | 361 034 | 800 472 | 1 489 944 | 1 538 976 | 751 393 | 1 580 920 | 1 568 203 | 1 686 332 |
| Existing infrastructure assets | 2 881 219 | 3 654 312 | 3 713 710 | 3 774 146 | 3 795 547 | 3 461 811 | 3 362 299 | 3 610 525 | 3 799 061 |
| Upgrades and additions | 916 423 | 1484 002 | 1666 461 | 1605 613 | 1701665 | 1575 127 | 1 319 559 | 1661060 | 1739 346 |
| Rehabilitation, renovations and refurbishments | 1230 998 | 1261668 | 952 503 | 393 652 | 267 964 | 275 194 | 363 426 | 148 520 | 156 592 |
| Maintenance and repairs | 733 798 | 908 642 | 1094 746 | 1774 881 | 1825 918 | 1611490 | 1 679 314 | 1800 945 | 1903 122 |
| Infrastructure transfers | 182 041 | 371 320 | 242 000 | 45 000 | 4 500 | 4 500 | - | - | - |
| Current | - | 121320 | - | 45 000 | 4 500 | 4 500 | - | - | - |
| Capital | 182 041 | 250 000 | 242 000 | - | - | - | - | - | - |
| <i>Current infrastructure</i> | <i>733 798</i> | <i>1029 962</i> | <i>1094 746</i> | <i>1819 881</i> | <i>1830 418</i> | <i>1615 990</i> | <i>1 679 314</i> | <i>1800 945</i> | <i>1903 122</i> |
| <i>Capital infrastructure</i> | <i>2 484 745</i> | <i>3 356 704</i> | <i>3 661436</i> | <i>3 489 209</i> | <i>3 508 605</i> | <i>2 601714</i> | <i>3 263 905</i> | <i>3 377 783</i> | <i>3 582 270</i> |
| Total | 3 218 543 | 4 386 666 | 4 756 182 | 5 309 090 | 5 339 023 | 4 217 704 | 4 943 219 | 5 178 728 | 5 485 392 |

Source: EC Provincial Treasury, 2011

This indicates that the Eastern Cape has invested mostly in Education, Health and Roads Infrastructure. The allocations to these departments continue to fund the projects that were being implemented in the previous financial years i.e.:

- Department of Roads and Public Works infrastructure budget is for roads infrastructure, Community Based Public Works Program as well as the public works infrastructure maintenance projects.
- Department of Education's infrastructure budget will be utilized for schools, which includes the replacement of mud structures.
- Department of Health's infrastructure budget is utilized for the construction of clinics, community health centers, hospitals and the Hospital Revitalization Projects.

5.5.1.1 Infrastructure Maintenance

In addition there should be adequate funding for maintenance in relation to the replacement value of assets such that assets do not require premature maintenance or rehabilitation. The non prioritization of maintenance sometimes leads to replacement of the asset and this signals the need for infrastructure maintenance strategies and policies. This need is further supported as the User Asset Management Plans (Infrastructure Plans) of Health and Education require that the lifecycle management of assets be factored into the budgeting processes.

Hence in order to do so there needs to be approved and implemented maintenance plan, strategy policies and procedures. However, health and Education do not yet have a signed of and implemented maintenance policy and this anomaly is evidenced by the inadequate or inappropriate budgets that have been provided for maintenance over the MTEF and the maintenance budgets are sometimes utilized for other purposes.

In order to ensure that the lifecycle management of assets is taken into account, there needs to be an approved provincial infrastructure maintenance strategy in place, the Provincial Treasury has taken the lead in this issue and is initiating a review of the current policies in place to ensure that the maintenance is in line with norms and standards (as indicated in the 2011/12 APP).

This will guard against department budgeting inadequately for maintenance as is currently the case over the current MTEF

In respect of the above Infrastructure delivery in the Eastern Cape Province must be implemented in an integrated approach. Such an approach will be best affected through the utilization of IDIP as currently the IDIP covers the key infrastructure departments being Health, Education and DRPW. This will be expanded to include Housing and Local Government.

The infrastructure departments will participate in the Provincial Infrastructure Steering Committee as a means of sharing the lessons learnt and implementing best practices. Over and above this the roping in of the other aspects of Asset and Liability management (SCMO and Cash Management) is expected to yield maximum results for infrastructure delivery

5.5.2 Provincial Public-Private Partnership (PPP) projects

Private Public Partnership (PPP) is a contract between a government institution and a private party, where the private party performs an institutional function and or uses state property in terms of output specifications. With this arrangement in place substantial project risk (financial, technical or operational) is transferred to the private party; and the private party benefits through unitary payments from government budgets and or user fees (National Treasury PPP Manual, 2000).

The manual further identifies PPP as is a clearly defined project, where government carefully defines its objectives while private party plays a key role at each stage of the project in terms of funding, development design, completions, and implementation. The funding structures of a PPP sometimes combine public and private funds. Payments are based on outputs, related to the provision of services and or infrastructure and services. Consequently, PPPs are not a way of avoiding payment of capital projects, they instead allow government to spread payments to large projects over the projects lifetime. In terms of internationally recognised standards, PPPs could be suitable alternative method for public asset or service if:

- they are able to transfer substantial risk to the private sector;
- the project is affordable to government;
- A PPP procurement option shows value for money.

The private sector has much to offer in terms of financial resources, people skills and experience as an investment in public infrastructure and services. It is through partnerships that public-and-private sectors can both achieve their goals to the benefit of everyone in the province. This will bring certainty, lower project development cost, reduced risk perception and thus better delivery cost. PPPs promise many advantages.

First, privately developed projects are generally planned and constructed more quickly than publicly financed projects, because there is an incentive to generate revenue as quickly as possible. Even when the more complex negotiations associated with development agreements, extend the pre-construction period beyond that of the traditional bid process, design-build efficiencies and impatience for revenue can shorten the period between project initiation and completion. This urgency may even result in lower construction costs and reduced principal borrowing requirements. PPP's can fill the infrastructural gap by realizing more projects sooner than the traditional public finances. The result may be faster economic development and tax base growth (Kopp, 1997).

Second, PPP's reduce capital demands on the public fiscus for infrastructure development. Legal debt ceilings can prevent provincial and local governments from securing the necessary funds to meet all of their fiscal needs, including the infrastructure. When private capital is used to fund infrastructure, which would eventually have been funded by the public sector, private collection of user fees or other revenue streams becomes a substitute for taxation or public collections of revenue. PPP's essentially allow the public sector to borrow more by using the private sector as an intermediary. Limited public financial resources may be applied to worthy, but less financially self-supporting projects elsewhere.

It is against this background that Treasury Regulation 16 promulgated in terms of the Public Finance Management Act, 1999 (PMFA) allows provinces to pursue PPPs. In the case of Municipalities, PPPs are governed by the Municipal Finance Management Act (No 56 of 2003) section 120 and the Municipal Systems Act (No 32 of 2000 as amended)..

Summary of provincial Public-Private (PPP) projects

There are currently five (5) registered PPP projects, at various PPP life cycle stages, currently underway within the province. Three projects are in contract management phase and they are Humansdorp, Port Alfred and Settlers Co-location hospitals (Department of Health) and Fleet Management (Department of Transport). Two projects are in the feasibility stage of the PPP life cycle and they are:

- **Nelson Mandela Academic Hospital** - which is one of the five projects that have been identified and pronounced by the National Minister of Health, Dr. AronMotswaledi, to be a Public Private Partnership. This

project forms part of the national initiative to assist National and Provincial Departments of Health with the delivery of infrastructure and support services in the identification, design, implementation and financing of PPP's in the health sector.

- **Bhisho and Mt Ayliff Office Accommodation Project** - the objective of the project is the establishment, financing, designing, constructing and operating a suitable government precinct within which the different departments making up the Eastern Cape Provincial Government will have a sustainable serviced working environment. To this end, the feasibility study has been completed, however due to affordability constraints, the projects is due consideration.

Furthermore, municipalities in the province have two registered projects in the feasibility study phase of the PPP project life cycle, and they are:

- **Amathole District Municipality (ADM)** - the municipality registered an office accommodation PPP project with National Treasury in 2009. The aim of the project is to provide office accommodation for ADM. This project is a "municipal support Activity" which means that it is reasonably necessary for or incidental to the effective performance of its functions and the exercise of its powers. The municipality has appointed a Transaction advisor team and the project will commence with Feasibility Study.
- **Elundini Municipality** - the municipality registered a Solid Waste Management project with National Treasury in 2008. The municipality was awarded a grant from National Treasury to implement Integrated Waste Management Plan (IWMP) recommendations and a Transaction Advisor was subsequently appointed to conduct the Feasibility Study. The aim of the project is to manage solid waste in the area of Maclear, Ugie and Mount Fletcher.

Implementation of the PPP Projects

Departments of Health and Transport are the two departments that have implemented Public Private Partnerships Projects which are in contract management phase of the PPP project life cycle. Department of Health has implemented PPP projects from 2003 (Humansdorp Hospital Co-location) and in 2006 (Port Alfred and Settlers). Department of Transport implemented a Public Private Partnership for the Eastern Cape Provincial Government Fleet management from 2004. Both departments have allocated budgets to pay for Unitary Fees, Advisory Fees, Project Monitoring Costs, and other Project Costs which are set out in the tables below.

