



Province of the
EASTERN CAPE
PROVINCIAL PLANNING
AND TREASURY

Estimates of Provincial Revenue and Expenditure

2013/14

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**Tabled in the Provincial Legislature
On 07 March 2013**

Foreword

In line with global trends, South Africa's growth has slumped and this has severely restrained its revenue generating capacity. Apart from the impact of the global economic prospects on the national economy, recent events in certain sectors of the national economy have dampened both domestic and international investment confidence. As a result of these, the fiscal space will be negatively affected in the immediate foreseeable future. The economy shall depend on investment in critical infrastructure and other forms of capital investment to sustain minimal levels of growth required for poverty reduction and alleviation.

The 2013 provincial budget is critically underpinned by the key policy imperatives of the current electoral cycle, especially education and health, crime prevention and reduction, inclusive economic growth and development and social cohesion. The reality of the economic environment calls for increasing the efficiency of public spending as well as fiscal consolidation. In crafting the 2013 budget, the focus was on quality spending and reducing wasteful, inefficient and/or ineffective government expenditure whilst allocating resources to high priority areas.

Reprioritization between and within departmental baselines is critical as it strengthens focus on core service delivery areas within the public sector. Responsible fiscal management and stewardship of the provincial economy will support and enhance vital services for the citizens of the province over difficult economic times. The province has taken a decision to reduce the non-interest bearing economic classification line items by two percent over the Medium Term Expenditure Framework (MTEF). This initiative is to shift funds from consumption to economically viable projects for economic growth and investment in the province.

The Census 2011 data update resulted in a substantial reduction in the Provincial Equitable Share (PES), which declines by a total value of R5.1 billion over the MTEF. Despite the reduction in baseline allocations, we have strategically protected all pro-poor programmes and essential services. However, the PES reduction is a wake-up call to direct more funding on capital investment to stimulate economic growth that may impact positively in the provincial revenue base.

With respect to infrastructure spending, the provincial challenges in this area of delivery cannot be over-emphasized; however, the strategic interventions introduced with assistance

from National Treasury are expected to yield results in the coming year. In line with this, the province is commencing a detailed infrastructure condition assessment using the IDIP programme, and will henceforth focus its programmes on repairs, maintenance and refurbishment rather than new construction.

Provincial Planning and Treasury will work closely with the newly established Provincial Planning Commission to ensure the finalization of the provincial development that will be aligned to the National Development Plan (NDP).

In line with the drive to improve efficiency in public administration, the department will continue with the roll-out of Persal clean-up; personnel verification; and the implementation of sick leave dispensation through the Pillar processes. It is our hope that with the collective application of our intellectual and physical abilities and resource endowment, we will surely succeed in pushing backward the frontiers of poverty and deprivation.

Overall, the 2013 budget will prioritize key service delivery projects such as:

- The funding of independent schools to be closer to the national target for norms and standards;
- Support investment attracting initiatives which will aid in creating jobs and giving the economy a boost;
- Strengthening the implementing of supply chain reforms in the Department of Health in order to improve its service delivery platform;
- Support the further enhancement and roll-out of public transport services by the Department of Transport; and
- Support to our ailing road network.



Honourable Phumulo Masualle

MEC FOR PROVINCIAL PLANNING AND FINANCE

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Executive Summary

The 2013 MTEF budget was crafted against the backdrop of a weak global economy and a stagnant movement in the financial sector. The domestic economy, although resilient, still shows no signs of recovery due to dampened international and domestic investor confidence. In addition, domestic events in key sectors of the economy worsened the collection of revenue at a national level. This impacts directly on the provincial fiscal outlook as the transmission mechanism feeds through fiscal envelope of the province. Although the Equitable Share marginally increased, the increasing demand for basic services makes it increasingly difficult to continue with the same pattern of expenditure. The budget framework adopted therefore emphasises the shift of resources towards core service delivery programmes.

The table below summarises the provincial payments and estimates by Vote from 2009/10 to 2015/16. Total provincial expenditure increases by 2.9 per cent from the revised estimate of R57.5 billion in 2012/13 to R59.2 billion in the 2013/14 financial year. Over the 2013 MTEF, the provincial budget will grow by 13.7 per cent to R63.893 billion in 2015/16 with the departments of Education, Health, Roads and Public Works and Human Settlements being allocated the largest portion. The minimal growth of the budget over the MTEF is due to the national budget cut of 1, 2, and 3 per cent by National Treasury from the 2012 MTEF baselines with the exception of four departments (Education, Health, Social Development and Roads and Public Works). There was a total reduction of R5.1 billion over the 2013 MTEF as a result of the adverse impact of the Census 2011 on the equitable share formula and consequently, on the provincial equitable share. In addition, the province took a decision to reduce departmental compensation of employees' budgets by 2 per cent over the 2013 MTEF with the exception of except Health, Legislature and Rural Development and Agrarian Reforms. The rationale behind is to shift the focus from consumption to investment spending in order to generate economic growth and job creation; as well as to create a buffer against the anticipated fiscal cliff in 2015/16.

EASTERN CAPE SUMMARY OF ACTUAL AND BUDGETED PAYMENTS PER VOTE: 2013/14 MTEF

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	Budget Growth Rate		
R' 000	Audited			Main appropriat ion	Adjusted appropriat ion	Revised estimate	Medium-term estimates			2012/13 - 2013/14	2013/14 - 2014/15	2014/14 - 2015/16
Education	21 164 124	22 576 929	25 155 715	26 268 669	26 735 395	26 694 268	26 972 077	28 470 650	30 384 087	1.04	5.56	6.72
Health	12 089 071	13 272 828	14 892 282	15 166 038	15 734 550	16 373 070	16 584 328	17 141 128	18 137 736	1.29	3.36	5.81
Social Development And Special Programmes	1 434 148	1 563 854	1 691 851	1 782 421	1 778 308	1 778 308	2 015 205	2 135 923	2 248 398	13.32	5.99	5.27
Office Of Premier	376 426	392 621	419 216	423 848	420 271	422 713	458 109	473 249	485 114	8.37	3.3	2.51
Provincial Legislature	256 239	293 469	360 257	384 082	415 759	397 533	409 531	422 988	433 766	3.02	3.29	2.55
Roads And Public Works	3 202 686	3 198 859	3 393 640	3 741 601	3 808 724	3 763 724	3 670 311	3 807 690	3 917 237	(2.48)	3.74	2.88
Local Government And Traditional Affairs	745 113	775 079	738 942	788 452	813 374	804 204	840 869	868 077	888 612	4.56	3.24	2.37
Rural Development And Agrarian Reform	1 582 933	1 535 246	1 484 433	1 694 131	1 680 653	1 680 600	1 714 488	1 770 218	1 819 947	2.02	3.25	2.81
Economic Development, Environmental Affairs And Tourism	930 585	824 479	885 651	936 063	835 368	816 656	1 070 858	985 581	1 008 267	31.13	(7.96)	2.3
Transport	1 276 198	1 315 591	1 582 911	1 322 994	1 486 683	1 486 683	1 532 362	1 582 886	1 627 025	3.07	3.3	2.79
Human Settlements	1 532 801	1 727 782	2 143 154	2 574 536	2 570 745	2 269 492	2 830 080	1 645 826	1 645 107	24.7	(41.85)	(.04)
Provincial Planning And Treasury	234 113	247 450	283 987	352 143	342 269	337 890	374 872	387 568	396 212	10.94	3.39	2.23
Sport, Recreation, Arts And Culture	778 851	557 159	649 017	705 454	711 181	685 517	715 108	773 511	826 871	4.32	8.17	6.9
Safety And Liaison	47 720	52 635	57 980	64 373	63 313	63 313	69 979	73 446	74 835	10.53	4.95	1.89
Total	45 651 008	48 333 981	53 739 036	56 204 804	57 396 592	57 573 969	59 258 176	60 538 740	63 893 214	2.93	2.16	5.54

Of the allocated R59.2 billion in 2013/14, the social sector departments of Education, Health and Social Development and Special Programme remain the primary focus in the province as their shares are 45.5 per cent, 28 per cent and 3 per cent respectively. The remaining departments collectively share the balance of R15.7 billion or 23.5 per cent of the 2013/14 baseline.

The table above shows a summary of provincial payments and estimates by economic classification over the 2013 MTEF. The bulk of the budget allocated (81.3 per cent) is under current payments and increases by 1.4 per cent to R48.2 billion in 2013/14 from the 2012/13 revised estimate. The provincial CoE budget shows a 4.6 per cent growth to R38.5 billion in 2013/14 which is mainly due to the annual ICS adjustment. Departmental CoE budget baselines were reduced by 2 per cent over the MTEF with the Department of Health, Provincial Legislature and Rural Development and Agrarian Reforms exempted. This reduction is not only intended to reduce the rapid growth of the provincial CoE budget but also to improve the allocative efficiency of the provincial budget.

The budget for Goods and Services by contrast is showing a decline of 9.6 per cent to R9.7 billion in 2013/14 from the 2012/13 revised estimate of R10.7 billion and increases to only R10.5 billion in 2015/16. The negative growth is mainly related to the decision taken to cut the baselines of departments by 1 per cent in 2013/14, 2 per cent in 2014/15 and 3 per cent in 2015/16.

Transfers and Subsidies to municipalities decreases by 66.3 per cent to R89.6 million in 2013/14 due to the reclassification of the property rates and taxes payments from Transfers and Subsidies to Goods and Services in the Department of Roads and Public Works and the provincialisation of municipal health services by the Department of Health. Transfers to departmental agencies and accounts increases by 29 per cent to R969.3 million in 2013/14 due to funding of initiatives such as the erection of a wind tower manufacturing company by Coega, a matching fund for the agro-

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processing and forestry projects and the revitalisation of strategic industries under the Department of Economic Development, Environmental Affairs and Tourism.

Payments for capital assets grows by 13.3 per cent to R3.1 billion in the 2013/14 financial year due to the provision made for infrastructure delivery of schools, hospitals, clinics and roads. The increase is also due to the reclassification from Goods and Services of finance leases to Machinery and Equipment that increases by 68.7 per cent to R668.6 million in 2013/14.

EASTERN CAPE SUMMARY OF ACTUAL AND BUDGETED PAYMENT PER ECONOMIC CLASSIFICATION

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	Budget Growth Rate		
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			2012/13 - 2013/14	2013/14- 2014/15	2014/15- 2015/16
Current payments	37 131 805	42 250 669	43 303 714	45 363 534	47 178 342	47 594 677	48 272 870	50 733 472	51 242 207	1.42	5.097	1.003
Compensation of employees	27 453 536	31 984 798	33 400 824	35 196 695	35 766 051	35 653 406	37 230 883	38 887 247	41 216 430	4.42	4.449	5.990
Goods and services	8 172 603	8 561 684	8 330 578	8 617 884	9 633 779	10 265 927	9 246 156	9 910 065	10 025 778	(9.93)	7.180	1.168
Interest and rent on land	1 505 666	1 704 187	1 572 312	1 548 955	1 778 512	1 675 344	1 795 831	1 936 160	-	7.19	7.814	-100.000
Transfers and subsidies	6 091 485	6 659 465	8 077 144	8 737 625	8 457 495	8 302 997	9 053 023	8 163 069	6 772 146	9.03	-9.830	-17.039
Provinces and municipalities	356 286	473 307	235 788	202 882	208 139	208 139	32 696	23 377	13 222	(84.29)	-28.502	-43.441
Departmental agencies and accounts	1 144 759	881 236	774 534	843 664	735 912	735 912	957 232	915 551	918 154	30.07	-4.354	0.284
Higher education institutions	98 994	141 043	152 371	221 007	121 162	121 162	69 199	75 690	67 097	(42.89)	9.381	-11.353
Foreign governments and	3	-	-	-	-	-	-	-	-	-	-	-
Public corporations and private	1 087 179	1 204 727	1 301 899	1 329 027	1 310 503	1 424 343	1 602 742	1 689 261	412 100	12.53	5.398	-75.605
Non-profit institutions	1 771 816	2 122 895	3 245 535	3 493 107	3 212 216	3 242 377	3 455 461	3 770 243	3 674 794	6.57	9.110	-2.532
Households	1 632 448	1 836 257	2 367 017	2 647 939	2 869 563	2 571 064	2 935 693	1 688 947	1 686 779	14.18	-42.469	-0.128
Payments for capital assets	4 467 756	2 097 745	4 678 892	4 334 172	4 358 511	4 224 300	4 741 537	4 738 225	3 729 224	12.24	-0.070	-21.295
Buildings and other fixed structures	3 458 217	2 607 229	3 371 480	3 409 615	3 185 716	3 272 950	3 446 732	3 585 651	3 187 720	5.31	4.030	-11.098
Machinery and equipment	680 161	578 459	1 088 486	699 978	729 526	715 796	1 027 680	875 654	521 223	43.57	-14.793	-40.476
Heritage assets	99	8 036	72	-	-	-	-	-	-	-	-	-
Specialised military assets	14 594	(1 518 202)	16 682	16 356	16 620	22 130	24 460	27 024	-	10.53	10.482	-100.000
Biological assets	194 910	224 244	150 810	155 772	287 772	156 774	166 251	182 472	5 910	6.05	9.757	-96.761
Land and sub-soil assets	17 319	6 568	30 770	1 812	1 782	826	838	850	-	-	1.459	-100.000
Software and other intangible assets	102 455	191 411	20 592	50 640	137 095	55 825	75 577	66 574	14 370	-	-11.913	-78.415
Payments for financial assets	23 864	(1 511 475)	44 606	5 025	5 025	5 207	300	320	388	(94.24)	6.667	21.250
Total	47 714 909	49 496 404	56 104 356	58 440 355	59 999 372	60 127 180	62 067 730	63 635 086	61 743 965	3.23	2.525	-2.972

In conclusion, the 2013 MTEF budget is underpinned by the Medium Term Strategic Framework priorities, the 12 Outcomes of government, and the Provincial Growth and Development Plan. Given the highly constrained fiscal environment, the provincial strategy has been a reprioritisation of the current baselines to fund key service delivery programmes.

The commitment of the provincial government is still to reduce poverty and create jobs for the people of the province. The aim over the 2013 MTEF is to strengthen the capacity of the provincial government to implement infrastructure investment programmes as well as to accelerate the implementation of service delivery programmes.

1. Socio-Economic Outlook

1.1 Introduction

The Eastern Cape (EC) is the second largest province in South Africa, covering 13.8 per cent of South Africa's total land area and is home to approximately 12 per cent or 6.6 million of South Africa's population. The province is the third most populous in the country.

The EC is ranked fourth in overall South African GDP contribution, but the provincial GDP remains behind the top three provinces (Gauteng; Western Cape and Kwa-Zulu Natal). The outlook for economic growth, however, remains positive, albeit at a slow pace. Global tensions continue to weigh heavily on the provincial economic outlook as the province is prone to global business cycle shocks due to its relative export reliance.

The province has a legacy of high levels of inequality (Gini of 0.66) and poverty. This is of consequence for social development outcomes, as it is the third most populous province in South Africa. While the Gross Value Added (GVA) per capita has risen by an estimated 2.1 per cent since 1995, it lags behind the South African average. This is further compounded by a high level of poverty (exceeding 70 per cent) and a heavy reliance on government social assistance and remittances as the main source of income.

There are large net outflows of people, a growing number of households and a decline in average household size. Access to formal housing, water, electricity, toilets and refuse collection are improving but the province still has the highest levels of service backlogs in many areas. The ability to effectively deliver services to the inhabitants of the province is vital to improve socio economic outcomes.

The province is characterised by a concentration of economic activity in urban areas and the prominence of the secondary and tertiary sectors. In 2010, the leading sectors in the province were finance and business, government services and manufacturing. The primary sector contribution declined both provincially and nationally.

Unemployment in the province remains high (29.8 per cent in the fourth quarter of 2012) linked to an economy that has not been labour absorbing. The unemployment picture worsens when disaggregated by race, age and gender. The youth age cohort bears the brunt of unemployment. In addition, high unemployment among this age cohort is compounded by the incidence of HIV/AIDs which has the potential to affect the productive capacity of the province. It is, however,

encouraging to note from the Census 2011 data that the HIV infection and mortality rate has begun to show signs of stabilizing.

The province is characterized by a highly industrialized western region and a largely under-developed and rural eastern region. Large parts of the eastern region of the province are made up of former homelands - Transkei and Ciskei. Almost two-thirds (65.1 per cent) live in rural areas a reversal of the national average of 63 – 67 per cent urban-rural split.

1.2 Demographic profile

Understanding the demographic profile of the provincial economy is an integral part in the planning process as it provides a basis for the proper allocation of resources. The characteristics of a provincial population have great influence in determining a large proportion of equitable share allocations amongst the provinces. This section will review the demographic composition of the province in light of the recently published results of Census 2011.

According to Census 2011 there has been an increase of 283 402 people (or 4.5 per cent) over the past decade in the province (6 278 651 in 2001 to 6 562 053 in 2011). The increase is however, lower than the 6 743 823 that was previously estimated in the 2012 mid-year population estimates and thus the provincial equitable share will be negatively affected over the MTEF period and beyond. Over the same period, the number of households in the province has increased from 1 481 640 to 1 687 385 (or 13.9 per cent). This disparate growth trend between population size and number of households indicates a change in the pattern of household formations generally leaning towards a smaller household size.

The provincial population is characterized by high population densities in the urban metropolitan districts with Amathole, Buffalo City and Nelson Mandela Bay accounting for more than 40 per cent. This urban concentration can be attributed to rural-urban migration within the province with people moving away from rural districts in search of employment and education opportunities in the economic and administrative hubs of the province. More emphasis needs to be placed on stimulating the economy of the rural eastern half of the province as major economic activity is concentrated in the west.

The most populous district in the province remains OR Tambo (20.8 per cent) which is a rural region, the Joe Gqabi district is the least populous district accounting for 5.3 per cent of the provincial population. In addition to rural development initiatives targeted at countering the causes of migration, provincial planning together with the metropolitan municipalities also need to consider planning for urban overcrowding and the resulting pressure on existing social and economic infrastructure.

Table 1.1 Population Distributions per District - EC Province

Cacadu	450 584
Amathole	892 637
Chris Hani	795 461
Joe Gqabi	349 768
OR Tambo	1 364 943
Alfred Nzo	801 344
Buffalo City	755 200
Nelson Mandela Bay	1 152 115
Eastern Cape Population	6 562 052

Source: StatsSA Census 2011

Age and Gender Distribution

Table 1.2 Gender and Age Distributions and Dependency Ratio

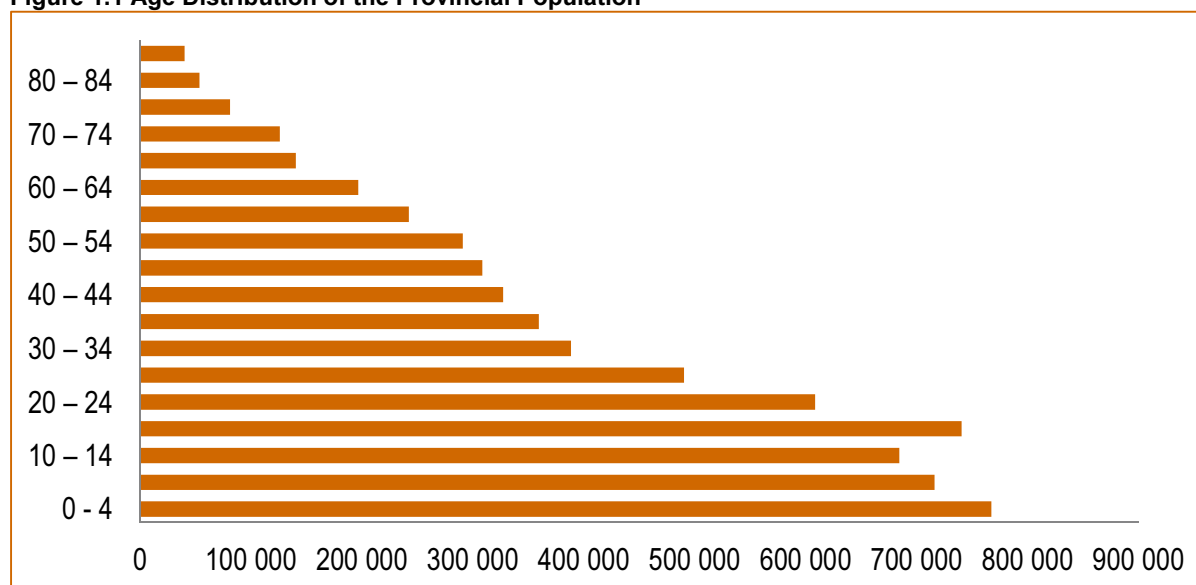
Age Structure				Gender Ratio	Dependency
	<15	15 - 64	65+	Males per 100 females	Ratio Per 100 (15-64)
2001	36.6	57.1	6.3	86.2	75
2011	33	60.2	6.7	89	66

Source: StatsSA Census 2011

There has been noteworthy change in the age composition of the provincial population. A marginal decline in the below 15 years age cohort implies that there have been changes in the 7-15 age cohort which is the compulsory school going age. Adjustments in education planning need to be made to suit the fluctuation. The economically active age cohort (15-64) increased from 57.1 to 60.2 per cent of the provincial population, thus decreasing the dependency ratio to 66 economically inactive individuals per 100 economically active. A declining dependency ratio is inherently a positive indicator for a developing economy but also places an urgent emphasis on the need for government and the private sector to find workable, labour intensive initiatives to absorb the excess.

The proportion of the provincial population above the age of 65 makes up 6.7 per cent of the total population.

Figure 1.1 Age Distribution of the Provincial Population



Source: StatsSA Census 2011

1.3 Socio-economic indicators

Access to basic services such as water, energy and sanitation is the foundation towards attaining an improved standard of living and economic growth. Provincial and local spheres of government are major role players in ensuring improved access to these facilities.

Although significant strides have been made in the delivery of basic services, the province continues to be plagued by backlogs particularly in the delivery of clean water and sanitation. Limited or no access to water and sanitation, impacts negatively on the health profile of the province, which inevitably leads to increased pressure on public health-care services.

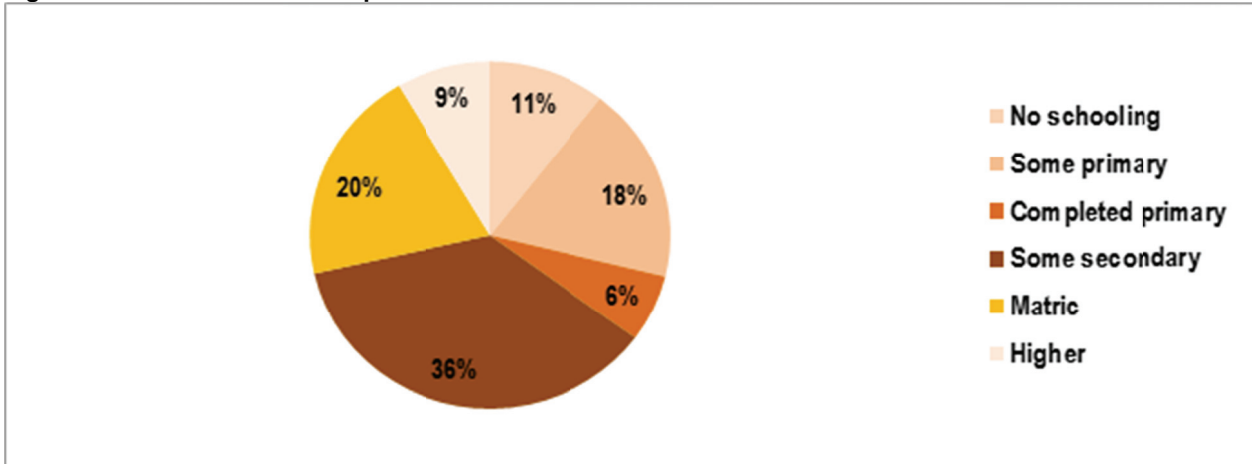
Approximately 40 per cent of province's households use flush or chemical toilets, although the national average is 57 per cent. A pit latrine is used by 38.4 per cent of households in the province. Only 32.8 per cent of households have access to tap water which is below the national average of 46.3 per cent. More than 10 per cent of the population still rely on rivers and streams as their primary source of water.

Limited capacity to execute large scale infrastructure projects at a provincial and municipal level is the primary reason fostering continuing under spending of infrastructure grants meant to accelerate the sluggish pace of service delivery. Improved Human Settlement development is also affected by the above mentioned capacity deficiency. Compared to other provinces, the EC has the lowest proportion of formal dwellings at 63.2 per cent despite the 11.7 per cent improvement recorded between 2001 and 2011. Better functional and operational relations between national, provincial and local government needs to be fostered in order to streamline the process of delivering decent human settlements.

A joint effort is being made by all spheres of government to fast track the chronic infrastructure backlogs. Over the 2013 MTEF, the provincial government will place greater emphasis on the need to augment support provided to municipalities to aid basic service delivery. The Department of Local Government and Traditional Affairs (DLGTA) is in the process of implementing a monitoring framework for local government to drive the programmes of all municipalities.

Education

Figure 1.2 Qualifications of People older than 20 Years



Source: StatsSA Census 2011

A profile of the levels of academic qualifications of the population indicates that only 29 per cent of the population is in possession of a matric qualification or higher, which is often the entry requirement for formal employment. Those without any schooling represent more than 10 per cent of the population. The bulk of the population (60 per cent) have up to secondary school education.

In 2012, the provincial matric pass rate improved from 58.1 per cent in 2011 to 61.6 per cent. The province continues to experience high drop-out rates particularly between grades 10 and 11, at rates of between 20 and 31 per cent. The provincial Department of Education (DoE) is putting considerable effort into addressing the challenges faced by education over a 3 – 5 year programme as outlined in its Turnaround Plan (TAP).

1.4 Economic Indicators

Realising economic growth that brings about job creation remains a significant challenge in the province and South Africa where employment remains skewed by skills, gender and race. The economy of the EC is characterised by the increased importance of the secondary and tertiary sectors which utilise skilled labour whilst the labour supply is dominated by the semi-skilled and unskilled. Unemployment remains a significant challenge and is above the national average, registering at 29.8 per cent in Q4 of 2012, a rise from 27.1 per cent in Q4 of 2011. The secondary and tertiary sectors continue to be drivers of employment whilst jobs were lost in the primary sector.

