

**Western Cape Government
Provincial Treasury**

Budget

**Overview of Provincial Revenue
and Expenditure**

2013

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Foreword

The 2013 Medium Term Budget will continue to provide and strengthen Education, Health, Social Development and other social and economic services. The Budget will also explore opportunities for the Western Cape Government to achieve greater economic growth, address persistent high levels of unemployment and poverty in a sustainable manner.

We have pursued our economic development goals and strategies on a number of fronts. These include initiatives to maintain market access in our traditional markets, while in search of new markets; invest in building, roads, Information and Communication Technology and broadband infrastructure to create employment and enhance the competitiveness of the Province.

The Western Cape will also endeavour to improve the Province's competitiveness through Skills Development programmes, which is aimed at pre and post-employment development. It is anticipated that these initiatives would enhance the employment chances of our unemployed, especially the youth.

Investment in infrastructure maintenance and the Expanded Public Works Programme will provide temporary employment relief for lower skilled people and at the same time opportunities to improve Government service delivery.

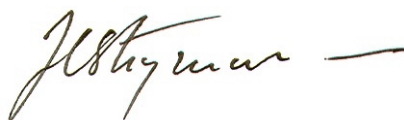
The emergence of the Green Economy presents opportunities to grow the economy further and create more employment opportunities. However the Green Economy endeavours go further to enhance the sustainability of our environment for future generations.

The Programmes we design and implement can only be successful through partnerships, communities, municipalities, national government and private sector because it determines how we locate and direct services and infrastructure spatially and fund them.

One of the biggest focus areas over the 2013 MTEF is to achieve greater efficiencies in the services that government delivers and instil a culture of performance and accountability to the citizens we serve.

The 2013 Budget gives us the opportunity to deliver on our key goals of improving the competitiveness of the regional economy, stimulating employment opportunities and human capital development, improving social service delivery, and the overall performance of government through partnerships.

Budget 2013 is focused on delivery: "From vision to action" to ensure a better life for all.



DR JC STEGMANN

HEAD OFFICIAL: PROVINCIAL TREASURY

DATE: 7 MARCH 2013

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Abbreviations

APAS	Annual Performance Assessment System
APPs	Annual Performance Plans
ASIDI	Accelerated School Infrastructure Delivery Initiative
BBBEE	Broad-based Black Economic Empowerment
BBPO	Broadband Programme Office
BER	Bureau for Economic Research
BI	Business Intelligence
BoJ	Bank of Japan
BPO	Business Process Optimisation
C-AMP	Custodian Asset Management Plan
CAPS	Curriculum Assessment Policy Statements
Casidra	Cape Agency for Sustainable Development in Rural Areas
CBD	Central Business District
CDW	Community Development Worker
Ce-I	Centre for E-Innovation
CHC	Community Health Clinic
CoE	Compensation of Employees
CPI	Consumer Price Index
CRU	Community Rental Unit
CSC	Corporate Services Centre
CWP	Community Work Programme
DCAS	Department of Cultural Affairs and Sport
DEDAT	Department of Economic Development and Tourism
DMO	Destination Marketing Organisation
DoCS	Department of Community Safety
DoRA	Division of Revenue Act
DSD	Department of Social Development
ECB	European Central Bank
ECD	Early Childhood Development
ECM	Enterprise Content Management
EDP	Economic Development Partnership
EPM	Enterprise Portfolio Management
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FLISP	Finance Linked Individual Subsidies Programme

GDPR	Gross Domestic Product per Region
GFS	Government Finance Statistics
GHS	General Household Survey
HRM	Human Resource Management
HSDG	Human Settlements Development Grant
HWC	Heritage Western Cape
ICT	Information Communication Technology
IDIP	Infrastructure Development Improvement Programme
IDMS	Infrastructure Delivery Management Systems
IDPs	Integrated Development Plans
IMF	International Monetary Fund
IT	Information Technology
IYM	In-Year Monitoring and Management System
LG MTEC	Local Government Medium Term Expenditure Committee
LTSM	Learner and Teacher Support Material
MDGs	Millennium Development Goals
MDR	Multiple Drug Resistant
MFMA	Municipal Finance Management Act, 2003
MinComBud	Ministers Committee on the Budget
MOD	Mass Opportunity Development
MVL	Motor Vehicle Licence Fees
NDP	National Development Plan
NGOs	Non-Governmental Organisations
NHI	National Health Insurance
NSC	National Senior Certificate
NTSG	National Tertiary Services Grant
OECD	Organisation for Economic Co-operation and Development
OSD	Occupational Specific Dispensation
PAY	Premier's Advancement of Youth
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PMTCT	Prevention-of-Mother-to-Child Transmission
PPPs	Public Private Partnerships
PRF	Provincial Revenue Fund
PRP	Provincial Regeneration Programme
PSBC	Public Service Bargaining Council
PSDF	Provincial Spatial Development Framework

PSDF	Provincial Skills Development Forum
PSP	Provincial Spatial Plan
PTMS	Provincial Transversal Management System
PWAN	Provincial Wide Area Network
QLFS	Quarterly Labour Force Survey
RAF	Road Accident Fund
RIAs	Regulatory Impact Assessments
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCOA	Standard Chart of Accounts
SDIP	Service Delivery Improvement Plan
SHARP	Sport, Research, and Policy development Programme
SIP	School Improvement Plans
SITA	State Information Technology Agency
SIZA	Sustainable Initiative of South Africa
StatsSA	Statistics South Africa
TA	Treasury Approval
TB	Tuberculosis
TDR	Total Drug Resistant
TPW	Department of Transport and Public Works
U-AMPS	User Asset Management Plans
WCCC	Western Cape Cultural Commission
WCED	Western Cape Education Department
WCG	Western Cape Government
WCGRB	Western Cape Gambling and Racing Board
WCIDMS	Western Cape Infrastructure Delivery System
WCLC	Western Cape Language Committee
WC-MTBPS	Western Cape Medium Term Budget Policy Statement
WCSS	Western Cape Sport School
WIETA	Wine Industry Ethical Trade Association
XDR	Extreme Drug Resistant

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Economic Outlook and Socio-economic Context

Introduction

The focus of provincial fiscal policy in its broadest sense is to address social and economic challenges, and specifically in our country, to address the problem of poverty. It is widely recognised that the most sustainable way to uplift the poor is through sustainable economic growth and job creation. These objectives are currently both a national and provincial imperative.

This chapter provides an overview of the most recent global, national and regional domestic socio-economic developments that forms the backdrop to the Western Cape Government budget.

On the international front, global economic growth has further moderated during 2012. Both advanced and emerging and developing economies performed below-par, mainly due to weak growth in advanced economies. A number of risks to the outlook therefore remain.

Similarly, South African economic growth is expected to have slowed in 2012. Current forecasts suggest that growth will likely remain under pressure in 2013, before accelerating in 2014. Risks rest mainly on domestic concerns, especially in respect of employment and labour market dynamics.

Economic activity in the Western Cape is expected to remain positive over the medium term, driven by the tertiary sector. The growth rate is projected to accelerate in 2014 and beyond.

Risks to the regional economy remain tied to growth prospects in advanced economies via the impact on exports, as well as domestic labour market dynamics. Recent labour market statistics indicate stagnation in employment, both nationally and provincially. Unemployment continues to rise in the Western Cape, driven by the increase in non-searching unemployed. Increasing employment thus remains a key policy challenge.

A selection of key development indicators used to inform government's planning toward enhanced growth and improved development outcomes are also highlighted in this chapter.

Macroeconomic outlook¹

Global economic outlook

Slowdown in global growth during 2012

According to the International Monetary Fund (IMF) global growth slowed to 3.2 per cent in 2012 from 3.9 per cent in 2011. The slowdown in growth was caused by both the subpar performance of advanced economies, in particular the Eurozone, and the moderation in emerging market and developing economies. In the advanced economies, growth slowed from 1.6 per cent in 2011 to 1.3 per cent in 2012, with growth in the Eurozone slowing from a 1.4 per cent expansion in 2011 to a 0.4 per cent contraction in 2012. In the emerging market and developing economies, growth slowed to 5.1 per cent in 2012 from 6.3 per cent in 2011.

Medium term outlook for US economy positive despite moderating growth in 2013

Prospects for the US economy have improved since the start of the year. This follows the last-minute aversion of the so-called US fiscal cliff in December 2012. The cliff involved significant government spending cuts and tax increases that would have automatically come into effect on 1 January 2013. This would have likely pushed the world's largest economy into recession during 2013. The uncertainty regarding the fiscal cliff contributed to the lackluster growth performance in the fourth quarter of 2012. The US economy contracted by an annualised 0.1 per cent quarter-on-quarter during the fourth quarter, while the market expectation was a 1.1 per cent rise. The contraction was mainly driven by temporary factors, such as an annualised 22 per cent quarter-on-quarter decline in national defense

¹ Economic data and information as at 15 February 2013.

spending, and these are unlikely to weigh on growth heading into 2013.

Recent employment trends show an acceleration of jobs gains, while housing market trends have also been more positive. Despite the full extent of the fiscal cliff having been temporarily averted, selected tax increases are still likely to dampen disposable income and consumer spending in 2013. Therefore, US economic growth is expected to moderate slightly in 2013, before picking up again in 2014. The US Federal Reserve Bank remains committed to their expansionary monetary policy programme until the growth performance and employment improves substantially.

The Eurozone economies remain under pressure and continue to pose a downside risk to the global growth outlook. The most recent GDP data for the region's two largest economies, namely Germany and France, showed a sharp contraction in economic activity during the fourth quarter of 2012. However, the risk of a break-up of the Eurozone has been reduced by structural adjustments in the most indebted member countries and aggressive policy action from the European Central Bank (ECB). This has caused an improvement in financial conditions and periphery bond yields have come down sharply. It is expected that the Eurozone will suffer another mild contraction in 2013. Growth is however set to return in 2014.

Eurozone economy set to contract in 2013

The Japanese economy entered its third technical recession² in five years during the third quarter of 2012. However, this recession is expected to be short-lived due the extensive fiscal stimulus package and aggressive monetary policy from the Bank of Japan (BoJ). This is further supported by the weaker yen.

According to the IMF, growth in emerging market and developing economies is likely to accelerate to 5.5 per cent in 2013 and 5.9 per cent in 2014. However, unlike in 2010 and 2011, these economies are not expected to grow by more than 6 per cent as the continued weakness in the advanced economies is anticipated to weigh on external demand and hamper growth. In addition, many countries have already used up the fiscal and monetary space to stimulate their economies, while some

Emerging markets and developing countries continue to buoy global growth

² A technical recession is defined as two consecutive quarters of negative growth or contraction in economic activity

countries such as South Africa are suffering from domestic supply bottlenecks, further constraining growth. Despite these concerns, emerging economies will remain the key drivers of global growth in the foreseeable future.

After seven consecutive quarters of slower GDP growth, the Chinese economy showed more encouraging signs toward the end of 2012. Economic growth accelerated to 7.9 per cent year-on-year during the fourth quarter of 2012, from 7.4 per cent in the previous quarter. The IMF projects growth to pick up further to average 8.2 and 8.5 per cent in 2013 and 2014, respectively.

Strong growth forecast for Sub-Saharan Africa

Economic activity in the Sub-Saharan Africa region is expected to remain strong, supported by a rebound following flood-related output disruptions in Nigeria. The IMF expects growth in the region to increase from 4.8 per cent in 2012 to 5.8 per cent in 2013. In 2014, growth will ease slightly to 5.7 per cent.

Overall, global growth is expected to recover. A growth rate of 3.5 and 4.1 per cent is forecasted for 2013 and 2014 respectively. In advanced economies, growth is expected to pick up to 1.4 per cent in 2013 and 2.2 per cent in 2014. Growth in emerging market and developing economies is forecast at 5.5 and 5.9 per cent in 2013 and 2014 respectively. Table 1.1 below summarises the IMF's economic outlook until 2014.

Table 1.1 Global economic growth outlook

	2012	2013	2014		2012	2013	2014
Advanced countries	1.3	1.4	2.2	Developing countries	5.1	5.5	5.9
US	2.3	2.0	3.0	Developing Asia	6.6	7.1	7.5
Japan	2.0	1.2	0.7	China	7.8	8.2	8.5
Eurozone*	-0.4	-0.2	1.0	India	4.5	5.9	6.4
Germany	0.9	0.6	1.4	Latin America	3.0	3.6	3.9
UK	-0.2	1.0	1.9	Central & East Europe	1.8	2.4	3.1
Canada	2.0	1.8	2.3	Sub-Saharan Africa	4.8	5.8	5.7

*The 17 Euro countries

Source: IMF, *World Economic Outlook – January 2013*

Inflation forecast to moderate further

Inflation pressure in advanced economies is expected to moderate further despite continued monetary easing from the major central banks. The IMF reports that consumer price inflation in advanced economies has slowed from 2.7 per cent in 2011 to 2.0 per cent in 2012. It is expected that consumer inflation in these economies will slow further to 1.6 per cent in 2013 and before accelerating slightly to 1.8 per cent in 2014. In emerging market and developing economies, consumer price inflation is forecast to remain at 6.1 per cent in 2013, after

moderating to 6.1 per cent in 2012 from 7.2 per cent in 2011. A further easing in consumer inflation is projected in 2014, with consumer price inflation in emerging market and developing economies slowing to 5.5 per cent.

High oil prices remain a risk to the stable and even moderating inflation forecast. The oil price has been increasing of late, despite weak underlying fundamentals in the market. This could change as the growth in oil supply continues to outpace the recovery in demand - the result of rapid production growth in the US (shale gas revolution) and Canada (oil sands). However, the inherent geo-political risks in traditional oil producing countries warrant a more cautious outlook over the medium term.

The global outlook is vulnerable to significant downside risks. Most importantly, a renewed setback in the Eurozone would weigh negatively on global growth. The elections in Italy at the end of February and Germany in the second half of 2013 could be vital in ensuring continued stability in the region. In addition, while the US was able to avert the full extent of the spending cuts and tax increases of the so-called fiscal cliff, the economy will still feel the drag of the current fiscal withdrawal, albeit significantly smaller. Furthermore, the US government has to reach a final agreement on lifting their debt ceiling. Finally, the renewed rise in oil prices (if sustained) could hamper the global growth recovery. On the upside, if crisis risks do not materialise and financial conditions continue to improve, global growth could be stronger than currently projected.

Stability of Eurozone, US fiscal cliff agreement and oil prices remain key risks to global growth forecast

Developments in the South African economy

Domestic constraints had a detrimental impact on GDP growth in the third quarter of 2012. Statistics South Africa (StatsSA) reported that GDP growth measured 1.2 per cent quarter-on-quarter³, down from an upwardly revised 3.4 per cent during the second quarter of 2012.

³ Seasonally adjusted annualised rate.

Third quarter SA GDP growth weighed down primary sector contraction

The primary sector was the largest drag on GDP growth, particularly the mining sector that was affected by widespread strikes. The primary sector contracted by 7.1 per cent quarter-on-quarter during the third quarter, following a 24 per cent surge during the previous quarter. In contrast, growth in the secondary sector recovered during the third quarter as output in the manufacturing and electricity sectors improved. The tertiary sector's value added, responsible for almost 62 per cent of GDP during the third quarter, moderated for the fourth consecutive quarter to 1.9 per cent quarter-on-quarter from 2.3 per cent during the second quarter of 2012. The trade and transport sectors in particular experienced notable growth moderations.

Growth moderation in Trade and transport sectors

Real consumer spending decelerated for the third consecutive quarter, to an annualised 2.6 per cent quarter-on-quarter from 3.1 per cent in the second quarter of 2012. A pronounced slowdown was noted in durable goods (e.g. passenger cars and furniture) expenditure. Growth of consumer expenditure on durable goods slowed to 10.1 per cent during the third quarter of 2012. This is substantially lower than the growth rates of 18.8 and 15.8 per cent recorded in 2010 and 2011 respectively. The weaker currency and reduced access to unsecured lending will likely continue to dampen growth in this category. Growth in real consumer spending on semi-durable goods (e.g. clothing and footwear) picked up slightly from 6.0 per cent in the second quarter to 6.4 per cent in the third quarter of 2012. Consumption expenditure on services improved marginally to 1.9 per cent in the third quarter of 2012, from 1.7 per cent in the second quarter. The pace of spending on non-durable goods (mainly food and beverages) moderated from 2.7 per cent to 2.5 per cent during the third quarter. This is the slowest rate of increase since the fourth quarter of 2010 and could be explained by persistent price increases in food, tobacco and household fuel and power.

The weak labour market also partially explains the slowdown in non-durable consumption expenditure. According to the Quarterly Labour Force Survey (QLFS), the economy lost a net total of 68 000 jobs during the fourth quarter of 2012 compared to the previous quarter, with total job losses offset by increased employment in the informal and agriculture sector. While the unemployment rate declined marginally (from 25.4 per cent to

24.9 per cent), the underlying reason for this decline is a sharp increase in the number of discouraged work-seekers⁴, also known as non-searching unemployed.