Table 5.6 highlights the summary of provincial PPP budgets from the 2007/08 financial year to the projections for the MTEF period. Over the 2011/12 financial year, a total amount of R123.4 million has been allocated for Public Private Partnerships in the province and R136.5 million in the outer year of the MTEF. The bulk of this is allocated to the department of Health which amounts to R56.6million . Department of Transport's budget for 2011/12 amounts to R66.8 million.

Table 5.6: Summary of Departmental Public Private Partnership Projects

| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--------------------------------------|---------------|---------------|---------------|----------------|-----------------|------------------|-----------------------|----------------|----------------|
| R' 000 | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Projects under implementation | 41 176 | 55 788 | 78 600 | 85 731 | 89 731 | 74 924 | 120 599 | 126 298 | 133 322 |
| PPP unitary charge | 41 176 | 42 183 | 46 096 | 84 931 | 88 931 | 74 224 | 119 679 | 125 332 | 132 308 |
| Penalties (if applicable) | - | - | - | - | - | - | - | - | - |
| Advisory fees | - | - | - | - | - | - | - | - | - |
| Project monitoring costs | - | 13 605 | 32 504 | 800 | 800 | 700 | 920 | 966 | 1014 |
| Revenue generated (if applicable) | - | - | - | - | - | - | - | - | - |
| Contingent liabilities (information) | - | - | - | - | - | - | - | - | - |
| Proposed projects | - | - | 10 000 | 57 100 | 27 100 | 7 100 | 2 900 | 3 045 | 3 197 |
| Advisory fees | - | - | 10 000 | 7 100 | 7 100 | 7 100 | 2 900 | 3 045 | 3 197 |
| Project team costs | - | - | - | - | - | - | - | - | - |
| Site acquisition costs | - | - | - | - | - | - | - | - | - |
| Other project costs | - | - | - | 50 000 | 20 000 | - | - | - | - |
| Total | 41 176 | 55 788 | 88 600 | 142 831 | 116 831 | 82 024 | 123 499 | 129 343 | 136 519 |

Source: EC Provincial Treasury, 2011

5.6 Transfers

5.6.1 Transfers to public entities

The Eastern Cape has twelve entities listed in Schedule 3 of the PFMA: eight of these are listed as Provincial Public Entities, while four as Government Business Enterprises. During the 2011 / 12 financial year three entities operating within the rural development sphere, namely ECATU, AsgiSA and ECRFC are to be merged into a single rural development entity. The merger of these entities to form the Eastern Cape Rural Development Agency seeks to ensure a more efficient allocation of scarce resources as well as to avoid duplication of functions. This merger effectively reduces the current number Eastern Cape entities from twelve to ten.

Eastern Cape public entities have received over R3.7 billion in funding over the past four years, with an estimated R2.5 billion investments planned over the MTEF. A summary of all transfers to public entities is presented and summarized by the transferring department in Table 5.9. Specific details relating to transfers to public entities are contained in the relevant Vote in the *Estimates of Provincial Expenditure*.

Table 5.9: Summary of Provincial Transfers to Public Entities by transferring Departments

| R'000 | Audited outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimate | Medium-term estimates | | |
|--|-----------------|----------------|------------------|--------------------|--------------------------------|------------------|-----------------------|----------------|----------------|
| | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| Vote 01: Office of the Premier | 48,004 | 51,829 | 47,889 | 36,305 | 36,305 | 31,431 | 38,009 | 39,968 | 42,166 |
| Eastern Cape Socio-Economic Consultative Council | 32,416 | 36,902 | 34,986 | 36,305 | 36,305 | 31,431 | 38,009 | 39,968 | 42,166 |
| Eastern Cape Youth Commission | 9,788 | 11,367 | 12,903 | - | - | - | - | - | - |
| Eastern Cape Development Corporation (specific projects) | 5,800 | 3,560 | - | - | - | - | - | - | - |
| Vote 08: Rural Development & Agrarian Reform | 63,827 | 137,218 | 187,469 | 268,096 | 268,096 | 272,970 | 53,302 | 56,000 | 59,048 |
| Eastern Cape Rural Finance Corporation | 52,500 | 25,000 | 22,500 | 152,600 | 152,600 | 152,600 | 37,072 | 38,963 | 40,989 |
| AsgiSA-EC (Pty) Ltd | - | 100,000 | 150,000 | 100,000 | 100,000 | 100,000 | - | - | - |
| Eastern Cape Appropriate Technology Unit | 11,327 | 12,218 | 14,969 | 15,496 | 15,496 | 20,370 | 16,230 | 17,037 | 18,059 |
| Vote 09: Economic Development, & Env. Affairs | 561,855 | 619,376 | 840,988 | 529,369 | 544,369 | 582,196 | 601,852 | 625,652 | 660,263 |
| Eastern Cape Development Corporation | 180,210 | 268,699 | 338,199 | 193,473 | 208,473 | 202,752 | 255,169 | 260,769 | 275,312 |
| East London Industrial Development Zone | 192,000 | 119,910 | 130,601 | 135,257 | 135,257 | 135,257 | 141,614 | 149,049 | 157,247 |
| Eastern Cape Parks & Tourism Agency | 121,907 | 181,940 | 185,550 | 151,203 | 151,203 | 194,751 | 141,557 | 148,988 | 157,182 |
| Eastern Cape Liquor Board | 22,305 | 28,137 | 24,621 | 26,098 | 26,098 | 26,098 | 32,325 | 34,022 | 35,893 |
| Eastern Cape Gambling and Betting Board | 20,233 | 20,690 | 22,017 | 23,338 | 23,338 | 23,338 | 31,187 | 32,824 | 34,630 |
| Coega Development Corporation | 25,200 | - | 140,000 | - | - | - | - | - | - |
| Vote 10: Transport | 52,485 | 37,195 | 51,522 | 44,669 | 58,669 | 58,669 | 68,429 | 58,191 | 61,496 |
| Mayibuye Transport Corporation | 36,485 | 37,195 | 51,522 | 44,669 | 51,669 | 51,669 | 61,429 | 58,191 | 61,496 |
| Eastern Cape Development Corporation (specific projects) | 16,000 | - | - | - | 7,000 | 7,000 | 7,000 | - | - |
| Vote 14: Sport, Recreation, Arts & Culture | 17,993 | 23,300 | 34,480 | 35,725 | 12,225 | 7,625 | 13,636 | 13,478 | 14,219 |
| Eastern Cape Provincial Arts & Culture Council | 12,993 | 14,800 | 18,231 | 12,225 | 12,225 | 7,625 | 13,636 | 13,478 | 14,219 |
| Coega Development Corporation (specific projects) | 5,000 | 8,500 | 16,249 | 23,500 | - | - | - | - | - |
| Total provincial transfers to public entities | 744,164 | 868,918 | 1,162,348 | 914,164 | 919,664 | 952,891 | 775,228 | 793,289 | 837,192 |

Total transfers to public entities decreased to R775.2 million (18.6 per cent) in 2011/12, from a revised estimate of R952.7 million. This decrease is largely as a result of the reduction in funding for AsgiSA-EC (Pty) Ltd in line with the amalgamation of entities into a single rural development agency.

5.6.2 Transfers to Development Corporations

A summary of transfers to development corporations, by entity, including transfers already incorporated in table 5.10 is presented in the table below.

Table 5.10: Summary of Provincial Transfers to Development Corporations by Entity

| Entity | Provincial department | Audited outcome | | | Main appropriation | Adjusted appropriation 2010/11 | Revised estimate | Medium-term estimates | | |
|--|--|-----------------|----------------|----------------|--------------------|--------------------------------|------------------|-----------------------|----------------|----------------|
| | | 2007/08 | 2008/09 | 2009/10 | | | | 2011/12 | 2012/13 | 2013/14 |
| EC Development Corp. | Vote 01: Office of the Premier | 5,800 | 3,560 | - | - | - | - | - | - | - |
| EC Rural Finance Corp. | Vote 08: Agriculture | 63,827 | 137,218 | 187,469 | 268,096 | 268,096 | 272,970 | 53,302 | 56,000 | 59,048 |
| EC Development Corp. | Vote 09: Economic Dev. & Env. Affairs | 180,210 | 268,699 | 338,199 | 193,473 | 208,473 | 202,752 | 255,169 | 260,769 | 275,312 |
| Coega Development Corp. | Vote 09: Economic Dev. & Env. Affairs | 25,200 | - | 140,000 | - | - | - | - | - | - |
| EL IDZ | Vote 09: Economic Dev. & Env. Affairs | 192,000 | 119,910 | 130,601 | 135,257 | 135,257 | 135,257 | 141,614 | 149,049 | 157,247 |
| EC Development Corp. | Vote 10: Transport | 16,000 | - | - | - | 7,000 | 7,000 | 7,000 | - | - |
| Coega Development Corp. | Vote 12: Sport, Recreation, Arts & Culture | 5,000 | 8,500 | 16,249 | 23,500 | - | - | - | - | - |
| Total provincial transfers to public entities | | 488,037 | 537,887 | 812,518 | 620,326 | 618,826 | 617,979 | 457,085 | 465,818 | 491,606 |

Transfers to development corporations account for 59 per cent of total transfers to public entities in the 2011/12 financial year, with transfers to the Eastern Cape Development Corporation (ECDC) and East London Industrial

Development Zone (ELIDZ) taking the largest shares at 57.3 and 31.0 per cent respectively. As discussed earlier, the decrease in transfers to development corporations is due to the reduction in funds allocated to AsgiSA-EC(Pty) Ltd.