Structure of the economy

The 2006 ECSAM indicates that the economy of the Eastern Cape is driven by the tertiary sector which accounts for 60 per cent of provincial output, the biggest driver of this sector is general government services. In an effort to revive commercial agriculture in the province the Department of Rural Development and Agrarian Reform has established the EC Rural Development Agency (ECRDA). The ECRDA is tasked with the implementation of strategic high impact projects through the establishment of irrigation schemes, silo refurbishment and dry land cropping at various sites around the province.

Provincial Gross Domestic Product (GDP_R)

Economic conditions in the EC have remained subdued in recent years and these are expected to prevail for the foreseeable future. For 2011 real economic growth, for the provincial economy was 3.4 percent which was slightly below the revised national rate of 3.5 percent for the same year.

During 2012, national economic growth is estimated to have slowed down to 2.5 percent. However, for 2013 – 2015, the national economy is forecasted to recover slightly, with expected growth rates of 3; 3.8 and 4.1 respectively. Supporting this recovery will be an expansion in public sector investment in infrastructure, the activation of new electricity-generating capacity, improving private sector confidence, relatively low inflation and interest rates, and the strong growth in the southern African regions (*National Treasury MTBPS 2012*).

Given that for the past 10 to 15 years, the provincial economy has mostly underperformed relative to the national average and the anticipated recovery of the provincial economy is expected to be moderate. Table 1.3 below highlights provincial GDP growth rates by sector from 2010 to 2012.

Table 1.3 Eastern Cape GDP Growths per Sector

Industry	2010	2011	2012q1	2012q2	2012q3	2012q4	2012
Agriculture, forestry and fishing	1.4	-0.4	3.0	5.8	4.6	6.2	0.3
Mining and quarrying	6.2	0.5	-26.2	64.9	-22.3	-16.7	-5.1
Manufacturing	4.1	4.2	6.7	-0.9	1.3	5.3	3.1
Electricity and water	0.7	0.7	-0.3	-1.6	0.6	-0.8	-0.5
Construction	-1.4	0.3	5.3	3.5	3.4	0.2	2.9
Wholesale & retail trade; hotels & restaurants	3.8	3.9	1.9	1.6	1.0	0.9	2.6
Transport and communication	1.6	2.9	1.9	1.8	0.9	1.6	2.0
Finance, real estate and business services	1.4	3.3	3.6	1.7	1.4	2.3	2.7
Community, social and other personal services	0.6	2.5	1.4	1.8	2.0	2.4	2.0
General government services	3.0	4.0	1.7	2.3	2.5	2.4	3.0
All industries at basic prices	2.4	3.4	3.1	1.5	1.7	2.6	2.6
Taxes less subsidies on products	3.0	3.8	2.3	4.9	2.3	1.8	3.1
GDPR at market prices	2.4	3.4	3.0	1.9	1.7	2.5	2.7

Source: Quantec Research 2013

As can be seen in Table 1.3 above, in 2012 the EC economy grew at an annual rate of 2.7 per cent. However, when compared to 2011, the regional economy did not perform as well, recording a decrease in economic growth from 3.4 per cent in 2011. The Q1 and Q4 of 2012 were the two

quarters in which the provincial economy performed reasonably well, recording growth rates of 3 per cent and 2.5 per cent per quarter annualised, respectively.

Despite these modest gains some sectors of the provincial economy managed to perform above average and these included Manufacturing, General Government Services, and Construction. Provincial manufacturing which is mainly dominated by the auto industry posted a positive growth of 6.7 per cent and 5.3 per cent, especially in Q1 and Q4 of 2012, respectively. For the whole of 2012 manufacturing recorded an average growth rate of 3.1 per cent. Some of the reasons for the sector's poor performance during Q2 and Q3 of 2012 included poor growth in manufactured exports and low domestic sales of new vehicles.

Unemployment

Between 2001 and 2008, there was a general drop in unemployment recorded in all provinces, with the EC showing a 16.9 per cent improvement over the period. This positive trajectory was however adversely affected by the global economic crisis which began in 2007.

The province's growth in overall economic output has not been matched by employment creation; conversely total employment has deteriorated, leading to jobless growth. This signals a need to carefully consider the need to target industries with high employment multipliers in order to absorb the abundant unskilled and semi-skilled labour in the province.

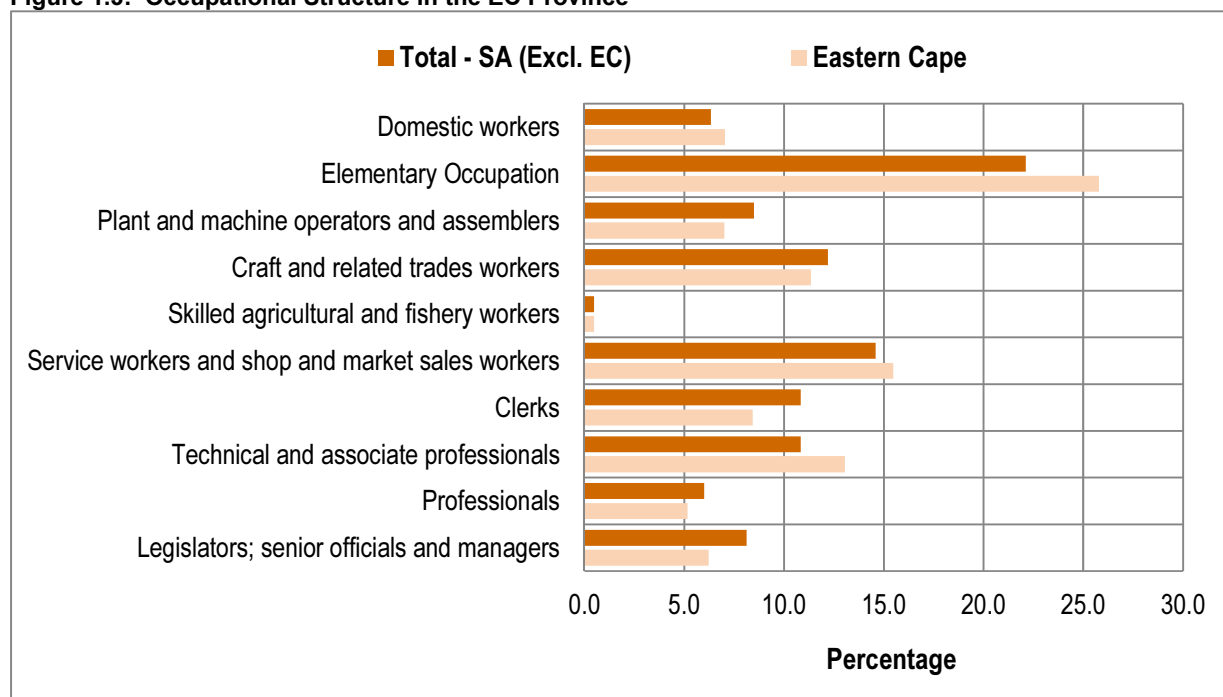
According to the StatsSA Quarterly Labour Force Survey (QLFS) for Q4 of 2012, the EC experienced a "bloodbath" of job losses. The province is said to have lost approximately 69 000 jobs in Q4 of 2012. The main sectors that contributed to the huge job shedding during the said period were Trade (29 000); Community and Social (28 000); Finance (14 000) and Construction (12 000).

Recent excessive wage demands in the form of national mine and agricultural labour strikes are bound to further negatively impact on job creation in the primary sectors. The impending mine worker retrenchments will also exacerbate unemployment levels.

In response to the labour market conditions, the EC provincial government has implemented the Provincial Jobs Strategy which aims to foster job creation and retention with a particular focus on agriculture, manufacturing and skills development.

Employment Structure and Income Distribution in the Eastern Cape

Figure 1.3: Occupational Structure in the EC Province



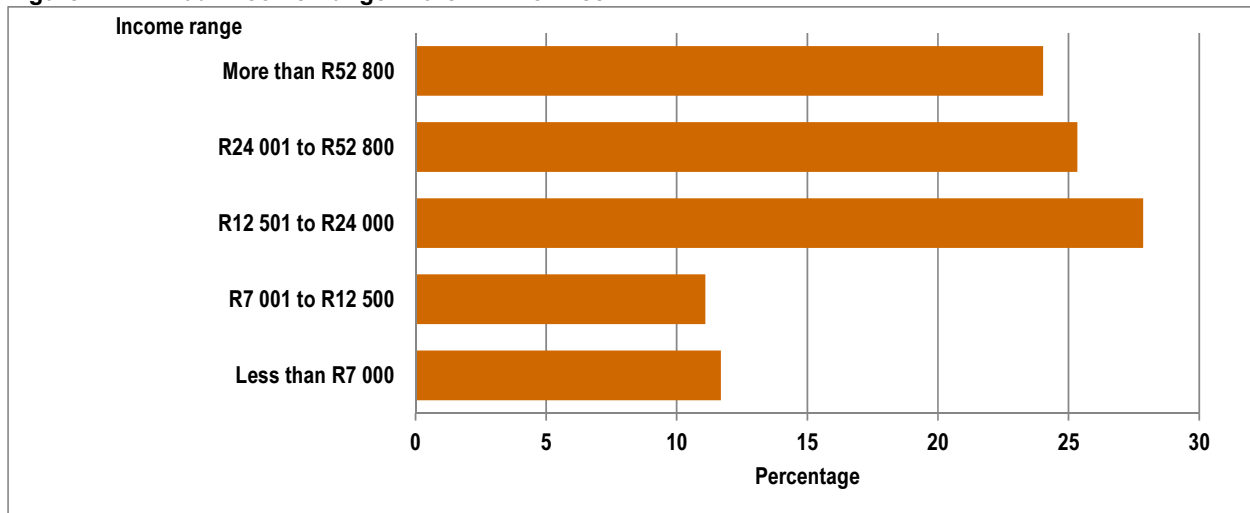
Source: Stats SA QLFS 2012

As it can be seen from Figure 1.3 above, a significant proportion of workers in the province occupy elementary positions (23 per cent). The service workers account for the next biggest share of the employed at 14 per cent. The skilled agricultural and fishery workers form only a very small percentage of the employed, whilst the province has a competitive advantage in the area of agriculture. Professional positions also only form a small percentage of the occupational structure.

In summary, it is clear that the economy has not created sufficient employment opportunities for many of the province's people. Creating more and better jobs must lie at the heart of any strategy to fight poverty, reduce inequality and address rural underdevelopment.

Further to this is the fact that in 2012, approximately 27 per cent of the provincially employed population earned between R1 041 – R2 000 per month, whilst people employed in the informal sectors of agriculture and domestic work were earning less than R1 000 per month (*Refer to Figure 1.4 below*).

Figure 1.4: Annual Income Range in the EC Province



Source: GHS, StatsSA 2012

Strategic Developmental Initiatives

The challenge of entrenching sustainable and equitable economic growth that transforms economic outcomes particularly for the disadvantaged and marginalised remains. This is of great consequence in the province as it is vast and largely rural with persisting high levels of poverty. Economic planning needs to be cognisant of spatial considerations that enhance the latent potential of the province. Thus, economic planning has to be driven by an over-arching provincial strategy that is inclusive of the municipalities and departmental programmes feeding an integrated approach that drives the developmental agenda.

The duality of the economy presents a significant challenge in the advancement of industrialisation which remains a priority in the provincial strategy; whilst the labour force is largely semi-skilled and unskilled. Thus, economic growth led by industrialisation may not realise increased labour absorption capacity unless planning and strategy aligns skills and education initiatives that meet the demands of industry. Whilst industrialisation is vital, the rural economy and primary production cannot continue to be marginalised if strategy is to be effective as it has the potential to integrate the rural masses into productive activity and alleviate poverty. This is of importance in ensuring that primary agricultural activity moves away from subsistence to commercial activity in order to ensure the equitable distribution of the value chain between primary production and agro processing.

1.5 Conclusion

The above chapter provided an overview of the socio-economic realities facing communities living within the province and thereby outlines key challenges that this government needs to respond to. The social challenges include amongst others: less than optimal education outcomes and relative skills shortages; sub-optimal health status; and youth unemployment. These are all in addition to the challenges posed by the current uncertain economic environment.

The reality of the economic environment calls for increasing the efficiency of public services as well as for fiscal consolidation. In crafting the 2013 budget, the focus remains on quality spending; and reducing wasteful, inefficient and/or ineffective government expenditure whilst allocating resources to high priority areas. Reprioritisation between and within departmental baselines is critical as it strengthens the focus on core service delivery areas within the public sector. Responsible fiscal management and stewardship of the provincial economy will support and enhance vital services for the citizens of the province over difficult economic times.

The provincial administration has identified actions to create an enabling environment for business to flourish by investing in substantive infrastructure projects that will have a catalytic effect on economic growth.

The key message is to improve the performance of the province, more so now owing to the challenging economic environment through maintaining and strengthening key social services in health and education; investing in the capacity of the economy to grow through infrastructure investment; improving the efficiency and effectiveness of government expenditure; integration and co-ordination with national, local government and the private sector to improve outcomes.

2. Budget Strategy and Aggregates

2.1 Introduction

- The 2013 Budget focuses on greater financial discipline, and planned improvements in own revenue collection.
- The National Development Plan – Vision 2030 (NDP: Vision 2030) is an important overarching and cross-cutting plan for South Africa's development. Going forward, the NDP will begin to redirect much of government expenditure priorities.
- The budget contains measures to regain economic growth through improved expenditure on infrastructure conditional grants, whilst at the same time emphasising fiscal prudence.
- The 2013/14 budget includes the introduction of austerity measures.
- The social sector departments collectively continue to receive the largest portion of the budget as the province plans to stimulate human settlement development, education, health and social development services.
- Structural reform will continue within government to improve public sector capability and productivity.
- Improved performance of public entities is also being targeted.

The Eastern Cape (EC) economy continues to be affected by the shifting dynamics underway in the global economy, as well as by the challenges within the domestic economy, given reduced demand from traditional markets.

The 2013/14 budget strategy sets out the commitment by the EC administration to provide services that meet the needs of local communities and businesses. It sets out what the provincial administration plans to do over the forthcoming MTEF to assist and protect the most vulnerable in our society; support the economy to grow; assist local people (particularly the youth) to find meaningful work; as well as carry out the governance functions in an efficient way.

The budget strategy of the EC sets out revenue and expenditure proposals in the context of the economic outlook. The budget seeks to signal a new impetus for long-term growth, employment and development. The 2013 Budget of the province gives effect to these challenges by setting out a fiscal framework that will shift the pattern of expenditure from consumption to investment, whilst supporting the economy, strengthening infrastructure expenditure and improving the performance of the provincial administration.

The levers for change that are within the provincial administrations powers remain, expanding construction of economic and social infrastructure, enhancing economic competitiveness, moderating increases in Compensation of Employees (CoE) and consumption expenditure, sustaining investment in people and skills, supporting rural development and job creation. The budget is about growth, job creation, infrastructure investment, education and better service delivery.

The constrained economic environment and the updated data coming from the Census 2011, has put the provincial budget under pressure, whilst being confronted by a rising demand for social services. Rising inequality as a result of high unemployment only serves to fuel public anger and political instability, particularly amongst the youth, who are faced with the challenge of mass joblessness.

2.2 Aligning provincial budgets to achieve government's prescribed outcomes

In preparing their budget submissions, departments were requested to pursue cost-effective strategies for delivering the services for which they are responsible and to ensure full political endorsement of departmental plans and priorities.

Departmental programmes give effect to the full range of government's policies and commitments. Within the limits of the resources available in the fiscus, departments receive funding in keeping with government priorities, as well as the relevant policies and the requirements of national and provincial legislation.

The bulk of provincial spending goes to social services – basic education, primary health care and social welfare services. These services make up approximately 76 per cent of total provincial expenditure. The remainder of the budget goes towards the economic and governance and administration sectors respectively.

The 2013 MTEF budget for the EC province addresses some of the key social services and economic priorities as summarised below:

2.2.1 National Development Plan (NDP)

The National Development Plan – Vision 2030 (NDP: Vision 2030) is an important overarching and cross-cutting plan for South Africa's development.

The plan helps SA to chart a new course by focusing attention on the development aspects that will enable people to grasp opportunities such as education and public transport, as well as to broaden the available opportunities through economic growth and the job creation. Everything in

the plan is aimed at reducing poverty and inequality. The broad view is that government should shift the balance of spending towards programmes that help people improve their own lives and those of their children and the communities they live in.

The NDP outlines that SA will move towards **prosperity and equity** by addressing the following 9 key issues:

- Creating jobs (11 million more jobs by 2030);
- Expanding infrastructure;
- Transition to a low carbon economy;
- Transforming urban and rural spaces;
- Education and Training;
- Providing quality healthcare;
- Building a capable state;
- Fighting corruption; and
- Transformation and Unity (living the constitution).

The NDP provides an overview of national government planning for the next 30 years. The NDP-Vision 2030 policy framework provides a long-term planning blueprint for South Africa. It outlines the vision for dealing with inequalities, social injustice and the developmental challenges of our society leading towards a prosperous and cohesive society.

Going forward, the NDP will begin to redirect much of government expenditure priorities.

2.2.2 Dealing with Compensation of Employee (CoE) Pressures

Measures to contain growth in Compensation of Employees (CoE)

- Moratorium on the appointment of support personnel.
- Departments to remain within their allocated budgets and not over spend as a result of CoE. It is illegal to over spend on voted funds.
- Improving workforce management by reducing staffing that is not core through natural attrition and retirements.
- Improving the alignment of staff resourcing with work demands / functional structures.
- Provincial Planning and Treasury (PPT) to establish a management unit responsible for personnel monitoring, modelling and costing. Actual headcount and location will be verified with PERSAL on a quarterly basis.
- An institutionalised administration system for payrolls and personnel data will be implemented in each department.

Strict management of personnel is required within all provincial departments, particularly in the departments of Health and Education as the way in which personnel is managed in these departments can have a dramatic impact on the overall fiscal position of the province.

As provincial over-spending is largely attributable to CoE, it has become a cause for concern. PPT has identified the need to establish a unit responsible for personnel monitoring, modeling and costing within its department, as a way of managing the medium term personnel status of provincial departments.

Over the 2013 MTEF further revisions to departmental baselines has been effected ensuring:

- A 2 per cent reduction in the all CoE indicative baselines over the 2013 MTEF; and
- The savings from the provincial baseline reductions will be utilised to build a resource base to boost economic growth in the province as well as to cushion the province against the risk of a fiscal cliff beyond the 2015/16 financial year when the full impact of the baseline reductions come into effect (*impact of Census 2011 data updates*), as they will no longer be covered by National transfers.
- The departments of Health; Legislature and the Office of the Premier are exempted from these baseline reductions.

2.2.3 Measures to minimise the impact of National and Provincial Baseline Reductions

- The introduction of strict provincial austerity measures that will ensure the shifting of budget expenditure within departments from consumption items to core service delivery items;
- Provincial departments to complete their personnel headcount and verification by 31 December 2013;
- Effective and proper sick leave management by departments, including dealing with incapacity and other related cases; and
- Departments to revisit their service delivery models and streamline the duplication of functions and support staff.

2.2.4 High Impact Projects

The Presidential Infrastructure Coordinating Committee (PICC) assigned selected State Owned Enterprises (SOEs) to lead and monitor the implementation of 17 Strategic Integrated Projects (SIPs). The EC province stands to benefit from 5 of these 17 SIP's.

Table 2.1: Key Infrastructure Programmes and Projects in the EC

Cluster	Project Details
Cluster 1	Manganese Sinter & Smelter
Cluster II	Transshipment Hub & Manganese Rail
Cluster III	N2 Wild Coast Highway; Mthatha Airport; Mthatha Bridge and Nelson Mandela Legacy Bridge
Cluster IV	Power Transmission and Distribution, incl. Umzimvubu Hydropower Component
Cluster V	Umzimvubu Dam and associated irrigation system and initially Mthombo Refinery

Source: DEDEAT 2012

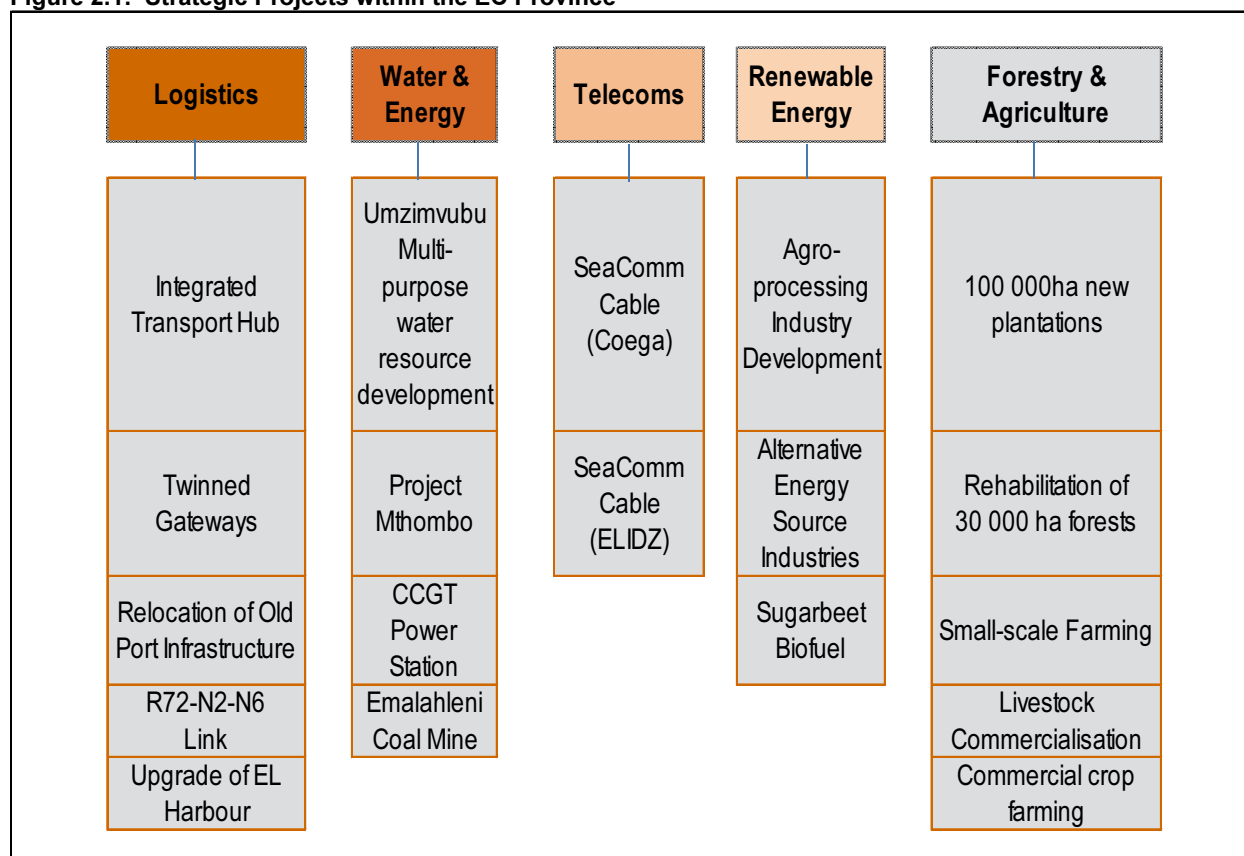
Figure 2.1 below further outlines the provinces strategic projects. The high impact or strategic projects within the province are clustered into: Logistics; Water and Energy; Telecommunications; Renewable Energy; and Forestry and Agriculture. These projects are geographically spread across the province. The main goal of developing and agreeing on the Strategic Projects is to reverse the provincial economic development dichotomy by:

- Diversifying the agricultural base;
- Protecting existing jobs;
- Increasing Productivity;
- Strengthening linkages between productive rural areas and national and global markets;
- Building on existing comparative and competitive advantages in the priority sectors as outlined in the Provincial Industrial Development Strategy (PIDS); and
- Building long term capabilities in green industries, Original Equipment Manufacturers (OEMs), rail industry, etc.

Successful implementation of these projects will address the following:

- Jobless growth trajectory over the past two decades;
- Strengthen renewed efforts aimed at placing South Africa, and thus the EC province, on a new growth path; and
- Serve as an expansionary macro-economic approach that is required to address structural and developmental backlogs.

Figure 2.1: Strategic Projects within the EC Province



Source: DEDEAT 2012

The Provincial Industrial Development Strategy (PIDS) presents the EC framework and a broad approach to industrialisation. PIDS sets out deliberate government efforts to alter the structure and distribution of industrial activity to promote economic growth and development. Its vision is “a state led industrialisation path towards a robust, resilient and sustainable industrial base by 2025”. The strategic imperatives of the PIDS are economic growth, labour absorption and job retention. Within the framework of the PIDS, the province has identified priority sectors based on comparative and competitive advantage, and available natural resources. These sectors and priority projects are outlined in the Integrated Development Plans (IDPs) and Local Economic Development strategy (LEDs) of all municipalities.

Industries and sectors to be targeted include those that have been identified as exhibiting the following features:

- High labour absorption potential;
- High potential to address rural development;
- High growth potential; and
- Climate change mitigation or adaptation.

2.2.5 Creating Opportunities for Job Creation and Growth

In response to high unemployment, the province recognises that economic growth is the foundation for development. Unemployment will be addressed and poverty reduced through

creating an investor and growth friendly environment; providing demand led, private sector driven support to growth sectors; and developing the skills required by the growth sector capitalising on labour absorption through amongst others, the Expanded Public Works Programme (EPWP) and Jobs fund, albeit of a temporary nature to cushion the effects of unemployment. The provincial strategic objective of creating opportunities for growth and development in rural areas is to contribute to this goal. With the increased focus on agricultural sector development, substantially large portions of the unemployed population (particularly the unskilled and semi-skilled labour force) would be absorbed into the formal economy.

In dealing with the unemployment problem the EC Provincial Jobs and Industrial Strategies have since been formulated and these will serve to provide the critical platform for enhancing the competitiveness of the provincial productive sectors.