Real fixed investment growth remained robust during the third quarter of 2012. Growth in total real gross fixed investment accelerated throughout 2012, from 6.3 per cent in the first quarter to 6.8 per cent growth in the third quarter. This was mainly due to a sharp rise in government investment. After a lacklustre recovery in 2011, government fixed investment growth accelerated notably in recent quarters and currently sits at 17.9 per cent. Growth in real fixed investment by public corporations also remained robust as a result of increased expenditure by the electricity (new power station construction) and transport (upgrade and expansion of the Transnet fleet) sectors. However, the recovery in real capital outlays by private businesses has been much more subdued. Growth slowed from 4.4 per cent in the second quarter to 3.4 per cent in the third quarter of 2012.

Fixed investment growth boosted by Government investment

The rand has been weakening against the US dollar for most of 2012. In recent months, the exchange rate has breached R9/\$ on more than one occasion and this is despite the US dollar weakening against the euro. This is partially due to the reduced likelihood of a Eurozone break-up causing investor capital to flow out of higher risk currencies back to Europe. However, domestic constraints are in the main negative for the rand.

Real gross domestic product (GDP) at market prices increased by 2.1 per cent during the fourth quarter of 2012

Foreign sentiment has deteriorated since the Marikana incident in mid-August 2012, and the social and labour unrest that followed. The farm worker strikes in the Western Cape and violent protests in the Free State also had a negative impact on perceptions towards South Africa into early 2013. The persisting large current account deficit also contributes to the weakening trend.

The release of the fourth quarter GDP statistics by StatsSA reported a GDP growth rate of 2.1 per cent in the fourth quarter, up from the 1.2 per cent in the third quarter. The economy managed to grow at a slightly firmer pace in the final

⁴ Discouraged work-seeker is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work. (Source: StatsSA)

quarter of 2012 due to a pickup in activity in the agriculture and manufacturing sectors. Mining production remained strained given the strikes that continued into the fourth quarter of 2012.

StatsSA calculates preliminary annual estimates of gross domestic product (GDP) as the sum of the GDP for the four quarters of 2012. These estimates indicate that the real annual GDP for 2012 increased by 2.5 per cent⁵ compared with a real annual economic growth rate of 3.5 per cent in 2011.

Medium term growth outlook

Table 1.2 below shows the Bureau for Economic Research's (BER) forecast for selected variables. The BER expects household consumption expenditure growth to moderate to 3 per cent in 2013, from an expected growth rate of 3.4 per cent in 2012. Consumer spending growth is predicted to rise to 4 per cent in 2014, with employment prospects and income growth improving as the economic recovery gains momentum. Overall fixed investment is also expected to ease in 2013. Total fixed investment growth is forecast to moderate to 5.3 per cent, from 6.5 per cent during 2012, before improving to 6.2 per cent in 2014. The moderation comes mainly from an expected slowdown in private fixed investment, which accounts for more than 60 per cent of overall fixed investment. The private sector is set to remain hesitant to invest until stronger global and South African demand returns and foreign investors' perspectives towards the country improve. Improved global conditions and fewer domestic constraints are expected to lift private sector investment growth in 2014.

Moderating fixed investment in 2013 as private investment slows down

GDP expected to pick up slightly in 2013 before accelerating in 2014

Overall, real GDP growth is expected to moderate to 2.4 per cent⁶ for 2012 as a whole. For 2013, the BER forecasts a slight pick-up in real GDP growth to 2.6 per cent. Thereafter growth is expected to accelerate more significantly to 3.6 per cent year-on-year in 2014 and to average 3.8 per cent between 2015 and 2017.

⁵ GDP estimates are preliminary, and may routinely be revised on the basis of additional evidence that has become available by the time the subsequent quarter's estimates are released.

⁶ The release of demand side data in March is not expected to influence the current BER real GDP growth estimate for 2012 substantially.

Table 1.2 BER Forecast for selected variables 2012 - 2017

	Estimate		Projections	
	2012	2013	2014	2015 - 2017*
Final household consumption expenditure	3.4	3.0	4.0	4.2
Government consumption expenditure	4.5	3.8	3.9	4.4
Gross fixed capital formation	6.5	5.3	6.2	6.1
Real GDE	4.2	3.5	4.2	4.6
Total exports	0.1	3.3	6.2	5.8
Total imports	7.0	6.3	8.5	7.5
Real GDP	2.4	2.6	3.6	3.8
Inflation (annual averages)				
CPI (Headline)	5.6	5.7	5.6	5.6
PPI (All items)	6.2	5.1	4.7	5.4
Interest rate (annual average)				
Prime overdraft rate	8.78	8.50	8.50	10.08
Exchange rates (annual averages)				
R/US\$	8.21	8.57	8.43	9.64
R/Euro	10.55	11.18	10.81	12.26
R/Pound sterling	13.00	13.63	13.39	15.22

* average

Source: BER, *Economic Prospects*, February 2013

There is scope for the rand to strengthen from current levels. Domestic constraints, including the large current account deficit, are expected to fade from the second half of 2013 and the global recovery is expected to remain on track. However, a key risk to the stronger rand outlook is the possibility of another flare-up of labour unrest.

A new measure of the Producer Price Index (PPI) will be introduced in 2013. The focus will be on prices of manufactured goods, removing the dominance of volatile commodity price movements in the current PPI. However, exact details of the measure are yet to be released by StatsSA and it is uncertain how the changes will influence the outlook. Currently, the BER expects the PPI to increase by 5.1 per cent in 2013 and moderate to 4.7 per cent in 2014.

Consumer inflation (as measured by the Consumer Price Index or CPI) accelerated during 2012. Inflation averaged 5.6 per cent in 2012, up from 5 per cent in 2011. However, core inflation (which excludes food, transport and energy prices) remained fairly stable. This indicates that the increase in the headline CPI was mainly driven by rising food, petrol and electricity costs. The food, housing and utilities as well as transport categories of the CPI alone contributed 3.6 percentage points to the headline number in 2012.

Increased inflationary pressure during 2013

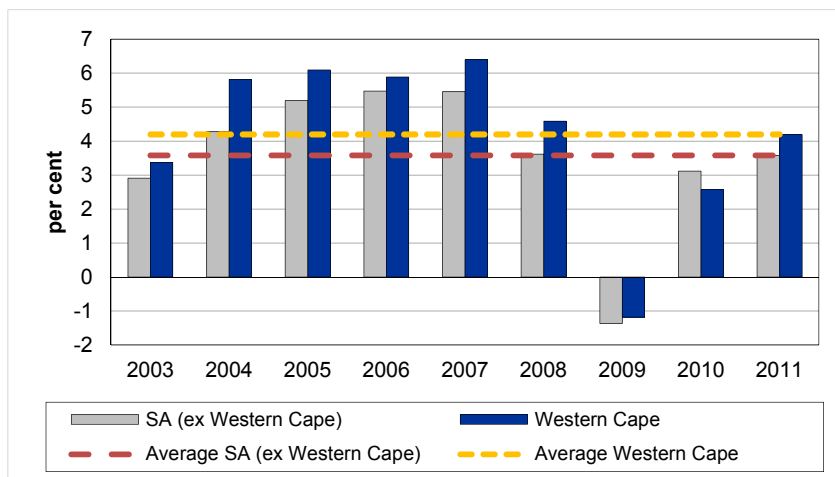
From January 2013, StatsSA will use an updated basket of goods and services to calculate the CPI. The new weighting places greater emphasis on housing, which includes electricity and other fuels, and miscellaneous goods and services, while the weight attached to transport as well as food and non-alcoholic beverages has been reduced. The renewed upward trend for global oil prices and the weakening of the rand exchange rate will place upward pressure on inflation going forward. Furthermore, wage increases well above inflation in sectors such as mining, could also filter through to inflation. Therefore, the BER expects a further acceleration in CPI inflation to 5.7 per cent in 2013. It is expected that the inflation rate will breach the upper limit of the South African Reserve Bank (SARB) inflation target range of 3 - 6 per cent, albeit temporarily, during the third quarter of 2013. Inflation is projected to remain relatively flat in 2014.

A breach of the upper limit of the SARB's inflation target range could normally prompt an interest rate increase to dampen inflationary pressure. However, this is unlikely given the concerns about the continued downside risks to the GDP growth outlook. The BER expects the repo-rate and hence the prime overdraft rate to remain unchanged through 2014, with increases of the repo rate only in 2015.

Economic outlook for the Western Cape*Western Cape economy continues to outpace SA economy*

Growth in the Western Cape economy continued to outpace the rate of growth registered nationally. The provincial economy registered 3.5 per cent⁷ year-on-year real GDP growth in 2011 compared to 3.3 per cent for the national economy. This is 0.9 percentage points higher than the 2.6 per cent growth recorded in 2010. Between 2001 and 2011, the Western Cape economy grew by an average 4.1 per cent per annum, while the South African economy recorded an average growth rate of 3.6 per cent per annum over the same period. Figure 1.1 illustrates the performance of the Western Cape compared to the national economy. The Western Cape ranks as the third largest province in terms of contributions to South African economy, contributing 14.2 per cent to national economic activity during 2011.

⁷ At basic prices.

Figure 1.1 Western Cape and South African economic performance between 2003 and 2011

Source: StatsSA

The wholesale, retail and motor trade; catering and accommodation sector recorded the fastest growth in economic activity at 4.6 per cent year-on-year in 2011. The sector was followed closely by general government services at 4.5 per cent year-on-year in 2011. The finance, real estate and business services sector, the largest contributor to the Province's economy, also recorded strong growth of 3.9 per cent year-on-year, following 1.9 per cent growth in 2010. Growth in the manufacturing sector slowed from 5.0 per cent year-on-year in 2010 to 3.5 per cent in 2011. It should be however noted that the 2010 figure was a recovery from the 8.6 per cent contraction in 2009. The only sector recording a decline in activity was the mining and quarrying sector – a decline of 1 per cent year-on-year in 2011 – but this is also the Province's smallest contributing sector. Table 1.3 summarises the top contributors to economic growth in 2011.

Wholesale, retail and motor trade and catering and accommodation show fastest growth in 2011

Table 1.3 Top 5 contributors to Western Cape economic growth in 2011

Top 5 contributors in 2011	Percentage point contribution
Finance, real estate & business services	1.0
Wholesale & retail trade; catering & accommodation	0.8
General government services	0.5
Manufacturing	0.4
Transport, storage & communication	0.3
Rest	0.5
GDP of all industries at basic prices	3.5

Source: StatsSA

Risks to employment in the agricultural sector

After two consecutive years of decline in economic activity, the Western Cape's agriculture, forestry and fishing sector grew by a modest 0.3 per cent year-on-year in 2011. The Province contributed 22.6 per cent of the national economy's value added in the sector, second only to KwaZulu-Natal's contribution of 26.8 per cent. However, the prolonged labour protests in late 2012 and early 2013 will have negative implications for production over that period. Furthermore, the 52 per cent increase in minimum wages for farm workers, which comes into effect 1 March 2013, could result in retrenchments and an acceleration in the mechanisation of the farming process. Although no reports of widespread dismissals for the Western Cape have been reported as yet, more than 2 000 farms workers in Limpopo and Mpumalanga had received retrenchment notices within a week of the minimum wage increase announcement.

According to BER/Quantec estimates, economic growth in the Western Cape likely slowed to 3.0 per cent in 2012 from 3.5 per cent in 2011. The slowdown is expected to have been broad based with only the agriculture, forestry and fishing, and construction sectors registering faster growth in 2012 than in 2011 (see Table 1.4). The acceleration in growth in the agriculture, forestry and fishing sector is in line with increased output nationally during 2012. However, despite the moderation in overall growth, the Western Cape economy is likely to continue expanding at a faster pace than the national economy.

Western Cape economy expected to grow by 3.8 per cent on average between 2013 and 2017

Looking ahead, the Western Cape economy is expected to remain one of the fastest growing regions in the national economy. The provincial economy is predicted to grow at an average 3.8 per cent per year between 2013 and 2017, marginally outpacing the national economy. The tertiary sector is expected to be the main driver of growth. The finance, real estate and business services, and the transport, storage and communication sectors are predicted to record an average growth rate of 4.6 per cent and 4.2 per cent per year respectively between 2013 and 2017. In addition to the tertiary sector, growth in the secondary sector (mainly manufacturing and construction) is also expected to accelerate notably. Importantly however, is that growth is expected to be much more robust from 2014 onwards. This is in line with forecasts for the national and international economies.

Table 1.4 Growth forecast for GDP; 2013 - 2017 at constant 2005 prices

Description	2012(e)	2013(f)	2014(f)	2015(f)	2016(f)	2017(f)	Average annual growth (2013 - 2017)
Agriculture, forestry & fishing	1.7	0.8	2.0	1.7	1.8	2.0	1.7
Mining & quarrying	-5.1	1.3	1.0	0.6	1.0	1.2	1.0
Manufacturing	2.0	2.5	2.7	3.0	3.6	3.3	3.0
Electricity, gas & water	-1.4	2.6	2.9	2.7	3.0	2.8	2.8
Construction	2.6	4.1	4.6	4.6	5.0	5.3	4.7
Wholesale & retail trade; catering & accommodation	4.3	3.3	3.7	3.9	3.8	4.0	3.8
Transport, storage & communication	2.5	3.2	4.1	4.5	4.5	4.8	4.2
Finance, real estate & business services	3.5	3.5	4.5	4.8	5.1	5.3	4.6
Personal services	2.0	2.6	2.8	3.0	3.0	3.2	2.9
General government services	3.5	2.5	3.0	3.0	3.2	3.0	2.9
GDP of All industries at basic prices	3.0	3.0	3.7	3.9	4.1	4.2	3.8

Source: StatsSA, BER/Quantec, e denotes estimate, f denotes forecast

Risks to the outlook

The outlook is subject to economic developments on the international and national front. The Western Cape economy will be negatively affected should the recovery in advanced economies, Europe in particular, be more protracted than expected. Europe remains one of the Province's key export destinations. An upside risk is of course if the economic recovery in Europe is more robust than predicted, which should then boost the Western Cape economy.

Slow growth in advanced economies and pace of employment greatest risks to forecast

The muted pace of employment growth poses a further downside risk to the outlook. This is especially pertinent to the Western Cape economy, which is much more services orientated and therefore more closely related to trends in disposable income than the South African economy in general.

Recent developments in the agricultural sector may weigh on employment growth. These developments may however lead to increased efficiency and output over the medium term through increased mechanisation, i.e. the process of increasingly making use of machines and technology as opposed to labour.

Western Cape Labour Market Trends

While economic growth has recovered since the recession of 2009, the labour market has not. The immediate labour market impact of the recession was a rapid loss of jobs, followed by stagnation in employment. Consequently, national employment levels at the end of 2012 had still not recovered to the levels of four years earlier, while employment in the Western Cape was virtually unchanged at just over 1.8 million (Table 1.5).

In the Western Cape, approximately 604 000 people find themselves unemployed (using the broad definition), up from just over 400 000 in the fourth quarter of 2008, representing an average annual growth rate of 10.4 per cent over the four-year period. Non-searching unemployed are a significant proportion of the expanded labour force nationally (11.1 per cent), but continue to constitute less than two per cent of the provincial labour force.

Table 1.5 Labour market aggregates, 2008 and 2012

	2008Q4	2012Q4	Change	
	Thousands	Thousands	Thousands	Per cent per Annum
Western Cape				
Working age	3 318	3 550	231	1.7
Employment	1 847	1 830	-17	-0.2
Narrow unemployed	370	573	203	11.5 *
Narrow labour force	2 217	2 403	186	2.0
Broad unemployed	406	604	197	10.4 *
Broad labour force	2 253	2 433	180	1.9
Non-searching unemployed	36	30	-5	-4.0
South Africa				
Working age	31 352	33 373	2 021	1.6
Employment	14 059	13 608	-451	-0.8
Narrow unemployed	3 910	4 503	593	3.6 *
Narrow labour force	17 969	18 111	143	0.2
Broad unemployed	5 087	6 761	1 675	7.4 *
Broad labour force	19 145	20 369	1 224	1.6 *
Non-searching unemployed	1 177	2 258	1 081	17.7 *

Note: An asterisk (*) denotes a statistically significant change between 2008 and 2012 at the 95 per cent level of confidence.

Source: Own calculations, StatsSA Quarterly Labour Force Survey

The number of individuals unemployed nationally according to the narrow definition grew by roughly 600 000 over the four years, equivalent to an average rate of growth of 3.6 per cent per annum. However, the main labour market response was amongst the non-searching unemployed, whose numbers doubled between the fourth quarter of 2008 and the fourth quarter of 2012. As a result, expanded unemployment grew by 7.4 per cent per annum over the period and, by the fourth quarter of 2012, there were nearly 6.8 million unemployed individuals in the country.

Greater proportion of non-searching unemployed nationally

In contrast, in the Western Cape the primary labour market response to the prevailing economic uncertainty has been in narrow unemployment. Narrow unemployment grew by 11.5 per cent per annum between the fourth quarter of 2008 and the fourth quarter of 2012, rising from 370 000 to over 570 000. Virtually all the unemployed in the Western Cape are engaged in active job search and the Province accounts for less than 1.5 per cent of the national population of non-searching unemployed, compared to 13.3 per cent of the national labour force.