5.6.3 Transfers to local government

Table 5.11: Summary of Provincial Transfers to Local Municipality by Category

| Municipality | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| R'000 | Audited | | | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates | | |
| Category A | 82,163 | 212,303 | 168,942 | 168,111 | 169,868 | 234,560 | 47,838 | 50,225 | 52,987 |
| Category B | 54,117 | 350,987 | 322,532 | 208,540 | 267,484 | 239,978 | 127,830 | 135,270 | 142,710 |
| Category C | 334,083 | 166,517 | 237,364 | 195,707 | 174,055 | 220,583 | 75,257 | 80,919 | 85,370 |
| Unallocated | 261,595 | 9,571 | 51,399 | 45,500 | 45,500 | 49,800 | 4,500 | 4,500 | 4,748 |
| Total transfers to local government | 470,363 | 729,807 | 728,838 | 572,358 | 611,407 | 695,121 | 250,925 | 266,414 | 281,067 |

Table 5.11 above illustrates a summary of provincial transfers to local municipalities over the MTEF period. In the period between 2007/08 and 2009/10 financial years, provincial transfers to local government increased from R470 million to R729 million. For 2010/11 financial year, transfers stand at R695 million. An amount of R798 million is expected to be transferred to local government over the next three years. The main purpose of these transfers is to enable the municipalities to deliver bulk infrastructure e.g. water, electricity, sanitation, etc.

5.7 Personnel Numbers and Costs

Tables 5.12 and 5.13 below illustrate summary of personnel numbers and costs by vote over the MTEF period. The provincial personnel numbers and costs increased over the MTEF period. Provincial government is the largest employer in the province given that the province has highest unemployment rate in the country. Overall the provincial expenditure increased from R18.4 billion in 2007/08 to R27.8 billion in 2009/10 financial years. For 2010/11 financial year, an expenditure of R31.8 billion is projected to be spent by the province. The expenditure is expected to rise to R102 billion over the MTEF period.

In terms of personnel numbers and costs, the department of Education and Health account for approximately 80 per cent of the total expenditure by Province.

Table 5.12: Summary of Personnel Costs by Vote

| Vote R'000 | As at 31 March 2008 | As at 31 March 2009 | As at 31 March 2010 | As at 31 March 2011 | As at 31 March 2012 | As at 31 March 2013 | As at 31 March 2014 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 1. Office Of The Premier | 434 | 437 | 394 | 427 | 414 | 414 | 414 |
| 2. Provincial Legislature | 256 | 257 | 299 | 291 | 291 | 291 | 341 |
| 3. Health | 33 119 | 39 225 | 39 228 | 38 390 | 39 138 | 41 239 | 41 239 |
| 4. Social Development And Special Programmes | 2 152 | 2 719 | 2 789 | 3 437 | 3 667 | 3 710 | 4 456 |
| 5. Roads And Public Works | 2 380 | 5 171 | 3 701 | 4 200 | 4 200 | 4 200 | 4 200 |
| 6. Basic Education | 75 261 | 84 479 | 86 723 | 89 084 | 85 410 | 85 410 | 85 410 |
| 7. Local Government And Traditional Affairs | 749 | 238 | 2 793 | 2 882 | 2 963 | 2 969 | 2 975 |
| 8. Rural Development & Agrarian Reform | 3 429 | 3 415 | 3 496 | 3 598 | 3 776 | 4 115 | 4 526 |
| 9. Economic Development & Environmental Affairs | 565 | 762 | 497 | 507 | 794 | 835 | 881 |
| 10. Transport | 853 | 911 | 972 | 1 049 | 1 045 | 1 047 | 1 047 |
| 11. Human Settlements | 143 | 470 | 562 | 552 | 583 | 577 | 577 |
| 12. Provincial Treasury | 431 | 383 | 405 | 461 | 639 | 639 | 639 |
| 14. Sport, Recreation, Arts And Culture | 1 244 | 1 256 | 1 230 | 1 841 | 1 837 | 1 837 | 1 837 |
| 15. Safety And Liaison | 120 | 139 | 129 | 135 | 132 | 136 | 136 |
| Total personnel numbers | 124 376 | 142 382 | 144 718 | 146 854 | 144 889 | 147 419 | 148 677 |
| Total personnel cost (R'000) | 11721693 | 13 755 201 | 17 112 266 | 19 500 284 | 19 410 179 | 20 188 465 | 21439 070 |
| Unit cost (R'000) | 94 | 97 | 118 | 133 | 134 | 137 | 144 |

Table 5.13: Summary of Provincial Personnel Numbers and Costs

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|---|------------|------------|------------|-------------|-----------------|------------------|-----------------------|------------|------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Total for the Province | | | | | | | | | |
| Personnel numbers (head count) | 121 136 | 139 862 | 143 218 | 147 043 | 146 824 | 146 854 | 144 889 | 147 419 | 148 677 |
| Personnel cost (R'000) | 18 610 505 | 22 931 940 | 28 300 346 | 29 544 245 | 30 857 231 | 32 442 131 | 32 993 990 | 34 523 469 | 36 596 588 |
| <i>of which</i> | | | | | | | | | |
| Human resources component | | | | | | | | | |
| Personnel numbers (head count) | 3 912 | 4 334 | 4 818 | 4 274 | 4 250 | 4 267 | 4 749 | 4 830 | 4 916 |
| Personnel cost (R'000) | 581 112 | 650 979 | 650 133 | 768 860 | 753 821 | 756 217 | 795 906 | 817 957 | 842 515 |
| Head count as % of total for department | 3.23 | 3.10 | 3.36 | 2.91 | 2.89 | 2.91 | 3.28 | 3.28 | 3.31 |
| Personnel cost as % of total for department | 3.12 | 2.84 | 2.30 | 2.60 | 2.44 | 2.33 | 2.41 | 2.37 | 2.30 |
| Finance component | | | | | | | | | |
| Personnel numbers (head count) | 2 292 | 2 593 | 2 928 | 3 012 | 2 999 | 2 994 | 3 089 | 3 162 | 3 263 |
| Personnel cost (R'000) | 320 327 | 372 655 | 463 933 | 605 983 | 609 936 | 609 089 | 667 972 | 692 655 | 714 657 |
| Head count as % of total for department | 189 | 185 | 2.04 | 2.05 | 2.04 | 2.04 | 2.13 | 2.14 | 2.19 |
| Personnel cost as % of total for department | 172 | 163 | 164 | 2.05 | 198 | 188 | 2.02 | 2.01 | 195 |
| Full time workers | | | | | | | | | |
| Personnel numbers (head count) | 113 214 | 122 989 | 123 128 | 128 449 | 124 722 | 124 866 | 125 660 | 126 454 | 127 334 |
| Personnel cost (R'000) | 17 533 173 | 19 985 215 | 23 368 194 | 23 771 845 | 24 648 543 | 25 896 624 | 26 372 246 | 27 353 226 | 28 806 105 |
| Head count as % of total for department | 93.46 | 87.94 | 85.97 | 87.35 | 84.95 | 85.03 | 86.73 | 85.78 | 85.64 |
| Personnel cost as % of total for department | 94.21 | 87.15 | 82.57 | 80.46 | 79.88 | 79.82 | 79.93 | 79.23 | 78.71 |
| Part-time workers | | | | | | | | | |
| Personnel numbers (head count) | 1286 | 1323 | 1166 | 2 751 | 2 751 | 2 751 | 2 758 | 2 770 | 2 781 |
| Personnel cost (R'000) | 232 303 | 7 847 384 | 166 077 | 202 552 | 202 738 | 288 057 | 323 619 | 331 843 | 340 185 |
| Head count as % of total for department | 106 | 0.95 | 0.81 | 187 | 187 | 187 | 1.90 | 188 | 187 |
| Personnel cost as % of total for department | 125 | 34.22 | 0.59 | 0.69 | 0.66 | 0.89 | 0.98 | 0.96 | 0.93 |
| Contract workers | | | | | | | | | |
| Personnel numbers (head count) | 4 708 | 8 229 | 9 041 | 11 187 | 11 109 | 14 386 | 14 404 | 14 440 | 14 496 |
| Personnel cost (R'000) | 632 311 | 3 737 367 | 810 003 | 960 189 | 983 903 | 1 276 023 | 1 303 906 | 1 343 730 | 1 390 237 |
| Head count as % of total for department | 3.89 | 5.88 | 6.31 | 7.61 | 7.57 | 9.80 | 9.94 | 9.79 | 9.75 |
| Personnel cost as % of total for department | 3.40 | 16.30 | 2.86 | 3.25 | 3.19 | 3.93 | 3.95 | 3.89 | 3.80 |

5.8 Payment on Training

Training for government employees is one of the important priorities in order to build human capital so that service delivery could be driven effectively and efficiently. Training constitutes group of items that provide details of staff development and the related costs in terms of external training or the development of training material and manuals for in-house training and development. Table 5.14 below highlights the summary of payment on training by Vote. The provincial training and development costs increased from R104 million in 2007/08 to R248 million in 2009/10 financial year. For 2010/11 financial year, training costs are amounted to R214.5 million which is lower than the previous financial year expenditure (2009/10), this is a result of constraint on fiscal envelop where it requires all departments to cut expenditure on training and development in order to fund other priorities. The total expenditure of R666 million is expected to be spent over the MTEF period.