To address the high unemployment rate in the province requires a sustained focus on facilitating access to skills development and opportunities for self-employment. The EPWP has continued to make significant contributions to the creation of employment and skills opportunities for many poor people, including youth, women and people with disabilities.

The Department of Roads and Public Works (DRPW) will continue to prioritise job creation and skills development for the youth over the 2013 MTEF. Increased employment of the youth will be prioritised through the Provincial Roads Maintenance Grant (S'hamba Sonke). The department's job creation strategy aims to create work opportunities in both the buildings and roads branches of the department, as well as increase the number of artisans. Training and youth empowerment programmes will result in extra household contractors receiving training, beneficiaries trained in the EPWP sectors in the province and learners will be placed in the departments' National Youth Service.

Technical support will also be provided to municipalities in implementing their EPWP. Of critical importance is the take-up of the EPWP Incentive Grant by rural municipalities.

The Jobs Strategy shows how government's activities are being ramped up to align with the New Growth Path jobs targets. Sectors and projects with job-creation potential were identified whilst quantified and disaggregated job creation targets for 2012-15 are being developed.

The strategy has five pillars:

- Retain existing jobs;
- Stimulate new jobs in priority sectors;
- Build the social economy;
- Increase the pace of provincial economic infrastructure investments in critical areas; and

- Radically improve our skills development processes.

2.2.6 Infrastructure Delivery Improvement

Infrastructure remains the greatest stimulus to the province. Provincial Planning and Treasury (PPT) will continue to support departments through the Infrastructure Delivery Management System (IDMS) and other interventions to improve expenditure and delivery of infrastructure.

As a key driver for employment and economic growth the provincial government will prioritise infrastructure delivery in the medium to long-term. For the province, challenges in public infrastructure delivery have mainly been around lack of proper planning and inadequate spending capacity. Judicious plans are in place to ensure improvement in infrastructure delivery from 2013/14 onwards, such as the establishment of a Centralised Project Management Unit (CPMU) within the Department of Roads and Public Works (DRPW) in order to ensure improvements in expenditure trends, as well as through the Infrastructure Delivery Management System (IDMS).

The province has made a decision to establish the Centralised Project Management Unit (CPMU), in the 2013/14 financial year, within the DRPW, although the capacity is still being built in order to ensure delivery is accelerated. This will ensure that DRPW fulfils its function as the nerve centre for public infrastructure delivery in the province.

2.2.7 Other Fiscal Strategies

- The province should focus on the creation and support of new Small Medium and Micro Enterprises (SMMEs), as research as well as the National Development Plan indicates that these industries are the future employment creators.
- The provincial government should commit to paying its suppliers within the stipulated 30 day period as a way of reducing the risk of suppliers inflating their prices when conducting business with government as a way of buffering against the extended delay in receiving payment.
- The province must build on its heritage as way of attracting greater tourism to its shores with the establishment of the Heritage Route that includes the town of Qunu in the OR Tambo district. This programme seeks to highlight the province as the “Home of Legends”.
- Small town revitalisation should address imbalances of the past to address economic marginalisation and spatial deficiencies in the South African socio-economic system.
- Capability Building in the Public Sector: A capable state is an essential pre-condition for the provinces developmental agenda. The market cannot resolve all of the provinces challenges; many require direct intervention by an effective government that delivers public goods of high quality – education, health services, social and economic infrastructure. For this there needs to be uniformity of effort and competence across the entire public service.

2.3 Summary of Budget Aggregates

Table 2.2 Provincial Budget Summary

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
R' 000	Audited			Main appropriati on	Adjusted appropriati on	Revised estimate	Medium-term estimates		
Provincial receipts									
Transfer receipts from national	42 067 735	48 466 331	53 485 911	56 625 592	57 259 538	56 963 818	59 625 737	60 869 986	64 053 861
Equitable share	37 314 768	41 022 154	44 644 170	46 940 272	47 559 888	47 559 888	50 164 506	52 337 533	54 611 258
Conditional grants	4 752 967	7 444 177	8 841 741	9 685 320	9 699 650	9 403 930	9 461 231	8 532 453	9 442 603
Provincial own receipts	765 529	747 565	845 876	774 477	774 478	899 331	836 061	897 914	968 080
Total provincial receipts	42 833 264	49 213 896	54 331 787	57 400 069	58 034 016	57 863 149	60 461 798	61 767 900	65 021 941
Provincial payments									
Current payments	36 853 949	40 382 871	43 195 879	45 425 860	47 041 610	47 531 435	48 112 272	50 545 245	53 042 227
Transfers and subsidies	5 537 868	5 699 022	7 026 853	7 661 533	7 451 269	7 158 055	7 800 828	6 774 477	6 973 380
Payments for capital assets	3 234 687	2 230 114	3 471 181	3 112 387	2 898 688	2 879 272	3 344 775	3 218 698	3 877 218
Payments for financial assets	24 504	21 974	45 123	5 025	5 025	5 207	300	320	388
Total provincial payments	45 651 008	48 333 981	53 739 036	56 204 804	57 396 592	57 573 969	59 258 176	60 538 740	63 893 213
Less: Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected in s22(1) of the PFMA]	279	371	4 784	325	325	1 319	340	351	367
Total	45 650 729	48 333 610	53 734 252	56 204 479	57 396 267	57 572 650	59 257 836	60 538 389	63 892 847
Surplus / (deficit) before financing	(2 817 744)	879 915	592 751	1 195 265	637 423	289 180	1 203 621	1 229 161	1 128 728
Financing									
Provincial rollovers	-	-	71 426		44 491	44 491	-	-	-
National rollovers	-	-	823 050		217 744	217 744	-	-	-
Previous years surplus	-	-	-		-	-	-	-	-
Other	205 254	602 588	132 948		295 606	295 606	(49 636)	(100 598)	(146 653)
Surplus / (deficit) after financin	(2 612 490)	1 482 503	1 620 175	1 195 265	1 195 264	847 021	1 153 985	1 128 563	982 075

* 'Other' in the 2013 MTEF (-49636, -100598 & -146653 relates to the national 1%, 2% & 3% baseline cuts on the unallocated portion of the Equitable Share.

Source: Provincial Planning and Treasury Database 2013/14

2.3.1 Notes on the Equitable Share Allocations

A total of R5.8 billion is allocated to the province in the ES allocation over the 2013 MTEF for the following specific priorities:

2.3.1.1 Personnel adjustments

The fiscal framework makes available funding to cover the carry-through costs of the current wage agreement (of 2012). Government and labour agreed to a multi-year agreement which covers the period 2012/13 up to 2014/15. An amount of R3.8 billion is provided over the MTEF (R965.1 million in 2013/14; R1.2 billion in 2014/15 and R1.6 billion in 2015/16) for Improvement in Conditions of Service (ICS) adjustments. Total adjustments to the provincial equitable share cover the full cost of the wage agreement (i.e. cost of living adjustments, housing allowance, qualification bonuses and long service recognition cash rewards) but doesn't make provision for growth in personnel numbers in the different sectors.

Going forward, employment of personnel should strictly only be considered in areas where critical skills are required, and only when properly motivated in terms of performance improvements.

The EC will realise a saving of R727.1 million over the MTEF as a result of the reduction in the baselines of all provincial departments. The 1 per cent saving in 2013/14 equates to R116.8 million; 2 per cent in 2014/15 equates R241.7 million and the 3 per cent cut in 2015/16 equates to R368.7 million.

2.3.1.2 Phasing-in of the Devolution of Property Rate Funds Grant into the Equitable Share (ES)

As from 1 April 2013 the grant will be absorbed into the provincial equitable share allocation. Property rates are part of the municipal charges paid by residents, businesses and government, and as such they should form part of the equitable share funded obligations of provincial governments. An amount of R668.7 million will be allocated over the 2013 MTEF to DRPW for this purpose. This is allocated as R211.5 million in 2013/14; R223.5 million in 2014/15 and R233.7 million in 2015/16.

2.3.1.3 Provision for 2011 Census impact

For the 2013 MTEF, the provincial equitable share formula has been updated at a national level with population data from the 2011 Census with implications to the total equitable allocations for provinces over the MTEF. This has resulted in the province receiving a reduced allocation due to the 2011 Census results. The adjustments to the provincial baseline is R720.9 million in 2013/14; R1.5 billion in 2014/15 and R2.9 billion in 2015/16. The province thus loses a cumulative amount of R5.1 billion over the MTEF from its ES allocation.

Consideration was given to the fact that sufficient time needs to be given to provinces with reduced populations to adjust to smaller budgets. An addition of R1.3 billion is made available over the MTEF (R185.9 million in 2013/14; R421.2 in 2014/15 and R685.6 million in 2015/16) to cushion the impact of phasing in the new census data. A further R299.6 million in support is extended to the province in the 2015/16 financial year. It should be noted that these amounts will only provide relief in the 2013 MTEF and that from 2016/17 the provincial ES will be allocated solely through the formula with no additions to support provinces with declining shares. This means that provinces must use the three years of support provided to adjust to their new baselines.

2.4 Financing

Surplus

The province is tabling a surplus budget over the 2013 MTEF. The amounts that remain unallocated are R1.2 billion in 2013/14; R1.1 billion in 2014/15 and R982 million in 2015/16.

The surplus was mainly derived from the 2 per cent top-slicing from baselines in an effort to shift spending towards economic investments. The funds will be accessed through the submission of business plans that meet the requirement for economic growth and job creation as determined by the Provincial Planning and Treasury.

As a cautionary stance, it is also important to maintain some buffer against negative fiscal shocks that the province might experience in the forthcoming financial years, particularly as it relates to Compensation of Employees (CoE) or to fund accumulated unauthorised expenditure that is in the Paymaster General Accounts in the big departments such as Health and Education.

2.5 Conclusion

The challenges of both the global economy and domestic events such as labour unrest have resulted in a wider current account deficit. Added to these challenges are moderate domestic economic growth and elevated levels of public debt. The challenges at hand require government to apply fiscal consolidation as the most fundamental basis of the 2013/14 budget. As announced in the *2012 Medium Term Budget Policy Statement (MTBPS)*, government will limit spending and increase efficiency of existing allocations in the medium term until economic growth gathers pace and the budget deficit is projected to narrow.

In the light of the constrained fiscal environment, a conscious policy effort is required by government to live within its means and thereby bring down the fiscal deficit and public debt. It includes, among other things, efforts to raise revenues and bring down wasteful expenditure. As a larger mandate, it also involves the participation by all provincial departments' in the process.

It is therefore incumbent upon the EC government to maintain and improve good governance, improve management practices in support of greater efficiency, value for money, collaboration, synergy and improved accountability within departments and entities.

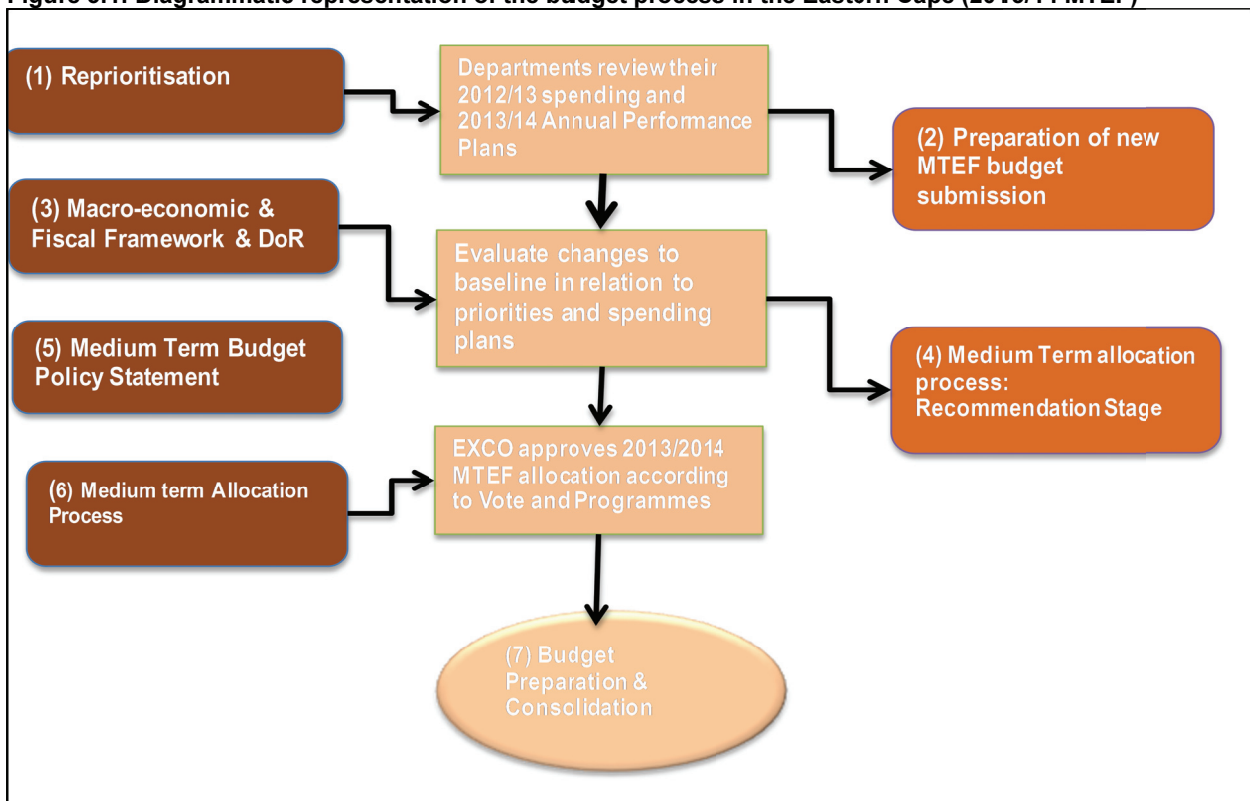
As government, we have an allegiance to the people of the province, particularly the most vulnerable in our society. For this reason, service delivery levels have to be maintained and improved, irrespective of the economic challenges faced.

3. Budget Process and the Medium-Term Expenditure Framework

3.1 Planning and budgeting for 2013/14 MTEF

In preparation for the 2013/14, the first budget submission and the medium-term expenditure committee (MTEC) hearings, departments were strongly advised to ensure that their 2013/14 budgets are aligned to government's strategic policy priorities for the electoral cycle as indicated in the medium-term strategic framework, programme of action, Apex priorities, the President's 12 outcomes. These are further crystalised in the President's State of the Nation Address (SONA) and the Premier's 2013 State of the Province Address (SOPA).

Figure 3.1: Diagrammatic representation of the budget process in the Eastern Cape (2013/14 MTEF)



Source: Provincial Planning & Treasury: Budget Process

3.2 Strategic and annual performance plans: May- August

At the beginning of every new electoral cycle, departments are required to prepare 5 - year strategic plans to reflect government's strategic thrust for the electoral cycle and a three-year annual performance plan.

The provincial strategic planning Lekgotla, which outlines the strategic thrust over the MTEF, took place in the first week of June 2012. The Lekgotla sets the tone for departmental strategic retreats which were convened towards the end of June.

3.3 Treasury Guideline Workshop: July

To usher in the provincial budget process, the provincial Budget process review work is held in April. This workshop looks at the challenges encountered in the last budget process and tries to solicit innovative mechanisms or methods that can assist improve the current process. This was followed by the provincial budget format guideline workshop which was held on 21 July 2012. At the workshop, the global, national and provincial macro-economic prospects which impacts of the fiscal framework and the provincial budget format guidelines were communicated to departments. At the workshop, the provincial budget process schedule with timeframes and key deliverables was tabled and interrogated by the departmental officials.

3.4 First Budget Submission: August

Provincial Planning and Treasury issued the first budget circular in June which required departments to prepare and submit their first budget submission on or before 19 August 2012.

3.5 Medium-term expenditure committee (MTEC) hearing: September-October

As part of the stake-holders engagement on the budget preparation, the Medium-Term Expenditure Committee (MTEC) Hearings which offers provincial departments and their affiliated public entities the opportunity to outline the policy priorities underpinning their budgets and bid for additional funding for the implementation of new projects or for the up-scaling of existing projects were held between September and October. The terms of reference for the 2012/13 MTEC Hearings included the following:

- Financial and non –financial performance of the departments in the current and previous financial years.
- Evidence of reprioritisation within baseline to meet cost pressures.
- Policy priorities to be implemented in the 2013/14 MTEF period.
- Summary of requests for additional funding.
- Departmental initiatives to improve supply chain management and Audit outcomes.

- Personnel numbers and budget thereof, approved organogram structure and structure in persal and persal clean up.

The recommendations of the MTEC Hearings informed the proposed allocation of resources for the adjusted appropriation for the 2012/13 financial year and the main budget for the 2013/14 financial year, which were tabled and endorsed by EXCO.

3.6 The adjustments appropriation - October

On receipt of national allocations for the adjustments estimates from National Treasury, allocation letters are issued to departments. For the 2012/13 financial year, the adjusted estimates of provincial revenue and expenditure were tabled in the Provincial Legislature on 27 November 2012 and were passed on 3 December 2012.

3.7 Second budget submission - December

The preliminary allocation letter for the province was issued by the National Treasury on 17 November 2012 and the province had to submit its second draft budget submission to the National Treasury on 7 December 2012. Based on the MTEC Hearings recommendations, these allocations were limited to the additional equitable share funding received from the National Treasury and provincial allocation. The database incorporating the changes in conditional grant allocations to the province was sent to National Treasury on 21 December 2012.

3.8 Benchmark exercises – January

On 13 January 2013, final allocation proposals were tabled at CBC for consideration and approval. The proposals, endorsed by CBC, were communicated to the departments through the revised allocation letters on 24 January 2013. Departments were required to submit their final draft budget submission especially the revised database to Provincial Treasury on 25 January 2013.

This year's benchmark exercise with the National Treasury was held on 17 January 2013. The National Treasury raised particular concerns about the credibility of the budgets of the Departments of Education and Health because of the inadequacy of the allocations for compensation of employees, the abnormal growth in the administration programmes of some departments and two provincial departments were identified as not complying to the sector agreed budget and programme structures.

3.9 Final budget submission - February

After the benchmarking exercise, the province embarked on an exercise to correct all the anomalies highlighted during the benchmarking exercise through interactive discussions with line departments. After the budget council meeting of 7 February 2013, departments, affected by additional allocations, were issued with final allocation letters after EXCO endorsed the proposal on the additional allocation.

3.10 Conclusion

In short, the provincial budget preparation process is a consultative process that takes place between the EXCO, Provincial Treasury and provincial departments, National Treasury, Budget Council, Financial and Fiscal Commission (FFC) and Provincial Treasury, through interactive meetings, workshops and seminars at national and provincial levels.

4. Receipts

4.1 Overall Position

Table 4.1 below reflects the 2013 MTEF provincial fiscal framework which provides for a total fiscal envelope of R60.5 billion in the 2013/14 financial year. The fiscal framework is made up of national transfers consisting of provincial equitable share (ES) and conditional grants, as well as provincial own receipts. The national transfers grow at a nominal rate of 4.1 per cent from the 2012/13 Adjusted Appropriation. The provincial fiscal envelope totals R187.3 billion over the 2013 MTEF, with transfers from national government making up R184.5 billion or 98.6 per cent and provincial own receipts making up R2.7 billion or 1.4 per cent. The ES increases at a lower annual average rate of 4.7 per cent (5.4 per cent in 2012 MTEF) and conditional grant transfers decrease nominally at an annual average rate of 0.9 per cent (6.7 per cent in 2012 MTEF) over the 2013 MTEF.

Table 4.1: Summary of provincial receipts

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Transfer receipts from national									
Equitable share	37 314 768	41 022 154	44 644 170	46 940 272	47 559 888	47 559 888	50 164 506	52 337 533	54 611 258
Conditional grants	4 752 967	7 444 177	8 841 741	9 685 320	9 699 650	9 403 930	9 461 231	8 532 453	9 442 603
Total receipts from National	42 067 735	48 466 331	53 485 911	56 625 592	57 259 538	56 963 818	59 625 737	60 869 986	64 053 861
Provincial own receipts									
Tax receipts	422 138	428 859	469 282	512 575	512 575	507 024	553 194	597 089	649 830
Casino taxes	81 793	85 533	112 949	106 000	106 000	86 228	98 360	104 102	115 688
Horse racing taxes	7 541	6 564	7 299	6 393	6 393	20 614	20 777	22 184	23 542
Liquor licences	4 462	4 798	2 507	5 600	5 600	5 600	5 936	6 292	6 606
Motor vehicle licences	328 342	331 964	346 527	394 582	394 582	394 582	428 121	464 511	503 994
Sales of goods and services other than capital assets	136 176	156 164	157 614	155 881	156 488	176 635	172 101	181 982	189 877
Transfers received	-	50	4 018	36	-	-	-	-	-
Fines, penalties and forfeits	6 727	7 298	7 080	8 341	10 267	10 871	11 065	12 230	13 512
Interest, dividends and rent on land	142 142	97 353	112 122	75 082	73 092	140 004	76 563	80 405	88 383
Sales of capital assets	4 703	8 493	3 284	15 385	376	716	413	419	425
Transactions in financial assets and liabilities	53 643	49 349	92 476	7 177	21 679	64 081	22 725	25 790	26 053
Total provincial own receipts	765 529	747 565	845 876	774 477	774 478	899 331	836 061	897 914	968 080
Total provincial receipts	42 833 264	49 213 896	54 331 787	57 400 069	58 034 016	57 863 149	60 461 798	61 767 900	65 021 941

Source: 2013/14 NT Database final submission

The percentage share of provincial own revenue in relation to the total provincial receipts is decreasing from 1.5 per cent in 2012/13 to 1.4 per cent in the 2013/14. Table 4.1 shows tax receipts which are mainly made up of motor vehicle licence (MVL) fees is increasing significantly as the department increases its MVL fees tariffs at a high level in line with the national requirement

to standardise of MVL fees across provinces. The Department of Economic Development, Environmental Affairs and Tourism contributes significantly to provincial own receipts by means of the collection of gambling and betting taxes. Casino taxes increase by 14.1 per cent in 2013/14 when compared to the 2012/13 projected outcome. *Sale of goods and services other than capital assets* consists mainly of patient fees which are collected by the Department of Health. Interest, dividends and rent on land also make up a substantial portion of own receipts due to interest that is earned on positive bank balances of the provincial bank account held by the Provincial Treasury.

Table 4.2: Analysis of provincial receipts

	Audited outcome			Revised estimate	Medium-term estimates			Average annual growth	
	2009/10	2010/11	2011/12		2013/14	2014/15	2015/16	2009/10 - 2012/13	2012/13 - 2015/16
Transfer receipts from national	98.2	98.5	98.4	98.4	98.6	98.5	98.5		
Equitable share	87.1	83.4	82.2	82.2	83.0	84.7	84.0		
Conditional grants	11.1	15.1	16.3	16.3	15.6	13.8	14.5		
Provincial own receipts	1.8	1.5	1.6	1.6	1.4	1.5	1.5		
Total provincial receipts	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
Nominal growth (%)									
Transfer receipts from national		15.2	10.4	6.5	4.7	2.1	5.2	10.6	4.0
Equitable share		9.9	8.8	6.5	5.5	4.3	4.3	8.4	4.7
Conditional grants		56.6	18.8	6.4	0.6	(9.8)	10.7	25.5	0.1
Provincial own receipts		(2.3)	13.2	6.3	(7.0)	7.4	7.8	5.5	2.5
Total provincial receipts		14.9	10.4	6.5	4.5	2.2	5.3	10.5	4.0
Real growth (%)									
Transfer receipts from national		11.0	4.5	0.8	(0.6)	(2.8)	0.3	5.3	(1.1)
Equitable share		5.9	3.1	0.8	0.1	(0.7)	(0.5)	3.2	(0.4)
Conditional grants		50.8	12.5	0.6	(4.5)	(14.2)	5.5	19.5	(4.7)
Provincial own receipts		(5.9)	7.2	0.6	(11.8)	2.2	2.8	0.5	(2.5)
Total provincial receipts		10.7	4.6	0.8	(0.8)	(2.8)	0.4	5.3	(1.1)

Source: Provincial Planning and Treasury Database 2013/14

The 2012/13 Adjusted Appropriation shows provincial receipts of R58 billion, which is an increase of 6.8 per cent when compared to the 2011/12 receipts of R54.3 billion. While total projected receipts are expected to rise to R65 billion in 2015/16, the average annual growth rate decreases by 1.1 per cent in real terms from the 2012/13 Revised Estimate over the same period (see table 4.2). This can be attributed to the bulk of national transfers, decreasing in real terms in 2013/14; equitable share increases by 0.1 per cent, conditional grants decrease by 4.4 per cent and own receipts decrease by 10.8 per cent. Equitable share and Provincial own receipts decrease in real terms over the MTEF by 0.4 per cent and 2.1 per cent respectively. The negative growth of Provincial own receipts is due to the once-off collection of revenue that is reflected in 2012/13, but such collections are not included in the MTEF.

4.2 Equitable Share

The provincial equitable share (ES) is constitutionally established which enables provinces to deliver constitutionally mandated services or functions. The ES formula accounts for 80 per cent of transfers made to provinces and it serves to distribute funds among the nine provinces based on demographic and economic profiles. The ES formula is updated annually with new available data,

but the 2013 MTEF sees the structure of the formula remaining the same with the weights of each component remaining unchanged. The 6 weighted components are:

- An Education share (48 per cent) based on the school age cohort (5 -17 years) in public ordinary schools and school enrolment.
- A Health share (27 per cent) based on the demographic profile of the population and the relative share of case-loads in hospitals.
- A Basic share (16 per cent) according to provinces' share of the national population.
- An Institutional component (5 per cent) divided equally among the nine provinces.
- A Poverty component (3 per cent) reinforcing the redistributive bias of the formula.
- An Economic output component (1 per cent) based on GDP by region.

The allocations that are tabled in the annual Division of Revenue Act (DORA) must cover national interest, debt provision, needs of national government and emergencies, the resource allocation for basic services, developmental needs, fiscal capacity and efficiency of the provincial and local spheres, reduction of economic disparities, and promotion of stability and predictability. Provincial specific factors are further taken into account with the allocation of resources to departments.