Little visible progress has been made over the past four years, nationally or provincially, towards addressing historical patterns of labour market disadvantage, although it must be noted that recent labour market conditions have not been conducive to making significant improvements. Relative to their shares of the both the working age population and the labour force, Africans remain under-represented in total and formal sector employment and over-represented in unemployment. However, labour force participation amongst Africans in the Western Cape is significantly higher than is the case nationally. According to the 2012 Provincial Economic Review and Outlook, the African share of provincial employment was found to have risen by more than two percentage points between the first quarter of 2008 and the first quarter of 2012.

Historic labour market bias remains

Youth unemployment remains a key challenge, with the unemployment rate for 15 to 24 year olds more than twice the provincial average in the first quarter of 2012 (45.1 per cent compared to 22.8 per cent, respectively). Importantly, the rise in unemployment for this cohort in the past four years is the result of net job losses, rather than growth in the size of the cohort. This stands in contrast to older cohorts, where rising unemployment has been the result of a combination of growth in the cohort size and net job losses.

Youth unemployment remains high

Tertiary sector continues to dominate provincial employment

The formal sector is particularly dominant within employment in the Western Cape and accounts for nearly 85 per cent of employment. While employment in agriculture, forestry and fishing appears to have contracted between the first quarter of 2008 and the first quarter of 2012, the change is not statistically significant. The tertiary (services) sector dominates within provincial employment, followed by the secondary sector. Apart from a relatively large agricultural sector, and relatively small mining and community, social and personal services sectors in the Province, the sectoral structure of employment is quite similar in the Western Cape and South Africa as a whole.

Formal employment – which speaks to the nature of the employment relationship, rather than the sector of employment – has grown at the expense of informal employment in particular. This has occurred in the Western Cape, but also more broadly at a national level. As a share of total employment, formal employment is relatively large in the Western Cape (76.0 per cent of employment, compared to 66.5 per cent nationally), while informal employment is less common. This relates partly to the smaller provincial informal sector (all of which is classified as informal employment), but also to significantly higher proportions of formal employment within the agriculture and private household sectors. In the first quarter of 2012, 73.1 per cent of employment in agriculture, forestry and fishing was formal employment, as was 43.0 per cent in private households, compared to 55.9 per cent and 20.5 per cent nationally.

Increasing employment remains a key policy challenge

Recent labour market trends are presented in Table 1.6, covering the period between the fourth quarter of 2011 and the fourth quarter of 2012. The stagnation in employment, both nationally and provincially, is clearly evident, with estimates of provincial employment remaining between 1.80 million and 1.86 million. Narrow unemployment continues to rise and alone drives the increase in expanded unemployment. Estimates of the number of individuals classified as non-searching unemployed have declined over the year, both nationally and provincially, although none of these changes are statistically significant. In the Western Cape, almost 52 per cent of the working age population were employed in the fourth quarter of 2012, compared to just under 41 per cent nationally. Raising this proportion is a key policy challenge going forward.

Table 1.6 Recent Labour Market Trends, 2011Q4 to 2012Q4

	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	Change	
						Absolute	Relative (%)
Western Cape							
Aggregates (Thousands)						%	
Working age	3 490	3 504	3 522	3 536	3 550	59	1.7
Employment	1 848	1 853	1 821	1 810	1 830	-19	-1.0
Narrow unemployed	507	546	548	616	573	67	13.2
Narrow labour force	2 355	2 398	2 369	2 426	2 403	48	2.0
Broad unemployed	553	574	578	645	604	51	9.2
Broad labour force	2 401	2 426	2 400	2 456	2 433	32	1.3
Non-searching unemployed	46	28	31	29	30	-16	-34.1
Rates (per cent)							
Narrow unemployment rate	22	23	23	25	24	2.3	
Broad unemployment rate	23	24	24	26	25	1.8	
Narrow LFPR	67	68	67	69	68	0.2	
Broad LFPR	69	69	68	69	69	-0.2	
South Africa							
Aggregates (Thousands)						%	
Working age	32 888	33 000	33 137	33 253	33 373	485	1.5
Employment	13 525	13 447	13 477	13 678	13 608	83	0.6
Narrow unemployed	4 244	4 526	4 470	4 668	4 503	259	6.1
Narrow labour force	17 769	17 973	17 947	18 346	18 111	342	1.9
Broad unemployed	6 561	6 862	6 783	6 840	6 761	200	3.0
Broad labour force	20 086	20 308	20 260	20 518	20 369	283	1.4
Non-searching unemployed	2 317	2 335	2 314	2 172	2 258	-59	-2.6
Rates (per cent)							
Narrow unemployment rate	23.9	25.2	24.9	25.4	24.9	1.0	
Broad unemployment rate	32.7	33.8	33.5	33.3	33.2	0.5	
Narrow LFPR	54.0	54.5	54.2	55.2	54.3	0.2	
Broad LFPR	61.1	61.5	61.1	61.7	61.0	0.0	

There has been relatively little movement in the unemployment and labour force participation rates over the period. This is particularly true if the third quarter of 2012, which yields significantly higher estimates than any of the other quarters, is excluded. While the narrow unemployment rate of 23.9 per cent in the fourth quarter of 2012 in the Western Cape is not much different from the national rate (24.9 per cent), the expanded unemployment rate in the Province is more than eight percentage points lower than the South African average of 33.2 per cent. This again demonstrates the Western Cape's relative lack of non-searching unemployed individuals. Engagement in the labour force is significantly higher in the Province than is the case nationally: two-thirds (67.7 per cent) of the provincial working age population is active in the narrow labour force, compared to just over half nationally.

Number of non-searching unemployed remains relatively low in the Western Cape

The socio-economic context in the Western Cape

Key development indicators, including health, education and population indicators, have been selected to illustrate the social realities within the Province.

The Western Cape population profile

5.822 million people in the Western Cape

According to the Census 2011, the Western Cape population is estimated at 5.822 million or 11.25 per cent of the total national population of 51.769 million. (See Table 1.7 below.)

Table 1.7 Western Cape Population Estimates, 2011

Age	Western Cape			Percentage of Total Western Cape Population	South Africa			Percentage of Total National Population
	Male	Female	Total		Male	Female	Total	
0 - 4	288 044	276 754	564 798	9.7	2 867 574	2 817 858	5 685 432	11.0
5 - 9	231 824	228 334	460 158	7.9	2 425 157	2 394 554	4 819 711	9.3
10 - 14	221 781	217 069	438 850	7.5	2 344 255	2 250 589	4 594 844	8.9
15 - 19	235 423	244 702	480 125	8.2	2 498 568	2 504 890	5 003 458	9.7
20 - 24	292 005	291 546	583 551	10.0	2 694 634	2 679 874	5 374 508	10.4
25 - 29	299 470	293 072	592 542	10.2	2 542 655	2 516 605	5 059 260	9.8
30 - 34	245 788	235 813	481 601	8.3	2 036 197	1 992 775	4 028 972	7.8
35 - 39	219 188	217 441	436 629	7.5	1 709 332	1 758 390	3 467 722	6.7
40 - 44	193 283	201 752	395 035	6.8	1 402 309	1 546 274	2 948 583	5.7
45 - 49	164 539	183 326	347 865	6.0	1 195 747	1 424 533	2 620 280	5.1
50 - 54	137 623	155 060	292 683	5.0	1 011 323	1 206 917	2 218 240	4.3
55 - 59	105 257	122 841	228 098	3.9	811 921	985 423	1 797 344	3.5
60 - 64	81 583	96 980	178 563	3.1	612 332	773 371	1 385 703	2.7
65 - 69	56 111	69 105	125 216	2.2	401 526	556 215	957 741	1.8
70 - 74	40 355	52 846	93 201	1.6	293 458	454 813	748 271	1.4
75 - 79	24 138	35 805	59 943	1.0	165 272	315 948	481 220	0.9
80 - 84	13 254	23 181	36 435	0.6	100 682	222 187	322 869	0.6
85+	8 817	18 627	27 444	0.5	75 529	180 111	255 640	0.5
Total	2 858 483	2 964 254	5 822 737	100	25 188 471	26 581 327	51 769 798	100
Selected Age categories								
0 - 14	741 649	722 157	1 463 806	25.1	7 636 986	7 463 001	15 099 987	29.2
15 - 24	527 428	536 248	1 063 676	18.3	5 193 202	5 184 764	10 377 966	20.0
15 - 34	1 072 686	1 065 133	2 137 819	36.7	9 772 054	9 694 144	19 466 198	37.6
>65	142 675	199 564	342 239	5.9	1 036 467	1 729 274	2 765 741	5.3

Source: Census 2011

All numbers have been rounded off to the nearest hundred.

In 2011 children under the age of 15 accounted for 25.1 per cent of the total Provincial population, lower than the national figure of 29.2 per cent. Individuals aged 15 – 24 years accounted for 18.3 per cent of the provincial population whilst nationally this age category represented a slightly higher proportion at 20 per cent. Youth, or individuals aged 15 to 34 years, represent 36.7 per cent of the total Provincial population, increasing marginally from 34.9 per cent in 2010.

Notably, the Census 2011 data indicates that the total Western Cape population contains relatively higher proportions of people between the ages of 20 and 34. This may be ascribed to declining fertility rates and high in-migration. Individuals older than 65 years constituted 5.9 per cent of the total Western Cape population, marginally higher than the national estimate of 5.3 per cent.

Migration continues to have a meaningful impact on the population estimate of the Western Cape, with estimated net in-migration, i.e. more people entering than leaving the Province, of 95 556 people between 2006 and 2011⁸. During this period about 206 000 people are estimated to have migrated to the Western Cape, with the majority originating from the Eastern Cape (104 000 or 50.5 per cent), Gauteng (50 000 or 24.3 per cent) and KwaZulu-Natal (17 000 or 8.3 per cent). The number of people who were estimated to have left the Province during this period totalled 111 000, destined for Gauteng (40 000 or 36 per cent), the Eastern Cape (30 000 or 27 per cent) and KwaZulu-Natal (13 200 or 11.9 per cent).

Better economic prospects some of the main drivers of migration to the Western Cape

Nationally, Gauteng continues to attract the highest number of migrants from other provinces. According to the Census 2011, Gauteng realised in-migration of about 901 622 people followed by the Western Cape with a gain of 192 401 people. This inflow is partly attributed to the prevalence of high economic activity in the aforementioned areas given that people tend to relocate in search of job opportunities. Notwithstanding this, all of the other remaining provinces except the North West Province experienced net out-migration in 2011.

Housing and access to basic services

Housing is an important factor in the living conditions of any population. It affects health and thereby worker productivity, but is in turn affected by economic conditions, particularly income and housing costs. Municipal services complement such housing and are equally important.

According to the Census 2011, the Western Cape has 1.634 million households. Of these households 1.319 million, or 80.4 per cent, lived in formal housing while 297 000, or 18.2 per

⁸ 2011 Mid-year Population estimates, StatsSA.

Housing backlog remains an issue

cent, lived in informal dwellings. The PERO 2012 shows that, since 2001, limited housing progress has been made in the Province as well as nationally. Survey data points to a housing shortage of about 200 000 units and this does not take overcrowding into account. More recent data from the Western Cape Department of Human Settlements estimates the housing backlog in the Province at around 594 385 units, with almost 61 per cent situated in the City of Cape Town⁹.

Improved access to basic services

The Census 2011 data showed that 99.1 per cent of households in the Western Cape had access to piped or tap water, while 96.9 per cent had access to a toilet facility and 93.4 per cent of households had access to electricity. Further, 91.1 per cent of households in the Western Cape had their refuse removed by the local municipality.

Life expectancy and Mortality rates¹⁰

Key health indicators include life expectancy, maternal mortality and child mortality rates and HIV and TB incidence. These indicators are used to measure progress toward the Millennium Development Goals (MDGs).

Estimated life expectancy at birth between 2006 and 2011 remained highest in the Western Cape at 59.9 years for males and 65.8 years for females. The projected national life expectancy rate for the same period was 52.1 years for males and 56.2 years for females.

Growing chronic disease burden in Western Cape

HIV and Aids, Tuberculosis (TB), injuries from violence and traffic accidents, childhood illnesses and non-communicable diseases such as cardiovascular disease, high blood pressure, asthma, cancers and mental illnesses remain the leading causes of mortality and morbidity in the Province. Non-communicable or chronic diseases account for a larger proportion of deaths in the Western Cape (58 per cent) than in South Africa as a whole (38 per cent). The Province also has a higher prevalence of smokers and obesity in women than is the case nationally. High co-morbidity of mental illness with chronic diseases has also been found.

⁹ The housing backlog estimates are based on estimates provided by each municipality as captured in the WC Housing Demand Database. Given the dynamic nature of the Database, the figures provided here are subject to continuous update and sanitisation exercises.

¹⁰ Information for this section is sourced from StatsSA and the WC Department of Health.

Gains have been made in reducing infant and child mortality rates. The infant mortality rate, i.e. the mortality amongst children less than 1 year old, in the Western Cape was estimated at 21 per 1 000 live births in 2009/10, down from 26 per 1 000 live births in 2006/7. The child mortality rate, i.e. mortality amongst children less than 5 years old, was estimated at 26.6 per 1 000 live births in 2011/12 down from 39.0 per 1 000 live births in 2006/7. The decline in mortality rates stems from focused child health campaigns, including expanded vaccination schedules, early identification of malnutrition, better monitoring of child health and family health education and awareness interventions. The Western Cape child mortality rate is already well below the 2014/15 national target of 45 per 1 000 live births, but work still needs to be done to reach the national infant mortality rate target of 14.3 or less per 1 000 live births. Facility Infant and Child Mortality rates, i.e. the infant and child mortality rate at public health facilities, was recorded at 11.5 and 13.2 per 1 000 live births, respectively, in 2011/12. Neonatal conditions, diarrhea, pneumonia and HIV and Aids are the leading causes of death in children under 5 in the Province.

*Maternal and child
mortality rates below
national target*

The maternal mortality rate, i.e. the maternal mortality per 100 000 live births, in the Province was estimated at 84.87 per 100 000 live births in 2010/11. A maternal death is the death of a woman while pregnant or within 42 days of termination of pregnancy. While the maternal mortality rate has increased from the 67.6 per 100 000 live births recorded in 2007/08, it should be noted that this rate also takes into account the rise in maternal mortality during that period from the H1N1 virus. The facility maternal mortality rate, i.e. the maternal mortality rate at public health facilities, was recorded at 28.67 per 100 000 live in 2011/12. Despite the rise, the maternal mortality rate remains below the national 2014/15 national target of 100 or less per 100 000 live births. Non-pregnancy related infections (36.1 per cent), particularly due to HIV and Aids, hypertensive disorders (16.3 per cent), pre-existing medical disorders (11.9 per cent) and obstetric hemorrhage (8.3 per cent) are the leading causes of maternal deaths in the Western Cape between 2008 and 2010.

HIV and TB¹¹

The HIV prevalence in the Western Cape was estimated at 18.5 per cent in 2010. The highest prevalence estimates remains amongst those within 25 - 29 and 30 - 34 years age categories, with a higher incidence than the national average occurring in the Khayelitsha sub-district.

In addition to high risk sexual behaviour, poor levels of education, mobility, migration, poverty and overcrowding also contribute to risk of acquiring HIV. A recent survey¹² of Grade 8 to 10 learners in Western Cape schools highlighted disturbing trends regarding sexual risk behaviour among the youth participating in the survey. Almost 32 per cent of learners reported having had sex in their lifetime, with almost 60 per cent of these learners reported having had unprotected sex on at least one occasion.

Behavioural change key to reducing HIV infection rate

Despite the significant progress addressing the spread of the disease, such as reducing mother-to-child-transmission to only 1.8 per cent in 2011/12 – the lowest in the country, much work still needs to be done in respect of changing attitudes and high risk behaviour.

The greatest risk to the effective treatment of Tuberculosis (TB) remains concurrent HIV co-infection. The Western Cape has the third highest number of new TB infections in South Africa, after KwaZulu-Natal and the Eastern Cape. The Western Cape however also has the highest TB cure rate in South Africa at 81.7 per cent in 2011/12. The TB defaulter rate has also declined to 6.8 per cent in 2011/12 from 9.4 per cent in 2008/09. The incidence of Multiple Drug Resistant (MDR) and Extreme Drug Resistant (XDR) TB continues to increase, with cases of Total Drug Resistant (TDR) TB now emerging in the Province.

Learner enrolment

Table 1.8 below indicates that from 2010 to 2012 there was an increase of 3 853 of Grade R learners in public ordinary schools; an increase of 15 056 learners between Grade 1 and 12; and an increase of 1 178 learners at Special Needs Schools. There

¹¹ Information for this section is sourced from the WC Department of Health.

¹² Medical Research Council (2012). Survey on Substance Use, Risk Behaviour and Mental Health among Grade 8 – 10 learners in Western Cape provincial schools.

has thus been an increase of 20 087 in the number of learners enrolled in public ordinary schools over the three years from 2010 to 2012.