Table 5.14: Summary of Payments on Training by Vote

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|----------------|----------------|----------------|----------------|-----------------|------------------|-----------------------|----------------|----------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Basic Education | 25 121 | 53 707 | 25 204 | 106 235 | 88 235 | 111 774 | 90 051 | 91 225 | 95 731 |
| Health | 53 556 | 100 283 | 207 046 | 91 716 | 91 716 | 60 602 | 95 904 | 100 699 | 70 151 |
| Social Development And Special Programmes | 1 659 | - | 1 840 | 4 300 | 4 300 | 4 300 | 9 600 | 9 600 | 9 600 |
| Office Of The Premier | 1 620 | 2 007 | 3 463 | 4 410 | 3 941 | 3 154 | 4 699 | 4 942 | 4 994 |
| Provincial Legislature | - | - | - | - | - | - | - | - | - |
| Roads And Public Works | 32 | - | - | - | - | - | - | - | - |
| Local Government And Traditional Affairs | 2 666 | 3 335 | 2 191 | 3 693 | 3 693 | 1 878 | 2 298 | 2 436 | 2 569 |
| Rural Development & Agrarian Reform | 13 481 | 9 774 | - | 20 181 | 20 181 | 20 181 | 20 497 | - | - |
| Economic Development & Environmental Affairs | - | 4 210 | - | - | - | - | 260 | 5 047 | 5 013 |
| Transport | 2 776 | 1 376 | 1 540 | 1 887 | 1 887 | 2 059 | 2 166 | 2 216 | 2 321 |
| Human Settlements | - | - | - | - | - | - | - | - | - |
| Provincial Treasury | 755 | 1 284 | - | 964 | 2 773 | 2 697 | 3 034 | 3 189 | 3 355 |
| Sport, Recreation, Arts And Culture | 199 | 158 | - | 205 | 1 099 | 1 125 | 577 | 604 | 632 |
| Safety And Liaison | - | - | - | - | - | - | - | - | - |
| Total | 101 865 | 176 134 | 241 284 | 233 591 | 217 825 | 207 770 | 229 086 | 219 957 | 194 366 |

Annexures
to the
Overview of
Provincial Revenue
& Expenditure

Overview of Provincial Revenue and Expenditure:

Overview of Provincial Revenue and Expenditure:

Table A.2: Details of information on provincial own receipts

| R' 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 | % change |
|---|------------------|----------------|----------------|----------------|--------------------|---------------------|-----------------------|----------------|----------------|-----------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | | from 2010/11 |
| Tax receipts | 333 644 | 384 390 | 422 138 | 432 648 | 452 103 | 436 953 | 480 962 | 524 212 | 570 990 | 10.07 |
| Casino taxes | 82 433 | 87 718 | 81 793 | 104 071 | 104 071 | 88 294 | 108 995 | 114 445 | 120 739 | 23.45 |
| Horse racing taxes | 4 190 | 4 799 | 7 541 | 4 998 | 4 998 | 4 137 | 6 089 | 6 393 | 6 745 | 47.18 |
| Liquor licences | 5 931 | 1 977 | 4 462 | 8 034 | 8 034 | 9 522 | 8 373 | 8 791 | 9 275 | (12.07) |
| Motor vehicle licences | 241 090 | 289 896 | 328 342 | 315 545 | 335 000 | 335 000 | 357 505 | 394 582 | 434 231 | 6.72 |
| Sales of goods and services other than capital assets | 130 979 | 138 058 | 136 543 | 175 572 | 162 251 | 160 083 | 166 830 | 176 938 | 186 951 | 4.21 |
| Sales of goods and services produced by department (excluding capital assets) | 130 926 | 137 556 | 136 283 | 175 572 | 162 251 | 160 083 | 166 830 | 176 938 | 186 951 | 4.21 |
| Sales by market establishments | | 4 074 | 771 | | | 409 | | | | (100.00) |
| Administrative fees | 2 160 | 2 370 | 366 | 5 295 | 5 295 | 5 440 | 5 337 | 5 604 | 5 912 | (1.89) |
| Other sales | 128 766 | 131 112 | 135 146 | 170 277 | 156 956 | 154 234 | 161 493 | 171 334 | 181 039 | 4.71 |
| <i>Of which</i> | | | | | | | | | | |
| Boarding & Lodging | 56 903 | 65 154 | 59 753 | 68 171 | 68 171 | 66 926 | 69 736 | 72 921 | 77 016 | 4.20 |
| Commission on insurance | 11 205 | 11 635 | 16 131 | 49 522 | 49 522 | 47 940 | 51 665 | 54 150 | 56 936 | 7.77 |
| External exams | | | | 246 | 246 | 246 | 257 | 269 | 283 | 4.60 |
| Other | 60 658 | 54 323 | 59 263 | 52 338 | 39 017 | 39 122 | 39 834 | 43 994 | 46 805 | 1.82 |
| Sales of scrap, waste, arms and other used current goods (excluding capital assets) | 53 | 502 | 260 | | | | | | | |
| Transfers received from | 16 | | | | | 50 | | | | (100.00) |
| Other governmental units | | | | | | 50 | | | | (100.00) |
| Universities and technikons | | | | | | | | | | |
| Foreign governments | | | | | | | | | | |
| International organisations | | | | | | | | | | |
| Public corporations and private enterprises | 16 | | | | | | | | | |
| Households and non-profit institutions | | | | | | | | | | |
| Fines, penalties and forfeits | 6 255 | 8 223 | 6 727 | 8 544 | 7 276 | 7 589 | 7 594 | 8 283 | 9 112 | 0.07 |
| Interest, dividends and rent on land | 494 003 | 372 219 | 142 142 | 11 344 | 73 126 | 72 400 | 1 849 | 2 002 | 2 172 | (97.45) |
| Interest | 493 998 | 372 219 | 139 131 | 11 344 | 73 126 | 72 400 | 1 849 | 2 002 | 2 172 | (97.45) |
| Dividends | | | | | | | | | | |
| Rent on land | 5 | | 3 011 | | | | | | | |
| Sales of capital assets | 4 768 | 12 100 | 4 703 | 1 286 | 7 099 | 7 276 | 4 590 | 959 | 1 052 | (36.92) |
| Land and subsoil assets | 374 | | | | | | | | | |
| Other capital assets | 4 394 | 12 100 | 4 703 | 1 286 | 7 099 | 7 276 | 4 590 | 959 | 1 052 | (36.92) |
| Financial transactions in assets and liabilities | 38 582 | 50 492 | 49 696 | 7 596 | 8 864 | 29 899 | 6 984 | 6 123 | 6 412 | (76.64) |
| Total departmental receipts | 1 008 247 | 965 482 | 761 949 | 636 990 | 710 719 | 714 250 | 668 809 | 718 517 | 776 690 | (6.36) |

Overview of Provincial Revenue and Expenditure:

Table A.3: Details of information on provincial payments and estimates

| R 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 | % change from 2010/11 |
|--|------------|------------|------------|-------------|-----------------|------------------|-----------------------|------------|------------|-----------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | | |
| Current payments | 24 745 532 | 31 189 821 | 36 436 576 | 38 700 148 | 40 221 298 | 42 788 989 | 41 895 603 | 44 223 773 | 47 002 696 | (2.09) |
| Compensation of employees | 18 610 505 | 22 931 940 | 28 300 346 | 29 544 245 | 30 857 231 | 32 442 131 | 32 993 990 | 34 523 469 | 36 596 588 | 1.70 |
| Salaries and wages | 15 986 691 | 19 457 490 | 24 598 994 | 25 571 751 | 26 731 146 | 29 158 347 | 28 757 093 | 29 863 574 | 31 767 826 | (1.38) |
| Social contributions | 2 623 814 | 3 474 450 | 3 701 352 | 3 972 494 | 4 144 085 | 3 283 784 | 4 236 897 | 4 659 895 | 4 828 762 | 29.02 |
| Goods and services | 6 131 772 | 8 235 354 | 8 124 995 | 9 155 902 | 9 364 037 | 10 343 030 | 8 900 924 | 9 618 468 | 10 364 906 | (13.94) |
| Of which | | | | | | | | | | |
| Administrative fees | 15 185 | 10 317 | 17 201 | 15 735 | 16 310 | 11 825 | 11 378 | 13 008 | 14 259 | (3.78) |
| Advertising | 59 852 | 79 613 | 55 308 | 75 980 | 79 926 | 52 664 | 61 054 | 66 133 | 71 386 | 15.93 |
| Assets < than the threshold (currently R5000) | 100 459 | 171 601 | 106 148 | 159 982 | 147 077 | 118 794 | 134 664 | 148 459 | 156 748 | 13.36 |
| Audit cost: External | 56 939 | 72 858 | 80 069 | 88 102 | 95 327 | 97 190 | 106 289 | 114 860 | 121 184 | 9.36 |
| Bursaries (employees) | 83 307 | 133 011 | 125 112 | 140 640 | 101 343 | 171 059 | 164 000 | 166 047 | 175 223 | (4.13) |
| Catering: Departmental activities | 92 598 | 545 208 | 19 851 | 88 345 | 91 370 | 94 863 | 80 138 | 84 774 | 102 108 | (15.52) |
| Communication | 193 534 | 244 095 | 300 345 | 239 037 | 254 772 | 341 317 | 260 720 | 286 372 | 301 452 | (23.61) |
| Computer services | 166 123 | 170 404 | 235 344 | 208 220 | 245 407 | 242 777 | 232 684 | 269 619 | 287 924 | (4.16) |
| Consultants and professional service: Business | 576 653 | 547 128 | 384 898 | 430 903 | 431 037 | 378 375 | 280 781 | 303 712 | 317 502 | (25.79) |
| Consultants and professional service: Infrastructure | 85 354 | 303 934 | 368 096 | 586 689 | 430 960 | 367 370 | 337 719 | 260 852 | 289 156 | (8.07) |
| Consultants and professional service: Labour | | 319 097 | 391 486 | 480 960 | 576 581 | 765 912 | 483 618 | 542 055 | 735 674 | (36.86) |
| Consultants and professional service: Legal | 36 305 | 29 665 | 63 575 | 69 040 | 72 498 | 81 842 | 51 933 | 55 360 | 58 223 | (36.55) |
| Contractors | 483 383 | 993 027 | 957 398 | 1 165 320 | 1 170 637 | 1 303 930 | 1 172 799 | 1 388 657 | 1 446 024 | (10.06) |
| Agency and support / outsourced services | 9 280 | 75 734 | 770 658 | 212 340 | 171 429 | 367 296 | 355 760 | 221 329 | 233 238 | (3.14) |
| Entertainment | 5 817 | 16 128 | 4 732 | 10 881 | 15 507 | 6 095 | 6 801 | 7 519 | 7 928 | 11.59 |
| Fleet services (including government motor vehicles) | 103 771 | 521 396 | 480 256 | 373 920 | 374 142 | 344 562 | 320 397 | 341 446 | 349 785 | (7.01) |
| Housing | | | | 5 | | 15 | | | | (100.00) |
| Inventory: Food and food supplies | 322 560 | 151 940 | 132 203 | 920 125 | 994 954 | 711 969 | 254 829 | 286 486 | 302 243 | (64.21) |
| Inventory: Fuel, oil and gas | 566 | 70 892 | 77 748 | 60 803 | 60 413 | 62 835 | 68 163 | 72 904 | 76 911 | 8.48 |
| Inventory: Learner and teacher support materials | 648 107 | 371 212 | 272 879 | 349 334 | 271 145 | 283 199 | 202 381 | 214 482 | 220 011 | (28.52) |
| Inventory: Materials and supplies | 3 443 | 34 727 | 36 491 | 25 473 | 26 013 | 50 768 | 35 931 | 35 679 | 37 803 | (29.23) |
| Inventory: Medical supplies | 246 792 | 761 763 | 885 566 | 931 281 | 1 053 219 | 556 543 | 424 281 | 663 214 | 728 590 | (23.76) |
| Inventory: Medicine | 4 886 | 37 868 | 45 696 | 71 639 | 147 267 | 844 237 | 1 000 317 | 1 070 074 | 1 138 807 | 18.49 |
| Medicines inventory interface | | | | | | 232 | | | | (100.00) |
| Inventory: Military stores | 63 754 | 22 062 | | 2 497 | 6 | 1533 | | | 99 | (100.00) |
| Inventory: Other consumables | 1 191 165 | 411 846 | 132 776 | 370 734 | 319 599 | 475 006 | 493 267 | 571 728 | 593 541 | 3.84 |
| Inventory: Stationery and printing | 91 650 | 228 449 | 186 638 | 197 181 | 198 293 | 148 621 | 175 142 | 180 433 | 188 755 | 17.84 |
| Lease payments (Incl. operating leases, excl. finance) | 273 437 | 308 393 | 586 802 | 517 229 | 634 990 | 860 761 | 761 031 | 802 856 | 854 316 | (11.59) |
| Property payments | 382 837 | 525 765 | 405 960 | 402 409 | 450 412 | 560 427 | 439 848 | 460 432 | 483 428 | (21.52) |
| Transport provided: Departmental activity | 364 302 | 239 380 | 29 423 | 111 621 | 76 309 | 155 909 | 66 728 | 80 262 | 82 207 | (57.20) |
| Travel and subsistence | 334 406 | 489 558 | 667 089 | 528 311 | 538 447 | 575 937 | 544 944 | 584 828 | 619 381 | (5.38) |
| Training and development | 50 704 | 125 430 | 93 449 | 205 355 | 202 357 | 192 788 | 221 144 | 166 252 | 196 163 | 14.71 |
| Operating expenditure | 43 226 | 143 163 | 57 548 | 57 060 | 55 041 | 63 923 | 95 023 | 99 526 | 112 695 | 48.65 |
| Venues and facilities | 41 377 | 79 702 | 54 251 | 58 929 | 61 249 | 52 518 | 57 161 | 59 112 | 62 141 | 8.84 |
| Interest and rent on land | 3 255 | 22 527 | 11 235 | | 29 | 3 828 | 689 | 818 336 | 41 202 | (82.00) |
| Interest | 11 | 16 485 | 11 231 | | 29 | 3 828 | 689 | 818 336 | 41 202 | (82.00) |
| Rent on land | 3 244 | 6 042 | 4 | | | | | | | |
| Transfers and subsidies (Current) | 3 112 843 | 4 555 162 | 5 266 690 | 5 777 429 | 5 977 840 | 5 976 119 | 6 984 645 | 7 338 595 | 7 762 146 | 16.88 |
| Provinces and municipalities | 470 788 | 480 580 | 491 463 | 579 059 | 704 488 | 801 032 | 248 972 | 252 656 | 266 548 | (68.92) |
| Provinces | | | 1396 | | 7 000 | 7 000 | 7 000 | | | |
| Provincial Revenue Funds | | | 485 | | | | | | | |
| Provincial agencies and funds | | | 911 | | 7 000 | 7 000 | 7 000 | | | |
| Municipalities | 470 788 | 480 580 | 490 067 | 579 059 | 697 488 | 794 032 | 241 972 | 252 656 | 266 548 | (69.53) |
| Municipalities | 470 785 | 480 580 | 490 067 | 579 046 | 697 488 | 794 032 | 241 972 | 252 656 | 266 548 | (69.53) |
| Municipal agencies and funds | 3 | | | 13 | | | | | | |
| Departmental agencies and accounts | 791 142 | 986 968 | 1 162 990 | 954 370 | 878 046 | 909 347 | 765 145 | 803 051 | 847 324 | (15.86) |
| Social security funds | | | | | | 43 | | | | (100.00) |
| Entities | 791 142 | 986 968 | 1 162 990 | 954 370 | 878 046 | 909 304 | 765 145 | 803 051 | 847 324 | (15.85) |
| Universities and technikons | 104 558 | 118 754 | 99 375 | 125 862 | 148 020 | 148 020 | 149 320 | 162 301 | 171 324 | 0.88 |
| Foreign governments and international | | 1000 | 1045 | | 187 | 187 | | | | (100.00) |
| Public corporations and private enterprises | 97 752 | 56 772 | 220 961 | 210 961 | 251 461 | 251 461 | 260 170 | 268 899 | 289 568 | 3.46 |
| Public corporations | 49 615 | 35 755 | 43 022 | 39 209 | 46 209 | 46 209 | 53 429 | 52 200 | 55 175 | 15.62 |
| Subsidies on production | 12 314 | | | | | | | | | |
| Other transfers | 37 301 | 35 755 | 43 022 | 39 209 | 46 209 | 46 209 | 53 429 | 52 200 | 55 175 | 15.62 |
| Private enterprises | 48 137 | 210 177 | 177 939 | 171 752 | 205 252 | 205 252 | 206 741 | 216 699 | 234 393 | 0.73 |
| Subsidies on production | | | | | | | | | | |
| Other transfers | 48 137 | 210 177 | 177 939 | 171 752 | 205 252 | 205 252 | 206 741 | 216 699 | 234 393 | 0.73 |
| Non-profit institutions | 865 888 | 1 392 159 | 1 665 531 | 1 966 771 | 1 951 211 | 1 930 835 | 3 054 271 | 3 256 413 | 3 443 989 | 58.18 |
| Households | 782 715 | 1 518 919 | 1 625 325 | 1 940 406 | 2 044 427 | 1 935 237 | 2 506 767 | 2 595 275 | 2 743 393 | 29.53 |
| Social benefits | 22 336 | 13 661 | 18 090 | 11 369 | 16 416 | 17 769 | 10 301 | 10 116 | 10 673 | (42.03) |
| Other transfers to households | 760 379 | 1 505 258 | 1 607 235 | 1 929 037 | 2 028 011 | 1 917 468 | 2 496 466 | 2 585 158 | 2 732 720 | 30.20 |

Overview of Provincial Revenue and Expenditure:

Table A.3: Details of information on provincial payments and estimates (continued)

| R 000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 | % change from 2010/11 |
|---|------------|------------|------------|----------------|--------------------|---------------------|-----------------------|------------|------------|-----------------------------|
| | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | | |
| Transfers and subsidies (Capital) | 180 005 | 268 555 | 271 178 | 94 402 | 70 902 | 63 611 | 10 000 | 5 991 | 6 321 | (84.28) |
| Provinces and municipalities | | 250 000 | 242 000 | | | | | | | |
| Provinces | | | | | | | | | | |
| Provincial Revenue Funds | | | | | | | | | | |
| Provincial agencies and funds | | | | | | | | | | |
| Municipalities | | 250 000 | 242 000 | | | | | | | |
| Municipalities | | 250 000 | 242 000 | | | | | | | |
| Municipal agencies and funds | | | | | | | | | | |
| Departmental agencies and accounts | 16 000 | | | | | | | | | |
| Social security funds | | | | | | | | | | |
| Entities | 16 000 | | | | | | | | | |
| Universities and technikons | | | | | | | | | | |
| Foreign governments and international | | | | | | | | | | |
| Public corporations and private enterprises | 169 300 | 5 000 | 8 500 | 5 460 | 5 460 | 5 460 | 10 000 | 5 991 | 6 321 | 83.15 |
| Public corporations | 5 000 | 5 000 | 8 500 | 5 460 | 5 460 | 5 460 | 10 000 | 5 991 | 6 321 | 83.15 |
| Subsidies on production | | | | | | | | | | |
| Other transfers | 5 000 | 5 000 | 8 500 | 5 460 | 5 460 | 5 460 | 10 000 | 5 991 | 6 321 | 83.15 |
| Private enterprises | 164 300 | | | | | | | | | |
| Subsidies on production | | | | | | | | | | |
| Other transfers | 164 300 | | | | | | | | | |
| Non-profit institutions | (5 295) | 12 614 | 20 548 | 88 942 | 65 442 | 58 128 | | | | (100.00) |
| Households | | 941 | 130 | | | 23 | | | | (100.00) |
| Social benefits | | | | | | | | | | |
| Other transfers to households | | 941 | 130 | | | 23 | | | | (100.00) |
| Transfers and subsidies (Total) | 3 292 848 | 4 823 707 | 5 537 868 | 5 871 831 | 6 048 742 | 6 039 730 | 6 994 645 | 7 344 586 | 7 768 467 | 15.81 |
| Provinces and municipalities | 470 788 | 730 580 | 733 463 | 579 059 | 704 488 | 801 032 | 248 972 | 252 656 | 266 548 | (68.92) |
| Provinces | | | 1396 | | 7 000 | 7 000 | 7 000 | | | |
| Provincial Revenue Funds | | | 485 | | | | | | | |
| Provincial agencies and funds | | | 911 | | 7 000 | 7 000 | 7 000 | | | |
| Municipalities | 470 788 | 730 580 | 732 067 | 579 059 | 697 488 | 794 032 | 241 972 | 252 656 | 266 548 | (69.53) |
| Municipalities | 470 785 | 730 580 | 732 067 | 579 046 | 697 488 | 794 032 | 241 972 | 252 656 | 266 548 | (69.53) |
| Departmental agencies and accounts | 807 142 | 986 968 | 1 162 990 | 954 370 | 878 046 | 909 347 | 765 145 | 803 051 | 847 324 | (15.86) |
| Social security funds | | | | | | 43 | | | | (100.00) |
| Entities | 807 142 | 986 968 | 1 162 990 | 954 370 | 878 046 | 909 304 | 765 145 | 803 051 | 847 324 | (15.85) |
| Universities and technikons | 104 558 | 118 754 | 99 375 | 125 862 | 148 020 | 148 020 | 149 320 | 162 301 | 171 324 | 0.88 |
| Foreign governments and international | | 1000 | 1045 | | 187 | 187 | | | | (100.00) |
| Public corporations and private enterprises | 267 052 | 61 772 | 229 461 | 216 421 | 256 921 | 256 921 | 270 170 | 274 890 | 295 889 | 5.16 |
| Public corporations | 54 615 | 40 755 | 51 522 | 44 669 | 51 669 | 51 669 | 63 429 | 58 191 | 61 496 | 22.76 |
| Subsidies on production | 12 314 | | | | | | | | | |
| Other transfers | 42 301 | 40 755 | 51 522 | 44 669 | 51 669 | 51 669 | 63 429 | 58 191 | 61 496 | 22.76 |
| Private enterprises | 212 437 | 210 17 | 177 939 | 171 752 | 205 252 | 205 252 | 206 741 | 216 699 | 234 393 | 0.73 |
| Subsidies on production | | | | | | | | | | |
| Other transfers | 212 437 | 210 17 | 177 939 | 171 752 | 205 252 | 205 252 | 206 741 | 216 699 | 234 393 | 0.73 |
| Non-profit institutions | 860 593 | 1404 773 | 1686 079 | 2 055 713 | 2 016 653 | 1988 963 | 3 054 271 | 3 256 413 | 3 443 989 | 53.56 |
| Households | 782 715 | 1519 860 | 1625 455 | 1940 406 | 2 044 427 | 1935 260 | 2 506 767 | 2 595 275 | 2 743 393 | 29.53 |
| Social benefits | 22 336 | 13 661 | 18 090 | 11 369 | 16 416 | 17 769 | 10 301 | 10 116 | 10 673 | (42.03) |
| Other transfers to households | 760 379 | 1506 199 | 1607 365 | 1929 037 | 2 028 011 | 1917 491 | 2 496 466 | 2 585 158 | 2 732 720 | 30.19 |
| Payments for capital assets | 2 164 455 | 3 027 855 | 3 234 687 | 3 648 907 | 3 453 897 | 3 377 704 | 3 753 288 | 3 569 691 | 3 770 402 | 11.12 |
| Buildings and other fixed structures | 1336 184 | 1924 291 | 2 834 058 | 3 003 753 | 2 819 649 | 2 781 660 | 3 016 369 | 3 073 509 | 3 255 699 | 8.44 |
| Buildings | 1146 982 | 1629 033 | 1873 583 | 2 290 050 | 2 063 198 | 2 040 901 | 2 136 112 | 2 256 300 | 2 389 017 | 4.67 |
| Other fixed structures | 189 202 | 295 258 | 960 475 | 713 703 | 756 451 | 740 759 | 880 257 | 817 209 | 866 682 | 18.83 |
| Machinery and equipment | 826 642 | 1091 659 | 396 053 | 635 530 | 624 245 | 589 560 | 724 541 | 482 552 | 500 478 | 22.90 |
| Transport equipment | 1336 | 2 252 | 9 589 | 5 278 | 7 745 | 10 724 | 25 790 | 57 429 | 68 063 | 140.50 |
| Other machinery and equipment | 825 306 | 1089 407 | 386 464 | 630 252 | 616 500 | 578 836 | 698 751 | 425 123 | 432 415 | 20.72 |
| Heritage assets | | | | | | | | | | |
| Specialised military assets | | | | | | | | | | |
| Biological assets | | | 487 | | 322 | 322 | | | | (100.00) |
| Land and sub-soil assets | | | 333 | 500 | 500 | 500 | | | | (100.00) |
| Software and other intangible | 1629 | 11905 | 3 756 | 9 125 | 9 181 | 5 662 | 12 378 | 13 630 | 14 225 | 118.62 |
| Of which: Capitalised compensation | | | | | | | | | | |
| Of which: Capitalised goods and services | | | | | | | | | | |
| Payments for financial assets | 4 823 | 5 286 | 22 436 | | | | | | | |
| Total economic classification | 30 207 658 | 39 046 669 | 45 231 566 | 48 220 886 | 49 723 936 | 52 206 422 | 52 643 535 | 55 138 050 | 58 541 565 | 0.84 |

Overview of Provincial Revenue and Expenditure:

Table A.4 (a): Details of payments by policy area

| Function | Category | Department | Programme |
|---------------------------------|------------------------------|--|---|
| General public services | Executive and legislative | Office of the Premier | Administration Institutional Building and Transformation Policy and Governance |
| | | Provincial Legislature | Administration Facilities for Members and Political Parties Parliamentary Services Member's Salaries |
| | Financial and fiscal affairs | Provincial Treasury | Administration Sustainable Resource Management Asset And Liability Management Financial Governance |
| | General services | Public Works | Administration Public Works Infrastructure Roads Infrastructure Expanded Public Works Programme |
| | | Local Government & Traditional Affairs | Administration Local Governance Development and Planning Traditional Institutional Management |
| | | | |
| Public order and safety | Police services | Safety & Liaison | Administration Civilian Oversight Crime Prevention and Community Police Relations |
| Economic Affairs | General economic affairs | Economic Development & Environmental Affairs | Administration Economic Development |
| | Agriculture | Rural Development & Agrarian Reform | House of Traditional Leaders Administration Sustainable Resource Management Farmer Support and Development Veterinary Services Technology Research and Development Agricultural Economics |
| | | | |
| | | | |
| | Transport | Transport | Administration Transport Operations Transport Regulation Community Based Programme |
| | | Roads & Public Works | Transport Infrastructure |
| Environmental Protection | Environmental protection | Economic Development & Environmental Affairs | Environmental Affairs |
| Housing and community amenities | Housing development | Housing | Administration Housing Planning and Research Housing Development Housing Asset Management |
| Health | Outpatient services | Health | District Health Services Emergency Medical Services |
| | Research & Development | | Health Science And Training |
| | Hospital services | | Provincial Hospital Services Central Hospital Services Health Care And Support Services |
| | | | General |