The numbers from the 2011 Census have been considered in updating the ES formula. The Eastern Cape allocation is negatively affected by the decrease in the census numbers. The EC population decreased from 6.8 million in the 2011 mid-year estimates to 6.5 million in the 2011 Census (267 905 people). The province now constitutes 12.7 per cent of the national population from 13.5 per cent, a decrease of 0.8 per cent. The decrease in population numbers impacts negatively on the education, health, poverty and basic components.

The school age cohort of 5 – 17 years decreased from 2.2 million to 1.9 million (a reduction of 0.3 million), or from 16.6 per cent to 15 per cent (a decrease of 1.6 per cent).

The other data sets that affect the education component include school enrolment numbers from the 2012 Snap Survey from Department of Basic Education, which shows a 0.99 per cent decline. The Insured Population from the 2011 General Household Survey (GHS) shows a 0.99 per cent decline, the 2010/11 Income and Expenditure Survey from StatsSA shows a 2.2 per cent improvement, and the Primary Health Care (PHC) and the Hospital Output data from the District Health Information Survey (DHIS) shows a 0.4 per cent improvement. The GDP-R data as updated by 2010 StatsSA, shows an improvement of 0.06 per cent.

The net effect on the Health Component is a reduction in the weighted share from 14.2 per cent to 13.5 per cent (0.6 per cent).

The overall impact on the ES allocations is that the EC's weighted average share decreases from 14.9 per cent to 14.2 per cent (a reduction of 0.79 per cent). The impact will be phased in over the MTEF. The EC 2013/14 allocation is 14.9 per cent; 14.5 per cent in 2014/15 and 14.2 per cent in

2015/16. With no additions the ES allocations decrease by R720.9 million in 2013/14; R1.5 billion in 2014/15 and R2.9 billion in 2015/16.

4.3 Conditional Grants

This section focuses on revised conditional grant allocations to the province. The conditional grant framework for the 2013 MTEF comprises Schedule 4, Schedule 5 and Schedule 7 conditional grants. Schedule 4 grants specify allocations to provinces to supplement the funding of programmes or functions funded from provincial budgets. Schedule 5 conditional grants relate to specific purpose allocations that have specific responsibilities for both the transferring and the receiving officers. Schedule 7 conditional grants specify funds that are currently not allocated to specific provinces that may be released to provinces to fund disaster response within a period from three days up to three months following a declared disaster in terms of the conditions of the Disaster Management Act.

Table 4.3: Summary of Conditional Grants

Department/Grant	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Amount Received	Amount Received	Adjusted Budget	Revised Estimate	Medium Term Estimates		
Agriculture, Forestry and Fisheries	137 591	188 725	230 226	256 032	256 032	259 327	278 766
Agriculture Disaster Management Grant	4 000	-	997	2 011	2 011	2 011	-
Comprehensive Agricultural Support Programme Grant	120 364	160 004	174 985	195 198	195 198	196 512	219 055
Ilima/Lesema Projects Grant	5 000	20 000	45 000	42 000	42 000	43 981	43 845
Land Care Programme Grant Poverty Relief and Infrastructure Development	8 227	8 721	9 244	16 823	16 823	16 823	15 866
Arts and Culture	55 515	67 663	95 474	78 058	78 058	78 058	72 492
Community Library Services	55 515	67 663	95 474	78 058	78 058	78 058	72 492
Basic Education	719 004	1 248 353	1 654 510	1 864 263	1 864 263	1 864 263	2 039 195
Dinaledi Schools Grant	-	-	8 400	11 964	11 964	11 964	12 620
Education Infrastructure Grant	202 141	503 679	726 326	883 403	883 403	883 403	1 010 870
HIV and Aids (Life Skills Education) Grant	30 168	32 189	34 346	35 252	35 252	35 252	34 895
National School Nutrition Programme Grant	486 695	702 936	845 166	903 644	903 644	903 644	949 162
Technical Secondary Schools Recapitalisation Grant	-	9 549	40 272	30 000	30 000	30 000	31 648
Health	1 646 171	2 398 879	2 428 389	2 609 728	2 612 728	2 612 728	2 773 119
Comprehensive HIV and Aids Grant	401 727	864 173	864 173	1 060 852	1 060 852	1 060 852	1 273 296
Forensic Pathology Services Grant	61 214	73 506	73 506	-	-	-	-
Health Facility Revitalisation Grant	518 094	681 802	711 312	676 201	676 201	676 201	562 792
Health Infrastructure Component	279 483	299 754	300 264	258 862	258 862	258 862	216 816
Hospital Revitalisation Component	238 611	382 048	411 048	402 679	402 679	402 679	336 719
Nursing Schools and Colleges Component	-	-	-	14 660	14 660	14 660	9 257
Health Professions Training and Development Grant	151 362	170 071	170 071	178 730	178 730	178 730	188 560
World Cup Health Preparation Strategy Grant	4 345	-	-	-	-	-	-
National Health Insurance Grant	-	-	-	11 500	11 500	11 500	4 850
AFCON (Medical Emergency Services)	-	-	-	3 000	3 000	3 000	-
National Tertiary Services Grant	509 429	609 327	609 327	682 445	682 445	682 445	743 621
Higher Education and Training	555 208	634 009	688 593	699 923	699 923	699 923	296 421
Further Education and Training College Sector Grant	-	555 208	634 009	688 593	699 923	699 923	296 421
Human Settlements	504 773	1 638 146	2 234 376	2 292 859	2 292 859	1 993 238	2 523 803
Housing Disaster Relief Grant	-	-	56 700	92 853	92 853	92 853	94 172
Human Settlements Development Grant	504 773	1 638 146	2 177 676	2 200 006	2 200 006	1 900 385	2 429 631
Public Works	283 780	83 683	218 481	285 280	285 280	285 886	129 305
Devolution of Property Rate Funds Grant to Provinces	283 429	14 746	192 709	200 825	200 825	200 825	-
Expanded Public Works Programme Integrated Grant for Provinces	41 290	20 702	62 334	62 334	62 940	79 577	-
Basic Education	-	500	-	1 000	1 000	1 000	3 000
Health	-	6 012	-	1 000	1 000	1 000	3 000
Social Development And Special Programmes	-	5 074	-	-	-	-	-
Roads And Public Works	-	29 704	20 702	51 695	51 695	51 695	65 082
Rural Development And Agrarian Reform	-	-	-	4 000	4 000	4 000	550
Economic Development, Environmental Affairs And Tourism	-	-	-	1 000	1 000	1 000	550
Transport	-	-	-	2 639	2 639	2 639	3 845
Human Settlements	-	-	-	-	-	-	3 000
Sport, Recreation, Arts And Culture	-	-	-	1 000	1 000	1 606	550
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	351	27 647	5 070	22 121	22 121	22 121	49 728
Basic Education	-	-	-	-	-	-	-
Health	-	27 647	-	13 780	13 780	13 780	41 565
Social Development And Special Programmes	-	-	5 070	6 708	6 708	6 708	6 862
Sport, Recreation, Arts And Culture	351	-	-	1 633	1 633	1 633	1 301
Safety And Liaison	-	-	-	-	-	-	-
Sport and Recreation South Africa	64 765	75 838	63 570	66 056	66 056	66 056	61 334
Mass Participation Programme	64 765	75 838	63 570	66 056	66 056	66 056	61 334
Transport	1 341 368	1 187 682	1 282 706	1 544 451	1 544 451	1 544 451	1 286 796
Public Transport Operations	126 540	148 077	166 953	174 466	174 466	174 466	183 960
Overload Control	-	5 519	-	-	-	-	-
Transport Disaster Management Grant	-	-	81 667	-	-	-	-
Infrastructure Grant to Provinces	1 214 828	1 034 086	1 034 086	1 369 985	1 369 985	1 369 985	1 102 836
National Treasury	-	-	-	-	-	-	-
Total National Conditional Grants	4 752 967	7 444 177	8 841 741	9 685 320	9 699 650	9 403 930	9 461 231

Source: Provincial Planning and Treasury Database 2013

Table 4.3 above depicts the provincial conditional grants framework for the period 2009/10 to 2015/16. The total conditional grant budget is expected to grow from R4.8 billion in 2009/10 to R9.4 billion in 2015/16. Over the medium term, a total budget of R27.5 billion is estimated thus representing negative annual average growth rate of 0.9 per cent from the 2012/13 Adjusted Appropriation to 2015/16.

4.3.1 Revised allocations to existing conditional grants

Some of the main drivers of growth over the 2013/13 MTEF conditional grant framework are:

- The Department of Education's allocation shows a significant increase against the National Schools Nutrition Programme conditional grant, which grows from R486.7 million in 2009/10 to R949.2 million in 2013/14 in order to allow the department to provide nutritious meals to targeted learners. The Education Infrastructure Grant increases from R202.1 million in 2009/10 to over R1 billion in 2013/14 to accelerate construction of maintenance, upgrading and rehabilitation of new and existing infrastructure in education. The Further Education and

Training College Sector Grant decreases from R555.2 million in 2010/11 to R296.4 million in 2013/14 due to the transfer of the FET College function to the Department of Higher Education and Training.

- Conditional grants under the Department of Health increase significantly over the 2013 MTEF mainly due to the Comprehensive HIV and Aids Grant which grows from R401.7 million in 2009/10 to R1.3 billion in 2013/14 to enable the health sector to develop an effective response to HIV and Aids pandemic. The aim of the National Tertiary Services Grant (NTSG) is to plan, modernise, rationalise and transform the tertiary hospital service delivery platform while the Health Facility Revitalisation Grant enables provinces to plan, manage, modernise, rationalise and transform health infrastructure. This grant has been created through the merger of three previous grants: the Health Infrastructure Grant, the Hospital Revitalisation Grant and the Nursing Colleges and Schools Grant.

The NTSG has been allocated R743.6 million and the Health Facility Revitalisation Grant receives R562.8 million in 2013/14. The National Health Insurance (NHI) started with a phased implementation of the NHI scheme through a pilot programme in the OR Tambo region in 2012/13. The allocation decreases from R11.5 million in 2012/13 to R4.9 million in 2015/16. The 2013 MTEF allocation decreases, (compared to the 2012 MTEF), as provision was previously made for two pilot sites instead of the one that is being rolled out in the province.

- The Human Settlements Development grant was introduced to create sustainable human settlements that enable an improved quality of household life. The allocation increased from R504.8 million in 2009/10 to R2.2 billion in the 2012/13 Adjusted budget and to R2.4 billion in 2013/14. Included, are funds specifically earmarked for the Buffalo City and Nelson Mandela Bay metro municipalities.
- The Provincial Roads Maintenance grant received a substantial allocation to ensure efficient investment in provincial roads. The allocation of R3.5 billion over the MTEF shows an improvement in roads infrastructure.
- With the agriculture sector being a key driver for economic development and sustainable livelihoods in the province, the substantial funding of R219.1 million for the Comprehensive Agricultural Support Programme Grant in 2013/14 is encouraging as it aims to create a favourable and supportive agricultural services environment for the farming community, in particular, subsistence, smallholder and commercial farmers.
- The Community Library Services Grant aims to transform urban and rural community library infrastructure, facilities and services primarily focusing on previously disadvantaged areas.

The allocation increases from R55.5 million in 2009/10 to R72.5 million in 2013/14. The Mass Sport and Recreation Participation Programme Grant was allocated R195.4 million over the MTEF in order to ensure that mass participation within communities and schools will be facilitated and empowered with the use of relevant stakeholders.

- The Devolution of Property Rate Funds Grant Department which deals with the transfer of property rates expenditure responsibility of provinces ceases in 2012/13 due to the funds phasing into the provincial equitable share over the 2013 MTEF.
- The Social Sector EPWP Incentive Grant for provinces was allocated R49.7 million in 2013/14 to incentivise the provincial social sector to increase job creation by strengthening and expanding social service programmes with employment potential. The EPWP Incentive Grant for provinces was allocated an additional R79.6 million in 2013/14 to incentivise departments to increase job creation efforts in the infrastructure environment through the use of labour-intensive methods and the expansion of job creation in line with the EPWP guidelines.

4.4 Total provincial own receipts

Table 4.4: Provincial Own Receipts per Department

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Education	47 436	51 135	63 035	56 569	56 569	59 060	59 567	62 486	65 360
Health	79 815	85 973	88 611	81 394	81 394	101 351	92 209	97 981	100 679
Social Development And Special Programmes	(1 018)	2 813	6 246	1 421	1 421	1 557	1 730	1 771	1 863
Office Of Premier	931	751	760	227	227	473	240	252	263
Provincial Legislature	279	371	4 784	325	325	1 319	340	351	367
Roads And Public Works	13 508	15 666	20 543	15 780	15 780	15 780	17 268	18 989	19 862
Local Government And Traditional Affairs	2 042	747	1 654	824	824	1 433	864	916	1 008
Rural Development And Agrarian Reform	6 462	22 979	9 799	6 965	6 965	45 021	7 327	8 479	8 202
Economic Development, Environmental Affairs And Tourism	120 835	119 124	167 911	119 370	119 370	115 302	126 533	134 125	147 538
Transport	350 531	356 047	365 318	415 265	415 265	415 265	449 855	488 418	530 293
Human Settlements	16 255	10 238	5 402	2 822	2 822	4 121	2 963	3 111	3 422
Provincial Planning And Treasury	127 102	78 494	110 121	72 676	72 676	137 706	76 312	80 134	88 147
Sport, Recreation, Arts And Culture	1 333	3 203	1 643	820	820	909	820	868	1 040
Safety And Liaison	18	24	50	19	19	34	33	34	36
Total	765 529	747 565	845 876	774 477	774 478	899 331	836 061	897 914	968 080
Less:									
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected in terms of the PFMA]	279	371	4 784	325	325	1 319	340	351	367
Total	765 250	747 194	841 092	774 152	774 153	898 012	835 721	897 564	967 713

Source: Provincial Planning and Treasury Database 2013

Table 4.4 above reflects a summary of provincial own revenue from 2009/10 to 2015/16 by department. A total of R2.7 billion has been estimated over the 2013 MTEF for collection by the province. Own revenue has not been adjusted in 2012/13, but the Revised Estimate shows an increase in collections as a result of the unpredictability of once-off recoveries such as the surrender of surpluses by provincial public entities and the less than optimum spending capacity of

departments which resulted in interest received on positive cash balances in the province's bank accounts.

The Department of Transport is contributing 53.8 per cent to provincial own receipts, mainly due to the increased estimates for Motor Vehicle Licence (MVL) fees. The annual motor vehicle license tariffs increase by 8.5 per cent to R449.9 million in 2013/14 when compared to the R405.1 million that is projected to be collected in the 2012/13 Revised Estimate. The growth is also in respect of fees collected from personalised and specific number plates.

The Department of Economic Development, Environmental Affairs and Tourism contributes 15.1 per cent of provincial own revenue and the 2013/14 estimates increase by 9.7 per cent when compared to the 2012/13 Revised Estimate. Own revenue is mainly collected from the Eastern Cape Gambling and Betting Board (ECGGB) in respect of gambling and betting taxes. The ECGGB is currently in the process of reviewing its tariffs, which involves the amendment of existing legislation and public participation processes before the gazetting of new tariffs, and this may result in the upward adjustment of casino taxes. Liquor licences will continue at the same level, while horse racing taxes reflects an increase in estimates during 2012/13 and the collection level will be maintained over the MTEF.

The Department of Health, with a contribution of 11 per cent of provincial own revenue, estimates a decrease of 9 per cent from the projected R101.4 million of the Revised Estimate. The major departmental source of revenue is from the *Sale of goods and services other than capital assets* which is in respect of cost recovery for services provided to patients. The patient fees are reviewed annually and the fees charged at hospitals are based on the fees introduced by the National Department of Health. The 2012/13 Revised Estimate includes substantial collections from the Road Accident Funds which has not been included in the MTEF due to the difficulty to estimate accurately.

Revenue collected by Provincial Planning and Treasury relates mainly to interest earned from cash balances available in the Provincial Revenue Fund (PRF). This can be attributed to interest earned on provincial cash positive bank balances; all monies banked (such as own revenue); unallocated funds; surpluses returned by entities; interest charges retained, etc.

The Department of Education contributes 7.1 per cent to provincial own revenue, which is mainly in respect of fees charged for examination scripts and learners' boarding and lodging fees. The current tariffs for boarding and lodging are prescribed in the Eastern Cape Schools Education Act of 1999, but these tariffs have not increased since 1998. Similarly, Roads and Public Works collects rental income from the leasing of state-owned properties. Rental income is currently low, due to the poor state of their properties and an inability to collect. The Department of Rural Development and Agrarian Reform collects own revenue from the sale of livestock, agricultural

products and veterinary services. In comparison to the major revenue generating departments, the other departments collect minimal own revenue from mainly commission earned on insurance premiums and garnishee orders.

4.5 Donor funding

Table 4.5: Analysis of provincial receipts

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
R' 000	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Health	19 300	36 059	-	2 000	2 750	2 000	-	-	-
Office Of Premier	-	6 309	-	-	-	-	-	-	-
Transport	35 980	2 034	-	105	-	-	-	-	-
Total	55 280	44 402	-	2 105	2 750	2 000	-	-	-

Source: Provincial Planning and Treasury Database 2013

Table 4.5 above provides a summary of the Donor Funding receipts for the province for 2009/10 to 2015/16. The departments who received donor funding are:

Office of the Premier received donor funding in 2010/11 from the European Union (EU) in terms of an agreement between the EU and the Republic of South Africa where the department was the contracting authority and Rural and Urban Livelihoods (RULIV) was appointed as the implementing agent.

The donor funding received by the **Department of Health** from the European Union was utilised over the period 2009/10 to 2012/13 for the treatment and/or training around primary healthcare programmes as well as HIV/AIDS and TB programmes. In 2012/13, the donor funding received from the EU was used for the asset management under the I-chain project.

The donor funding received by the **Department of Transport** ceased in 2009/10. Going forward these funds were allocated as voted funds for the Algoa Bus Company. Funds were also received by this department for the funding of taxi recapitalisation. In 2010/11 funds was received from TETA for the Maths and Science project to assist pupils with careers in the transportation sector.

There is no donor funding envisaged for the 2013/14 MTEF.

4.6 Conclusion

Provincial own revenue is showing a positive collection trend from 2012/13 onward due to departments increasingly complying with Treasury prescripts which results in an increase in own revenue collections. The improvement in provincial own revenue is due to the introduction of improved collection strategies. This framework provides a guideline for departments to focus on revenue management to comply with business processes, such as the review of tariffs, ensuring efficiencies of revenue administration and achieving an acceptable rating on the Financial Management Capacity Maturity Model (FMCMM).

The framework will be refined on an annual basis for further roll-out over the 2013 MTEF as the Provincial Planning and Treasury aims to emphasise the importance to CFOs and revenue managers to align their departments' revenue plans and the revenue management processes with this new framework. The framework gives departments the opportunity to identify and possibly strengthen capacity in their revenue units in respect of staff complement, systems and risk management. This means that the capacity issues in departments should be addressed within the medium term. For the province, the framework will also offer a prospect of identifying potential revenue sources and be able to collect substantial revenue efficiently and effectively. Sufficient diversification in revenue sourcing should be explored in order to secure short and long term funding for provincial programmes amid exogenous risk factors.

Departments will have to give effect to their mandates with less available funds and they will have to reprioritise their existing baseline budgets to deliver services more efficiently and effectively.

5. Payments

5.1 Overall position

The provincial budgets have grown positively at an annual average growth rate of 8.7 per cent from the R45.6 billion in 2009/10 to the Revised Estimate of R57.6 billion in 2012/13 as reflected in Table 5.1 below. The growth is ascribed to the additional funding made available to the province from the national fiscus to accommodate the priority funding requirements in Health, Education and Human Settlement sectors to highlight a few.

The 2013 Medium Term Expenditure Framework (MTEF) cycle takes into consideration a combination of the 2011 Census outcome and the new adjustments made in the equitable share formula, which resulted in a decrease in the equitable share portion for the province. Consequently, the indicative budgets for equitable share were reduced by R5.1 billion over the MTEF. A provincial baseline reduction of 2 per cent of the CoE budget was effected for all departments, initially with the exception of Health, Provincial Legislature and then later Office of the Premier and Rural Development and Agrarian Reform, due to observed inefficient allocation of these four departments. Part of these funds will be used to cushion the province against the risk of a fiscal cliff beyond the 2015/16 financial year when the full impact of the baseline cuts due to the 2011 Census will not be covered by the National Treasury.

To mitigate some budget cost pressures as the result of the revision of the provincial equitable share, additional allocations were made to the province over the MTEF to manage the impact of the reduction in equitable share baseline as a result of the 2011 Census. In as much as there are downward adjustments in the indicative baseline over the MTEF, the provincial expenditure envelop is still showing a positive growth to cater for the carry through costs of adjustment appropriations together with additional specific allocations for Education, Health and Social Development sector specific priorities. In the 2013/14 financial year, the budget grows by 2.9 per cent to R59.2 billion from the 2012/13 Revised Estimate. Going forward, the new MTEF cycle further reflects an annual average growth rate of 3.9 per cent from R59.2 billion in the 2013/14 to R63.9 billion in the 2015/16 financial years.

5.2 Payment by Vote

Table 5.1: Summary of Provincial Payments and Estimates by Vote

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Education	21 164 124	22 576 929	25 155 715	26 268 669	26 735 395	26 694 268	26 972 077	28 470 650	30 384 087
Health	12 089 071	13 272 828	14 892 282	15 166 038	15 734 550	16 373 070	16 584 328	17 141 128	18 137 736
Social Development And Special Programmes	1 434 148	1 563 854	1 691 851	1 782 421	1 778 308	1 778 308	2 015 205	2 135 923	2 248 398
Office Of Premier	376 426	392 621	419 216	423 848	420 271	422 713	458 109	473 249	485 114
Provincial Legislature	256 239	293 469	360 257	384 082	415 759	397 533	409 531	422 988	433 766
Roads And Public Works	3 202 686	3 198 859	3 393 640	3 741 601	3 808 724	3 763 724	3 670 311	3 807 690	3 917 237
Local Government And Traditional Affairs	745 113	775 079	738 942	788 452	813 374	804 204	840 869	868 077	888 612
Rural Development And Agrarian Reform	1 582 933	1 535 246	1 484 433	1 694 131	1 680 653	1 680 600	1 714 488	1 770 218	1 819 947
Economic Development, Environmental Affairs And Tourism	930 585	824 479	885 651	936 063	835 368	816 656	1 070 858	985 581	1 008 267
Transport	1 276 198	1 315 591	1 582 911	1 322 994	1 486 683	1 486 683	1 532 362	1 582 886	1 627 025
Human Settlements	1 532 801	1 727 782	2 143 154	2 574 536	2 570 745	2 269 492	2 830 080	1 645 826	1 645 107
Provincial Planning And Treasury	234 113	247 450	283 987	352 143	342 269	337 890	374 872	387 568	396 212
Sport, Recreation, Arts And Culture	778 851	557 159	649 017	705 454	711 181	685 517	715 108	773 511	826 871
Safety And Liaison	47 720	52 635	57 980	64 373	63 313	63 313	69 979	73 446	74 835
Total	45 651 008	48 333 981	53 739 036	56 204 804	57 396 592	57 573 969	59 258 176	60 538 740	63 893 213
Less:									
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected into s22(1) of the PFMA]	279	371	4 784	325	325	1 319	340	351	367
Total	45 650 729	48 333 610	53 734 252	56 204 479	57 396 267	57 572 650	59 257 836	60 538 389	63 892 847

Source: EC Provincial Planning & Treasury, 2013

Table 5.1 summarises the provincial payments and estimates by Vote from 2009/10 to 2015/16. Total provincial expenditure increases by 2.9 per cent from the Revised Estimate of R57.6 billion in the 2012/13 financial year to R59.3 billion in the 2013/14 financial year. Of the allocated R59.3 billion in 2013/14, the Departments of Education and Health remain the primary focus in the province as their shares are 45.5 per cent and 28 per cent, respectively. The remaining departments collectively share the remaining R15.7 billion or 26.5 per cent of the 2013/14 baseline.

Social Cluster

The proposed resource envelope for the cluster in the 2013/14 financial year amounts to R46.3 billion. The amount further grows to R51.7 billion or at an average annual growth rate of 6.2 per cent over the MTEF.

- The **Department of Education** budget merely grows by 1 per cent to R26.9 billion in the 2013/14 financial year due to the reduction in the conditional grant for the Further Education and Training (FET) as a result of the decision to convert a portion of the grant transferred to colleges into a subsidy, which will now flow from the National Department of Higher Education and Training. It is also due to the budget cuts resulting from the 2011 Census outcome and the 2 per cent provincial baseline reduction. However, in 2013/14 there is an additional allocation of R514 million for Improvement in Conditions of Services (ICS) and an amount of R30 million set aside for the transfers to Independent Schools to fund them closer to the national norms and standards for funding these schools. The budget in the Education

sector further grows to R30.4 billion in 2015/16 as additional allocations are made for Grade R teachers (R113.2 million) and teachers in quintile 1 schools (R143.1 million).

- The allocation for the **Department of Health** shows a growth of 1.3 per cent to R16.6 billion in 2013/14 due to the projected budget pressure emerging from the cost drivers within Goods and Services such as medicine and medical supplies from the 2012/13 Revised Estimate. Health is one of the two departments that were exempted from the 2 per cent provincial baseline reduction from the Compensation of Employees (CoE) budget. The additional funding for the 2013/14 financial year includes the funds for ICS amounting to R428.9 million as well as funding of R48.3 million over the MTEF for the roll out of an improved diagnostic test for tuberculosis (TB). Also the department received additional allocations of R71.7 million in the 2013/14, R12.5 million in the 2014/15 and R8.4 million in the 2015/16 financial years to continue with the implementation of Supply Chain Management reforms and other related initiatives.
- The **Department of Social Development and Special Programmes** is projecting to spend an amount of R2 billion in 2013/14. The budget includes an amount of R17.8 million set aside to enable the department to absorb the social worker graduates funded through the departmental scholarship offered to students in tertiary institutions and a further amount of R14.8 million ring-fenced for Transfers to NGOs. The two outer years in the MTEF cycle are allocated an additional R116.8 in the 2014/15 and R71.4 million in the 2015/16 financial years for the absorption of social workers and transfers to NGOs.
- The total budget for the **Department of Sport, Recreation, Arts and Culture** over the MTEF amounts to R2.3 billion. The budget shows an increase of 4.3 per cent to R715.1 million in 2013/14. Over the MTEF, R9 million was allocated (R3 million in each financial year) for the maintenance of museums as a means to prolong the life span of these facilities. Also the annual average growth of 7.8 per cent over the MTEF is due to the greater investment in library infrastructure through the Community Libraries Services grant (R115.7 million additionally allocated over the MTEF), which involves building of new structures and the renovation of existing ones. New library structures also include modular libraries that are mainly erected in townships and rural areas which is the fastest method for delivering library services to the disadvantaged communities.
- The total budget allocated over the MTEF to the **Department of Safety and Liaison** amounts to R218.2 million. The budget shows an increase of 10.5 per cent to R69.9 million in the 2013/14 financial year due to the allocation of R1.5 million for the annual ICT licenses, provision of ICT connection to districts and the procurement of ICT equipment while over the MTEF, R1.2 million in the 2014/15 and R1 million in the 2015/16 financial years.