Table 1.8 Learner enrolment in the Western Cape, 2010 - 2012

Sector (Public Ordinary Schools)	2010	2011	2012	Difference 2010 – 2012
Grade R learners	52 597	53 688	56 450	3 853
Grade 1 – 12 learners	919 936	923 224	934 992	15 056
Learners at Special Needs' Schools	18 292	18 878	19 470	1 178
Total	990 825	995 790	101 0912	20 087

Source: WCED, 2013

Literacy and numeracy rates

From 2002 to 2009 the Western Cape Education Department (WCED) administered tests to Grade 3 and 6 learners in alternate years in order to track progress and diagnose problems. In 2010 the WCED tested, for the first time, all Grade 3, 6 and 9 learners to establish the state of language and mathematics learning in each school in the Province. This was the first time that Grade 9 learners were tested. The Grade 9 test was a pilot exercise to establish a baseline. In 2011 the WCED increased the level of cognitive challenge in the tests, in particular the language tests, in order to set new minimum benchmarks for the Province. Specifically, longer and more complex texts were included in the tests, in order to make the test items comparable with items used in international benchmarking at these levels.

Systemic testing each year for Grades 3, 6 and 9

The 2011 and 2012 test scores are illustrated the following table and show improvements across all three grades in both subjects, with the biggest improvement in the Grade 3 Language test scores, from a 30.4 per cent pass rate in 2011 to a 38.9 per cent pass rate in 2012.

Table 1.9 WCED Grade 3, 6 & 9 Systemic Results for Public Ordinary Schools, 2011 - 2012

	Grade 3				Grade 6				Grade 9			
	Numeracy		Literacy		Maths		Language		Maths		Language	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Wrote	75 725	77 621	75 714	77 623	74 211	74 422	74 180	74 407	73 184	78 825	73 102	78 677
Passed	35 742	39 975	23 017	30 195	17 365	19 647	23 367	27 456	7 611	10 957	32 311	37 922
Pass %	47.2	51.5	30.4	38.9	23.4	26.4	31.5	36.9	10.4	13.9	44.2	48.2
Mean	46.3	48.9	38.7	43.7	37.6	39.5	40.9	45.1	24.9	29.2	48.9	50.7

Source: WCED, 2013

2012 National Senior Certificate (NSC) Examination Results

Percentage pass rate of 82.8 per cent in the 2012 NSC examinations

2012 was the fifth year of the National Senior Certificate (NSC) and the Western Cape achieved an 82.8 per cent pass rate.

Table 1.10 Comparative NSC results, 2009 - 2012

Year	Wrote	Passed	% Pass	Access to B. Deg.	% Access to B. Deg.	Schools with pass rate <60%
2009	44 931	34 017	75.71	14 324	31.88	85
2010	45 783	35 143	76.76	14 416	31.48	78
2011	39 988	33 146	82.89	15 215	38.07	30
2012	44 700	36 992	82.8	16 319	36.5	26

Source: WCED, 2013

Schools with a pass rate of less than 60 per cent decreased to 26 in 2012

In 2012, there were 3 712 more candidates who passed than in 2011 and 1 104 more who gained access to a Bachelor's degree. The pass rate for Mathematics increased to 73.5 per cent, up from 68.7 per cent in 2011. For Physical Science, the 2012 pass rate was 70.9 per cent, up from the 2011 figure of 65.3 per cent. The number of underperforming high schools (i.e. schools with a pass rate of less than 60 per cent) decreased from 85 in 2009 to 26 in 2012.

Social Welfare challenges

Older Persons

Census 2011 data indicated that 520 802 people, or approximately 9 per cent of the population, in the Western Cape are above the age of 60 years. The proportion of older persons is rapidly growing, with a 25 per cent increase in the number of persons above the age of 60 years between the 2001 and 2011 Census. With increased population aging, and conditions of poverty persisting, the number of individuals accessing government services and support is likely to increase. As at January 2013, 258 759¹³ individuals received an old age grant - almost 50 per cent of the population in the Western Cape above the age of 60.

The current focus is on keeping older persons in their families and communities as long as possible. However, it should be noted that there will always be a proportion of frail older persons that require residential care.

¹³ SASSA Fact sheet 1 of 2013

Children

According to Census 2011, 1.838 million people in the Western Cape are under the age of 18 years. The 2010 General Household Survey (GHS) shows that 31.9 per cent of children in the Province were living with their mothers only, while 10.6 per cent of children were not living with a parent. In addition, 1.7 per cent of children in the Province were maternal orphans, 6.6 per cent paternal orphans, and 1.2 per cent double orphans. The Survey further indicates that 30.6 per cent of children (542 000) in the Western Cape were living in income poverty, i.e. households with a monthly per capita income less than R575. A significant number of children's wellbeing and development is thus at risk.

The number of children living in households in the Province without an employed adult increased from 10.5 per cent in 2003 to 12.4 per cent (220 000) in 2010. Child hunger remains a concern. The 2010 GHS data shows that 15.9 per cent of children (279 000 children) in the Province were living in households where there was reported child hunger. In addition, it should be noted that 22.4 per cent (396 000) of children were living in informal housing and 25.5 per cent (452 000) in overcrowded households.

*Almost 16 per cent
children living in
households reporting
child hunger*

The Child Support Grant continues to mitigate the risks faced by vulnerable children, with 857 783 children in the Western Cape in receipt of this grant as at January 2013.

In terms of social risk factors, children in the Province face a high risk of maltreatment and neglect as a result of social pathologies such as substance abuse, gangsterism, poor parenting, domestic violence as well as possible exposure to violent crime. Changing social dynamics and the breakdown of the caregiving ability of families, households and communities, result in various groups of children requiring statutory care. This includes abandoned and street children, as well as children in child-headed households.

Substance Abuse, Prevention and Rehabilitation

Substance abuse has a negative social impact and is associated with other social risk factors such as crime and violence. A key indicator highlighting the escalating trend of substance abuse is the increase in the number of persons arrested for drug related crime in the Province - from 19 940 in 2003 to 77 069 in March 2012¹⁴. This provides a clear indication that interventions aimed at preventing and reducing substance abuse in the Province must be revisited and intensified.

Substance abuse trends amongst youth of concern

Of particular concern is the possible increase in substance use and abuse among children. Recent research¹⁵ in the Western Cape has shown that on average, Grade 8 to 10 learners use substances for the first time between the ages of 13 and 15 years. The majority of learners, 66 per cent, have tried alcohol in their lifetimes and 23 per cent in the past 30 days. With regard to dagga use, 23 per cent indicated they have used before and 8 per cent indicated they used in the past 30 days. For mandrax and tik, 2 per cent of learners (roughly 3 400 children) indicated they have tried the drugs in their lifetime. Less than 1 per cent (between 700 and a 1 000 children) indicated they used these drugs in the past 30 days¹⁶.

Methamphetamine the primary substance of abuse

The most common primary substance of abuse is methamphetamine or tik (39 per cent), followed by alcohol (24 per cent), heroin (17 per cent) and dagga (15 per cent). In terms of the overall proportion of substance used, methamphetamine is most common and at a 5 year high at 52 per cent, followed by dagga (37 per cent), alcohol (36 per cent), mandrax (20 per cent) and heroin (19 per cent). The average age of patients for the top four primary substances of use is 26 years for tik, 40 years for alcohol, 26 years for Heroin and 20 years for dagga¹⁷.

¹⁴ SAPS Crime Statistics, 2012

¹⁵ Medical Research Council (2012). Survey on Substance Use, Risk Behaviour and Mental Health among Grade 8 – 10 learners in Western Cape provincial schools.

¹⁶ Department of Social Development, 2012

¹⁷ SACENDU, 2012

Crime

The Western Cape Province is characterised by high levels of violent crime related to social and economic factors as well as youth risk behaviour (Soreaso, 2012). In the period 2011/12, the Western Cape had the highest serious crime rate followed by Gauteng. According to the most recent statistical data from the SAPS, the Western Cape had the second highest murder rate closely followed by the Eastern Cape; the second highest attempted murder rate and the third highest rate of assault with the intention to cause grievous bodily harm. In the period 2011/12, the Province also had the second highest incidence of reported sexual offences. It should also be noted that men in the Province face a significant risk of violent injury and that the homicide rate of males in the Province is 6 times higher than that of females¹⁸. Finally, drug related crimes in the Western Cape have been the highest compared to the rest of the provinces, as has been the case since 2008/09.

*Drug related crime
highest in Western Cape*

Conclusion

The forecast contraction of the Eurozone economy, and dampened growth prospects in the US economy has set the pace of growth expected in advanced economies, placing pressure on emerging markets and developing countries to buoy global economic growth going forward. There is however a more optimistic growth outlook beyond 2013. Moderate growth is projected for the South African economy in 2013, before improving in 2014. The Western Cape economic growth forecast remains more optimistic than the national economy, at an average of 3.8 per cent forecast between 2013 and 2017. However, growth at these rates in all probability is not sufficient to address the large scale unemployment problem.

The economic realities highlight that improving competitiveness and encouraging growth in industries with an identified comparative advantage, whilst increasing the labour absorptive capacity should be central to the provincial growth strategy. Further expansion in existing and accessing new markets to unlocking the real growth potential of the export markets will support sustainable economic growth.

¹⁸ Molefi, S. (2011). The Status of Men and Boys in the Western Cape. Internal research report for the Western Cape Department of Social Development.

Increasing the proportion of the employed, particularly for the youth, inclusive growth, growing incomes, improved quality of life and greater equality remains the key policy challenge.

While there have been made improvements in access to and the quality of public health and education services, there is still some way to go in achieving the desired outcomes. Many other social challenges, inextricably linked to poverty and marginalisation, also remain. These challenges include stagnant employment, rising unemployment, increasing substance abuse, high rates of violent crime and fractured households, particularly in respect of the impact on youth.

Partnerships with the private sector and other spheres of government thus become a key lever to achieve economic development objectives. Areas where provinces can play a significant role given their location in the intergovernmental system is in providing appropriate infrastructure where and when it will have the most powerful impact and complementary to this is developing human capital through a responsive education and training system.

In pursuit of government's economic growth and job creation objectives, a stable, skilled and productive provincial labour force is imperative. Improving education outcomes, skill levels and health outcomes will thus not only support long term economic growth, but will also aid in addressing unemployment and poverty, and therein also address the root cause of a number of social challenges within the Province.

2

Medium Term Policy Context

Introduction

The key social and economic challenges that government policy needs to respond to are outlined in Chapter 1. The current economic environment suggests that the global economic growth forecast for both advanced and developing economies are lower than projected in 2011. The risks identified on the global front have however spilled over to the South African domestic economy, impacting trade with our traditional partners.

Global economic growth forecast are still lower than projected in 2011

Recent economic developments have resulted in restricted demand for South African exports and added even stronger competition. The competitiveness of nations efforts are now directed towards higher levels of production efficiencies, innovation and differentiation in products and services that is only possible through a highly capable and skilled workforce.

In pursuit of greater efficiencies, higher levels of mechanisation have been an option to consider but at the cost of lower employment take-up. These factors have a bearing on the wellbeing of the people living in the Province. As embroidered in Chapter 1 the demographic make-up of the almost 573 000 unemployed persons in the Province, emphasise the fact that approximately 70 per cent of the unemployed are youth (aged between 15 and 34). Also of importance is the lower economic growth forecast, which has led to lower employment absorption over the short and medium term.

Labour market dynamics also expose the mismatch between labour supply and demand. One of the main contributors to this mismatch is the shortage of the required skills in key and emerging sectors and the perceived low school education attainment levels.

Less than optimal economic performance brings about a lack of economic opportunities

The mismatch that arises in the labour market from growth being concentrated in the skills-intensive services industries rather than in the semi- and unskilled labour absorbing primary and secondary industries, has so far proven to be difficult to fix.

Less than optimal economic performance brings about a lack of economic opportunities and to interact in the labour market. A lack of economic opportunities also continues to counteract social cohesion and inclusion and is exacerbated by social ills, which include amongst others: high levels of substance abuse, child abuse, gender-based and domestic violence, and gangsterism.

Adequate provision of much needed social services is further challenged by rapid levels of urbanisation, which contribute to the challenges in the provision of both social and economic infrastructure. With urbanisation comes the development of a large number of informal settlements, which necessitates the provision of basic services and housing opportunities.

Inadequate provision of basic services such as sanitation in informal settlements has a dire impact on the health of the informal settlement inhabitants. In instances where these have been left unattended, it has resulted in the pollution of rivers and in farming areas has resulted in agricultural produce being contaminated and not meeting export standards. On the economic front these have resulted in lost opportunities for sustaining and growing the provincial economy.

In addition to the social pathologies plaguing the Province is the burden of disease that primarily consists of HIV and Aids; tuberculosis; injuries from violence and road traffic accidents; non-communicable diseases, cardio vascular disease, hypertension, asthma, cancers, mental illness and childhood illnesses. In most cases these are symptomatic of behaviour patterns in need of change.

As with Health a number of pressures on the education system arise as a result of social ills such as poverty and crime; backlogs in school building and classroom provision and maintenance.

Challenges on the educational front have amongst others been that the majority of children are as yet not achieving their full academic potential, largely due to inadequate time and attention paid to reading, writing and counting in the first three grades of school; accountability for performance from education officials and educators, school management and leadership.

Improving the safety of communities and reducing the incidence of crime are important factors contributing to realising and strengthening a socially cohesive society. Evidence supports the assertion that security, amongst others, constitutes a necessary foundation for urban regeneration, economic development and education.

The Western Cape Government's Policy Response

In response to the economic environment and given the Province's location in the intergovernmental system, there are two key areas in which provinces can play a pivotal role in economic development. The first is in providing appropriate economic and social infrastructure where and when it will have the most powerful impact and the second is the creation of human capital. International developing country experiences reinforces that both of these are equally critical to any successful strategy to achieve accelerated economic growth through improving the competitiveness of a region.

Provinces need to provide appropriate economic and social infrastructure and the creation of human capital

The phenomenal success of China and Brazil in reducing abject poverty in a few decades has stimulated all-round interest in these countries' experience. Two important lessons confirm the role of provinces in economic development: Infrastructure development is of key importance to economic development and should be pursued as a specific strategy and increasing education levels is critical for reducing poverty.

The 2012 Provincial Economic Review and Outlook (PERO) also highlights that, to be able to maintain and penetrate new markets in amongst others Africa, China, Brazil, Russia and India, South African industries must become more competitive in both innovation and its skills bases.

The Diagnostic Overview of South Africa developed by the National Planning Commission (NPC) indicated that poorly located and inadequate infrastructure limits social inclusion and faster economic growth. Successful countries generally invest at high rates and are continually modernising public infrastructure to suit their economic, settlement and trade patterns. South Africa has effectively missed a generation of infrastructure modernisation.

Poorly located and inadequate infrastructure limits social inclusion and faster economic growth

It is accepted that higher economic growth objectives can be achieved from infrastructure investment in regions of economic agglomeration. Faster economic growth in provinces will generate faster growth and more fiscal resources for the whole

Higher economic growth objectives can be achieved from infrastructure investment

economy. The principle of supporting and reinforcing areas of agglomeration can be applicable to different spatial configurations and economic concentrations e.g. between urban and rural but also within both urban and rural environments, between economic sectors but also within an economic sector and within and across a country, province, city or town.

The 2012 PERO highlighted that there is a mismatch between the employment supply and demand for employment in that where the economy is able to absorb the unemployed labour those looking for employment often do not have the appropriate skills. The unemployment in the Province is biased towards the youth and those that do not hold appropriate experience and qualifications.

Cabinet, for the 2013 MTEF, approved efforts and allocations towards supporting areas where there is potential for higher economic growth and putting in place the infrastructure and skills that can drive this growth. Infrastructure initiatives in the Province therefore aim to benefit the provincial economy over the medium to longer term.

In response to the high unemployment, the Provincial Strategic Objective of creating opportunities for growth and jobs in both urban and rural areas recognises that inclusive economic growth is the foundation for development.

Unemployment will be addressed 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 sectors, and capitalising on labour absorption through amongst others, the building and maintenance of infrastructure, the Expanded Public Works Programme (EPWP) and Jobs fund.

Investment in the green economy will benefit economic growth and job opportunities

Government initiatives to support growth and jobs will also find improved traction through investment in the emerging green economy and agricultural sector. Investment in the green economy apart from its benefits to economic growth and job opportunities, aim to improve the sustainability of the natural environment and inheritance of future generations. The importance of the agricultural sector is critical for a number of reasons: the relative size of the industry in the Western Cape, its dominance in exports from the region, its important forward and backward inter-industry linkages and the key role it can play in the reduction of poverty, particularly in the Western Cape districts with large rural populations.

Provinces have an essential role to play in ensuring that the education system is responsive and effective in providing the human capital that an evolving and dynamic regional economic system requires. Provinces can also address the structural constraints that will make the region and country as a whole internationally competitive.

Efforts will also be directed towards improvements in, amongst others, education and health, increasing safety, reducing poverty and promoting social inclusion. Investment in Health and Education (with the emphasis on human capital development) is key for economic development. A number of socio-economic challenges that the Western Cape Government (WCG) has to respond to have been identified. Delivery plans to address these challenges have already been implemented and given their long-term nature, the attainment of some of these outcomes are perceived to be elusive.