Table A.4 (a): Details of payments by policy area (continued)

| Function | Category | Department | Programme | |
|----------------------------------|----------------------------------|-----------------------------------|---|---|
| Recreation, culture and religion | Recreational & sporting services | Sport, recreation, arts & culture | Sports and Recreation | |
| | Cultural services | | Cultural Affairs Library and Archives Services | |
| | General | | Administration | |
| Education | Pre-primary | Education | Early Childhood Development | |
| | Primary & secondary | | Public Ordinary School Education Independent School Subsidies Public Special School Education Further Education And Training | |
| | | | Subsidiary service to education | Administration Auxiliary And Associated Services |
| | | | Education not definable by level | Adult Basic Education And Training |
| | Social protection | | Social security services | Social Development |

Source: EC Provincial Treasury, 2011

Table A.4 (b): Details of payments by policy area

| Policy area R'000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--|------------------|------------------|--------------------|---------------------|-----------------------|------------------|------------------|
| | Audited | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| General public services | | | | | | | |
| Executive and Legislature | 453 296 | 615 684 | 715 857 | 686 912 | 775 326 | 818 712 | 863 416 |
| Office of the Premier | 291 779 | 343 976 | 380 297 | 388 725 | 403 880 | 424 630 | 447 677 |
| Provincial Legislature | 161 517 | 216 079 | 335 560 | 298 187 | 371 446 | 394 082 | 415 739 |
| Financial and fiscal services | 156 377 | 255 773 | 277 850 | 267 301 | 302 526 | 317 980 | 335 546 |
| Provincial Treasury | 156 377 | 255 773 | 277 850 | 267 301 | 302 526 | 317 980 | 335 546 |
| General services | 1 398 713 | 1 784 510 | 2 460 192 | 2 450 385 | 2 346 683 | 2 538 993 | 2 687 777 |
| Public Works | 787 959 | 1 172 095 | 1 637 782 | 1 637 782 | 1 600 598 | 1 754 185 | 1 860 013 |
| Local Government & Traditional Affairs | 610 754 | 612 415 | 822 411 | 812 603 | 746 085 | 784 808 | 827 763 |
| Total: General public services | 2 008 386 | 2 600 338 | 3 453 899 | 3 404 598 | 3 424 535 | 3 675 685 | 3 886 738 |
| Public Order and Safety | | | | | | | |
| Police services | 33 281 | 41 992 | 49 983 | 53 512 | 58 387 | 61 492 | 64 818 |
| Safety & Liaison | 33 281 | 41 992 | 49 983 | 53 512 | 58 387 | 61 492 | 64 818 |
| Total: Public Order and Safety | 33 281 | 41 992 | 49 983 | 53 512 | 58 387 | 61 492 | 64 818 |
| Economic Affairs | | | | | | | |
| General economic affairs | 595 999 | 708 780 | 661 718 | 644 846 | 674 523 | 707 621 | 746 714 |
| Economic Development & Environmental Affairs | 595 999 | 708 780 | 661 718 | 644 846 | 674 523 | 707 621 | 746 714 |
| Agriculture | 1 083 639 | 1 265 889 | 1 583 821 | 1 617 306 | 1 509 785 | 1 542 212 | 1 643 298 |
| Rural Development & Agrarian Reform | 1 083 639 | 1 265 889 | 1 583 821 | 1 617 306 | 1 509 785 | 1 542 212 | 1 643 298 |
| Transport | 551 253 | 1 056 676 | 1 316 457 | 1 316 429 | 1 453 764 | 1 265 725 | 1 334 766 |
| Roads and Public Works | 551 253 | 1 056 676 | 1 316 457 | 1 316 429 | 1 453 764 | 1 265 725 | 1 334 766 |
| Roads Infrastructure | 1 615 105 | 1 915 156 | 1 636 185 | 1 636 185 | 1 668 411 | 1 805 373 | 1 924 835 |
| | 1 615 105 | 1 915 156 | 1 636 185 | 1 636 185 | 1 668 411 | 1 805 373 | 1 924 835 |
| Total: Economic Affairs | 3 845 996 | 4 946 501 | 5 198 181 | 5 214 766 | 5 306 483 | 5 320 931 | 5 649 613 |
| Environmental Protection | | | | | | | |
| Environmental Protection | 140 169 | 147 420 | 213 787 | 209 760 | 209 703 | 221 079 | 233 073 |
| Economic Development & Environmental Affairs | 140 169 | 147 420 | 213 787 | 209 760 | 209 703 | 221 079 | 233 073 |
| Total: Environmental Protection | 140 169 | 147 420 | 213 787 | 209 760 | 209 703 | 221 079 | 233 073 |

Table A.4 (b): Details of payments by policy area (continued)

| Policy area R'000 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | Revised estimate | 2011/12 | 2012/13 | 2013/14 |
|--|------------|----------------|--------------------|------------|------------|---------------------|------------|------------|------------|
| | Audited | Main budget | Adjusted budget | | | | | | |
| Housing and Community Amenities | | | | | | | | | |
| Housing Development | 396 886 | 1 230 905 | 1 532 801 | 1 828 875 | 1 868 488 | 1 798 806 | 2 424 942 | 2 534 081 | 2 677 157 |
| Housing | 396 886 | 1 230 905 | 1 532 801 | 1 828 875 | 1 868 488 | 1 798 806 | 2 424 942 | 2 534 081 | 2 677 157 |
| T total: Housing and Community Amenities | 396 886 | 1 230 905 | 1 532 801 | 1 828 875 | 1 868 488 | 1 798 806 | 2 424 942 | 2 534 081 | 2 677 157 |
| Health | | | | | | | | | |
| Outpatient services | 4 031 350 | 5 373 451 | 6 067 737 | 6 606 662 | 6 953 046 | 7 910 226 | 7 430 464 | 7 919 398 | 8 579 824 |
| Research & development | 375 117 | 547 955 | 522 692 | 566 522 | 625 941 | 669 037 | 609 672 | 627 725 | 662 184 |
| Hospital services | 2 661 544 | 3 135 924 | 3 938 686 | 4 101 968 | 4 235 146 | 4 500 132 | 4 468 205 | 4 632 949 | 4 911 765 |
| General | 945 838 | 1 441 753 | 1 560 903 | 2 066 714 | 2 028 712 | 2 028 712 | 1 728 908 | 1 943 847 | 1 990 615 |
| T total: Health | 8 013 849 | 10 499 083 | 12 090 018 | 13 341 866 | 13 842 845 | 15 108 107 | 14 237 249 | 15 123 919 | 16 144 389 |
| Recreation, Culture and Religion | | | | | | | | | |
| Recreational and sporting services | 61 271 | 323 277 | 338 576 | 134 488 | 142 757 | 131 839 | 136 721 | 143 346 | 153 190 |
| Cultural services | 132 906 | 167 154 | 192 955 | 270 038 | 273 943 | 219 384 | 295 649 | 307 721 | 311 736 |
| General | 203 876 | 263 198 | 249 160 | 200 830 | 207 116 | 208 455 | 203 953 | 210 776 | 225 233 |
| T total: Recreation, Culture and Religion | 398 053 | 753 629 | 780 691 | 605 356 | 623 816 | 559 678 | 636 323 | 661 843 | 690 159 |
| Education | | | | | | | | | |
| Pre-primary | 79 298 | 249 108 | 267 621 | 528 492 | 528 492 | 528 492 | 505 360 | 525 210 | 558 693 |
| Primary & secondary | 13 015 140 | 15 497 052 | 18 492 464 | 19 600 494 | 19 999 538 | 21 456 978 | 21 709 564 | 22 727 715 | 24 139 658 |
| Subsidiary services to education | 1 236 047 | 1 623 653 | 1 776 839 | 1 958 775 | 2 063 385 | 2 057 438 | 2 112 159 | 2 156 460 | 2 250 351 |
| Education not definable by level | 155 013 | 153 879 | 213 427 | 299 269 | 299 269 | 299 269 | 307 625 | 324 784 | 341 023 |
| T total: Education | 14 485 498 | 17 523 692 | 20 750 351 | 22 387 030 | 22 890 684 | 24 342 177 | 24 634 708 | 25 734 169 | 27 289 725 |
| Social protection | | | | | | | | | |
| Social security services | 548 816 | 795 888 | 858 266 | 943 132 | 969 936 | 944 009 | 1 095 237 | 1 160 837 | 1 227 691 |
| Development and research | 141 437 | 186 074 | 179 822 | 202 924 | 175 636 | 163 644 | 258 602 | 272 381 | 286 633 |
| General | 195 847 | 342 183 | 405 808 | 427 729 | 433 152 | 413 257 | 357 367 | 371 633 | 391 569 |
| T total: Social protection | 886 100 | 1 324 145 | 1 443 896 | 1 573 785 | 1 578 724 | 1 520 910 | 1 711 206 | 1 804 851 | 1 905 894 |
| Total provincial payments and estimates by policy area | | | | | | | | | |
| | 30 208 218 | 39 067 705 | 45 232 789 | 48 220 885 | 49 723 936 | 52 206 518 | 52 643 536 | 55 138 050 | 58 541 566 |

Overview of Provincial Revenue and Expenditure:

Table A.5: Details of transfers to local government

| Municipality | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|--|----------------|----------------|----------------|----------------|-----------------|------------------|-----------------------|----------------|----------------|
| | Audited | | | Main Budget | Adjusted Budget | Revised estimate | Medium-term estimates | | |
| R'000 | | | | | | | | | |
| Category A | 82 163 | 212 303 | 168 942 | 168 111 | 169 868 | 163 355 | 51 784 | 54 373 | 57 358 |
| Nelson Mandela Metro | 82 163 | 212 303 | 168 942 | 168 111 | 169 868 | 163 355 | 51 784 | 54 373 | 57 358 |
| Category B | 54 117 | 350 987 | 340 796 | 208 542 | 286 901 | 289 501 | 152 201 | 162 826 | 171 781 |
| Amahlathi | 1 931 | 1 990 | 3 859 | 3 093 | 8 176 | 5 093 | 2 910 | 3 014 | 3 188 |
| Baviaans | 461 | 558 | 655 | 916 | 1 016 | 1 016 | 1 330 | 1 396 | 1 473 |
| Blue Crane Route | 3 095 | 4 401 | 2 079 | 4 423 | 6 020 | 7 317 | 2 845 | 2 988 | 3 152 |
| Buffalo City | 7 406 | 99 316 | 53 647 | 65 683 | 81 083 | 95 106 | 35 434 | 38 249 | 40 353 |
| Camdeboo | 2 495 | 3 084 | 3 748 | 5 546 | 5 646 | 5 646 | 4 637 | 4 873 | 5 141 |
| Elundini | - | 892 | 700 | 650 | 1 250 | 1 476 | 1 282 | 1 346 | 1 420 |
| Emalahleni | - | 293 | - | 123 | 1 323 | 1 323 | 614 | 645 | 681 |
| Engcobo | - | 565 | 3 011 | 726 | 2 271 | 2 271 | 905 | 953 | 1 005 |
| Gariep | 2 213 | 3 397 | 4 569 | 5 596 | 7 996 | 8 626 | 3 697 | 3 883 | 4 096 |
| Great Kei | - | 750 | 7 | 138 | 1 745 | 1 252 | 1 208 | 1 722 | 1 863 |
| Ikwezi | 324 | 1 198 | 634 | 899 | 1 619 | 1 739 | 1 518 | 1 595 | 1 682 |
| Ingquza | - | 456 | 361 | 1 035 | 1 035 | 1 035 | 3 744 | 3 932 | 4 148 |
| Inkwanca | - | 352 | 1 250 | 551 | 1 081 | 1 383 | 1 173 | 1 232 | 1 300 |
| Intsika Yethu | - | 535 | 69 | 238 | 1 818 | 1 818 | 1 162 | 1 221 | 1 288 |
| Inxuba Yethemba | 2 682 | 6 500 | 22 708 | 7 221 | 9 701 | 8 820 | 2 479 | 2 603 | 2 747 |
| King Sabata Dalindyebo | 11 506 | 132 510 | 151 223 | 41 641 | 40 006 | 28 587 | 33 000 | 34 650 | 36 556 |
| Kouga | 1 205 | 2 500 | 787 | 3 048 | 3 048 | 3 048 | 1 330 | 1 396 | 1 473 |
| Koukamma | - | 261 | 4 848 | 537 | 687 | 687 | 2 116 | 2 223 | 2 345 |
| Lukhanji | 2 408 | 15 020 | 13 672 | 9 086 | 9 786 | 9 786 | 4 091 | 4 295 | 4 532 |
| Makana | 2 758 | 8 585 | 6 311 | 9 339 | 8 589 | 7 589 | 6 669 | 7 003 | 7 388 |
| Maletswai | 1 527 | 1 997 | 3 015 | 3 821 | 4 121 | 4 272 | 682 | 717 | 756 |
| Mataiele | 1 373 | 9 713 | 1 812 | 3 095 | 6 695 | 6 695 | 3 801 | 3 994 | 4 213 |
| Mbhashe | - | 2 195 | 674 | 193 | 4 257 | 4 357 | 2 292 | 2 895 | 3 074 |
| Mbizana | - | 1 768 | 794 | 498 | 1 798 | 1 798 | 2 542 | 2 670 | 2 817 |
| Mhlontlo | - | 1 248 | 1 066 | 711 | 2 511 | 2 589 | 922 | 970 | 1 023 |
| Mnguma | 2 496 | 5 545 | 4 105 | 2 394 | 7 596 | 8 033 | 3 607 | 3 727 | 3 917 |
| Ndlambe | 2 495 | 24 280 | 3 451 | 3 431 | 3 581 | 3 581 | 1 605 | 1 685 | 1 778 |
| Ngqushwa | 2 000 | 515 | 1 210 | 766 | 3 480 | 1 930 | 2 712 | 3 303 | 3 478 |
| Nkonkobe | 2 248 | 3 543 | 3 693 | 5 616 | 9 201 | 8 703 | 11 932 | 12 834 | 13 488 |
| Ntabankulu | - | 1 028 | 233 | 112 | 1 212 | 1 212 | 692 | 727 | 767 |
| Nxuba | 1 216 | 3 109 | 31 348 | 19 028 | 20 992 | 23 322 | 2 167 | 2 624 | 2 765 |
| Nyandeni | - | 1 380 | 2 221 | 218 | 2 718 | 2 718 | 517 | 543 | 573 |
| Port St Johns | - | 1 956 | 5 462 | 416 | 1 716 | 1 716 | 1 730 | 1 819 | 1 919 |
| Qaukeni | - | 1 183 | 2 762 | 445 | 1 545 | 1 545 | - | - | - |
| Sakiszwe | 343 | 1 805 | 386 | 1 620 | 2 973 | 3 677 | 836 | 879 | 927 |
| Senqu | 566 | 735 | 763 | 1 377 | 1 998 | 1 998 | 703 | 739 | 780 |
| Sundays River Valley | 1 369 | 2 807 | 3 009 | 3 890 | 4 040 | 4 166 | 2 017 | 2 119 | 2 236 |
| Tsolwana | - | 60 | 178 | 187 | 337 | 337 | 268 | 283 | 298 |
| Umkhulu | - | - | - | - | - | - | - | - | - |
| Umkhuvubu | - | 2 957 | 476 | 233 | 3 733 | 4 733 | 1 030 | 1 082 | 1 141 |
| Category C | 334 085 | 166 517 | 221 903 | 195 708 | 167 462 | 226 542 | 33 487 | 35 142 | 37 076 |
| Alfred Ndzo District Municipality | 1 000 | 11 326 | 12 295 | 7 582 | 7 582 | 1 460 | 3 161 | 3 665 | 3 866 |
| Amathole District Municipality | 17 778 | 40 645 | 21 989 | 31 573 | 34 307 | 28 480 | - | - | - |
| Cacadu District Municipality | 24 470 | 28 479 | 63 762 | 45 222 | 20 241 | 36 547 | 7 816 | 7 877 | 8 311 |
| Chris Hani District Municipality | 18 637 | 34 752 | 37 236 | 32 373 | 23 373 | 16 895 | 7 228 | 9 573 | 10 100 |
| OR Tambo District Municipality | 1 900 | 15 591 | 14 875 | 10 731 | 10 731 | 4 610 | 6 421 | 4 663 | 4 920 |
| Ukhahlamba District Municipality | 8 703 | 26 153 | 20 347 | 22 726 | 25 726 | 22 604 | 4 361 | 4 865 | 5 132 |
| Unallocated | 261 597 | 9 571 | 51 399 | 45 500 | 45 500 | 115 944 | 4 500 | 4 500 | 4 748 |
| Total transfers to local government | 470 365 | 729 807 | 731 640 | 572 362 | 624 232 | 679 399 | 237 472 | 252 342 | 266 215 |

Overview of Provincial Revenue and Expenditure:

Table A.6: Details of provincial payments and estimates by district

| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | | | 2011/12 | 2012/13 | 2013/14 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|
| R' 000 | Audited | | | Main budget | Adjusted budget | Revised estimate | Medium-term estimates | | |
| Alfred Nzo | 1 789 776 | 1 902 893 | 2 435 619 | 2 575 961 | 2 618 729 | 2 638 263 | 2 886 588 | 3 356 525 | 3 560 480 |
| Amatole | 8 132 944 | 11 655 426 | 13 736 886 | 13 478 287 | 13 795 449 | 14 403 968 | 14 480 649 | 14 914 616 | 15 767 326 |
| Cacadu | 1 928 739 | 2 033 205 | 2 612 531 | 2 954 451 | 2 981 141 | 2 983 822 | 3 163 664 | 3 178 454 | 3 370 641 |
| Chris Hani | 3 120 114 | 4 094 367 | 4 851 629 | 5 371 748 | 5 450 902 | 5 525 368 | 5 928 396 | 5 958 479 | 6 297 948 |
| O R Tambo | 4 755 635 | 6 017 862 | 7 516 779 | 8 143 732 | 8 282 026 | 8 926 250 | 9 164 965 | 9 766 927 | 10 550 094 |
| Joe Gqabi | 958 868 | 1 416 606 | 1 884 494 | 1 937 548 | 1 961 142 | 1 949 163 | 2 267 957 | 2 661 549 | 2 830 945 |
| Nelson Mandela Metro | 3 489 702 | 4 860 948 | 6 869 439 | 7 391 042 | 7 475 552 | 7 527 609 | 7 944 439 | 8 058 480 | 8 524 785 |
| EC Whole Province | 6 032 440 | 7 086 399 | 5 325 412 | 6 368 118 | 7 158 996 | 8 252 076 | 6 806 878 | 7 243 019 | 7 639 347 |
| Total | 30 208 218 | 39 067 705 | 45 232 789 | 48 220 885 | 49 723 936 | 52 206 518 | 52 643 536 | 55 138 050 | 58 541 566 |

Source: EC Provincial Treasury, 2011