Economic cluster

The proposed resource envelope for the cluster in the 2013/14 financial year amounts to R10.8 billion. Over the MTEF, the amount allocated declines at an average annual rate of 3.7 per cent to R10 billion in 2015/16.

- An amount of R11.4 billion is projected to be spent over the MTEF period by the **Department of Roads and Public Works**. The budget for the 2013/14 financial year reflects a decline of 2.5 per cent due to the reduction of R1 billion over the MTEF on the Provincial Roads Maintenance grant resulting from the function shift of certain provincial roads to SANRAL and the change in the formula that favours surfaced / tarred roads. However, an additional amount of R5 million in the 2013/14 financial year (R25 million over the MTEF) was allocated for the provincial office accommodation requirements.
- The **Department of Rural Development and Agrarian Reform's** projected expenditure over the MTEF amounts to R5.3 billion. The budget grows by 2 per cent to R1.7 billion in 2013/14 to cater for amongst other things the carry through costs for the Rural Development Agency (RDA) amounting to R103 million in the 2013/14 financial year (R325 million over the MTEF).
- An amount of R3.1 billion is expected to be spent over the MTEF period by the **Department of Economic Development, Environmental Affairs and Tourism**. The 2013/14 budget grows by 31.1 per cent to R1.1 billion for the funding of initiatives such as the erection of a wind tower manufacturing company by Coega, a matching fund for the agro-processing and forestry projects as well as the revitalisation of strategic industries. In the 2013/14 financial year, amounts of R40 million, R24 million, and R10 million, respectively have been set aside for the aforementioned initiatives as it will contribute to positive growth in the provincial economy and therefore generate jobs.
- The **Department of Human Settlement** is projecting to spend an amount of R6.1 billion over the next three years. The budget for the 2013/14 financial year grows at 24.7 per cent to R2.8 billion from the Revised Estimate of R2.3 billion in the 2012/13 financial year due to the anticipated under spending on the Human Settlements Development (HSD) grant in the latter financial year. However, the outer MTEF years reduces drastically at an average annual rate of 20.9 per cent due to the current formula for HSD grant that does not respond to the shift in housing needs due to the 2011 Census results, which necessitates that the formula be reviewed. Consequently, for the 2014/15 and the 2015/16 financial years, half of the HSD grant allocations remain unallocated at a National level pending the decision to review the formula.

- The **Department of Transport** has an overall indicative budget of R4.7 billion over the MTEF. The 2013/14 financial year shows growth of 3.1 per cent to R1.5 billion. An additional amount of R115 million in the 2013/14, R121million in the 2014/15 and R126.9 million in the 2015/16 financial years is allocated to fund the scholar transport budget shortfall. Also an additional R10 million in the 2013/14, R10.5 million in the 2014/15 and R11 million in the 2015/16 financial years was allocated for the implementation of the third phase of the AB 350 Transport Programme.

Governance and administration cluster

The proposed resource envelope for the governance and administration cluster for the 2013/14 financial year amounts to R2.1 billion. The amount further grows to R2.2 billion at an annual average growth rate of 2.9 per cent over the MTEF.

- The **Provincial Planning and Treasury** total budget over the MTEF amounts to R1.1 billion. The budget shows an increase of 10.9 per cent to R374.9 million in the 2013/14 financial year due to the financial management improvement initiatives despite the budget cut from the indicative baseline.
- The total budget for the **Department of Local Government and Traditional Affairs** stands at R2.6 billion over the MTEF. The 2013/14 financial year shows a 4.6 per cent growth to R840.9 million for amongst others the support to municipalities in implementing the projects of clean audit outcomes, community participation and support traditional leadership institutions in rural development. Given that the department was not exempted from the budget cuts, an additional amount of R10 million has been allocated in the 2013/14 financial year for ICS as well as R10.6 million in the 2014/15 and R11.2 million in the 2015/16 financial years.
- The **Office of the Premier** receives total funding of R1.4 billion over the MTEF. The budget allocation for the 2013/14 financial year shows a 13.6 per cent increase to R458.1 million despite the budget cut from the indicative baseline due to the implementation of the Disaster Recovery Project, transversal training and the procurement of ICT connectivity equipment as well as the Transfer of the National Student Financial Aid Scheme (NSFAS) function from the Department of Education.
- A cumulative budget of R1.2 billion is allocated over the MTEF for the **Provincial Legislature**. In the 2013/14 financial year, the budget allocation only increases by 2.9 per cent to R409.2 million even though the Provincial Legislature was exempted from the 2 per cent provincial baseline reduction.

5.3 Payments by economic classification

Table 5.2: Summary of Provincial Payments and Estimates by Economic Classification

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	
R' 000	Audited			Main appropriati on	Adjusted appropriati on	Revised estimate	Medium-term estimates			% change from 2012/13
Current payments	36 853 949	40 382 871	43 195 879	45 425 860	47 041 610	47 531 435	48 112 272	50 545 245	53 042 227	1.22
Compensation of employees	28 293 145	31 409 428	34 442 914	36 354 745	36 907 348	36 781 110	38 478 300	40 214 037	42 621 210	4.61
Goods and services	8 550 225	8 960 901	8 729 457	9 071 115	10 134 262	10 747 101	9 633 972	10 331 207	10 421 017	(10.36)
Interest and rent on land	10 579	12 542	23 508	-	-	3 225	-	-	-	(100.00)
Transfers and subsidies	5 537 868	5 699 022	7 026 853	7 661 533	7 451 269	7 158 055	7 800 828	6 774 477	6 973 380	8.98
Provinces and municipalities	730 558	584 162	284 267	251 999	265 657	265 628	89 585	80 498	70 589	(66.27)
Departmental agencies and accounts	1 162 990	893 461	788 470	857 612	751 578	751 578	969 055	927 874	930 477	28.94
Higher education institutions	98 995	141 043	152 371	221 007	121 162	121 162	69 199	75 690	67 097	(42.89)
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	229 461	266 163	276 749	303 876	315 171	317 955	408 562	389 599	412 100	28.50
Non-profit institutions	1 689 674	1 984 547	3 156 925	3 381 969	3 155 822	3 159 175	3 359 657	3 647 028	3 794 662	6.35
Households	1 626 190	1 829 646	2 368 071	2 645 070	2 841 879	2 542 558	2 904 770	1 653 789	1 698 454	14.25
Payments for capital assets	3 234 687	2 230 114	3 471 181	3 112 387	2 898 688	2 879 272	3 344 775	3 218 698	3 877 218	16.17
Buildings and other fixed structures	2 834 058	1 939 814	2 663 887	2 678 469	2 474 440	2 468 951	2 562 438	2 645 175	3 278 292	3.79
Machinery and equipment	396 053	283 782	800 084	421 427	410 550	396 298	752 298	553 346	578 647	89.83
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	487	-	646	5 210	5 210	3 647	5 441	5 709	5 910	49.19
Land and sub-soil assets	333	-	-	-	-	-	-	-	-	
Software and other intangible assets	3 756	6 518	6 564	7 282	8 489	10 376	24 597	14 468	14 370	
Payments for financial assets	24 504	21 974	45 123	5 025	5 025	5 207	300	320	388	(94.24)
Total	45 651 008	48 333 981	53 739 036	56 204 804	57 396 592	57 573 969	59 258 176	60 538 740	63 893 213	2.93
Less: Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected into s22(1) of the PFMA]	279	371	4 784	325	325	1 319	340	351	367	-74.23
Total	45 650 729	48 333 610	53 734 252	56 204 479	57 396 267	57 572 650	59 257 836	60 538 389	63 892 847	2.93

Source: EC Provincial Planning & Treasury, 2013

Table 5.2 shows the summary of provincial payments and estimates by economic classification over the MTEF. The bulk of the budget allocated (81.3 per cent) is under current payments and increases by 1.4 per cent to R48.2 billion in 2013/14 from the 2012/13 Revised Estimate. The provincial CoE budget shows a 4.6 per cent growth to R38.5 billion in 2013/14, which is mainly due to the annual ICS adjustment. Departments' baselines were also reduced by 2 per cent of its CoE allocation over the MTEF with the Department of Health and Provincial Legislature exempted from

this provincial baseline reduction. In 2015/16, funding is set aside for grade R teachers and teachers in quintile 1 schools in the Department of Education.

The budget for Goods and Services by contrast is showing a decline of 9.6 per cent to R9.7 billion in 2013/14 from the 2012/13 Revised Estimate of R10.7 billion and increases to only R10.5 billion in 2015/16. The negative growth is mainly related to the decision taken to cut the baselines of departments by 1 per cent in 2013/14, 2 per cent in 2014/15 and 3 per cent in 2015/16.

Transfers and subsidies to municipalities decrease by 66.3 per cent to R89.6 million in 2013/14 due to the reclassification of the property payments from Transfers and Subsidies to Goods and Services in the Department of Roads and Public Works. Transfers to Departmental agencies and accounts increase by 29 per cent to R969.3 million in 2013/14 due to funding of initiatives such as the erection of a wind tower manufacturing company by Coega, a matching fund for the agro-processing and forestry projects and the revitalisation of strategic industries under the Department of Economic Development, Environmental Affairs and Tourism. The Transfers made to Further Education and Training colleges decrease by 32.1 per cent to R69.2 million in the 2013/14 financial year under the Department of Education due to the decision to convert a portion of the grant transferred to colleges into a subsidy, which will now flow from the National Department of Higher Education and Training directly to the colleges. Transfers to Public corporations and private enterprises increase by 28.5 per cent to R408.6 million in 2013/14 due to the implementation of the third phase of AB350 under the Department of Transport. Transfers to Households increase by 14.2 per cent to R2.9 billion due to the anticipated under spending on the HSD grant while the outer MTEF years reduces drastically due to the decision to review the formula for the HSD grant.

Payments for capital assets shows growth of 13.3 per cent to R3.1 billion in the 2013/14 financial year due to the provision made for infrastructure delivery of schools, hospitals, clinics and roads. The increase is also due to the reclassification from Goods and Services of the finance leases to Machinery and equipment that increases by 68.7 per cent to R668.6 million.

5.4 Payments by Functional Area

Table 5.3: Summary of Provincial Payments and Estimates by Functional Area

Policy area R'000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriat ion	Adjusted appropriat ion	Revised estimate	Medium-term estimates		
General public services	3 080 644	3 249 285	3 372 581	3 704 833	3 783 166	3 753 833	3 933 554	4 069 677	4 182 076
Public Order and Safety	47 720	52 635	57 980	64 373	63 313	63 313	69 979	73 446	74 835
Economic Affairs	5 364 724	5 109 863	5 558 001	5 673 755	5 749 209	5 686 509	5 846 577	5 920 342	6 089 120
Environmental Protection	158 925	223 646	218 455	264 726	270 726	269 661	291 269	308 237	304 983
Housing and Community Amenities	1 532 801	1 727 782	2 143 154	2 574 536	2 570 745	2 269 492	2 830 080	1 645 826	1 645 107
Health	12 089 071	13 272 828	14 892 282	15 166 038	15 734 550	16 373 070	16 584 328	17 141 128	18 137 736
Recreation, Culture and Religion	778 851	557 159	649 017	705 454	711 181	685 517	715 108	773 511	826 871
Education	21 164 124	22 576 929	25 155 715	26 268 669	26 735 395	26 694 268	26 972 076	28 470 650	30 384 087
Social protection	1 434 148	1 563 854	1 691 851	1 782 421	1 778 308	1 778 308	2 015 204	2 135 923	2 248 398
Total	45 651 008	48 333 981	53 739 036	56 204 804	57 396 592	57 573 969	59 258 176	60 538 740	63 893 213

Source: EC Provincial Planning & Treasury, 2013

Table 5.3 shows the summary of provincial payments and estimates for the 2013/14 MTEF by policy area. The spending increased from R45.7 billion in 2009/10 to R57.6 billion in the 2012/13 Revised Estimate. The total projected spending in 2013/14 increases by 2.9 per cent to R59.3 billion and over the 2013/14 MTEF to R183.7 billion.

The sectors allocated the bulk of the total projected spending in 2013/14 are the Health and Education sectors, amounting to R43.5 billion or 73.5 per cent. The Education and Health sectors are labour intensive and their Compensation of employees' budgets represents 81.5 per cent and 66.1 per cent respectively of their total projected estimate for the 2013/14 financial year. The remaining budget of 18.5 per cent for the Education sector will be utilised for the implementation of government policy priorities like the school nutrition feeding scheme, "no fees school", provision of learner and teacher support material as well as special school education, transfers to independent schools and the provision and maintenance of schools. For the Health sector, the remaining budget of 33.9 per cent will be utilised on HIV/Aids and TB programmes, improving the mortality rate and increasing life expectancy, decreasing maternal and child mortality, strengthening the public health system and improving its efficacy and the provision and maintenance of hospital facilities and clinics.

In the 2013/14 financial year, the remaining sectors are responding to the outcomes that are linked to the mandate of the departments. The Economic Affairs sector is allocated R5.9 billion which will be utilised for the growth and the development of the provincial economy and to enhance job creation. The Housing and Community Amenities sector is allocated R2.8 billion to provide decent human settlements. The General Public Service sector is allocated R3.9 billion to ensure the smooth running of the provincial government while the Social Protection sector is allocated R2 billion.

Taking into account the allocations made to the various sectors, the total provincial budget is responsive to the key policy priorities of the province.

5.5 Infrastructure Payments

The provision and maintenance of infrastructure remains perhaps the single most important requirement for economic development, especially infrastructure that has a direct impact on competitive industrial potential. Infrastructure development needs to be planned in line with the population migration trends and economic development plans, so as to ensure that the available infrastructure funding is targeting the correct geographical areas. Hence proper planning and prioritisation is essential in ensuring that there is optimal use for the limited infrastructure funding taking into account the enormous provincial infrastructure backlogs arising from both the pre- and post-democratic era.

Table 5.4 indicates that the bulk of the infrastructure allocations reside in the departments of Education, Health and Roads & Public Works. The allocations for these departments account for 97% of the budget in the 2013/14 MTEF period.

Table 5.4: Summary of Provincial Infrastructure Allocations by Vote

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
R' 000	Audited			Main appropriat ion	Adjusted appropriat ion	Revised estimate	Medium-term estimates		
Education	892 938	304 632	663 180	1 014 769	1 024 143	924 520	1 308 232	1 276 496	1 710 084
Health	979 894	891 314	1 256 467	1 158 494	1 178 568	1 248 418	1 045 007	799 225	850 077
Social Development And Special Programmes	18 208	41 132	37 067	44 410	44 410	45 080	48 838	51 231	53 785
Office Of Premier	2 030	1 405	2 000	2 080	2 080	2 080	8 000	6 221	4 952
Provincial Legislature	-	-	-	-	-	-	-	-	-
Roads And Public Works	2 377 596	2 193 953	2 197 684	2 500 145	2 513 481	2 513 481	2 228 945	2 325 996	2 402 269
Local Government And Traditional Affairs	31 830	8 873	12 259	10 081	10 048	10 081	9 840	11 769	6 535
Rural Development And Agrarian Reform	121 018	153 015	89 963	138 764	138 764	118 118	142 748	145 907	153 578
Economic Development, Environmental Affairs And Tourism	-	-	-	-	-	-	-	-	-
Transport	13 885	14 470	6 923	38 941	38 941	38 941	4 000	-	-
Human Settlements	1 313 379	1 503 818	1 897 076	2 292 859	2 292 859	1 993 238	2 526 803	1 314 985	1 306 773
Provincial Planning And Treasury	-	-	-	-	-	-	-	-	-
Sport, Recreation, Arts And Culture	260 426	16 809	69 312	47 937	49 124	44 038	34 890	55 746	84 036
Safety And Liaison	-	-	-	-	-	-	-	-	-
Total	6 011 204	5 129 421	6 231 931	7 248 480	7 292 418	6 937 995	7 357 302	5 987 576	6 572 088

Source: Provincial Planning and Treasury Database 2013

The department of Roads and Public Works infrastructure budget is utilised for roads, bridges, community based public works program, and the maintenance of buildings.

The department of Health's infrastructure budget is utilised for hospitals, clinics, community health centers and the hospital revitalisation program.

The Department of Education's infrastructure budget is utilised for schools which include the replacement of mud structures.

Table 5.5 indicates the summary of the infrastructure payments and estimates by category. In this regard, the bulk of the infrastructure funding resides in existing infrastructure i.e. upgrades and additions, rehabilitation and maintenance and repairs. The Infrastructure transfers relates to the department of Human Settlements in respect of the Housing Subsidy Grant.

Table 5.5 Summary of EC departments' payments and estimates on infrastructure

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
R' 000	Audited			Main appropriat ion	Adjusted appropriat ion	Revised estimate	Medium-term estimates		
New infrastructure assets	800 472	724 984	694 166	1 284 781	1 174 833	1 109 916	1 337 100	1 352 073	2 110 556
Existing infrastructure assets	3 655 353	2 891 119	3 640 689	3 639 840	3 793 726	3 806 203	3 484 899	3 309 381	3 141 905
Upgrades and additions	1 611 153	1 122 143	1 238 933	1 527 801	1 183 429	1 104 273	1 351 575	1 444 201	1 211 393
Rehabilitation, renovations and refurbishments	957 206	284 029	309 605	177 747	687 860	635 156	146 416	66 074	50 908
Maintenance and repairs	1 086 994	1 484 947	2 092 151	1 934 292	1 922 437	2 066 774	1 986 909	1 799 106	1 879 603
Infrastructure transfers	1 555 379	1 513 318	1 897 076	2 323 859	2 323 859	2 021 876	2 535 303	1 326 122	1 319 628
Current	-	9 500	-	31 000	31 000	28 638	8 500	11 137	12 855
Capital	1 555 379	1 503 818	1 897 076	2 292 859	2 292 859	1 993 238	2 526 803	1 314 985	1 306 773
<i>Current infrastructure</i>	<i>1 815 471</i>	<i>1 144 655</i>	<i>1 477 465</i>	<i>1 248 663</i>	<i>921 350</i>	<i>1 061 376</i>	<i>1 244 186</i>	<i>1 347 139</i>	<i>1 359 589</i>
<i>Capital infrastructure</i>	<i>2 618 344</i>	<i>2 404 445</i>	<i>2 470 241</i>	<i>3 563 609</i>	<i>3 924 232</i>	<i>3 653 681</i>	<i>3 406 749</i>	<i>3 162 341</i>	<i>3 763 932</i>
Total	6 011 204	5 129 421	6 231 931	7 248 480	7 292 418	6 937 995	7 357 302	5 987 576	6 572 088

Source: Provincial Planning and Treasury Database 2013

The Provincial Infrastructure allocations are funded by both equitable share and infrastructure conditional grant funding. In this regard, the breakdown between the equitable share and grant funding is indicated in table 5.6. The table reflects that the grant allocations are not equally supplemented by equitable share allocations and the reprioritisation of funding to cater for the allocation of more equitable share to infrastructure should be considered by the Province.

Table 5.6: Summary of provincial infrastructure payments and estimates by Source of Funding

	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
R' 000	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Provincial Equitable Share	2 700 654	1 860 562	2 187 956	1 810 868	1 714 496	1 678 107	1 952 256	1 743 678	1 744 890
Conditional grants ¹	3 310 550	3 268 859	4 043 975	5 437 612	5 577 922	5 259 888	5 405 046	4 243 898	4 827 198
Comprehensive Agricultural Support Grant	101 990	75 793	80 734	121 941	121 941	121 941	126 882	135 054	142 400
Land Care Grant	7 101	8 749	9 229	16 823	16 823	16 823	15 328	10 853	11 178
IGP (Agriculture)	42 080	53 391	-	-	-	-	-	-	-
Education Infrastructure Grant	124 950	70 187	617	883 403	932 777	922 554	1 010 870	1 217 818	1 710 084
Health Facility Revitalisation Grant	459 148	447 301	885 501	676 201	781 547	776 931	562 792	292 930	337 106
of which:									
Health Infrastructure	255 100	278 691	328 572	258 862	306 714	306 714	216 816	230 244	251 587
Hospital Revitalisation	204 048	168 610	556 929	402 679	460 173	460 173	336 719	53 251	73 573
Nursing Colleges and Schools	-	-	-	14 660	14 660	10 044	9 257	9 435	11 946
National Tertiary Services Grant	43 503	21 271	11 423	46 000	25 478	25 478	30 645	32 175	33 655
Community Library Service Grant	3 572	2 768	43 621	30 400	36 512	32 937	25 890	49 746	78 036
Provincial Roads Maintenance Grant	1 214 828	1 085 581	1 034 199	1 369 985	1 369 985	1 369 985	978 071	1 065 572	1 207 966
Transport Disaster Management Grant			81 575				124 765	124 765	
Human Settlements Development Grant	1 313 378	1 503 818	1 897 076	2 200 006	2 200 006	1 900 386	2 429 631	1 314 985	1 306 773
Health EPWP Intergrated Grant for Provinces							3 000		
Human Settlements Intergrated Grant for Provinces							3 000		
Housing Disaster Relief Grant				92 853	92 853	92 853	94 172		
Total	6 011 204	5 129 421	6 231 931	7 248 480	7 292 418	6 937 995	7 357 302	5 987 576	6 572 088

Source: Provincial Planning & Treasury Database 2013

The province has been under spending its infrastructure budget historically. In this regard, the province spent 80 per cent of its total infrastructure budget of R6.6 billion in the 2010/11 financial year. The under spending continued into the 2011/12 financial year with 85 per cent of the total infrastructure budget of R7.6 billion being spent. This trend continues into the 2012/13 financial year, wherein the province has only spent R4.7 billion (63,3 per cent) of the projected R6.1 billion (76,8 per cent) for the period April to January 2013.

Provincial Improvements:

The Provincial Planning and Treasury (PPT) has recognised the need for a more robust and comprehensive approach to Provincial infrastructure development and management. Hence in order to facilitate an integrated and holistic approach the vision for infrastructure delivery is “The development of sustainable communities” incorporating all the specific, measurable objectives of the various sectors and spheres of government.

The vision and governance of the area is being led by PPT as the custodian of the Infrastructure Delivery Management System (IDMS) in the Province; this leadership will include all Provincial infrastructure development and management of social and economic infrastructure and all sectors and spheres of government.

The PPT has initiated many interventions in order to improve infrastructure going forward and one of these is the establishment of the Centralised Project Management Unit (CPMU).

Centralised Project Management Unit

In order to improve provincial expenditure patterns the Provincial Planning and Treasury Department (PPT) facilitated the establishment of the Centralised Project Management Unit (CPMU). The establishment of the CPMU was also supported by the EXCO Resolution of 20 February 2008.

In respect of the CPMU, the Department of Roads and Public Works (DRPW), Provincial Planning and Treasury (PPT) and Office of the Premier (OTP) will be jointly responsible for the CPMU. The CPMU will be directly accountable to all three strategic stakeholders, with DRPW serving as its custodian. The CPMU has been positioned as the Provincial Technical Infrastructure Coordinating Unit and has been resourced in order to support DRPW as the Provincial Implementer of choice.

The CPMU and PPT will urgently review other practical aspects of implementation including IAs and their management, procurement alternatives, administrative and budget challenges, and the effective auditing of infrastructure development. PPT will review budget loading, commitments and other administration in February 2013 with a view to load the next year's budget before April 2013.

Interdepartmental Accounting Model (IDA):

As part of ongoing attempts to improve infrastructure spend, Provincial Planning and Treasury introduced the inter-departmental accounting model (IDA) in August 2012. The initial focus of the IDA is on the Department of Education but this will be later extended to other infrastructure departments as from the 2013/14 financial year. The (IDA) works such that the DRPW pays service providers, including implementing agents (IDT and CDC) on behalf of the DoE and thereafter DoE reimburses DRPW.

Although recently introduced, there are clear signs that the IDA will yield significant success in this financial year for the Department of Education as currently all payment backlogs have been eliminated. Engagements with strategic sector Departments (DSRAC, DOSDSP, DRDAR, and DLGTA) suggest that they will benefit from the IDA consequently these departments will be included in the IDA process from the 2013/14 financial year.

The IDA model has been recommended as both the Short Term and Medium-Long Term interventions to improve infrastructure performance. The implementation of the IDA will have positive spin offs in the economy as the utilisation of infrastructure budgets impact positively on job creation. Furthermore the implementation of the IDA processes has resulted in payments being made within 30 days to the service providers and thus supporting service providers and SMMEs to prosper.

Infrastructure HR Capacitation:

The IDMS processes require that Infrastructure Departments must be adequately capacitated in order to facilitate quality spending of infrastructure funds. In this regard, the PPT has facilitated the implementation of the Infrastructure HR Capacitation processes in the Departments of Education, Health DRPW (DoH, DoE and the Roads sector) and PPT. The departments of Education and Health are currently finalising the filling of posts.

With regard to DRPW, the HR Capacitation process for DRPW (DoE and DoH portfolio) has been completed and the funds for the capacitation of Public Works is being prioritised by the Province in order to support the Provincial Mandate of Public Works being the Implementing Agent of choice as currently the department is not performing as desired.

The HR Capacitation processes for PPT have also been completed and are awaiting funding in order to complete the filling of posts.