Increasing access to social services continue to be a key priority, as well as improving the quality of education and health and the resultant outcomes. These priorities are also taken up in the the Provincial Strategic Objectives of improving education outcomes and wellness and increasing social inclusion and reducing poverty.

Increasing access to social services continue to be a key priority

All policy priorities are transversal as it involves a number of departments and different spheres of government, are aligned to the provincial strategic objectives as well as the National Development Plan (NDP), to some extent address risks associated with the macro-economic environment (i.e. risks to trade, unemployment, economic growth, inflation, inequality) and shift from consumption expenditure towards investment. Governance priorities include improving corporate governance, efficacy of services, sustainability of government services and value for money.

Better coordination of social and economic development efforts and partnerships between government, private sector and stakeholders are needed. The development of strong partnerships with municipalities is necessary to locate and direct service delivery and infrastructure spatially so as to achieve the desired impact. It is crucial that partnerships also be extended to the private sector, labour and civil society. The inclusion of these stakeholders can only improve the sustainability and success of the public sector programmes. Similarly, partnerships with communities empower communities to take greater responsibility for improving their situation.

As one of the spheres in the intergovernmental system, provinces must work in partnership with the other two spheres of government. This is especially important in the Western Cape where the City of Cape Town dominates not only the economy but also the population of the Western Cape.

These responses are taken up in the Provincial Strategic Objectives (PSOs). The provincial budget and spending plans reflect the provincial response to the PSOs and the desired National policy as well the NDP.

Provincial Strategic Objectives

- Increasing opportunities for growth and jobs
- Improving education outcomes
- Increasing access to safe and efficient transport
- Increasing wellness
- Increasing safety
- Developing integrated and sustainable human settlements
- Mainstreaming sustainability and optimising resource-use efficiency
- Promoting social inclusion and reducing poverty
- Integrating service delivery for maximum impact
- Creating opportunities for growth and development in rural areas
- Building the best-run provincial government in the world

Link to the National policy environment and the National Development Plan

Poverty and inequality are the two main deterrents to achieving a better South Africa

The NPC has identified poverty and inequality as the two main deterrents to achieving a better South Africa for all who live in it. In its task to set a vision for the Country and subsequently to develop a plan to achieve this vision by 2030, the NPC identified nine challenges that need to be addressed in order for South Africa to tackle poverty and reducing the inequality. These challenges include:

- Eliminating poverty and reducing inequality;
- Poor education outcomes and too few South African's employed;
- Poorly located and inadequate infrastructure limits social inclusion and faster economic growth;
- South Africa's growth path is highly resource-intensive and unsustainable;
- Spatial challenges continue to marginalise the poor;

- Public health system confronts a massive disease burden;
- Performance of the public service is uneven;
- Corruption undermines state legitimacy and service delivery; and
- South Africa remains a divided society.

The 2013 National Budget is the first to be tabled within the framework of the NDP. The NDP sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality – recognising that South Africa's urbanising, youthful population is a strength on which to build.

It highlights that South Africa would have to create an additional 11 million jobs to reduce unemployment to 14 per cent by 2020 and to 6 per cent by 2030. It also estimates that paying for investment into infrastructure, should ultimately result in increased changes in the short and medium term to make services more financially stable. The Plan recommends that Government provides for greater certainty in the mining and agricultural sectors so as to attract much needed Foreign Direct Investment; and that the economy must become more labour intensive in the interim, while bolstering the skills levels of the workforce in the long term.

Critical actions to promote growth and development

The NDP sets out 10 “critical actions” on which government policy can proceed in partnership with the private sector, trade unions and civil society:

- A social compact to reduce poverty and inequality, and raise employment and investment.
- A strategy to address poverty and its effects by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.
- Steps by the state to professionalise the public service, strengthen accountability, improve coordination and prosecute corruption.
- Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers.
- An education accountability chain, with lines of responsibility from state to classroom.
- Phase in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care.
- Public infrastructure investment to reach 10 per cent of GDP, financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.
- Interventions to ensure environmental sustainability and resilience to future shocks.
- New spatial norms and standards – densifying cities, improving transport, locating jobs closer to where people live, upgrading informal settlements and fixing housing market gaps.
- Reduce crime by strengthening criminal justice and improving community environments.

Source: National Treasury Budget Review 2013

The WCG through its provincial departments and entities, have identified amongst others the same nine elements or challenges that are bedevilling the reduction of poverty and reducing inequality in the Province.

The Province prioritised five focus areas: improving the competitiveness of the economy; stimulating employment opportunities; improving access to and the quality of social services; improving the performance of government and partnerships for regional socio-economic development.

Improving the competitiveness of the economy

Infrastructure investment

Infrastructure investment will stimulate activities within the construction industry

Infrastructure investment will contribute significantly to the stimulation of activities within the construction industry as built sector professional service providers, contractors, manufacturers and transport logistics service providers will be actively engaged in the construction and maintenance of provincial government buildings, associated facilities and roads.

While the importance of the provision of infrastructure to support socio-economic growth has to date been well recognised within government, the potential of infrastructure maintenance as a powerful tool for economic growth and service delivery will come more to the fore. The key delivery areas over the medium to long term are:

- To continue with the modernisation of the Central Business District (CBD) office buildings and where feasible outside the CBD;
- To address the maintenance challenge, inclusive of maintenance backlogs that accumulated over a number of years;
- To address the office accommodation requirements of departments;
- To continue with the Provincial Regeneration Programme (PRP);
- To continue reduce the roads maintenance backlog;
- To upgrade the existing road network; and
- To address the internal capacity challenges in the Department of Transport and Public Works.

The investment in telecommunications (Broadband) and Information and Communication Technology (ICT) infrastructure also provides impetus for economic growth, skills development and creating a competitive workforce.

Public Works and Social Infrastructure

The Province's investment in the maintenance of infrastructure, not only aims to extend the lifecycle of Government's Immovable Asset base but also contributes to employment opportunities, over the short- and medium term. Additional investment in maintenance is urgently required to preserve the assets over the long term and contribute to service delivery.

Investment in maintenance of infrastructure will contribute to employment opportunities

Increasing the efficiency of infrastructure will thus improve growth performance, service delivery and development outcomes. Interruptions or worse, breakage of services have the opposite effect, often with serious social and economic consequences.

As the custodian of infrastructure delivery, the Department of Transport and Public Works provides a service to other provincial departments. It is also important that collaborative planning, procurement and delivery processes are well coordinated amongst them. These processes are being institutionalised through the Western Cape Infrastructure Delivery System (WCIDMS). In support of this approach, the development of good User Asset Management Plans (U-AMPS), which details the infrastructure requirements of the line departments, are growing in importance. These plans are meant to be multi-year and even extend beyond the MTEF cycle. Once agreed between the Department of Transport and Public Works and the provincial line departments, these plans have to be taken up in a well defined Custodian Asset Management Plan (C-AMP) of the Department of Transport and Public Works, and directly lead into the MTEF Provincial Infrastructure Delivery Plan.

Transport and Public Works provides a service to all provincial departments

In the Department of Health the U-AMP would include the delivery of a range of infrastructure projects that spans the health services that the Department provides or needs to provide. These include: hospitals, clinics, community healthcare centres, forensic pathology services, mental health facilities and Emergency Medical Services facilities.

Education, similarly, has to provide for a range of infrastructure needs which include: to address backlogs in classrooms, school halls, sporting facilities and administrative facilities. Infrastructure

requirements also to plan for future demand based on changing learner numbers and shifts in community make-up, increasing urbanisation and availability of land to provide tailored school infrastructure. The Department of Education is developing interim guidelines to direct the future provision of infrastructure, in line with approved norms and standards which will provide for more certainty in the planning, resource input requirements and delivery of education infrastructure in the Province.

A major focus over the next 3 to 5 years is also to continue with the modernisation of the CBD office buildings and where feasible outside the CBD. The aim of the modernisation programme, which commenced in 2009, by the Department of Transport and Public Works (TPW), is to reduce expenditure on leased-in buildings, reducing the under-utilisation and inefficient use of owned-buildings, averts the under-utilisation of buildings and eradicates the number of buildings which pose health hazards and unpleasant working environments. This involves the modernisation of all Provincial Government office buildings, which are located predominantly in the CBD of Cape Town. The emphasis is on the better and more efficient utilisation of existing office space.

In addition to the above, the Department also needs to address the office accommodation requirements of departments. In the past it was not possible to attend to the extent required, but with the 2013 Budget allocations it will be possible to address most of the accommodation requirements indicated by departments. This will include new build and upgrades and additions to existing buildings.

The PRP aims to attract private sector investment

The PRP aims to use the Province's immovable properties as a catalyst to attract private sector investment and provide added revenue. Many of the current properties are not utilised to its full potential and making them available for development proposals should encourage new investment, encourage new businesses, create new jobs, provide opportunities for well-located housing and importantly, generate an income stream to cross-subsidise social projects.

Roads Infrastructure and maintenance

Roads infrastructure's core objective is to protect the asset value of existing road networks and to maximise vehicle kilometres travelled on roads in a good condition. The Province is responsible for planning and providing new and upgraded roads as required and to maintain the existing road network of

32 212 km. Although it has managed to keep the condition of the road network in a reasonably good state, there is a phenomenal growth in the number of roads in need of rehabilitation, due to being past their planned economic lifetime.

Roads infrastructure maintenance also provides opportunities to improve the economic prospects of the Province and contribute to the many socio-economic benefits, which they may hold. These include transformation in the procurement and delivery through contractor development and graduation of contractors, skills development and employment.

Projects identified to specifically promote the economic growth initiatives in the Province include the upgrading of the remaining section of the Divisional Road 1205, between Gansbaai and Bredasdorp from gravel to surfaced; the upgrade of the Wingfield interchange pre-stressed bridges and improving the road network in support of the Saldanha Bay IDZ and the Port expansion.

Improving the road network to promote economic growth

Both the roads and regeneration development programmes are highly complex, even to the level of Public Private Partnerships and will require professional cross-cutting supply chain management capabilities, inclusive of general goods and services, infrastructure procurement, disposals and as property management.

A target to reduce the road maintenance backlog by 16 per cent has been set for 2014 to increase access to safe and efficient integrated transport, which is also a strategic priority.

Telecommunications and Information and Communication Technology infrastructure

Broadband

The broadband and ICT infrastructure initiatives aim to benefit the Provincial economy over the medium to longer term. It links well to providing the impetus for economic growth, skills development and creating a competitive workforce.

The broadband and ICT infrastructure initiatives aim to benefit the Provincial economy

Investment in the development of broadband infrastructure will assist the Province and selected municipalities to foster greater economic growth in the region, and assist in achieving greater effectiveness and efficiencies in government service delivery and resource management in the Province.

By 2020, WCG aims to have connected every citizen in the metropolitan area to affordable broadband infrastructure at network speeds in excess of 100 Megabytes per second and all citizens in towns and villages to a broadband network. Key initiatives for the medium term are shown in the table below.

Table 2.1 Key initiatives for the medium term

Key Initiatives	2014 Deliverable
Connected Government	70% of WCG Government buildings
Connected Schools	Connecting public ordinary schools
Connected Communities	Public Access Points in all wards project
Connected Citizens/ Households	Khayelitsha Mitchell's Plain Wireless Mesh Project Saldanha Wireless Mesh
Connected Western Cape	Establish PPP or SPV
Connected Leadership	Establish Broadband Office Regional Benchmarking Index

A knowledge-based society will maintain and enhance the Western Cape's international competitiveness

Policy documents and research clearly indicate that the creation and nurturing of a knowledge-based society is essential to maintaining and enhancing the Western Cape's international competitiveness. A key factor contributing to the unprecedented economic growth in knowledge-intensive countries and regions in recent years has been the provision of competitive and high-quality infrastructure and services. Grasping the opportunities afforded by the Information Age has to be at the heart of the province's strategy. The readiness to adopt new technologies, an innovative capacity and first class infrastructure and services are essential if the province is to attract and retain inward investment, stimulate job creation and ensure a fully inclusive society.

In highly competitive regions in the global environment, high speed access to the internet for businesses and residents is available almost anywhere and at any time – providing the ideal enabling environment for the growth within commerce, industries, SMMEs and entrepreneurship, stimulating innovation and the enablement of the growth of other economic sectors by communication technologies.

Information and Communication Technology infrastructure

The demand for ICT services is growing due its perceived potential benefits and process automation in the workplace. To respond to the rapid changing ICT environment the Ce-I, together with departments, have embarked on the development of departmental ICT plans that is expected to be translated into a MTEF Provincial ICT Delivery plan.

Information and Communication Technology investment will also be used to refresh ageing infrastructure, which poses a number of risks such as infrastructure becoming unstable affecting applications and services, security risks, higher levels of support required, latest software patches not being able to be deployed to out-dated and out-of-warranty devices, which also cannot be repaired but have to be replaced, which could result in extended down-time at affected sites.

Plans over the 2013 MTEF will further involve IT infrastructure investment in IT technology refresh, core infrastructure, expanding the user base, support services, and improved governance.

Green Economy

Green economy programmes and plans, as a collaborative effort between departments, are already underway to support this sector. The ultimate aims are to derive realistic and practical overall strategic frameworks to identify possible private sector investment cases in support of green investment growth; and to identify economic opportunities and to facilitate their realisation. The Green Economy has been identified as a powerful tool and mechanism to stimulate and enable smart growth with the potential of significantly contributing to the broader integrated aims of sustainability (environmental, social and economic).

Identification of possible private sector investment in support of green investment growth commenced

Plans ahead include the completion of the Green Economy Framework, mapping the relevant investment environment and projects that support investment and growth, as well as the Premier's flagship programme, 110% Green.

Extensive project identification will be informed by the Green Economy Framework and the investment cases that have already been developed.

A key element of this is the health of ecosystems and the prioritisation of water as a key resource that is a major risk for the future economic viability of the Western Cape. As a result, the Berg River Improvement Plan is a priority included in the 2013 MTEF.

Linked to the green economy, the development of agriculture can play a key role in the reduction of poverty, also in the Western Cape districts with large rural populations. This development needs to happen side-by-side with the development of manufacturing and services industries that are, inter alia, linked to the agricultural sector, as indeed appears to have been starting to happen in some local (Western Cape) regions.

Stimulating employment opportunities

Skills Development

The education system plays a critical role in addressing the skills gaps

Complementary to the investment in infrastructure is strengthening the skills base through strengthening WCG's institutional capacity and programmes to address the mismatch between the demand and supply of skills. The role that the education system plays is also critical in addressing the skills gaps.

Globally, human resources have relevance for key drivers for growth, namely skills and innovation. International recommendations by the Organisation for Economic Co-operation and Development (OECD) regard workforce development in a knowledge based economy as having a direct impact on the capacity of business to be flexible to changes in the economic environment and to respond to new opportunities. Global competitiveness and economic growth will increasingly depend on innovation, particularly at a regional level.

Drawing these challenges closer to the Province, there is a view that skills development should be demand-led, both in respect of the immediate needs of business and the medium term needs of the economy. Given the general requirement for skills development and the need for interventions to maximise results, skills development initiatives will need to be prioritised. Skills development programmes will in the first instance attain focus through sector based initiatives.

The Western Cape Provincial Skills Development Forum (PSDF) serves as a forum comprising all relevant social partners and stakeholders to co-ordinate skills development in the Western Cape. One of the main outputs of the PSDF is to leverage funding for the development of short-term interventions to assist with reducing the gap between skills demand and supply. The PSDF has identified priority areas for skills development including artisan development, research and knowledge management, career awareness, entrepreneurial and self-employment skills and work placement.

Efforts will also be made to improve the misalignment of the skills supply and demand and address weaknesses in the skills value chain. It is further aimed to achieve greater co-ordination amongst skills development stakeholders to allow for improved planning and coordinated implementation of skills programmes, enabling enhanced impact and sustainable long-term success.

The misalignment of the skills supply and demand and weaknesses in the skills value chain will be addressed

Given the current realities in the agricultural sector, a renewed focus on the skills development interventions within the sector and in rural areas is important to address the structural adjustments that will take place over the next few years. Efforts will also be made to strengthen the development of quality technical skills development programmes that would position rural areas to firstly train farm workers.

Funding plans will result in all initiatives being pulled together.

Expanded Public Works Programme, Infrastructure and maintenance and the Community Work Programme

Initiatives such as the EPWP using labour intensive measures have created employment, contributed towards sustaining the livelihoods of many people and have the potential to empower otherwise many marginalised people.

Nationally, the EPWP programme in the infrastructure sector, social, economic, environmental sectors and across local government has been allocated dedicated resources. These funds are targeted towards the maintenance of roads, environmental projects, water, sanitation and other social and economic services to ensure enduring capacity for the maintenance of infrastructure. Currently the EPWP programme provides community services in health, welfare and for early childhood development as a deliberate human resource investment.

In the Western Cape Province 85 959 work opportunities have been created through EPWP between 1 April and 31 December 2012. Provincial departments and entities contributed 21 715 work opportunities to the total number of opportunities in the Province.

To further expand the EPWP additional Provincial Equitable Share funding will protect both the number of job opportunities created in the Province and the services associated with it. It will further support community safety coordinators and the youth for safety programme; create capacity within Museums (re auditing) and will also provide for the maintenance of these (janitors and security); increase digitisation within Archive services and provide for arts and culture coordinators for the MOD programme. The additional funding will also strengthen social service programmes that have employment potential as well as other labour intensive initiatives in the environment and culture sectors.