Implementation of Infrastructure Delivery Management System (IDMS):

The province has adopted the implementation of IDMS in the Province and as such has developed a Provincial Infrastructure Delivery Framework which has been approved by the relevant HoD's. The PPT has commenced with the phased in implementation of the IDMS in the 2012/13 financial year and will continue in the 2013/14 financial year.

A circular is currently being drafted circular and will be issued to the Infrastructure Departments in order to indicate the requirements for the IDMS implementation. These requirements include the need to bid for infrastructure funding as from the 2014/15 financial year and the non- approval of infrastructure budget for projects which have not yet passed the planning stage.

Sector Departments should limit their involvement to planning and monitoring infrastructure development with the support of their infrastructure resources and the CPMU. The CPMU will lead the induction and incubation of the new infrastructure human resources to ensure effective, integrated planning, implementation and monitoring.

Owing to the large number of new technical human resources the PPT and CPMU will carefully consider the roles and responsibilities and preferred structures and institutions which will effectively support the new approach. The implementation of the IDMS and related infrastructure procurement standards in 2013/14 will support the approach including the governance of gateways. For example projects proposed in the IPMPs and Project Lists which are not feasible will not be supported in terms of budget – in addition to the new NT requirements for project proposals.

Provincial Planning and Procurement Strategies:

In supporting the implementation of IDMS in the Province, the EC PPT has undertaken the development of an integrated provincial infrastructure plan as well as the development of a provincial infrastructure procurement framework.

It is anticipated that the integrated infrastructure plan will prevent departments from delivery infrastructure in silos and this will also allow for better efficiencies as infrastructure will be developed in the correct areas based on growth points in the Province.

The Provincial Procurement Framework has also been drafted in anticipation of the rollout of the Treasury regulation 2B pertaining to construction procurement. All infrastructure departments have been taken through the procurement framework and will be allocated specific roles and responsibilities in respect of the construction procurement in order to allow for accountability and responsibility in respect of delays in the construction procurement processes. The provincial procurement framework will also result in economies of scale being achieved as it supports the packaging of similar infrastructure projects.

5.5.1 Maintenance of Provincial Infrastructure

The maintenance of the Provincial immovable assets is crucial to ensure that they continue to function as efficiently and effectively as possible to support the delivery of a wide range of services. The deterioration of immovable assets due to the lack of maintenance can lead to future financial burdens, pose legal and other industrial relations conflicts and affect the delivery of services.

Hence in order to ensure that infrastructure departments adequately provide for maintenance, the Eastern Cape Province has developed a Provincial Maintenance Strategy as the current maintenance environment in Eastern Cape Province is uncoordinated and re-active, often based on client requests and not on a planned, pro-active approach. The maintenance strategy will be implemented in the 2013/14 financial year.

5.5.2 Provincial infrastructure transfers

Table 5.5 indicates the summary of the infrastructure payments and estimates by category. In this regard, the Infrastructure transfers relates to the department of Human Settlements in respect of the Housing Subsidy Grant.

In order for the province to successfully execute a series of major socio-economic infrastructure development programmes and projects, the need for improved planning, procurement as well as capacity development has been prioritised for implementation in the 2013/14 MTEF period.

The province will continue to work towards a fully functioning IDMS which will appropriately guide infrastructure delivery in line with best practices whilst supporting DRPW as the implementing agent of choice. This will allow the sector departments to focus on improving and stabilising infrastructure planning, strengthening monitoring and oversight over implementing agents.

The province will also continue to support the budgeting for infrastructure lifecycle asset management which will lead to updated conditions assessments being finalised. The latter will allow maintenance budgets to be equivalent to 50 per cent for old assets and 50 per cent for new assets with the long term plan to get to a 75:25 spending ratio in favour of old assets.

5.6 Provincial Public-Private Partnerships (PPP) Projects

There are two registered PPP projects for the Department of Health in the Province. These projects are currently in a Contract Management phase. The Humansdorp project is one of these projects and aims to establish a private health facility at existing hospitals and share the use of medical facilities and services. The project entails the revitalisation, refurbishment and upgrading of the existing hospital.

The second project is the Port Alfred and Settlers co-location hospital project which aims at establishing a co-location for public and private patients who require core and non-core support services.

The proposed PPP project relates to the Department of Health for the Nelson Mandela Academic Hospital, which has been identified and pronounced by the Minister of Health.

Table 5.7 below highlights the summary of the PPP budget for the 2009/10 financial year to the 2015/16 year.

Table 5.7: EC Public Partnership Projects (PPPs)

R' 000	Project unitary annual fee at time of contract	2012/13	2013/14	2014/15	2015/16
		Budgeted expenditure	Medium-term estimates		
Projects signed in terms of Treasury Regulation 16	–	55 438	58 210	61 702	64 541
PPP unitary charge	–	54 472	57 196	60 627	63 416
Advisory fees	–	–	–	–	–
Project monitoring cost	–	966	1 014	1 075	1 125
Projects in preparation, registered in terms of Treasury Regulation 16¹	–	3 045	3 197	3 389	3 545
Advisory fees	–	3 045	3 197	3 389	3 545
Project team cost	–	–	–	–	–
Site acquisition	–	–	–	–	–
Capital payment (where applicable) ⁷	–	–	–	–	–
Other project costs	–	–	–	–	–
TOTAL	–	58 483	61 407	65 092	68 086

Source: EC Provincial Planning & Treasury, 2012

5.7 Transfers

5.7.1 Transfers to Public Entities

The Eastern Cape has eleven public entities listed in Schedule 3 of the Public Finance Management Act 1 of 1999 (PFMA), as amended. Seven of these are listed as Provincial Public Entities, namely:

- Eastern Cape Socio Economic Consultative Council (ECSECC);
- Eastern Cape Rural Development Agency (ECRDA);
- Eastern Cape Appropriate Technology Unit (ECATU);
- Eastern Cape Parks and Tourism Agency (ECPTA);
- Eastern Cape Gambling and Betting Board (ECGBB);
- Eastern Cape Liquor Board (ECLB); and
- Eastern Cape Provincial Arts & Culture Council (ECPACC).

The remaining four public entities are listed as government business enterprises namely:

- Eastern Cape Development Corporation (ECDC);
- East London Industrial Development Zone (ELIDZ);
- Coega Development Corporation (CDC); and
- Mayibuye Transport Corporation (MTC).

Table 5.8 below provides a summary of transfers to public entities by their controlling departments. The total provincial transfers to public entities decreased in the period of 2009/10 to 2012/13 from

R996.1 million to R777 million, which represents a 23 per cent decline. However total transfers increased from R777 million in 2012/13 to R1 billion 2013/14 which represent a 30 per cent increase. Over the 2013/14 MTEF, total transfers to public entities will amount to R2.9 billion. Details of transfers to public entities are presented in the relevant Votes in the *Estimates of Provincial Revenue and Expenditure*, and a full report is presented in the publication for public entities.

Table 5.8: Summary of Provincial Transfers to Public Entities by Transferring Departments

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Office Of Premier	47 889	36 305	35 010	38 998	41 966	41 966	38 709	40 608	42 482
Eastern Cape Socio-Economic Consultative Council	34 986	36 305	35 010	38 998	41 966	41 966	38 709	40 608	42 482
Eastern Cape Youth Commission	12 903	-	-	-	-	-	-	-	-
Rural Development And Agrarian Reform	187 469	152 796	83 502	183 171	180 757	180 757	191 196	203 449	213 891
ECFRFC(RDA)	164 969	62 300	42 272	166 000	163 586	166 000	173 137	184 306	193 867
ECATU	14 969	15 496	16 230	17 171	17 171	14 757	18 059	19 143	20 024
ECRFC(ASGISA-EC)	7 531	75 000	25 000	-	-	-	-	-	-
Economic Development, Environmental Affairs And Tourism	690 988	556 869	604 152	579 048	469 954	469 954	658 922	568 894	585 681
Eastern Cape Liquor Board	24 621	26 098	32 325	32 137	35 131	35 131	41 131	43 018	47 294
Eastern Cape Gambling and Betting Board	22 017	23 338	31 187	28 687	35 687	35 687	42 687	43 095	46 985
Eastern Cape Development Corporation	188 199	210 974	255 169	183 259	144 659	144 659	188 404	160 461	188 578
Eastern London Industrial Development Zone	130 601	135 257	141 614	132 539	46 051	46 051	112 407	113 792	112 031
Eastern Cape Parks Board	102 500	148 469	-	-	-	-	-	-	-
Eastern Cape Tourism Board	83 050	12 733	-	-	-	-	-	-	-
Eastern Cape Parks and Tourism Agency	-	-	143 857	184 426	190 426	190 426	191 543	208 528	190 793
Coega Development Corporation	140 000	-	-	18 000	18 000	18 000	82 750	-	-
Transport	51 522	51 669	61 429	68 773	68 773	68 773	102 088	93 741	98 053
Maybuye Bus Corporation	51 522	51 669	61 429	68 773	68 773	68 773	102 088	93 741	98 053
Sport, Recreation, Arts And Culture	18 231	12 225	13 936	13 948	15 561	15 561	11 823	12 323	12 323
EC Arts Council	18 231	12 225	13 936	13 948	15 561	15 561	11 823	12 323	12 323
Total	996 099	809 864	798 029	883 938	777 011	777 011	1 002 738	919 015	952 430

Source: EC Provincial Planning & Treasury, 2013

5.7.2 Transfers to development corporations

The province has four development corporations, three of which are listed as government business enterprises in schedule 3D of the PFMA. Table 5.9 provides a summary of transfers to these development corporations, by entity including those transfers already incorporated into table 5.8 above.

Table 5.9: Summary of Provincial Transfers to Development Corporations by Transferring Department

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Rural Development And Agrarian Reform	172 500	137 300	62 072	155 000	155 000	155 000	173 137	184 306	193 934
<i>Asgisa-EC</i>	150 000								
<i>Eastern Cape Rural Finance Corporation</i>	22 500	137 300	62 072						
<i>Eastern Cape Rural Development Agency</i>				155 000	155 000	155 000	173 137	184 306	193 934
Economic Development, Environmental Affairs And Tourism	458 800	346 231	396 783	333 798	208 710	208 710	383 561	274 253	300 609
<i>Eastern Cape Development Corporation</i>	188 199	210 974	255 169	183 259	144 659	144 659	188 404	160 461	188 578
<i>Eastern London Industrial Development Zone</i>	130 601	135 257	141 614	132 539	46 051	46 051	112 407	113 792	112 031
<i>Coega Development Corporation</i>	140 000	-	-	18 000	18 000	18 000	82 750	-	-
Transport	-	-	6 427	68 773	68 773	68 773	102 088	93 741	98 053
<i>Eastern Cape Development Corporation</i>	-	-	6 427	68 773	68 773	68 773	102 088	93 741	98 053
Sport, Recreation, Arts And Culture	16 249	1 000	-	-	-	-	-	-	-
<i>EC Arts Council</i>	16 249	1 000	-						
Total	647 549	484 531	465 282	557 571	432 483	432 483	658 786	552 300	592 596

The total transfers to development corporations decreased from R647.5 million in 2009/10 to R432.5 million in 2012/13, which represents a 33 per cent decline. However, transfers show an increase of R226.3 million or 52 per cent from 2012/13 to 2013/14. Over the 2013/14 MTEF, total transfers to development corporations will amount to R1.5 billion.

5.7.3 Transfers to Local Government

Provincial government, as part of its Constitutional obligation, supports and strengthens the capacity of municipalities to provide basic services to their respective local communities, exercise their powers and perform their constitutionally assigned functions. As a result, departments transfer funds to municipalities for various purposes. This section provides details of departmental transfers to local government, indicating transfers per department and per grant type to each municipality.

The total provincial transfers to local government reflect a continuous decline over the MTEF period. There are three categories of municipalities in terms of the Constitution. Category A (metropolitan council) refers to municipalities that have exclusive municipal executive and legislative authority within their areas. Eastern Cape Province has two metropolitan councils, namely the Buffalo City and Nelson Mandela Bay Metros. Table 5.10 below shows a summary of the provincial transfers to local government by municipal category over the period 2009/10 to 2015/16. Total Transfers declined significantly from R730.1 million in the 2009/10 financial year to a Revised Estimate of R265.6 million in the 2012/13 financial year. In the 2013/14 financial year Transfers are projected to decline further to R89.584 million or by 66.3 per cent. The continuous decline in Transfers originates mainly from the Departments of Health and Roads and Public Works. The Department of Health has provincialised municipal health services and as such has reduced considerably their transfers to local government. In the Department of Roads and Public Works, the Devolution of Property Rates and Taxes grant has been included in the equitable share

allocation and reclassified as payments for goods and service instead of transfer to local government.

Table 5.10: Summary of provincial transfers to local government by category

R' 000	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% change from 2012/13
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16	
Category A	199 987	190 209	85 227	86 952	88 173	88 173	9 476	9 246	9 076	(89.25)
Category B	307 863	234 119	124 160	146 888	149 888	149 888	62 193	61 344	62 210	(58.51)
Category C	277 514	196 601	120 268	27 102	39 853	39 853	31 069	24 345	13 649	(22.04)
Total transfers	730 074	584 162	284 012	251 998	265 626	265 626	89 585	80 497	70 589	(66.27)

Source: Provincial Planning and Treasury Database 2013

Table 5.10 shows that the transfers decreased from R730.1 million in 2009/10 to R265.6 million in 2012/13 due to the transfers made for the construction of the Nelson Mandela Bay Stadium and the stadium upgrade in Mthatha and East London for the 2010 FIFA World Cup. The decline in 2011/12 to R284.0 million is due to the provincialisation of health services by the Department of Health whereby the health services delivered on behalf of the department by the local municipalities have been transferred to the department to ensure a uniform platform for health service delivery.

In the 2013/14 financial year, total transfers are estimated to decrease by 66.3 per cent to R89.6 million due to the Transfer to municipalities being reclassified to Goods and services for the Devolution of Property Rate Funds grant. Over the 2013 MTEF, the province will continue to subsidise the running costs of municipal libraries with the aim of reducing illiteracy and open access libraries in rural areas.

Department of Health will continue with the devolution of environmental health to certain municipalities through service level agreements that have been signed with the municipalities until completed in 2014/15. Lastly, Local Government and Traditional Affairs department will continue to facilitate local economic development (LED).

5.8 Personnel Numbers and Costs

Table 5.11: Personnel Numbers and Costs by Department

Vote R'000	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	As at 31 March 2015
Education	86 724	85 810	82 795	81 985	82 036	82 105	82 088
Health	41 866	53 531	50 878	50 853	50 853	50 853	50 853
Social Development And Special Programmes	2 719	3 195	3 543	4 232	4 000	4 085	4 099
Office Of Premier	394	410	408	420	418	418	411
Provincial Legislature	299	301	329	478	478	496	571
Roads And Public Works	7 217	5 301	3 602	3 716	4 185	4 286	4 286
Local Government And Traditional Affairs	1 487	1 583	1 593	2 977	3 089	3 089	3 089
Rural Development And Agrarian Reform	3 496	3 398	3 483	3 238	3 418	3 367	3 367
Economic Development, Environmental Affairs And Tourism	631	643	619	613	651	667	671
Transport	1 592	1 614	1 629	1 698	1 701	1 701	1 701
Human Settlements	562	543	462	524	561	573	574
Provincial Planning And Treasury	405	483	546	578	617	610	599
Sport, Recreation, Arts And Culture	1 237	1 212	1 165	1 167	1 205	1 205	1 205
Safety And Liaison	117	114	123	145	145	145	145
Total personnel numbers	148 746	158 138	151 175	152 624	153 357	153 600	153 659
Total personnel cost (R'000)	28 293 145	31 409 428	34 442 914	36 781 110	38 478 300	40 214 037	42 621 210
Unit cost (R'000)	190	199	228	241	251	262	277

Source: EC Provincial Planning & Treasury, 2013

Table 5.11 depicts the provincial personnel numbers and costs for the 2013/14 MTEF period. The total number of personnel in the employ of the provincial administration increased from 148 746 in the 2009/10 financial year to 153 659 in 2015/16. In the 2012/13 financial year, the total personnel headcount as at the end of March 2013 is estimated to be 152 624.

The personnel numbers over the 2013/14 MTEF are showing a slight increase. The slight increase can be attributed to the post provisioning in the Department of Education. The total personnel cost increased from R28.3 billion in the 2009/10 financial year to R33.3 billion in the 2011/12 financial year. In the 2012/13 financial year, the province is projecting to spend an amount of R38.5 billion on compensation of employees. The increase in personnel cost is attributable to the annual Improvement of Condition of Services adjustment (ICS) (inflationary adjustment), the implementation of OSD, especially in the provincial departments of Education and Health and a number of other smaller departments with some specialists as well as the carry through costs of HROPT in the province.

Table 5.12 below presents a further breakdown of personnel numbers and costs for Human Resources and Finance components, and for full time, part-time and contract workers. It provides information on the number of persons (head count) and the costs associated to the Human Resources and Finance Divisions as well as for full time, part-time and contract workers within a province over the MTEF period.

The number of personnel employed in the Human Resource component increased from 5 580 in the 2009/10 financial year to an estimated of 5 810 in the 2012/13 financial year. It is projected to increase slightly to 6 036 or by 3.9 per cent in the 2013/14 financial year. The number of personnel in the HR component will increase slightly over the MTEF period. Total expenditure on HR component was R1.7 billion in the 2009/10 financial year. It increased to a Revised Estimate of R1.8 billion in the 2012/13 financial year. It is projected to increase to R1.9 billion in the 2013/14 financial year or by 4.7 per cent. The expenditure will increase slightly over the MTEF period.

In the 2009/10 financial year, 3 561 employees were employed in the Finance component of the provincial administration. This declined slightly to an estimate of 3 177 in the 2012/13 financial year due to scarcity of skilled personnel for this component. In the 2013/14 financial year, the total number of employees in the Finance component will increase to 3 238 or by 1.9 per cent with a slight increase over the MTEF period.

The personnel expenditure of the Finance component increased from R717.2 million in the 2009/10 financial year to a Revised Estimate of R908.9 million in 2012/13 financial year. In the 2013/14 financial year, it is projected to increase to R948.0 million or by 4.3 per cent which caters for the inflationary adjustments. This will then increase slightly to R1.0 billion in 2015/16 due to the urgent need to fill critical vacant Finance posts in departments.

Table 5.12: Provincial Personnel Numbers and Costs – EC Province

R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	%
	Audited			Main appropri ation	Adjusted appropri ation	Revised estimat e	Medium-term estimates			change from 2011/12
Total for the Province										
Personnel numbers (head count)	148 746	158 138	151 175	152 850	152 117	152 624	153 357	153 600	153 659	0.48
Personnel cost (R'000)	28 293 145	31 409 428	34 442 914	36 354 745	36 907 348	36 781 110	38 478 300	40 214 037	42 621 210	4.61
<i>of which</i>										
Human resources component										
Personnel numbers (head count)	3 168	3 030	3 155	3 526	3 523	3 457	3 552	3 583	3 629	2.74
Personnel cost (R'000)	10 157 54	10 083 349	10 699 907	11 422 993	11 466 621	11 455 002	11 985 571	12 355 279	12 688 283	4.68
Head count as % of total for department	2.13	1.92	2.09	2.31	2.32	2.27	2.32	2.33	2.36	2.25
Personnel cost as % of total for department	3.59	3.21	3.11	3.14	3.11	3.11	3.11	3.07	2.98	0.06
Finance component										
Personnel numbers (head count)	3 561	3 190	3 439	3 373	3 366	3 177	3 238	3 285	3 305	1.93
Personnel cost (R'000)	7 172 226	7 256 666	8 366 063	9 112 229	9 101 066	9 089 978	9 480 005	9 801 146	10 245 573	4.29
Head count as % of total for department	2.39	2.02	2.27	2.21	2.21	2.08	2.11	2.14	2.15	1.44
Personnel cost as % of total for department	2.53	2.31	2.43	2.51	2.47	2.47	2.46	2.44	2.40	(0.31)
Full time workers										
Personnel numbers (head count)	129 864	126 530	122 199	126 650	126 348	126 303	127 171	127 313	127 205	0.69
Personnel cost (R'000)	25 081 148	27 067 204	27 542 807	29 521 545	29 484 850	29 451 613	31 638 454	32 954 599	34 448 010	7.43
Head count as % of total for department	87.31	80.01	80.83	82.86	83.06	82.75	82.93	82.89	82.78	0.21
Personnel cost as % of total for department	88.65	86.18	79.97	81.20	79.89	80.07	82.22	81.95	80.82	2.69
Part-time workers										
Personnel numbers (head count)	853	920	914	1050	1050	1050	1 445	1 395	1 447	37.59
Personnel cost (R'000)	172 213	173 202	233 751	242 960	242 960	205 550	207 430	188 797	189 768	0.91
Head count as % of total for department	0.57	0.58	0.60	0.69	0.69	0.69	0.94	0.91	0.94	36.93
Personnel cost as % of total for department	0.61	0.55	0.68	0.67	0.66	0.56	0.54	0.47	0.45	(3.54)
Contract workers										
Personnel numbers (head count)	16 671	22 527	22 699	23 564	23 218	23 254	22 230	22 435	22 475	(4.40)
Personnel cost (R'000)	1 245 545	1 508 249	1 571 988	1 950 490	1 947 927	1 962 225	1 857 122	1 918 140	1 975 616	(5.36)
Head count as % of total for department	11.21	14.25	15.02	15.42	15.26	15.24	14.50	14.61	14.63	(4.86)
Personnel cost as % of total for department	4.40	4.80	4.56	5.37	5.28	5.33	4.83	4.77	4.64	(9.53)

Source: Provincial Planning and Treasury Database 2013

Full time workers account for the bulk of the personnel numbers. The number of full time workers decline slightly from 129 864 in the 2009/10 financial year to 126 303 in the 2012/13 financial year. It is projected to increase marginally to 127 171 or by 0.7 per cent in the 2013/14 financial year. In the same vein, the expenditure on the full time workers accounts for the greater proportion of the personnel expenditure. The cost of the full time workers increases significantly from R25.1 billion in 2009/10 to a Revised Estimate of R29.5 billion in the 2012/13 Revised Estimate. From 2012/13 to 2013/14 the full time workers costs are projected to increase to R31.6 billion or 7.43 per cent.

Contract workers, the second largest component of the total personnel figure, was 16 671 in the 2009/10 financial year and increased to 23 254 in the 2012/13 financial year due to reasons mentioned above. It is projected to decline to 22 230 in the 2013/14 financial year, and is projected to remain relatively constant over the outer years of the MTEF due the decision to reduce reliance on contract workers in the medium term.

5.9 Payments on Training

Table 5.13: Payment on Training – EC Province

Table 5.15: Payment on Training – EC Province										
R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	% change
	Audited			Main	Adjusted	Revised	Medium-term estimates			from
				appropri	appropri	estimate				2011/12
Subsistence and travel	72 816	55 184	1 668	43 469	43 469	41 646	55 330	57 950	60 616	32.86
Payments on tuition	14 734	23 333	10 525	24 184	23 944	23 226	24 710	22 596	23 825	6.39
Other	71 386	64 168	88 686	211 544	211 237	104 381	194 547	208 572	183 181	86.38
Total payments on training	158 936	142 685	100 879	279 197	278 650	169 253	274 587	289 119	267 622	62.23

Source: Provincial Planning and Treasury Database 2013

Table 5.13 above shows the payments on training in the past three years and the projected payments over the 2013 MTEF. In the 2009/10 financial year, expenditure on training increased from R158.9 million to R169.3 million in the 2012/13 Revised Estimate. In the 2013 MTEF, the budget will increase by 62.2 per cent.

5.10 Information on Training

Table 5.14: Information on Training – EC Province

Table 5.14: Information on Training – EC Province										
R' 000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	% change from 2011/12
	Audited			Main appropriat on	Adjusted appropriat on	Revised estimate	Medium-term estimates			
Number of staff	148 746	158 138	151 175	152 850	152 117	152 624	153 357	153 600	153 659	0.48
Number of personnel trained										
of which	23 610	46 782	72 678	127 746	127 509	126 963	165 095	137 270	142 488	30.03
Male	9 528	19 998	31 618	48 720	48 603	48 220	66 964	55 882	57 997	38.87
Female	14 082	26 784	41 060	79 026	78 906	78 743	98 131	81 388	84 491	24.62
Number of training opportunities	1 911	1 748	2 570	3 244	2 918	2 758	3 524	3 872	4 017	27.77
of which	606	702	838	1 079	1 079	1 165	1 246	1 418	1 473	6.95
Tertiary	881	727	1 366	1 424	1 333	1 207	1 481	1 624	1 690	22.70
Workshops	149	227	255	275	275	239	326	350	362	36.40
Seminars	275	92	111	466	441	147	471	480	493	220.41
Other	2 204	3 086	2 449	3 050	2 985	2 573	2 369	1 307	1 294	(7.93)
Number of bursaries offered	1 828	2 727	2 062	2 470	2 459	1 992	1 630	551	553	(18.17)
Internal	376	359	387	580	526	581	739	756	742	27.19
External	1 333	355	545	600	640	567	520	520	535	(8.29)
Number of interns appointed	441	1 039	1 684	1 478	1 478	1 468	1 510	2 010	2 110	2.86
Number of learnerships appointed										

Source: EC Provincial Planning & Treasury, 2013

Table 5.14 above shows the number of personnel trained in the past three years and those projected to be trained over the 2013 MTEF period. In the 2009/10 financial year, 23 610 personnel were trained, of which 9 528 were male and 14 082 female trainees. The number of personnel trained increased significantly from 23 610 in 2009/10 to 126 963 in the 2012/13 financial year. The increase largely emanates from the Department of Health, Social Development and Special Programmes as well as Education due to the labour intensive nature of the services delivered by these departments. Over the 2013/14 MTEF the number of personnel trained is estimated to grow by 30 per cent.

Table A.1: Details of information on provincial own receipts

R'000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16	% change from 2012/13
	Audited			Main appropria tion	Adjusted appropria tion	Revised estimate	Medium-term estimates			
Tax receipts	422 138	428 859	469 282	512 575	512 575	507 024	553 194	597 089	649 830	9.11
Casino taxes	81 793	85 533	112 949	106 000	106 000	86 228	98 360	104 102	115 688	14.07
Horse racing taxes	7 541	6 564	7 299	6 393	6 393	20 614	20 777	22 184	23 542	0.79
Liquor licences	4 462	4 798	2 507	5 600	5 600	5 600	5 936	6 292	6 606	6.00
Motor vehicle licences	328 342	331 964	346 527	394 582	394 582	394 582	428 121	464 511	503 994	8.50
Sales of goods and services other than capital assets	136 176	156 164	157 614	165 788	156 488	176 635	172 101	181 982	189 877	(2.57)
Sales of goods and services produced by department (ex cluding capital assets)	135 434	155 127	156 850	164 565	155 262	175 239	171 650	181 282	189 427	(2.05)
Sales by market establishments	238	1 072	925	899	899	1 004	479	511	692	(52.29)
Administrative fees	8 297	7 688	8 999	9 928	9 928	9 928	10 204	11 224	12 346	2.78
Other sales	126 899	146 367	146 926	153 738	144 571	164 307	160 967	169 547	176 389	(2.03)
<i>Patient fees</i>	<i>51 271</i>	<i>55 161</i>	<i>52 324</i>	<i>-</i>	<i>48 378</i>	<i>61 840</i>	<i>59 305</i>	<i>62 448</i>	<i>65 758</i>	<i>(4.10)</i>
<i>Rent on dwellings</i>	<i>6 658</i>	<i>13 854</i>	<i>13 750</i>	<i>14 346</i>	<i>14 346</i>	<i>14 346</i>	<i>15 781</i>	<i>17 359</i>	<i>18 157</i>	<i>10.00</i>
<i>External Examinations</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>257</i>	<i>257</i>	<i>255</i>	<i>285</i>	<i>300</i>	<i>314</i>	<i>11.76</i>
<i>Laboratory services (soil and animal testing)</i>	<i>2 476</i>	<i>2 772</i>	<i>2 301</i>	<i>3 988</i>	<i>3 988</i>	<i>3 473</i>	<i>6 315</i>	<i>7 406</i>	<i>7 002</i>	<i>81.83</i>
<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1 788</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
Sales of scrap, waste, arms and other used current goods (ex cluding capital assets)	742	1 037	765	1 223	1 226	1 396	451	700	450	(67.69)
Transfers received	-	50	4 018	-	-	-	-	-	-	
Other governmental units	-	50	3 868	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments	-	-	-	-	-	-	-	-	-	
International organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	150	-	-	-	-	-	-	
Households and non-profit institutions	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	6 727	7 298	7 080	8 178	10 267	10 871	11 065	12 230	13 512	1.78
Fines	6 727	7 298	7 080	8 178	10 267	10 871	11 065	12 230	13 512	1.78
Penalties	-	-	-	-	-	-	-	-	-	
Forfeits	-	-	-	-	-	-	-	-	-	
Interest, dividends and rent on land	142 142	97 353	112 122	75 281	73 092	140 004	76 563	80 405	88 383	(45.31)
Interest	138 651	96 318	111 774	75 281	73 092	140 004	76 563	80 405	88 383	(45.31)
Dividends	480	(923)	37	-	-	-	-	-	-	
Rent on land	3 011	1 958	311	-	-	-	-	-	-	
Sales of capital assets	4 703	8 493	3 284	906	376	716	413	419	425	(42.33)
Land and subsoil assets	-	1 478	1 765	-	-	341	-	-	-	(100.00)
Other capital assets	4 703	7 015	1 519	906	376	375	413	419	425	10.12
Financial transactions in assets and liabilities	53 643	49 349	92 476	21 656	21 679	64 081	22 725	25 790	26 053	(64.54)
Revenue financial assets	53 643	49 349	92 476	21 656	21 679	64 081	22 725	25 790	26 053	(64.54)
Loans	-	-	5 267	-	-	706	48	55	61	(93.20)
Receivables	3 435	4 558	5 021	659	682	1 199	515	545	550	(57.06)
Other receipts	50 208	44 791	82 188	20 997	20 997	62 176	22 162	25 190	25 442	(64.36)
Total departmental receipts	765 529	747 565	845 876	784 384	774 478	899 331	836 061	897 914	968 080	(7.04)

Table A.2: Details of information on conditional grants

Department/Grant R'000	Purpose	2009/10		2010/11		2011/12		Actual Transfer	2012/13		2013/14		2015/16	
		Adjusted Appropriation	Actual Transfer	Audited Expenditure	Adjusted Appropriation	Actual Transfer	Audited Expenditure		Adjusted Appropriation	Actual Transfer	Audited Expenditure	Medium Term Estimates		
Agriculture, Forestry and Fisheries														
Agriculture Disaster Management Grant	To relief farmers from the effects of drought/flood, cold spell, hail storm and flood in identified areas	166 296	137 591	124 264	229 777	188 725	211 259	236 295	230 226	216 161	255 032	259 056	259 327	299 737
		24 000	4 000	1 823	22 103	-	22 171	997	997	-	-	-	2 011	-
Comprehensive Agricultural Support Programme Grant	To create a favourable and supportive agricultural services environment for the farming community, in particular subsistence, emerging and commercial farmers.	128 441	120 364	111 301	177 145	160 004	160 760	175 225	174 985	166 531	197 209	198 253	196 512	240 859
Ilima/Lesema Projects Grant	The grant is aimed at assisting previously disadvantaged South African farming communities to achieve an increase in agricultural production.	5 000	5 000	4 039	20 951	20 000	19 579	50 000	45 000	40 401	42 000	43 980	43 981	47 700
Land Care Programme Grant	Aims to further expand farm infrastructure for dipping, fencing, and rehabilitation of irrigation schemes where these could be viable.	8 855	8 227	7 101	9 578	8 721	8 749	10 073	9 244	9 229	16 823	16 823	16 823	11 178
Arts and Culture														
Community Library Services Grant	provide direct access to information and knowledge, contributing to education and self-empowerment.	55 515	55 515	49 828	67 663	67 663	48 126	129 511	95 474	92 135	78 058	87 692	69 488	145 934
		55 515	55 515	49 828	67 663	67 663	48 126	129 511	95 474	92 135	78 058	87 692	69 488	145 934
Basic Education														
Directed Schools Grant		-	-	-	-	-	-	8 400	8 400	8 396	11 964	11 964	11 964	13 956
Education Infrastructure		202 141	202 141	123 967	578 507	503 679	84 370	879 160	726 326	797 187	883 403	922 777	922 777	1 710 084
HIV and Aids (Life Skills Education) Grant	To provide for life skills training, sexuality and HIV and Aids education in primary and secondary schools.	30 168	30 168	25 576	34 781	32 189	28 487	40 640	34 346	36 601	35 252	38 686	38 686	37 753
National School Nutrition Programme Grant	Seeks to improve nutrition of poor school children, enhance active learning capacity and improve attendance in schools.	486 695	486 695	479 760	702 936	702 936	696 723	851 379	845 166	838 925	903 644	907 814	907 814	1 020 116
Technical Secondary Schools Recapitalisation	To boost the number of industrial related apprenticeship and learnerships in scarce skills	-	-	-	9 549	9 549	6 030	42 960	40 272	34 767	30 000	33 040	33 040	34 541
Health														
Comprehensive HIV and Aids Grant	Enables the health sector to develop a specific response to HIV and Aids; prevention programmes, voluntary counselling and testing, prevention of mother-to-child transmission.	3 608 382	3 292 342	3 182 868	5 396 908	4 797 848	3 974 722	5 789 592	4 879 146	5 388 568	5 219 456	5 495 248	5 066 944	3 059 373
		803 454	803 454	851 634	1 862 720	1 728 346	1 400 432	1 830 946	1 728 346	1 812 472	2 121 704	2 138 274	2 154 032	1 683 639
Forensic Pathology Services Grant	Assists with the transfer of medico-legal mortuaries from the South African Police Service to the health sector and to provide comprehensive forensic pathology services for the criminal justice system.	122 428	122 428	107 764	161 486	147 012	126 140	196 404	169 380	169 380	-	-	-	-

Table A.2: Details of information on conditional grants (continued)

Department/Grant R'000	Purpose	2009/10			2010/11			2011/12			2012/13			2013/14			2014/15			2015/16		
		Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture
Health Facility Revitalisation Grant	A consolidated grant involving Health Infrastructure Grant, Nursing Colleges and Schools Grant, and Hospital Revitalisation Grant.	1 124 940	1 036 188	918 296	1 570 120	1 363 604	894 602	2 078 136	1 422 624	1 771 002	1 352 402	1 563 094	1 229 836	562 792	292 930	337 106						
Health Infrastructure Grant		558 966	558 966	510 200	648 274	599 508	557 382	753 528	600 528	657 144	517 724	613 428	504 114	216 816	230 244	251 587						
Nursing Colleges and Schools Grant		-	-	-	-	-	-	-	-	-	29 320	29 320	20 088	9 257	9 435	11 946						
Hospital Revitalisation Grant	Plays a key role in transforming and modernising infrastructure and equipment in hospitals.	565 974	477 222	408 096	921 846	764 096	337 220	1 324 608	822 096	1 113 858	805 358	920 346	705 634	336 719	53 251	73 573						
Health Professions Training and Development Grant	Funds the costs associated with the training of health professionals, and the development and recruitment of medical specialists.	342 212	302 724	248 704	433 650	340 142	364 640	389 898	340 142	381 564	357 460	366 042	304 046	188 560	199 874	209 068						
National Tertiary Services Grant	aims to provide strategic funding to enable provinces to plan, modernise, and transform the tertiary hospital service delivery platform in line with national policy objectives.	1 206 658	1 018 858	1 056 470	1 368 932	1 218 744	1 188 908	1 294 208	1 218 654	1 254 150	1 364 890	1 404 838	1 363 172	743 621	786 007	822 163						
World Cup Health Preparation Strategy Grant		8 690	8 690	-	-	-	-	-	-	-	-	-	-	-	-	-						
National Health Insurance Grant		-	-	-	-	-	-	-	-	-	23 000	23 000	15 858	4 850	7 000	7 397						
Higher Education and Training		-	-	450 238	555 208	555 208	230 960	704 558	634 009	681 919	699 923	712 187	673 157	296 421	315 761	335 551						
Further Education and Training College Sector Grant	To recapitalize FET colleges	-	-	450 238	555 208	555 208	230 960	704 558	634 009	681 919	699 923	712 187	673 157	296 421	315 761	335 551						
Human Settlements		504 773	504 773	1 313 379	1 638 146	1 638 146	1 503 818	2 424 904	2 234 376	1 953 776	2 292 859	2 292 859	2 086 093	2 523 803	1 314 985	1 306 773						
Housing Disaster Relief		-	-	-	-	-	-	113 400	56 700	56 700	92 853	92 853	92 853	-	-	-						
Human Settlements Development Grant	Facilitates the establishment of habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities.	504 773	504 773	1 313 379	1 638 146	1 638 146	1 503 818	2 311 504	2 177 676	1 897 076	2 200 006	2 200 006	1 993 240	2 523 803	1 314 985	1 306 773						
Public Works		285 306	285 306	72 681	196 526	94 769	278 842	292 683	229 793	249 862	314 400	318 873	280 326	129 305	-	-						
Devolution of Property Rate Funds Grant to Provinces	To facilitate the transfer of property rates expenditure responsibility to provinces, and to enable provincial accounting officers to be fully accountable for their expenditure and payment of provincial property rates.	283 429	283 429	72 442	116 503	14 746	220 539	255 599	192 709	235 674	200 825	205 298	205 298	-	-	-						
Expanded Public Works Programme Integrated Grant for Provinces		1 175	1 175	-	41 290	41 290	47 227	25 131	25 131	8 390	69 333	69 333	57 694	49 728	-	-						
Social Sector Expanded Public Works Programme Incentive Grant for		702	702	239	38 733	38 733	11 076	11 953	11 953	5 798	44 242	44 242	17 334	79 577	-	-						

Table A.2: Details of information on conditional grants (continued)

Department/Grant R'000	Purpose	2009/10			2010/11			2011/12			2012/13			2013/14			2014/15			2015/16		
		Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	Adjusted Appro- piation	Actual Transfer	Audited Expendi- ture	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
Sport and Recreation South Africa		64 765	64 765	52 994	75 838	75 838	70 431	64 970	63 570	59 652	66 056	67 821	59 456	61 334	65 401	68 671	61 334	65 401	68 671			
Mass Participation and Sport Development Grant	Promotes mass participation by historically disadvantaged communities in a selected number of developmental sporting activities.	64 765	64 765	52 994	75 838	75 838	70 431	64 970	63 570	59 652	66 056	67 821	59 456	61 334	65 401	68 671	61 334	65 401	68 671			
Transport		1 467 685	1 467 685	1 341 145	1 187 682	1 187 682	1 239 048	1 282 706	1 282 706	1 282 306	1 644 451	1 644 451	1 514 451	1 286 796	1 383 595	1 410 114	1 286 796	1 383 595	1 410 114			
Overload Control Grant		126 540	126 540	-	5 519	5 519	5 390	-	-	-	-	-	-	-	-	-	-	-	-			
Provincial Roads Maintenance Grant		1 214 828	1 214 828	1 214 828	1 034 086	1 034 086	1 085 561	1 034 086	1 034 086	1 034 199	1 369 985	1 369 985	1 339 985	1 102 836	1 190 337	1 207 966	1 102 836	1 190 337	1 207 966			
Public Transport Operations Grant	To provide supplementary funding towards public transport services provided by provincial departments of transport.	126 317	126 317	126 317	148 077	148 077	148 077	166 953	166 953	166 532	174 466	174 466	174 466	183 960	193 258	202 148	183 960	193 258	202 148			
Transport/Disaster Management Grant		-	-	-	-	-	-	81 667	81 667	81 575	100 000	100 000	-	-	-	-	-	-	-			
Total National Conditional Grants		6 871 726	6 526 981	7 216 720	10 673 521	9 854 232	8 372 816	12 747 758	11 303 810	11 640 255	12 435 498	12 792 468	11 923 523	9 461 231	8 532 453	9 442 603	9 461 231	8 532 453	9 442 603			
Provincial Conditional Grants		-	-	-	-	-	-	-	-	-	3 000	3 000	-	-	-	-	-	-	-			
Emergency Medical Services Grant (AFCON)		-	-	-	-	-	-	-	-	-	3 000	3 000	-	-	-	-	-	-	-			
Grand Total		6 871 726	6 526 981	7 216 720	10 673 521	9 854 232	8 372 816	12 747 758	11 303 810	11 640 255	12 438 498	12 795 468	11 923 523	9 461 231	8 532 453	9 442 603	9 461 231	8 532 453	9 442 603			

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

R'000	Outcome			Main appropriat ion	Adjusted appropriat ion 2012/13	Revised estimate 2015/16	Medium-term estimates			% change from 2012/13
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16	
Current payments	36 853 949	40 382 871	43 195 879	45 425 860	47 041 610	47 531 435	48 112 272	50 545 245	53 042 227	1.22
Compensation of employees	28 293 145	31 409 428	34 442 914	36 354 745	36 907 348	36 781 110	38 478 300	40 214 037	42 621 210	4.61
Salaries and wages	24 579 426	27 936 258	32 585 464	31 444 134	31 998 763	31 884 626	33 361 510	34 839 565	37 082 804	4.63
Social contributions	3 713 719	3 473 170	1 857 450	4 910 561	4 908 585	4 896 484	5 116 790	5 374 473	5 538 406	4.50
Goods and services	8 550 225	8 960 901	8 729 457	9 071 115	10 134 262	10 747 101	9 633 972	10 331 207	10 421 017	(10.36)
Of which	-	-	-	-	-	-	-	-	-	-
Administrative fees	17 211	9 702	18 703	11 864	13 056	9 755	9 777	10 719	312 250	0.23
Advertising	56 199	50 108	54 475	59 352	51 377	45 970	48 649	57 509	53 777	5.83
Assets less than the capitalisation threshold	152 543	147 957	109 383	144 107	272 788	230 896	123 732	161 432	173 992	(46.41)
Audit cost: External	81 623	90 159	15 562	109 681	119 721	102 660	117 091	129 665	135 502	14.06
Bursaries: Employees	127 380	118 492	58 336	24 364	15 202	71 407	29 160	38 189	31 922	(59.16)
Catering: Departmental activities	141 043	107 624	95 356	99 020	103 888	101 685	79 490	106 180	109 170	(21.83)
Communication	276 472	322 678	277 188	288 664	271 024	310 685	255 792	280 305	288 542	(17.67)
Computer services	228 176	223 681	260 723	247 193	286 190	285 200	294 582	314 310	301 635	3.29
Cons/prof: Business & advisory services	411 592	393 108	478 240	429 092	606 930	552 203	433 235	521 265	470 060	(21.54)
Cons/prof: Infrastructure & planning	352 217	219 797	138 411	269 217	172 196	159 771	132 066	111 711	116 926	(17.34)
Cons/prof: Laboratory services	408 996	528 249	394 524	564 870	520 107	640 007	490 905	567 427	592 909	(23.30)
Cons/prof: Legal costs	83 969	63 488	89 786	45 703	76 377	161 273	62 752	64 316	63 055	(61.09)
Contractors	1040 640	1226 799	1423 182	1506 114	1375 336	1321 324	1286 513	1070 605	1076 064	(2.63)
Agency and support / outsourced services	826 684	810 369	275 882	216 380	389 906	448 789	290 063	296 756	297 207	(35.37)
Entertainment	7 123	2 591	5 691	6 454	2 197	13 136	2 779	4 247	4 297	111.11
Fleet services (including government motor transport)	78 732	14 621	154 845	114 469	143 794	174 894	209 468	235 463	234 495	19.77
Housing	-	-	-	502	212	218	-	-	-	(100.00)
Inventory: Food and food supplies	131 429	129 827	135 675	196 725	173 139	168 875	180 920	191 319	194 597	7.13
Inventory: Fuel, oil and gas	70 046	55 542	69 717	130 106	152 692	147 449	149 016	18 407	13 711	1.06
Inventory: Learner and teacher support material	359 139	274 021	223 451	88 780	325 932	324 675	114 710	97 971	102 771	(64.67)
Inventory: Materials and supplies	35 497	32 648	29 526	30 314	52 582	44 874	96 424	93 180	25 501	14.88
Inventory: Medical supplies	918 988	414 912	439 466	524 262	345 028	401 831	547 782	661 410	697 933	36.32
Inventory: Medicine	27	773 524	874 888	968 889	543 317	939 964	1 007 151	1 260 650	1 377 611	7.15
Medicinal inventory interface	-	-	-	270	100	90	-	-	-	(100.00)
Inventory: Military stores	-	11	-	-	2 195	2 195	26	9	-	(98.82)
Inventory: Other consumables	137 078	140 816	161 410	169 153	261 769	246 773	206 986	212 446	203 647	(16.12)
Inventory: Stationery and printing	198 484	155 364	170 453	230 701	264 517	242 625	229 432	266 401	262 667	(5.44)
Lease payments	577 880	825 972	992 731	921 970	914 358	901 165	639 518	816 299	833 746	(29.03)
Rental and hiring	5 241	3 080	3 358	142	2 881	(3 847)	324	456	256	(108.42)
Property payments	451 179	539 654	532 090	410 437	1 188 012	1 248 358	1 120 057	1 124 980	791 263	(10.28)
Transport provided dept activity	461 883	368 486	257 034	262 583	407 390	378 796	380 837	414 221	434 386	0.54
Travel and subsistence	685 043	615 077	535 411	539 011	587 773	684 537	572 527	566 273	575 998	(16.36)
Training & staff development	120 550	135 629	154 832	245 710	245 223	144 316	298 015	319 804	325 062	106.50
Operating payments	56 297	120 342	136 267	147 958	183 889	194 613	165 817	189 808	199 077	(14.80)
Venues and facilities	50 863	46 574	62 861	67 058	62 164	61 760	58 377	57 253	53 341	(5.48)
Interest and rent on land	10 579	12 542	23 508	-	-	3 225	-	-	-	(100.00)
Interest	10 430	12 218	23 503	-	-	3 225	-	-	-	(100.00)
Rent on land	149	324	5	-	-	-	-	-	-	-
Transfers and subsidies	5 537 868	5 699 022	7 026 853	7 661 533	7 451 269	7 158 055	7 800 828	6 774 477	6 973 380	8.98
Provinces and municipalities	730 558	584 162	284 267	251 999	265 657	265 628	89 585	80 498	70 589	(66.27)
Provinces	485	-	257	1	31	1	1	1	1	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	485	-	257	1	31	1	1	1	1	-
Municipalities	730 073	584 162	284 010	251 998	265 626	265 627	89 584	80 497	70 588	(66.27)
Municipal bank accounts	621 496	416 721	56 662	64 232	73 387	73 388	89 584	80 497	71 255	22.07
Municipal agencies and funds	108 577	167 441	227 348	187 766	192 239	192 239	-	-	(667)	(100.00)
Departmental agencies (non-business entities)	1 162 990	893 461	788 470	857 612	751 578	751 578	969 055	927 874	930 477	28.94
Social security funds	-	-	-	-	-	-	-	-	-	-
Public entities receiving transfers	1 162 990	893 461	788 470	857 612	751 578	751 578	969 055	927 874	930 477	28.94
Higher education institutions	98 995	141 043	152 371	221 007	121 162	121 162	69 199	75 690	67 097	(42.89)
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	229 461	266 163	276 749	303 876	315 171	317 955	408 562	389 599	412 100	28.50
Public corporations	51 522	51 669	61 429	68 773	68 773	68 773	102 088	93 741	98 053	48.44
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	51 522	51 669	61 429	68 773	68 773	68 773	102 088	93 741	98 053	48.44
Private enterprises	177 939	214 494	215 320	235 103	246 398	249 182	306 474	295 858	314 047	22.99
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	177 939	214 494	215 320	235 103	246 398	249 182	306 474	295 858	314 047	22.99
Non-profit institutions	1 689 674	1 984 547	3 166 925	3 381 969	3 165 822	3 169 175	3 359 657	3 647 028	3 794 662	6.35
Households	1 626 190	1 829 646	2 368 071	2 645 070	2 841 879	2 542 558	2 904 770	1 653 789	1 698 454	14.25
Social benefits	5 516	3 507	4 396	3 277	5 804	5 456	4 942	5 012	5 085	(9.42)
Other transfers to households	1 620 674	1 826 139	2 363 675	2 641 793	2 836 075	2 537 102	2 899 828	1 648 777	1 693 369	14.30
Payments for capital assets	3 234 687	2 230 114	3 471 181	3 112 387	2 898 688	2 879 272	3 344 775	3 218 698	3 877 218	16.17
Buildings and other fixed structures	2 834 058	1 939 814	2 663 887	2 678 469	2 474 440	2 468 951	2 562 438	2 645 175	3 278 292	3.79
Buildings	1 887 129	1 217 043	2 027 848	1 935 377	1 921 425	1 919 765	1 978 267	1 859 646	2 353 789	3.05
Other fixed structures	946 929	722 771	636 039	743 092	553 015	549 186	584 171	785 529	924 503	6.37
Machinery and equipment	396 053	283 782	800 084	421 427	410 550	396 298	752 298	553 346	578 647	89.83
Transport equipment	9 589	6 167	369 561	76 040	56 478	56 478	278 165	158 792	169 476	392.52
Other machinery and equipment	386 464	277 615	430 523	345 387	354 072	339 820	474 133	394 554	409 170	39.52
Heritage assets	-	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	487	-	646	5 210	5 210	3 647	5 441	5 709	5 910	49.19
Land and sub-soil assets	333	-	-	-	-	-	-	-	-	-
Software and other intangible assets	3 756	6 518	6 564	7 282	8 489	10 376	24 597	14 468	14 370	137.07
Payments for financial assets	24 504	21 974	45 123	5 025	5 025	5 207	300	320	388	(94.24)
Total economic classification	45 651 008	48 333 981	53 739 036	56 204 805	57 396 592	57 573 969	59 258 176	60 538 740	63 893 213	2.93

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

Function	Category	Department	Programme
General public services	Executive and legislative	Office of the Premier	Administration Institutional Building & Transformation Policy and Governance Executive Support Services
		Provincial Legislature	Administration Facilities for Members and Political Parties Parliamentary Services Direct Charge
	Financial and fiscal affairs	Provincial Planning & Treasury	Administration Sustainable Resource Management Asset and Liabilities Management Financial Governance
	General services	Roads & 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 & Tourism	Administration Economic Development and Tourism
	Agriculture	Rural Development & Agrarian Reform	Administration Sustainable Resource Management Farmer Support And Development Veterinary Services Research And Technology Development Agricultural Economics Services Structured Agricultural Education and Training Rural Development Coordination
	Transport	Transport	Administration Transport Operations Transport Regulation Community Based Programme
		Roads & Public Works	Transport Infrastructure
Environmental Protection	Environmental protection	Economic Development, Environmental Affairs & Tourism	Environmental Affairs
Housing and community amenities	Housing development	Housing	Administration Housing Needs, Research and Planning Housing Development Housing Asset Management

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

Function	Category	Department	Programme
Health	Outpatient services	Health	District Health Services
			Emergency Medical Services
	Research & Development		Health Sciences and Training
	Hospital services		Provincial Hospitals Services
			Central Hospital Services
			Health Care Support Services
	General		Administration
			Health Facilities Management
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
			Further Education and Training
	Subsidiary service to education		Administration
			Infrastructure Development
			Auxiliary and Associated Services
	Education not definable by level		Adult Basic Education and Training
Social protection	Social security services	Social Development	Administration
			Social Welfare Services
			Development and Research