Expanding EPWP work opportunities

Allocations from the National Jobs Fund (R69 million) are to be received to increase opportunities to co-finance public and private sector projects that will significantly contribute to job creation. The Fund is aimed at supporting initiatives that pilot new and up-scale existing innovative approaches to employment creation while targeting the youth to acquire skills while being productively employed.

The Community Work Programme provides an employment safety net

Another government programme that also has the potential to provide a safety net to the unemployed, is the Community Work Programme (CWP). It provides an employment safety net by giving participants a minimum number of regular days of work, typically two days a week or eight days a month, thus providing a predictable income stream. Pilot sites are being established in marginalised economic areas, both rural and urban, where unemployment is high.

Appropriate infrastructure maintenance also creates jobs and EPWP work opportunities. For example, maintenance needs to be done year after year, and personnel to do this maintenance will therefore always be needed – not just for the limited period of construction, but for the whole of the designed life of the infrastructure. Furthermore, much maintenance can only be done, or can best be done, by labour-intensive methods. There is substantial scope for maintenance contracts to promote SMME development, Broad-based Black Economic Empowerment (BBBEE), involvement of women and youth, and local employment coupled with appropriate enterprise development.

The Department of Transport and Public Works indicates that for every R1 million spent on maintenance, 12 equivalent full-time jobs (6 direct and a further 6 indirect or induced) can be created. Where labour intensive methods are appropriate, for example on civil engineering works, much greater levels of employment are attainable (approximately 50 jobs per million Rand). The number of direct and indirect construction and maintenance employment opportunities associated with the roll out of the 2013 MTEF Public Works Infrastructure Delivery Plan is estimated to be just over 100 000.

Spending on Public Works infrastructure to create over 100 000 jobs over the 2013 MTEF

Spending on roads infrastructure also create jobs. An additional R1.33 billion for roads infrastructure and maintenance has been allocated over the 2013 MTEF. It is expected that this will result in an additional 12 145 job opportunities.

Improving access to and the quality of social services

Poverty is not merely a function of individual or household income. Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environment; and social discrimination and exclusion. It is also characterised by a lack of participation in decision-making and in civil, social and cultural life.

The role of the WCG is to create an environment for investment and economic growth, so that people can find jobs or create opportunities for employment. It also has a duty to provide citizens with opportunities to access quality education and healthcare, safe and efficient transport, and housing in integrated human settlements. The WCG must also, in partnership with the whole of society, work to increase safety; ensure that legitimate institutional structures and safeguards are in place for clean, democratic, effective and accountable governance; and provide citizens with the means to feel personally and communally invested in a vibrant civil society.

The Provincial Budget is mainly driven by expenditures on social service delivery through functions such as Education, Health, and other social services that promote inclusion and efforts to reduce poverty. An important focus in the WCG is the efficiency, effectiveness, economy and equity of government

The Provincial Budget is mainly driven by expenditures on social services

services and better coordination of the efforts and partnership of governments, private sector and stakeholders.

The otherwise comparatively favourable educational profile of the Western Cape is marred by the relatively high dropout rate from secondary schools in the Province. An improvement in the secondary school completion rate will make a positive contribution towards improving the skill level of the labour force and thereby the employability of the new entrants into the labour force. Moreover, it will significantly increase the effectiveness and social benefit from the investment that has been made in the learner dropout rate during the 10 odd years of prior education.

The 2012 PERO also highlights that a second series of bottlenecks that are pervasive, not only in Western Cape schools, is weak results in gateway subjects that determine access to further studies at university level in fields that are extremely important for economic development, such as engineering, health, sciences, and commerce. Crucial in this regard are physical sciences and mathematics. As summarised in the 2012 PERO "The numbers of students delivered to tertiary institutions to provide the higher level technical skills required for growth in an increasingly skill-hungry economy are inadequate, while the limited vocational training taking place also cannot fully meet the needs for artisans and semi-skilled workers. Thus it is essential that the school education system must continue its strong emphasis on quality improvement to meet these needs."

The WCED will dedicate resources to improve the quality of education offered in schools

To improve the Grade 1 and 9 pass rates and retain more learners in Grades 10 to 12 (reduce the drop-out rate) the WCED will dedicate resources to improve the quality of education offered in schools. Efforts of the WCED will be targetted toward:

- Improving language and mathematics in primary schools;
- Improving the number and quality of passes in the National Senior Certificate; and
- Reducing the number of under-performing schools.

The WCED also plans to achieve higher levels of efficiency and quality by reducing the number of staff in excess and the number of temporary teachers, improving teacher attendance rates and implementing a long-term facilities' plan for the optimum use of education facilities. Improved subject choice in Grades 10 to 12 and other deployment decisions will also improve the balance in the learner: educator ratio across the Province.

In 2013 the WCED will focus on increased provisioning of quality Grade R at public ordinary schools and independent sites. This renewed focus will better prepare Grade 1 learners for the subsequent school years.

There are currently 88 168 learners in the 313 poorest (quintile 1) schools. Additional National priority funding is intended to reduce the learner: teacher ratio in poorer schools where learners are more likely to need additional support.

Additional National priority funding is intended to reduce the learner: teacher ratios

The education sector has a target of universal provision of Grade R by 2014 and by 2011 the average enrolment in public ordinary schools across the country was around 70 per cent. The Early Childhood Development programme is expected to grow by an average annual rate of 17.9 per cent over the current MTEF. This growth will address the need for additional Grade R learner and teacher support materials. There is still a need for additional teachers to be appointed to enable the universal enrolment.

Investment in Health (with the emphasis on human capital development) is key for economic development. While life expectancy in the Western Cape is the highest in South Africa, it remains low compared to peer developing countries.

Investment in Health is key for economic development

The Province faces a quadruple burden of disease consisting of HIV and TB, communicable diseases associated with Child and Maternal health, Mental Health and non-communicable diseases such as diabetes and cardiovascular diseases, and injuries. An integrated approach in reducing the burden of disease is thus required in order to make a lasting impact on health outcomes in the Province.

Over the 2013 MTEF the Province will continue to improve access to and the quality of public healthcare in the Province which include decreasing the maternal mortality rate to 90 per 100 000 live births, the child mortality rates to 30 per 1 000, increasing the TB cure rate to 80 per cent and reducing the prevalence of HIV of 15 - 24 year olds to only 8 per cent by 2014. Improving women's health, mental health and promoting healthy lifestyle strategies are also key focus areas being pursued as well as improving the patient experience at health facilities.

To help address the challenge of divided communities the Province is promoting social inclusion programmes which includes: an afterschool care programme (2 pm to 6 pm); integrated food security programmes; services which foster functionality and prevents vulnerability in families; and

The MOD centres are a response by the WCG to expose children in poorer communities to a more holistic development regime

programmes to promote an appreciation of the arts, cultural and heritage sites, museums and archives.

The Mass Opportunity and Development (MOD) centres is a response by the WCG to expose children in poorer communities to a more holistic development regime. The programme enables youth to participate in sporting and cultural activities after normal school hours (2 pm to 6 pm). The intention is to further support the working and expansion of MOD centres.

Strengthening support for persons with disabilities

Additional funding for persons with disabilities will address shortcomings in terms of infrastructure at disability centres, in the number of care givers and will support multidisciplinary teams at centres. It will further strengthen day care programmes for children and adults and protective workshops (job opportunities and skills training).

Greater access will be promoted at public libraries (only a quarter of the Western Cape population is registered members of libraries), museums and language and heritage services. The active development of partnerships with a number of stakeholders will be key over the medium-term. The Province has provided additional financial support for library services over the medium term is geared towards assisting municipalities in the Province to effectively deliver the library function.

Supporting the NGO sector to deliver effective social welfare services

The recent economic downturn also put pressure on the NGO sector with some closing down, retrenching staff and scaling down services. Strengthening NGOs where it is needed is critical for the effective delivery of social welfare services, particularly for the poor and vulnerable. The Department of Social Development (DSD) will therefore play a greater role in supporting Non-Governmental Organisations (NGOs) in terms of reporting, governance, administration and financial management.

The national Department of Social Development runs a social work scholarship programme. It is important for the sustainability of the sector that social work graduates funded through the scholarship programme are constructively employed. A policy decision was taken that social work graduates from the scholarship programme could also be employed within the NGO sector but still funded by provincial DSDs. Additional support from the national fiscus has been provided for this purpose.

Improving the performance of government

Successful targeting of economic development objectives is dependant upon government performance. Broadly speaking performance refers to the effectiveness in providing and/or delivering services to the public and addressing broader social to ensure that the money that is spent delivers results.

A key focus there is to improve the efficiency, economy and effectiveness of government expenditure. This means obtaining the maximum output for least or same inputs and the removal of excesses, wastages and unnecessary spending (efficiency and economy); and attainment of desired outcomes, objectives and results (effectiveness and impact).

A key focus is to improve the efficiency, economy and effectiveness of government expenditure

The sustainability of government services, improving corporate governance and efficacy of services and value for money is a critical element in achieving the desired socio-economic outcomes.

In support of an integrated approach to manage the performance of Government, a number of provincial ICT initiatives are currently underway. The Performance Management landscape is broad and covers a wide range of systems. Some of these systems are at departmental level, whilst certain components are included in other initiatives measuring outcomes. The Annual Performance Assessment System (APAS) aims to ensure the electronic capturing of Annual Performance Plans (APPs) as well as the quarterly and annual reporting against these indicators, including the ability to upload evidence (documents/images). It will feed into the broader performance management reporting (BI) and allow for historical analysis. It will also improve the efficiency and accuracy of the APP and QPR processes. The Enterprise Portfolio Management (EPM) is an integrated project, programme and portfolio management system. It allows for the management and tracking of projects, including APP and operational/capex projects. It also facilitates reporting at a departmental and provincial level. It also links projects to the Provincial Strategic Objectives and allows for reporting accordingly. The WCG is investing in the development and implementation of both of these systems to improve government performance.

Improving overall government performance is strongly linked to improved supply chain management. This includes the promotion of better procurement planning through strategic sourcing, thereby ensuring efficiency in spending and value for

money. The WCG will further invest in the development of sourcing/procurement strategies in high spent commodities, such as ICT and to improve internal controls, standards, frameworks, guidelines, change management strategy, standard operating procedures and training, with as much automation as possible over the medium to long term.

Partnerships for regional socio-economic development

The Regional Socio-Economic Development Programme aims to ignite the long-term performance of the WC by harnessing sub-regional growth

Four areas in the Province have been selected where the Regional Socio-Economic Development Programme (in Witzenberg, Nyanga, George and Drakenstein) aims to ignite the long-term performance of the Western Cape by harnessing sub-regional growth and unique development potential of selected areas within the Province. These areas will be used as pilot sites to establish partnerships with municipalities, business and other stakeholders, which are considered the building blocks to facilitate the development of the space-economy.

Allocations over the 2013 MTEF will assist in the implementation of key interventions, resource implications and institutional roles and responsibilities needed for the implementation of a number of projects across all of the departments in the Province. Funding is also targeted towards a farm worker survey to inform departmental service delivery priorities across the Province and build a culture of ethical practices on farms in the Western Cape especially for those rural municipalities identified.

Rural development is an important vehicle for rural economic growth

Rural development is an important vehicle for rural economic growth, an imperative that must create jobs, reduce the skills deficit and grow the rural economy. The Department of Agriculture continues to build on progress made with the implementation of various infrastructure and social upliftment projects in rural nodes. However, the socio-economic environment in rural nodes remains challenging and requires well-structured platforms where joint planning and continuous dialogue have to take place.

Conclusion

A key focus of provincial budget policy is to increase the effectiveness of government spending to support economic and social development objectives. Therefore the budget is targeted towards spending that will give effect to policy priorities and programme objectives.

Infrastructure and construction create the foundations of our economy and the basis for improving the quality of life of every citizen in the Western Cape and even beyond. The most powerful economic lever in the hands of a provincial government is the ability to build growth-creating infrastructure. It contributes significantly to the country's economy and provides much needed employment. The creation of job opportunities is therefore of utmost importance, especially in a province and country with a high unemployment rate.

Central to the 2013 MTEF is to address the mismatch between labour supply and demand by improving our education outputs and further opportunities for skilling and training, the Provincial Government has invested in infrastructure to increase the lifespan of government infrastructure and to the extent possible provide for labour intensive methods and opportunities for employment, skills development and empowerment initiatives. The EPWP is a further opportunity to enhance job creation and provide a livelihood to the families of a number of low skilled people, which would be mostly effected by the expected poor economic performances and job losses.

Strategic projects and programmes already underway that may have a catalytic effect if targeted jointly, have been augmented. These include infrastructure delivery, broadband and ICT, green economy, skills development and EPWP.

Funding over the 2013 MTEF also aim to improve the performance of government through the implementation of electronic and automation systems to monitor and track government performances.

The WCG will work in partnership with communities, municipalities, national government and private sector on matters that will improve the economic productivity and competitiveness the Province to address persistent high levels of unemployment and poverty in a sustainable manner.

3

Medium Term Expenditure

Introduction

The budget process is about deciding and agreeing on the best allocation of scarce resources to fund government's many social, economic and political goals taken up in policies, strategic plans and outcomes as discussed in Chapter 2. Chapter 4 highlights the fiscal resources available to finance the provincial public expenditure.

The Budget 2013 priority allocations are geared towards programmes and projects that will support higher economic growth and employment, putting in place the infrastructure and skills that can drive this growth and improving the sustainability and value for money of government services.

As outlined in the 2013 Western Cape Medium Term Budget Policy Statement (WC-MTBPS), other key objectives of Budget 2013 are to: improve government performance; maintain and strengthen key social services in health and education; invest in the capacity of the economy to grow through infrastructure investment; and facilitate partnerships with national and local government, the private sector and communities to improve socio-economic outcomes.

Budget 2013 aims to improve the efficiency, economy and effectiveness of government expenditure and to ensure that the money that is spent delivers results. In other words, a focus on efficiency (least inputs for given outputs or same inputs for more output, etc.); economy (removal of excesses, wastages and unnecessary spending); and effectiveness (attainment of desired outcomes, objectives and results).

This chapter outlines the expenditure plans of the provincial departments and Provincial Parliament towards achieving the Western Cape Government's (WCG) key priorities and policy objectives over the medium term. The chapter further

summarises the provincial allocations and transfers to Provincial Public Entities over the 2013 MTEF which are additional implementing agents in the delivery of government's services.

Expenditure by Department

Table 3.1 provides a snapshot of past expenditure trends from the 2009/10 financial year to the estimates over the new MTEF. In 2013/14, the provincial budget grows by 8.62 per cent from a revised 2012/13 estimate of R40.205 billion to R43.670 billion in 2013/14. The largest proportion of the 2013/14 budget is allocated to social services which includes Social Development (4 per cent), Health (36.34 per cent share) and Education (35.73 per cent share). The balance is allocated to the Economic and Governance sector departments.

Table 3.1 Summary of provincial payments and estimates by vote

Vote R'000		Outcome						Medium-term estimate			
		Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
					Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	2013/14	2012/13	2014/15	2015/16
1.	Department of the Premier	478 089	620 918	692 445	699 802	747 981	747 981	853 843	14.15	893 144	914 518
2.	Provincial Parliament	64 054	74 606	77 741	93 603	95 727	95 727	102 627	7.21	108 763	114 030
3.	Provincial Treasury	138 371	127 500	142 619	154 286	164 962	164 962	446 205	170.49	527 734	698 213
4.	Community Safety	272 623	288 542	306 599	358 414	364 626	364 626	388 589	6.57	411 984	434 031
5.	Education	10 613 313	11 955 743	13 361 153	14 229 057	14 360 243	14 360 243	15 601 918	8.65	16 057 300	17 368 880
6.	Health	10 371 034	12 344 628	13 387 763	14 632 361	14 743 832	14 769 040	15 871 676	7.47	16 969 903	17 939 536
7.	Social Development	1 165 389	1 222 183	1 317 002	1 411 512	1 409 712	1 409 712	1 577 602	11.91	1 703 928	1 819 415
8.	Human Settlements	1 701 333	2 165 120	1 834 400	1 920 894	1 987 582	1 987 582	2 148 631	8.10	1 198 601	1 203 483
9.	Environmental Affairs and Development Planning	263 330	299 970	348 467	379 273	377 209	377 209	421 648	11.78	445 489	469 927
10.	Transport and Public Works	3 872 191	3 807 886	4 198 575	4 608 897	4 498 613	4 498 613	4 639 226	3.13	5 038 029	5 975 764
11.	Agriculture	490 117	483 485	514 559	559 792	560 374	560 374	610 149	8.88	635 683	671 275
12.	Economic Development and Tourism	263 217	235 751	256 089	291 117	315 585	315 585	389 451	23.41	397 668	422 329
13.	Cultural Affairs and Sport	301 730	294 023	351 888	390 761	392 422	392 422	445 309	13.48	532 620	600 109
14.	Local Government	81 121	110 689	129 825	155 228	161 108	161 108	173 289	7.56	184 204	194 458
Total provincial payments and estimates by vote		30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 050	48 825 968

Note: This table excludes direct charges.