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

Policy area R'000	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
	Audited			Main appropriat	Adjusted appropriat	Revised estimate	Medium-term estimates		
GENERAL PUBLIC SERVICES	3 080 644	3 249 285	3 372 581	3 704 833	3 783 166	3 753 833	3 933 554	4 069 677	4 182 076
Executive and Legislature	632 665	686 090	779 473	807 930	836 030	820 246	867 640	896 237	918 880
Office of the Premier	376 426	392 621	419 216	423 848	420 271	422 713	458 109	473 249	485 114
Provincial Legislature	256 239	293 469	360 257	384 082	415 759	397 533	409 531	422 988	433 766
Financial and fiscal services	234 113	247 450	283 987	352 143	342 269	337 890	374 872	387 568	396 212
Provincial Planning & Treasury	234 113	247 450	283 987	352 143	342 269	337 890	374 872	387 568	396 212
General services	2 213 866	2 315 745	2 309 121	2 544 760	2 604 867	2 595 697	2 691 042	2 785 872	2 866 984
Public Works	1 468 753	1 540 666	1 570 179	1 756 308	1 791 493	1 791 493	1 850 173	1 917 796	1 978 372
Local Government & Traditional Affairs	745 113	775 079	738 942	788 452	813 374	804 204	840 869	868 077	888 612
PUBLIC ORDER AND SAFETY	47 720	52 635	57 980	64 373	63 313	63 313	69 979	73 446	74 835
Police services	47 720	52 635	57 980	64 373	63 313	63 313	69 979	73 446	74 835
Safety & Liaison	47 720	52 635	57 980	64 373	63 313	63 313	69 979	73 446	74 835
ECONOMIC AFFAIRS	5 364 724	5 109 863	5 558 001	5 673 755	5 749 209	5 686 509	5 846 577	5 920 342	6 089 120
General economic affairs	771 660	600 833	667 196	671 337	564 642	546 995	779 589	677 344	703 285
Economic Development, Environmental Affairs & Tourism	771 660	600 833	667 196	671 337	564 642	546 995	779 589	677 344	703 285
Agriculture	1 582 933	1 535 246	1 484 433	1 694 131	1 680 653	1 680 600	1 714 488	1 770 218	1 819 947
Rural Development & Agrarian Reform	1 582 933	1 535 246	1 484 433	1 694 131	1 680 653	1 680 600	1 714 488	1 770 218	1 819 947
Transport	1 276 198	1 315 591	1 582 911	1 322 994	1 486 683	1 486 683	1 532 362	1 582 886	1 627 025
Transport	1 276 198	1 315 591	1 582 911	1 322 994	1 486 683	1 486 683	1 532 362	1 582 886	1 627 025
Roads and Public Works	1 733 933	1 658 193	1 823 461	1 985 293	2 017 231	1 972 231	1 820 138	1 889 894	1 938 864
Roads Infrastructure	1 733 933	1 658 193	1 823 461	1 985 293	2 017 231	1 972 231	1 820 138	1 889 894	1 938 864
ENVIRONMENTAL PROTECTION	158 925	223 646	218 455	264 726	270 726	269 661	291 269	308 237	304 983
Environmental Protection	158 925	223 646	218 455	264 726	270 726	269 661	291 269	308 237	304 983
Economic Development, Environmental Affairs & Tourism	158 925	223 646	218 455	264 726	270 726	269 661	291 269	308 237	304 983
HOUSING AND COMMUNITY AMENITIES	1 532 801	1 727 782	2 143 154	2 574 536	2 570 745	2 269 492	2 830 080	1 645 826	1 645 107
Housing Development	1 532 801	1 727 782	2 143 154	2 574 536	2 570 745	2 269 492	2 830 080	1 645 826	1 645 107
Human Settlements	1 532 801	1 727 782	2 143 154	2 574 536	2 570 745	2 269 492	2 830 080	1 645 826	1 645 107
HEALTH	12 089 071	13 272 828	14 892 282	15 166 038	15 734 550	16 373 070	16 584 328	17 141 128	18 137 736
Outpatient services	6 067 737	7 143 935	7 929 854	8 150 283	8 410 158	8 882 780	9 033 371	9 506 562	10 140 495
Research & development	522 692	594 133	605 824	644 362	663 207	663 207	744 878	770 280	790 066
Hospital services	3 938 686	4 142 636	4 566 076	4 743 388	4 901 216	5 002 589	5 125 743	5 420 677	5 681 501
General	1 559 956	1 392 124	1 790 528	1 628 005	1 759 969	1 824 494	1 680 336	1 443 609	1 525 674
RECREATION, CULTURE AND RELIGION	778 851	557 159	649 017	705 454	711 181	685 517	715 108	773 511	826 871
Recreational and sporting services	338 576	126 634	137 784	171 716	175 340	161 948	169 122	176 001	179 838
Cultural services	192 955	234 427	305 261	330 984	329 181	317 445	325 893	369 401	409 767
General	247 320	196 098	205 972	202 754	206 660	206 124	220 093	228 109	237 266
EDUCATION	21 164 124	22 576 929	25 155 715	26 268 669	26 735 395	26 694 268	26 972 076	28 470 650	30 384 087
Pre-primary	232 895	338 333	365 451	389 978	390 197	383 845	446 469	548 510	688 588
Primary & secondary	18 129 398	19 696 797	21 514 552	22 316 187	22 658 113	22 646 471	22 548 321	23 818 847	25 014 412
Subsidiary services to education	1 760 261	1 896 510	2 032 817	2 232 815	2 318 689	2 302 288	2 315 897	2 458 954	2 583 573
Education not definable by level	1 041 570	645 289	1 242 895	1 329 689	1 368 396	1 361 663	1 661 390	1 644 338	2 097 515
SOCIAL PROTECTION	1 434 148	1 563 854	1 691 851	1 782 421	1 778 308	1 778 308	2 015 204	2 135 923	2 248 398
Social security services	858 266	968 570	1 101 133	1 170 801	1 179 336	1 158 319	1 367 653	1 424 698	1 497 427
Development and research	179 822	173 261	254 431	251 387	227 927	242 717	258 143	300 433	316 811
General	396 060	422 023	336 287	360 233	371 045	377 272	389 409	410 792	434 160
TOTAL - All Functions	45 651 008	48 333 981	53 739 036	56 204 804	57 396 592	57 573 969	59 258 176	60 538 740	63 893 213

Table A.5: Details of transfers to local government

R' 000	Audited			Main appropri- ation	Adjusted appropri- ation	Revised estimate	Medium-term estimates			% change from 2012/13
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16	
Category A	199 987	190 209	85 227	86 952	88 173	88 173	9 476	9 246	9 076	(89.25)
Nelson Mandela Metro	193 387	181 076	49 792	52 752	52 752	52 752	5 837	5 607	5 437	(88.94)
Buffalo City	6 600	9 133	35 435	34 200	35 421	35 421	5 015	4 285	3 639	(85.84)
Category B	301 362	224 687	123 168	143 888	146 888	146 888	54 120	53 452	53 955	(63.16)
Amahlathi	3 859	7 676	2 119	2 515	2 515	2 515	1 273	1 217	1 215	(49.37)
Baviaans	655	963	1 366	1 020	1 020	1 020	220	220	220	(78.43)
Blue Crane Route	2 079	7 317	2 886	4 285	4 785	4 785	2 314	2 309	2 307	(51.63)
Camdeboo	36 370	27 849	4 743	5 645	5 645	5 645	1 714	1 669	1 667	(69.63)
Elundini	2 248	3 173	1 494	8 478	8 478	8 478	701	656	656	(91.73)
Emalahleni	-	1 916	614	1 465	1 465	1 465	920	915	913	(37.17)
Engcobo	3 437	6 556	906	1 675	1 675	1 675	938	930	827	(43.98)
Gariep	1 342	1 821	3 697	2 901	2 901	2 901	3 764	3 912	4 066	29.74
Great Kei	223	4 011	715	1 161	1 161	1 161	527	522	520	(54.57)
Ikwezi	1 068	1 241	1 518	854	854	854	734	723	796	(14.05)
Ingquza	395	264	3 744	1 874	1 874	1 874	724	724	724	(61.38)
Inkwanca	1 442	1 618	1 173	1 783	1 783	1 783	534	534	534	(70.05)
Intsika Yethu	3 322	4 500	1 232	1 243	1 243	1 243	146	146	256	(88.25)
Inxuba Yethemba	18 444	13 335	2 479	5 113	5 613	5 613	2 627	2 627	2 510	(53.19)
King Sabata Dalindyebo	123 788	8 492	39 427	37 240	37 240	37 240	1 831	1 826	1 824	(95.08)
Kouga	8 714	16 150	1 365	3 414	3 414	3 414	2 014	2 014	2 014	(41.01)
Koukamma	14 744	8 026	2 171	2 320	2 320	2 320	1 049	1 044	1 042	(54.77)
Lukhanji	3 835	4 371	4 091	8 445	8 445	8 445	4 267	4 262	4 260	(49.47)
Makana	3 696	6 166	6 669	11 285	11 785	11 785	3 985	3 985	3 985	(66.19)
Maletswai	4 172	8 095	728	1 133	1 133	1 133	704	704	704	(37.87)
Matatiele	-	3 080	3 847	2 480	2 480	2 480	520	401	398	(79.02)
Mbhashe	570	3 928	2 292	1 807	1 807	1 807	467	457	549	(74.13)
Mbizana	816	1 829	2 542	1 573	1 573	1 573	323	318	316	(79.45)
Mhlonlto	3 469	7 801	922	978	978	978	175	115	115	(82.11)
Mnquma	3 371	5 546	2 447	2 527	2 527	2 527	162	112	110	(93.57)
Ndlambe	1 812	1 426	1 641	4 325	4 325	4 325	2 854	2 849	2 847	(34.00)
Ngqushwa	2 387	6 325	2 162	2 370	2 370	2 370	390	343	199	(83.54)
Nkonkobe	1 222	3 419	1 193	7 380	7 380	7 380	1 151	1 144	1 240	(84.40)
Ntabankulu	4 232	6 314	692	671	671	671	242	202	202	(63.94)
Nxuba	1 206	962	2 167	2 185	2 185	2 185	639	634	522	(70.74)
Nyandeni	27 694	22 262	517	843	843	843	300	300	300	(64.41)
Port St Johns	2 148	1 628	1 931	2 034	3 534	3 534	2 472	2 585	2 651	(30.04)
Qaukeni	960	4 648	100	-	-	-	162	112	110	
Sakizizwe	681	1 971	836	1 264	1 264	1 264	486	481	479	(61.52)
Senqu	2 313	3 526	1 088	1 483	1 483	1 483	1 345	1 200	1 200	(9.27)
Sundays River Valley	7 478	957	2 047	3 245	3 245	3 245	1 507	1 499	1 498	(53.56)
Tsolwana	184	1 226	308	738	738	738	556	551	549	(24.61)
Umzimkhulu	9	1 134	-	141	141	141	141	141	141	
Umzimvubu	476	3 733	1 570	997	997	997	1 162	1 174	1 234	16.59
Unallocated	6 501	9 432	992	3 000	3 000	3 000	8 073	7 892	8 255	169.10
Category C	228 725	169 266	75 617	21 158	30 565	30 565	25 989	17 800	7 558	(14.97)
Alfred Nzo	8 679	7 472	3 161	541	9 450	9 450	2 903	1 736	-	(69.28)
Amathole	10 805	31 978	199	6 650	3 000	3 000	4 241	2 078	-	41.37
Cacadu	90 234	39 992	7 816	-	-	-	1 259	585	-	
Chris Hani	48 153	23 016	9 115	-	-	-	4 635	2 265	-	
OR Tambo	10 503	10 621	6 314	7 652	4 002	4 002	5 585	3 306	1 027	39.55
Joe Gqabi	11 562	28 852	4 361	371	4 825	4 825	2 286	1 285	439	(52.62)
Unallocated	48 789	27 335	44 651	5 944	9 288	9 288	5 080	6 545	6 092	(45.31)
Total transfers	730 074	584 162	284 012	251 998	265 626	265 626	89 585	80 497	70 589	(66.27)

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

R' 000	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% change from 2012/13
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16	
Category A	13 719 974	12 783 212	14 832 347	13 853 324	13 853 324	12 783 974	12 910 577	13 553 149	14 733 031	0.99
Nelson Mandela Metro	5 425 970	5 887 513	6 155 492	5 653 429	5 653 429	5 840 575	6 181 263	6 428 249	6 770 839	5.83
Buffalo City Metro	8 294 004	6 895 699	8 676 855	8 199 894	8 199 894	6 943 399	6 729 315	7 124 900	7 962 193	(3.08)
Category B	18 571 991	21 291 254	22 987 300	22 075 839	22 078 839	23 465 470	25 475 518	26 866 609	27 006 019	8.57
Amahlathi	141 064	168 819	180 450	208 982	208 982	223 071	255 756	268 908	283 877	14.65
Baviaans	662	721	1366	800	800	6 450	8 224	8 727	9 241	27.50
Blue Crane Route	2 761	5 695	2 886	2 088	2 588	3 303	6 464	6 619	8 066	95.71
Camdeboo	398 757	491 679	545 922	513 481	513 481	540 904	588 359	620 185	653 367	8.77
Elundini	543 632	628 627	693 557	677 299	677 299	716 170	769 411	812 108	854 450	7.43
Emalahleni	530 364	617 998	672 572	632 730	632 730	687 088	739 394	780 025	820 972	7.61
Engcobo	831 817	910 501	981 366	938 595	938 595	1004 905	1 078 967	1 138 494	1 197 444	7.37
Gariep	24 466	36 305	32 009	19 437	19 437	22 592	31 583	33 391	35 579	39.79
Great Kei	7	2 938	1975	959	959	2 730	7 476	7 937	8 478	173.85
Ikwezi	1331	1876	1518	588	588	765	2 682	2 835	3 230	250.56
Ingquza	320 754	546 349	637 720	457 055	457 055	442 954	507 944	534 108	564 096	14.67
Inkwanca	4 689	3 122	1408	1472	1472	2 058	4 135	4 289	4 815	100.93
Intsika Yethu	844 907	904 749	943 140	897 811	897 811	964 022	1 030 294	1 087 368	1 142 525	6.87
Inxuba Yethemba	390 208	437 910	480 767	449 319	449 819	486 096	528 642	557 402	586 331	8.75
King Sabata Dalindyebo	2 003 674	2 623 684	3 006 499	3 008 745	3 008 745	3 112 734	3 430 308	3 613 881	3 803 726	10.20
Kooga	121 130	151 322	202 609	221 733	221 733	250 201	285 361	300 271	316 672	14.05
Koekamma	4 834	5 244	16 674	2 178	2 178	2 702	4 981	5 186	5 611	84.35
Lukhanji	1 132 109	1 242 050	1 406 506	1 380 201	1 380 201	1 415 840	1 560 986	1 644 381	1 730 274	10.25
Makana	550 980	708 852	373 040	355 134	355 634	391 963	430 321	454 105	476 465	9.79
Maletswai	103 058	18 459	147 618	136 850	136 850	132 943	160 591	168 958	177 803	20.80
Matatiele	103 794	171 572	174 399	179 218	179 218	171 795	200 734	211 940	223 805	16.85
Mbhashe	113 696	1 243 270	1 344 010	1 256 065	1 256 065	1 355 762	1 450 200	1 530 376	1 607 912	6.97
Mbizana	932 918	1 008 149	1 146 565	1 005 100	1 005 100	1 072 308	1 136 778	1 200 414	8 711	6.01
Mhlonlolo	838 971	1 008 924	1 107 819	1 039 856	1 039 856	1 103 146	1 189 809	1 255 104	1 319 768	7.86
Mnquma	1 325 393	1 396 661	1 560 486	1 488 183	1 488 183	1 515 589	1 625 805	1 715 295	1 803 886	7.27
Ndlambe	6 305	3 640	4 656	4 324	4 324	1913	6 113	6 561	6 549	219.53
Ngqushwa	6 197	28 152	49 182	5 920	5 920	19 642	21 885	23 140	24 760	114.2
Nkonkobe	761 944	828 250	933 244	879 446	879 446	929 872	1 009 052	1 063 720	1 119 150	8.52
Ntabankulu	696 088	695 472	637 488	612 834	612 834	181 669	196 984	208 162	218 802	8.43
Nxuba	4 085	3 638	1 628	1 667	1 667	1 663	3 897	4 211	4 307	134.26
Nyandeni	1 561 238	1 893 237	2 003 170	1 886 723	1 886 723	2 015 183	2 157 875	2 276 520	2 392 569	7.08
Port St Johns	13 419	6 002	3 034	3 261	4 761	31 563	37 492	39 435	41 291	18.78
Qaukeni	1 471 792	1 321 079	1 385 268	1 315 082	1 315 082	1 444 070	1 523 094	1 608 467	1 688 411	5.47
Sakiszwe	128 248	122 832	135 237	121 294	121 294	132 837	152 793	160 681	169 510	15.02
Senqu	709 150	780 942	873 937	828 394	828 394	880 624	949 225	1 001 055	1 052 172	7.79
Sundays River Valley	10 193	3 397	2 640	2 629	2 629	3 338	5 859	6 406	6 533	75.53
Tsolwana	2 760	7 320	2 006	1 911	1 911	1 343	3 276	3 756	3 853	143.96
Umkhulu	9	134	-	-	-	-	-	-	-	-
Umkhulu	928 086	1 152 251	1 292 931	1 538 478	1 538 478	2 193 661	2 372 767	2 502 190	2 631 008	8.16
Unallocated	6 501	9 432	-	-	-	-	-	-	-	-
Category C	6 673 445	6 065 318	6 642 408	7 625 897	7 613 677	7 455 359	7 932 218	7 687 930	8 025 208	6.40
Alfred Nzo	701 284	528 047	592 613	681 953	686 953	722 634	702 239	514 009	564 812	(2.82)
Amathole	1 540 952	1 888 526	1 912 937	2 345 879	2 332 401	2 174 056	2 323 284	2 283 091	2 325 597	6.86
Cacadu	1 224 422	1 289 750	1 263 877	1 322 624	1 322 624	1 361 772	1 409 839	1 433 541	1 513 737	3.53
Chris Hani	945 083	920 424	892 942	1 107 357	1 107 356	1 074 564	1 191 630	1 144 745	1 246 523	10.89
OR Tambo	1 617 362	911 511	1 154 827	1 303 039	1 303 040	1 236 530	1 379 818	1 319 456	1 311 939	11.59
Joe Gqabi	553 808	400 865	662 925	635 759	637 259	659 328	680 234	731 810	772 090	3.17
Unallocated	90 533	126 195	162 287	229 284	224 042	226 475	245 174	261 277	290 511	8.26
Whole Province	6 685 319	8 193 826	9 272 197	12 649 421	13 850 428	13 867 848	12 938 374	12 429 491	14 127 321	(6.70)
Total payments and estimates	45 650 729	48 333 610	53 734 252	56 204 480	57 396 268	57 572 651	59 256 687	60 537 179	63 891 580	2.93

Table A.7: School allocation formats

District	Total Per District			2012/13			Medium-term estimates		
BUTTERWORTH	3 678	483	75 042	65 343	50 373	50 373	67 702	70 819	74 289
COFIMVABA	2 688	402	52 671	45 984	35 449	35 449	47 753	49 951	52 399
CRADOCK	936	278	22 796	17 004	13 108	13 108	19 670	20 576	21 584
DUTYWA	3 543	448	86 115	74 486	57 421	57 421	76 343	79 858	83 771
EAST LONDON	4 726	596	120 381	75 054	57 859	57 859	86 878	90 878	95 331
FORT BEAUFORT	1 688	459	34 685	27 580	21 261	21 261	30 425	31 826	33 385
GRAAFF-REINET	924	318	24 258	18 197	14 028	14 028	21 013	21 981	23 058
GRAHAMSTOWN	1 024	190	26 120	18 730	14 439	14 439	21 772	22 775	23 891
KING WILLIAMS TOWN	3 924	872	88 910	68 550	52 845	52 845	77 865	81 450	85 441
LADY FRERE	1 572	282	35 260	28 324	21 835	21 835	32 034	33 508	35 150
LIBODE	5 269	839	163 848	139 258	107 353	107 353	149 900	156 801	164 485
LUSIKISIKI	4 634	500	147 555	123 266	95 025	95 025	134 320	140 504	147 389
MALUTI	2 570	404	62 984	52 238	40 270	40 270	57 630	60 283	63 237
MBIZANA	3 463	348	105 562	89 426	68 938	68 938	97 531	102 021	107 020
MT FLETCHER	1 840	322	41 259	34 744	26 784	26 784	37 621	39 353	41 282
MT FRERE	2 714	430	67 750	56 571	43 610	43 610	61 583	64 418	67 575
MTHATA	4 891	755	134 643	103 004	79 405	79 405	113 014	118 217	124 010
NGCOBO	2 509	413	62 582	53 016	40 870	40 870	56 822	59 438	62 350
PORT ELIZABETH	6 044	585	161 707	94 282	72 682	72 682	116 669	122 041	128 021
QUEENSTOWN	2 047	440	51 901	38 585	29 745	29 745	43 974	45 998	48 252
QUMBU	2 486	423	61 193	48 121	37 096	37 096	54 406	56 911	59 699
STERKSPRUIT	2 028	325	55 523	44 096	33 993	33 993	48 961	51 215	53 725
UITENHAGE	2 866	456	78 971	53 034	40 883	40 883	61 488	64 319	67 471
Grand Total	68 064	10 568	1 761 716	1 368 894	1 055 273	1 055 273	1 515 374	1 585 144	1 662 816

* Details of allocations to schools are available on a separate publication with all statutory transfers from the Province of the Eastern Cape.

Table A8 (a) : Summary of hospital budgets

R'000	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16
Receipts									
Transfer receipts from national	3 199 506	3 074 226	3 419 950	2 376 980	3 342 648	2 949 453	2 580 742	2 806 013	2 931 703
Equitable share	2 657 408	2 360 253	2 587 765	1 628 183	2 719 143	2 421 471	2 005 881	2 198 584	2 321 111
Conditional grants	542 098	713 973	832 185	748 797	623 505	527 982	574 862	607 429	610 592
Comprehensive HIV and Aids Grant	295 426	362 240	312 903	572 231	581 229	452 988	507 595	537 135	537 135
Health Infrastructure Grant	212 211	227 825	338 183	138 581	-	58 176	60 794	63 530	66 388
Health Professions Training and Development	26 313	98 249	152 884	17 220	17 220	10 624	-	-	-
Hospital Revitalisation Grant	128	128	128	-	-	-	-	-	-
National Health Insurance Grant	3 358	15 693	19 191	20 765	25 056	6 194	6 473	6 764	7 068
National Tertiary Services Grant	4 662	9 838	8 896	-	-	-	-	-	-
Nursing Colleges and Schools Grant	-	-	-	-	-	-	-	-	-
Funds from Provincial Own Revenue	-	-	-	-	-	-	-	-	-
Total receipts	3 199 506	3 074 226	3 419 950	2 376 980	3 342 648	2 949 453	2 580 742	2 806 013	2 931 703
Payments									
Current payments	3 152 503	2 901 152	3 246 876	2 283 379	3 165 705	2 868 893	2 571 237	2 796 115	2 921 805
Compensation of employees	1 503 595	1 762 111	1 762 111	1 835 524	2 337 858	2 067 507	2 186 232	2 365 905	2 484 920
Goods and services	1 648 908	1 139 041	1 484 765	447 855	827 847	801 386	385 006	430 210	436 885
of which ¹									
Consultants and professional services: Labour	2 331	-	-	-	2 009	-	-	-	-
Contractors	14 614	5 000	5 000	5 211	17 056	5 261	5 847	7 301	7 353
Agency & support/outsource services	183 022	550	550	-	-	238 641	-	-	-
Medical supplies	136 213	130 881	130 881	75 701	113 740	151 090	76 174	95 035	95 762
Medicine	101 785	87 912	87 912	60 373	117 411	96 958	61 765	76 375	77 348
Other (Specify) ²	1 200 943	914 698	1 260 422	306 569	577 631	309 436	241 219	251 500	256 423
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	5 328	9 877	9 877	10 401	13 736	12 687	9 505	9 898	9 898
Municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5 328	9 877	9 877	10 401	13 736	12 687	9 505	9 898	9 898
Payments for capital assets	41 675	163 197	163 197	83 200	163 207	67 873	-	-	-
Buildings and other fixed structures	330	-	-	-	19 898	16 882	-	-	-
Machinery and equipment	41 345	163 197	163 197	83 200	143 309	50 991	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Unallocated contingency reserve	-	-	-	-	-	-	-	-	-
Total Payments	3 199 506	3 074 226	3 419 950	2 376 980	3 342 648	2 949 453	2 580 742	2 806 013	2 931 703
Surplus/(deficit) before financing	-	-	-	-	-	-	-	-	-
Financing									
Roll-overs	-	-	-	-	-	-	-	-	-
Other (Specify)	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after financing	-	-	-	-	-	-	-	-	-

Table A8 (b) : Summary of hospital personnel numbers and costs

Summary of personnel numbers and costs							
Personnel numbers	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	As at 31 March 2015	As at 31 March 2016
Professional							
Medical Practitioners	817	817	817	817	817	817	817
Medical Specialists	68	68	68	68	68	68	68
Total doctors	885	885	885	885	885	885	885
Professional Nurses	2 638	2 638	2 638	2 638	2 638	2 638	2 638
Nursing assistants and pupil nurses	1548	1548	1548	1548	1548	1548	1548
Student nurses	-	839	-	-	-	-	-
Total Nurses	4 186	5 025	4 186	4 186	4 186	4 186	4 186
Dentists, dental therapy, oral hygiene	19	19	19	19	19	19	19
Ambulance personnel	-	-	-	-	-	-	-
Pharmacists	120	120	120	120	120	120	120
Pharmacy assistants	49	49	49	49	49	49	49
Radiographers	216	216	216	216	216	216	216
Dieticians	86	86	86	86	86	86	86
Environmental health	-	-	-	-	-	-	-
Health sciences, medical technicians and research	7	7	7	7	7	7	7
Occupational therapists	52	52	52	52	52	52	52
Optometrists	5	5	5	5	5	5	5
Physiotherapists	61	61	61	61	61	61	61
Psychologists	38	38	38	38	38	38	38
Speech and hearing therapists	33	33	33	33	33	33	33
Administrative							
Levels: 13 - >	5	5	5	5	5	5	5
Levels: 11- 12	513	513	513	513	513	513	513
Levels: 10 - <	4 349	4 559	4 559	4 559	4 162	4 162	4 162
Total hospital personnel numbers	10 624	11 673	10 834	10 834	10 437	10 437	10 437
Total personnel cost (R thousand)	7 397 477	8 390 748	-	-	-	-	-
Unit cost (R thousand)	696	719	-	-	-	-	-

END OF THE
OVERVIEW OF
PROVINCIAL REVENUE
AND EXPENDITURE