Vote 1: Department of the Premier

Building an efficient, transparent, responsive and corruption-free government

The Department of the Premier receives R853.843 million in 2013/14, R893.144 million in 2014/15 and R914.518 million in 2015/16. The main role and function of the Department of the Premier is to provide strategic and operational support to the Premier and the Provincial Cabinet to exercise their provincial executive authority.

The Department of the Premier also drives the objective of "building the best-run regional government in the world". This approach seeks to lay a solid foundation for building an

efficient, transparent, responsive and corruption-free government that delivers cost-effective services to its citizens. The core focus areas are people management, e-government, institutional governance, citizen-centric service delivery and management for results.

The Department is also responsible for provincial strategic management of the WCG through the institutionalised Provincial Transversal Management System (PTMS). The system focuses on policy/strategy driven by the planning cycle, which makes use of interdepartmental, intergovernmental and external collaboration to achieve policy outcomes.

A Provincial Transversal Management System focuses on achieving policy outcomes

In 2013/14, through the PTMS, the Department will conduct periodic policy reviews and assess the achievement of all the Provincial Strategic Objectives. Behavioural economics pilot projects are also underway to address key policy issues. In support of the Green Economy priority, R158 000 has been set aside over the 2013 MTEF for a specific project to initiate the development of a single contract for the WCG for carbon credits and carbon trading.

The Department provides a corporate services function to all provincial government departments (except to Health and Education). These services include those related to human capital and resource management (people, financial and processes). Corporate Assurance, which also falls under the Corporate Services Centre (CSC), includes managing enterprise risk, internal audit, forensic investigation, corporate communication and legal services.

The Centre for E-Innovation (Ce-I) is a shared services business unit within the Corporate Services Centre that provides ICT services to all WCG departments. The budget allocated to Ce-I is R482.193 million, which represents about 56.5 per cent of the Department's annual budget. Ce-I has embarked on processes to develop departmental Information and Communication Technology (ICT) plans as well as a Provincial ICT plan. The implementation of the Provincial ICT Delivery Plan will focus on transversal ICT initiatives which include:

- Business Process Optimisation, Business Intelligence, Electronic Content Management as well as Performance Management (which includes Enterprise Project Management);
- Migration of the WCG IT operating system to a technologically more advanced system (this includes a

Provision has been made for the refresh of Core Infrastructure and End-User Equipment

focus on the network operating system, server platforms, e-mail and the productivity suite);

- A uniform e-filing system in the provincial government with a focus on the consolidation of software licences, central support and maintenance;
- The IT Service Delivery Improvement Plan (SDIP) which sets out to address three key elements: connectivity and broadband, core infrastructure optimisation and business productivity optimisation; and
- Broadband capability in the Province in collaboration with the City of Cape Town and the State Information Technology Agency (SITA) and in accordance with the Provincial Broadband Strategy. This initiative has the potential to create developmental opportunities for citizens through the use of ICT.

Additional allocations to the Department specifically for these transversal initiatives of Ce-I amount to R74 million in 2013/14, R77.773 million in 2014/15 and R81.585 million in 2015/16. These amounts provide for costs associated with supporting the increasing user base as well as new client sites which require connectivity. Provision has also been made for the refresh of Core Infrastructure and End-User Equipment. The additional funding shifted from the Department of Health to the Department (Ce-I) entail R9.600 million in 2013/14, R10.090 million in 2014/15 and R10.584 million in 2015/16 in order to accommodate the 22 additional health sites to be connected to the Provincial Wide Area Network (PWAN).

Vote 2: Provincial Parliament

The Western Cape Provincial Parliament provides oversight over the Executive and the provincial organs of state, as well as ensures that the public is educated on the workings of the Provincial Parliament and actively participate in its processes and procedures. Over the three years of the 2013 MTEF the budget to be appropriated for the WCPP (excluding direct charges) amounts to R102.627 million in 2013/14, R108.763 million in 2014/15 and R114.030 million in 2015/16.

Vote 3: Provincial Treasury

The Provincial Treasury is allocated a budget of R446.205 million for 2013/14, R527.734 million for 2014/15 and R698.213 million for 2015/16. Of the 2013 MTEF budget of R1.672 billion, R619.270 million is for Treasury's line function responsibilities while

R1.053 billion is specifically allocated for provincial special projects.

The emphasis over the 2013 MTEF will fall on the progressive improvement of financial management practices in the Province. Treasury's efforts will be firstly to: ensure conformance to all relevant prescripts of financial management, a prerequisite for the second outcome, which is to improve fiscal performance management. Provincial Treasury receives an additional R29 million over the 2013 MTEF to assist the Treasury in delivering on financial management improvements.

Funding for strengthening provincial treasuries to improve financial management

Areas of delivery which the Treasury aims to improve are cash flow and revenue management, planning and budget management, expenditure management, supply chain management, asset management and accounting. The ultimate aim is to ensure that provincial government departments and entities, as well as municipalities, spend public funds efficiently and in a way that achieves the objectives of government.

The Western Cape Gambling and Racing Board (WCGRB) is a public entity for which the Provincial Treasury is responsible. The WCGRB is tasked with regulating all gambling, racing and any other activities incidental thereto, in the Province.

The Provincial Treasury has recently established a special projects sub-programme to provide financial support for programmes and projects of a transversal and strategic nature and which also contribute to improving the effectiveness and efficiency of government services.

About R253 million set aside in 2013/14 for special projects

Funds provisionally reserved in Vote 3: Provincial Treasury for special projects/programmes include:

- Green Economy: Sustainable projects

Amounts of R6 million for 2013/14, R7 million for 2014/15 and R8 million for 2015/16 has been allocated to sustainable projects under the Green Economy priority theme.

- Annual Performance Assessment System (APAS) and Enterprise Portfolio Management (EPM).

Amounts of R24.200 million for 2013/14, R4.500 million for 2014/15 and R3.500 million for 2015/16 have been reserved for the development and roll-out of the APAS and EPM systems. These relate to developing an automated and integrated Provincial-Wide Monitoring and Evaluation

A central repository will provide information to inform policy decisions

system to improve the management of performance information across the departments.

- Business Intelligence (BI)

Amounts of R20 million for 2013/14, R33 million for 2014/15 and R41 million in 2015/16 have been allocated towards the development and roll-out of the BI system. Business Intelligence (BI) is about consolidating and aggregating operational data in a central repository in order to provide information that informs strategic, tactical and operational as well as policy decisions.

- Enterprise Content Management (ECM)

Amounts of R25 million for 2013/14, R50 million for 2014/15 and R225 million in 2015/16 have been allocated towards ECM, also known as e-filing.

- Logis roll-out and biometric solution

Amounts of R5.660 million for 2013/14, R6 million for 2014/15 and R6.100 million in 2015/16 have been allocated towards the Logis roll out and biometric access control solution.

- Business Process Optimisation (BPO)

Amounts of R12 million for 2013/14, R12 million for 2014/15 and R30 million in 2015/16 have been allocated towards Business Process Optimisation.

- IT infrastructure

An allocation of R24.567 million has been allocated towards IT infrastructure in 2015/16.

- Strategic sourcing/procurement strategies

To develop strategic sourcing/procurement strategies in high spend commodities, such as ICT, which will have a major impact on the Province, amounts of R2 million in 2013/14, R2.500 million in 2014/15 and R3 million in 2015/16 have been allocated.

- Improvement of internal control (across departments)

Amounts of R15 million in 2013/14, R33 million in 2014/15 and R39.690 million in 2015/16 have been allocated towards the improvement of internal controls across departments.

- Regional based socio-economic development projects

Amounts of R15 million in 2013/14, R25 million in 2014/15 and R35 million in 2015/16 have been allocated towards the regional based socio-economic development programme (in Witzenberg, George and Drakenstein municipalities and Nyanga).

Regional based projects in Witzenberg, George and Drakenstein municipalities and Nyanga

- Broadband

Amounts of R86.189 million in 2013/14, R100 million in 2014/15 and R62.733 million in 2015/16 are allocated for the Provincial-wide Area Network (PWAN).

Amounts of R34.667 million in 2013/14 and R47.334 million in 2014/15 are allocated for e-Education hardware (LAN).

Amounts of R6.882 million 2013/14, R680 000 in 2014/15 and R680 000 in 2015/16 are allocated for broadband connectivity in provincial libraries.

Funding for these special projects/programmes is accessible to departments via the annual adjusted estimates, subject to due costing, roll-out, prioritisation and credible implementation plans.

Vote 4: Community Safety

The Department of Community Safety (DoCS) receives a total budget allocation of R1.234 billion over the 2013 MTEF. Amounts of R388.589 million have been allocated in 2013/14, R411.984 million in 2014/15 and R434.031 million in 2015/16. The Department will drive the strategy of increasing safety in the Province by making it a safer place in which to live, work, learn, and relax and to move about.

Making the Western Cape a safe place in which to live, work, learn, and relax and to move about

The strategy aims to continue with and reinforce existing partnerships as well as to initiate new sustainable partnerships in order to act as a catalyst and support the creation of safe, positive environments and communities in which crime is less likely to happen in the first place.

Key activities for the Department include enhancing oversight over policing activities, strengthening community police relations and developing and implementing crime prevention and safety promotion strategies. The Department also manages traffic law enforcement on provincial roads and safety and security within and around WCG property and facilities.

Enabling community participation in police oversight and safety

Plans ahead include monitoring all 149 police stations by 2015/16, with 50 police stations evaluated annually. The evaluation of the efficiency of policing in the Province will be conducted through a process of significantly more regular visits to all police stations, watching briefs over high impact court cases and improved follow-up on findings of and recommendations made by the Department.

The Department will continue to promote community participation in safety through capacitating 1 200 Neighbourhood Watches and supporting 149 functional Community Police Forums in 2013/14. The enhancement of safety intelligence and credible data will be pursued under the auspices of the Safety Lab.

Targeting a further reduction in road accident fatalities

Additional resources, combined with improved management, heightened law enforcement visibility and presence and focused strategies, have contributed to a 24 per cent reduction in road fatalities between 2008 and 2011. Over the MTEF, the further reduction in road accident fatalities will be targeted through visible traffic law enforcement and influencing road user behavior through road safety education and awareness. The professionalism of the service will also be maintained through the training and development of all traffic policing officials and other law enforcement officials.

Additional funding to expand community based safety initiatives

The Department receives an additional R7.140 million in 2013/14, R9.945 million in 2014/15 and R9.945 million in 2015/16 for the extension of the Expanded Public Works Programme, specifically for Neighbourhood Watch Coordinators and the expansion of the Youth for Safety programme. The Neighbourhood Watch Coordinators will be placed in police precincts to coordinate local safety initiatives and to safeguard all safety resources such as neighbourhood watch equipment. The Youth for Safety Programme, presented by the Chrysalis Academy, provides an intensive 3-month life skills and vocational training programme for youth at risk. On completion of the course these youth will be deployed at various social partners such as City Improvement Districts and the South African Institute for Crime Prevention and Re-integration of Offenders (NICRO).

Vote 5: Education

The Western Cape Education Department (WCED) is allocated an amount of R49.028 billion over the 2013 MTEF, with allocations of R15.602 billion in 2013/14, R16.057 billion in 2014/15 and R17.369 billion in 2015/16. The Department receives

35.73 per cent of the total provincial budget for the 2013/14 financial year.

Public ordinary school education continues to be the main focus of the Department's funding, with 72 per cent of the budget for 2013/14 is allocated to this Programme. The main services included under this Programme are primary and secondary school education at public ordinary schools (excluding infrastructure), human resource development for institution-based personnel as well as the National School Nutrition programme. 41.6 per cent of the Programme's budget is allocated to primary schools and 27.7 per cent to secondary schools. There are currently 1 458 Public Ordinary schools which excludes independent and special schools.

72 per cent of the Education budget is for Public Ordinary schools

The Department's vision of creating opportunity for all through improved education outcomes is given expression through three overarching goals. These are to improve performance in Grades 1 to 6; increasing the number of learners passing Grade 12, including an increase in the number of learners passing with matric with endorsement and an increase in the number of learners passing mathematics and science; and reducing the number of under-performing schools.

Improving education outcomes will be the major focus area

The Department will further be focusing on the following key areas are in 2013:

- Teacher development will be targeted, both in general and for the Curriculum Assessment Policy Statements (CAPS) programme;
- Support for the Language and Mathematics Strategy and the Mathematics and Physical Sciences Strategy;
- The adequate provision of textbooks, furniture and equipment;
- Focusing on repeater rates in all grades, especially in Grades 1 and 9, with interventions to reduce these; and
- School Improvement Plans (SIP) in which schools set targets, over a three year cycle, for the key priorities listed under Action Plan 2014, including targets for academic performance in each grade.

Through this process attention will be focused on quality teaching time, the management of resources and reducing teacher and learner absenteeism.

High quality Early Childhood Education (ECD) has been recognised as a lever to improve language and mathematics in the Province. The WCED continues to supply resources to Grade R classes at 50 ECD independent sites and 100 public schools annually. In addition 50 new Grade R classrooms, equipped with furniture and a basic startup kit, are built at selected schools annually. There are 64 019 learners enrolled in Grade R in the Province, of whom 58 953 are in public ordinary schools. There are currently 917 public ordinary schools and 881 subsidised independent sites that receive a Grade R learner subsidy.

The budget for ECD is R1.577 billion over the 2013 MTEF. This amount includes R456.576 million in 2013/14, R508.731 million in 2014/15 and R611.681 million in 2015/16.

*Universalisation of
Grade R by 2014*

To achieve the target of universal provision of Grade R by 2014 an additional amount of R79.602 million is allocated in 2015/16 to increase the number of Grade R teachers. There will be a focus on quality Grade R and Grade 1 to ensure that children are ready for the foundation phase. The Grade R and Grade 1 turn-around plans will be refined and strengthened on the basis of the 2012 assessment results.

To further enable poorer schools to increase their number of teachers, an additional amount of R100.645 million in 2015/16 is allocated to assist quintile 1 schools to decrease the average learner: teacher ratio where learners are more likely to need additional support.

Amounts of R5 million for 2013/14, R5.255 million for 2014/15 and R5.512 million for 2015/16 have also been allocated for multi-disciplinary teams to support 44 centres which care for persons with disabilities.

The WCED also plays a role in skills development through the six FET colleges. The FET colleges concentrate on providing programmes that correspond with the needs of industry as well as the academic performance of their students as the National Curriculum (Vocational) programme goes to scale. There are currently 43 497 full-time equivalent students at FET colleges in the Province. The focus is on expansion and on improving the quality of passes.

Amounts of R1.293 billion in 2013/14, R829.623 million in 2014/15 and R1.048 billion in 2015/16 have been earmarked for infrastructure in the WCED. These amounts include funding for new schools as well as maintenance of existing school buildings.

Education's building programme expenditure provides for an increase in infrastructure investment from R2.347 billion over the 2012 MTEF to R3.170 billion over the 2013 MTEF.

New and replacement assets are the key driver of the infrastructure investment and provide for the construction of new schools and the replacement of inappropriate structures. For the construction of new facilities and replacing inappropriate structures, an amount of R985.396 million has been allocated for 2013/14, whilst R500.872 million and R658.672 million has been allocated for 2014/15 and 2015/16, respectively. The Department has allocated an amount of R504.572 million in the 2013/14 financial year for Accelerated School Infrastructure Delivery Initiative (ASIDI).

The upgrades and additions budget, which largely provides for classrooms, shows an allocation of R337.411 million over the 2013 MTEF. The 2013/14 maintenance and repair budget of R168.673 million shows an increase of R25.948 million when compared to the 2012/13 budget of R142.725 million. The provision for maintenance increases to R227.484 million and R285.118 million in 2014/15 and 2015/16, respectively.

Vote 6: Health

A total of R50.781 billion has been allocated to the Department of Health over the 2013 MTEF towards increasing wellness in the Province. The Department receives 36.34 per cent of the total provincial budget for the 2013/14 financial year.

*Health receives
R51 billion over the next
3 years*

R15.872 billion has been allocated in 2013/14, R16.970 billion in 2014/15 and R17.940 billion in 2015/16 towards providing healthcare services at the 274 clinics and 53 hospitals in the Province. In 2013/14 the Department anticipates over 15 million patient contacts at clinics and over 3 million patient contacts at hospitals.

The Healthcare 2020 Plan provides the comprehensive strategic vision and plan for the achievement of a holistic, quality health care pathway for the Province. To improve quality of health care and the patient experience the Department is actively addressing the availability of medicines and supplies; infection prevention and control; positive and caring attitudes amongst staff; patient safety; cleanliness and waiting times.

*Focus on quality of Health
care and the patient
experience*

Health service priority areas over the MTEF include improving the efficacy and efficiency of mental health services; improving maternal and child health outcomes; addressing elective surgery backlog; the prevention, detection and management

Plans to improve maternal, women and child health outcomes

of chronic diseases and improving the efficacy and efficiency of emergency care and emergency medical services.

Plans to improve maternal, women and child health outcomes include targeting almost 60 000 pregnant women to attend antenatal visits before 20 weeks, over 88 000 women for cervical cancer screening, and approximately 100 000 infants for vaccinations in respect of the full immunisation schedule in 2013/14. This is in addition to the strategies to address the causes of maternal and neonatal deaths from neonatal conditions (e.g. diarrhea, pneumonia and HIV and Aids), family planning and extending the roll-out of the Prevention-of-Mother-to-Child Transmission (PMTCT) of HIV. During 2011/12, the Western Cape had the lowest mother-to-child-transmission rate in South Africa, at only 1.9 per cent.

Prevention, detection and management of chronic disease

The chronic disease burden is placing growing pressure on the public health service. The focus will thus lie on the prevention, detection and management of chronic diseases such as hypertension, heart disease, cancers, AIDS, TB and mental illness over the MTEF. In 2013/14 almost 158 000 patients will have access to Anti-Retroviral Treatment, over 12 000 HIV/TB co-infected patients receiving. Improved mental health provision will include enhanced management of behaviourally disturbed patients; the implementation of initiatives aimed at reducing revolving door patients, i.e. frequently re-admitted patients, and continued implementation of patient led recovery.

Addressing elective surgery backlogs

Resource allocations to Emergency Medical Services have seen significant improvements in response times. To further improve this service, the Department is investing in a new Computer Aided Dispatch system. In addition to improving response times, the new technology will also allow integration with disaster management and emergency service functions held by local government within the Province.

Over the 2013 MTEF period, an additional amount of R33.327 million or R2.846 million in 2013/14, R7.775 million in 2014/15 and R22.706 million in 2015/16 have been allocated toward the roll out of an improved diagnostic test for Tuberculosis. By providing quicker and more accurate diagnostic tests for TB, the new testing technology will aid in reducing the risk of TB infection.

Significant improvements have been made in addressing the elective surgery backlogs at hospitals in the Western Cape. Going forward, additional resources will be made available to

address the backlog, including cataract, prostate, breast cancer, cervical cancer and colon cancer surgeries.

Further, the budget is boosted over the 2013 MTEF to cater for increased need in the provision of public health services in the Province. These include provision for Du Noon Community Health Clinic (CHC), Delft CHC, Knysna Community Day Clinic (CDC), Hermanus CHC, a 72 hour psychiatric assessment facility at Mitchells Plain Hospital, improve access to oral healthcare and the Emergency Medical Services Communication Centre.

Additional funding for clinics, mental health provision and emergency services

Health's Facilities Management programme provides for growth in infrastructure investment over the 2013 MTEF, from R897.7 million to R961.7 million. This investment provides for the construction of new health facilities and the upgrading and maintenance of existing facilities.

The allocation for new and replacement of assets increases significantly from R318.427 million in 2012/13 to R345.040 million, R390.786 million and R489.275 million allocated in 2013/14, 2014/15 and 2015/16, respectively. The Mitchell's Plain District Hospital reached practical completion on 18 February 2013. The hospital is intended to improve access to healthcare to residents of Mitchell's Plain and surrounding areas.

Amounts of R190.065 million in 2013/14, R196.770 million in 2014/15 and R214.174 million in 2015/16 been allocated towards the maintenance and repairs of all public health facilities.

The National Health Insurance (NHI) pilot prioritises maintenance of facilities and equipment in the pilot districts. The Western Cape Department of Health is currently developing a "hub and spoke" model to manage maintenance in the NHI district (Eden), with a maintenance hub being considered at George hospital.

Vote 7: Social Development

The Department of Social Development, through partnership with the NGO sector, stakeholders and civil society organisations, provides a comprehensive network of social development services that enable and empower the poor, the vulnerable and those with special needs.

For this purpose an amount of R5.101 billion is allocated to the Department over the 2013 MTEF. The allocation comprises of R1.578 billion in 2013/14, R1.704 billion in 2014/15 and R1.819 billion in 2015/16.

The Department estimates to spend R1.347 billion in 2013/14, R1.456 billion in 2014/15 and R1.557 billion in 2015/16 to expand Social Welfare Services. These services cover essential priorities such as Substance Abuse, Care and Services to Older Persons, Child Care and Protection Services, Crime Prevention and Support and Services to Persons with Disabilities.

The Substance Abuse programme will focus on improving the fit between substance abuse services for individuals, families and communities, and the overall impact of treatment and interventions. Expansion of community based treatment programmes, with a focus on rural areas, will receive special attention. To be more cost effective the community based treatment programmes will be extended in relation to residential treatment.

The Department provides assisted living and independent living services to older persons in line with the focus of keeping older persons in the community for longer. Active ageing projects will continue and be strengthened by involving community based care and support centres and will include exercise programmes and nutritional meals for the older persons at the centres.

Support to persons with disabilities is a provincial priority

Support to persons with disabilities is a provincial priority. Capacity constraints identified at centres for intellectually disabled children during 2012/13 will be addressed during the 2013/14 financial year. Funding of R9.460 million over the 2013 MTEF has been ring-fenced for the salaries of caregivers at these centres.

Child Care and Protection Services monitor the wellbeing and development of children within the Province. Early Childhood Development for children aged 1 to 4 years receives more than R650 million over the 2013 MTEF. Currently more than 65 000 children access partial care facilities and the Department plans to expand access to ECD.

To assist with the expansion of social welfare services the Department of Social Development will utilise the additional allocation of R92.082 million over the 2013 MTEF to fund the employment of social work graduates from the scholarship programme.

Strengthening the NGO sector

Over the 2013 MTEF the Department will invest R55.185 million in 2013/14, R58.619 million in 2014/15 and R61.545 million in 2015/16 in Development and Research. The allocations will provide for sustainable development programmes specifically aimed at Youth Development. The programmes further facilitate

empowerment of communities, based on empirical research and demographic information.

As of the next financial year the Department will play a bigger role in supporting NGOs in terms of reporting, governance, administration and financial management. This support will focus on improving the sustainability and value for money of the services provided by NGOs on behalf of government.

Vote 8: Human Settlements

The total allocation to the Department of Human Settlements amounts to R2.149 billion in 2013/14, R1.199 billion in 2014/15 and R1.203 billion in 2015/16 for the creation of sustainable human settlements.

R4.5 billion allocated towards Human Settlements over the 2013 MTEF

Priorities for the Department of Human Settlements are to accelerate delivery of housing opportunities, provide access to basic services, utilise land more efficiently and improve housing opportunities for the gap market.

A significant portion (about 90 per cent) of the Department's budget is funded through the Human Settlements Development Grant (HSDG), amounting to R1.926 billion in 2013/14, R1.003 billion in 2014/15 and R997.229 million in 2015/16. R733.484 million in 2013/14, R391.435 million in 2014/15 and R429.640 million in 2015/16 is allocated specifically to the City of Cape Town for provision of housing in preparation for metropolitan municipalities receiving level-3 accreditation.

A further R33 million is allocated in terms of revenue retention for the provincial contribution towards housing delivery. These funds should be used to support municipalities with bulk and related infrastructure challenges. It will unlock the provision of 2 600 housing opportunities.

The 2011 Census results have shown large shifts in the need for housing towards larger urban centres. The current formula for HSDG does not fully respond to these shifts and therefore the funding formula will be reviewed which has affected allocations in the outer years of the MTEF.

The Department's allocations to municipalities from the Human Settlements Development Grant are based on already approved projects that are being implemented or are ready to be implemented as from 1 April 2013. Human settlement pipelines were developed in line with the municipal Integrated Development Plans (IDPs) by the professional resources teams (PRTs).

*Plans to build just over
12 000 housing units*

Based on available funding, the Department envisions building approximately 12 102 housing units and service 7 012 sites through its housing development programme. The Department also plans to increase the number of households assisted with unrestricted access to basic services by 2014, by influencing municipalities to prioritise the provision of serviced sites and the upgrading of existing informal settlements in their Human Settlement Plans.

Of the total housing units to be built, 4 468 are through the People's Housing Process (PHP). The PHP programme actively involves beneficiaries in the decision making and building of their own homes. The Department will also host community and municipal workshops educating them of their rights and responsibilities of home ownership.

The Title Deeds Programme aims to eradicate the backlog of subsidy beneficiaries who have not yet received ownership of their properties. The Department will continue to transfer ownership of about 120 rental housing units to the relevant beneficiaries through the Extended Enhanced Discount Benefit Scheme, which uses a housing subsidy to write off old housing loans. A total of 3 547 households will further be assisted in terms of Community Rental Unit (CRU) upgrades and stock rectification.

*Working on providing
housing opportunities for
the Gap market*

The Department encourages the use of high densities and mixed residential units. A densification policy is being developed to define the requirements for implementation. Furthermore, the Department is working closely with banks and the private sector to close the gap in the property market, which includes rental opportunities.

The provision of sites for GAP beneficiaries (people earning between R3 500 and R15 000 per month) is set to improve in the coming year. The Department has entered into an agreement with the National Housing Finance Corporation which will enable it to plan for the provision of sites to be developed for GAP beneficiaries benefitting from the Finance Linked Individual Subsidies Programme (FLISP) in 2014/15. An amount of R30 million has been allocated for individual subsidies and FLISP.

*Stimulating the delivery of
housing opportunities to
the gap market*

The Department is also currently managing the development of a social housing pipeline within the Cape Town metro, which is aimed at the development of new social rental housing projects through partnerships with accredited Social Housing Institutions and the private sector. In addition, the construction of 450 units will commence in areas such as Steenberg, Elsies

River and Scottsdale, with a minimum of 200 intended for completion within 2013/14.

Lastly, the Department is currently engaging with estate agents in the Province, in order to determine how human settlement delivery can be best utilised as an economic stimulant and to assist in the transformation of the sector.

Vote 9: Environmental Affairs and Development Planning

The Department of Environmental Affairs and Development Planning takes the lead in mainstreaming sustainability and integrating resource-use efficiency within the Western Cape Government. Key functions of the Department entail promoting sustainable development, managing pollution and solid waste, protecting biodiversity, enforcing sustainable spatial/land planning and management as well as enforcing environmental law. The budget for the Department is R421.648 million in 2013/14, R445.489 million in 2014/15 and R469.927 million in 2015/16.

*Mainstreaming
sustainability and
integrating resource-use
efficiency within the
WCG*

A Draft Land-Use Planning Bill, which creates the platform for the co-ordinated implementation of the environmental and planning legislation, has been completed in the 2012/13 financial year. The Land-Use Planning Act will be tabled in the Provincial Parliament for approval during 2013/14.

The Provincial Spatial Plan (PSP) is to be completed by July 2013, the outcome of which will be incorporated into the reviewed Provincial Spatial Development Framework (PSDF). An objective of the PSP is to outline a comprehensive spatial plan for the Western Cape. Furthermore, this is to serve as an instrument whereby public sector capital investment could be spatially directed.

The Department will develop a Climate Change Implementation Framework for the Climate Change Response Strategy and Action Plan.

The Department will further continue its work in environmental compliance and enforcement, including environmental authorisations and implement legislation, policies, norms, standards and guidelines for environmental impact management, air quality management, and the management of waste and pollution at provincial and local spheres of government. The Department is also committed to increasing the number of licensed waste disposal sites from the current total of 67 to 79 within the 2013/14 financial year.

*Promoting environmental
quality management*

Water is recognised as a critical natural resource and with some communities dependent on a sustainable supply of water from a primary river system. Improving the water quality of the Berg River system is a key priority. Amounts of R7.720 million in 2013/14, R4.204 million in 2014/15 and R4.410 million in 2015/16 is allocated to the Department in order to implement the Berg River Improvement Plan in collaboration with the Department of Agriculture as part of the Green Economy initiative.

As an implementing arm of the Department, CapeNature receives 53 per cent of the departmental budget to promote and enhance biodiversity conservation and render biodiversity-related services (e.g. research, education/awareness). The total amounts earmarked for CapeNature are R223.907 million in 2013/14, R237.655 million in 2014/15 and R250.441 million in 2015/16.

*Enhancing fire-fighting
capability and EPWP
projects on nature
reserves*

CapeNature receives an additional allocation of R1.198 million in 2013/14, R1.259 million in 2014/15 and R1.320 million in 2015/16 to boost its fire-fighting capacity on the Provincial Nature Reserves which it manages. The budget of CapeNature includes amounts of R17.658 million in 2013/14, R19.512 million in 2014/15 and R20.452 million in 2015/16 for the Expanded Public Works Programme. This funding is exclusively for job creation, training and social development interventions – while fulfilling the biodiversity mandate. The EPWP projects will be expanded in 2013/14 to De Hoop, Anysberg, Vrolikheid, Grootvadersbosch as well as Driftsands Nature Reserves.

Vote 10: Transport and Public Works

The Department of Transport and Public Works is responsible for the preservation of all Western Cape Government buildings through its Public Works branch. The Department also plays an important role in maintaining and organising a safe and well maintained road and transport network.

The Department receives an amount of R15.653 billion over the 2013 MTEF. The MTEF allocation comprises of R4.639 billion in 2013/14, R5.038 billion in 2014/15 and R5.976 billion in 2015/16. The majority of the allocation is for Public Works and Transport Infrastructure, including provincial roads.

*Additional investment in
Public Works infrastructure*

The Public Works Infrastructure programme is responsible for the design, construction and maintenance of provincial government building infrastructure. Given this responsibility, the Department plans to complete 123 construction projects and 560 maintenance projects during the 2013/14 financial year.

Additional investment in Public Works infrastructure includes amounts of:

*Additional investment
in Public Works
Infrastructure*

- R54 million, R110 million and R300 million in the respective financial years over the 2013 MTEF for the modernisation of office accommodation; and
- R52.706 million, R80 million and R120 million in the respective financial years over the 2013 MTEF for additional scheduled building maintenance.

Additional amounts of R216 million and R465.157 million over the 2013 MTEF has been reserved for the acquisition of property and the Provincial Regeneration Programme.

The Transport Infrastructure programme is responsible for the design, construction and maintenance of the provincial roads network, inclusive of the bridges. The main objective is to reduce the percentage of kilometres of the road network in a poor or very poor condition. The Department receives additional funding of R504 million over the 2013 MTEF for the construction and maintenance of roads.

An additional amount of R385.040 million over the 2013 MTEF has been reserved for Roads Infrastructure. This amount includes funding for:

- The upgrade of the Wingfield Interchange at a total project cost of R1.255 billion over the period 2012/13 to 2018/19. This project will improve the accessibility into Cape Town CBD and Port on both the N1 and N2. However, the replacement of the interchange cannot be undertaken without affecting the adjacent road network and a feasibility study is to be completed to investigate the implementation strategies and improvement to the adjacent road network.
- The upgrade of Divisional Road 1205: Gansbaai-Elim from gravel to surfaced at a total project cost of R292.96 million over the period 2012/13 to 2015/16. This road will be transformed from a rural route to a scenic route, which passes through the Elim Valley, linking Gordon's Bay to Cape Agulhas via Hermanus and Bredasdorp.
- The Road Network Improvements (Saldanha Bay IDZ and Port) will include upgrading of the regional freight links between Saldanha Bay and Vredenburg to ensure the success of the Saldanha Bay IDZ project at a total project cost of R524.31 million over the period 2012/13 to 2018/19. Planning will involve the following road network improvements:

*Improving the road
network between
Saldanha and
Vredenburg will ensure
the success of the
Saldanha IDZ*

- Construction of a new road link between TR85/1: Saldanha/Vredenburg to shorten the distance between the port to the N7 by approximately 12 km;
- The upgrading/rehabilitation of the R45 Freight Corridor as an abnormal load route servicing the port to the N7; and
- The upgrading/rehabilitation of the R27 Freight Corridor, the shortest route between the Cape Town and Saldanha Bay Port.

Vote 11: Agriculture

The Department of Agriculture receives a total amount of R1.917 billion over the 2013 MTEF, R610.149 million in 2013/14, R635.683 million in 2014/15 and R671.275 million in 2015/16.

The Department aims to increase opportunities for growth and development in rural areas by prioritising agricultural production; market access for all farmers; research and technology; the success of land reform projects; human capital development and natural resource management in the agricultural sector.

The Department will continue with strategies that will support a 10 per cent increase in agricultural growth by 2020, including strategies to improve the Province's competitive advantage in agriculture and the promotion of agricultural investment.

Expanding veterinary services capacity to improve market access

Agricultural products dominate Western Cape exports. Improving market access, for both established commercial farmers and emerging farmers is therefore a priority. Market access is, however, heavily dependent on effective and reputable certification and inspections by the veterinarians of the Department. The Department plans to increase the capacity of the Veterinarian Services programme over the 2013 MTEF. An additional amount of R34.173 million over the 2013 MTEF period has been allocated for this purpose.

Target of 60 per cent success rate of all land reform projects

The success of land reform projects will remain a priority. A departmental survey in 2011 indicated that more than 70 per cent of land reform farms supported by the Department have secured markets, have record keeping and financial management systems in place and are implementing operations according to business plans. 50 per cent are able to reinvest in the business and are compliant with tax regulations, while 38 per cent is compliant with labour law. In support of these projects, initiatives such as the market access

programme, financial management training, engaging with agricultural commodity groups and the implementation of the commodity approach to support small scale farmers, will be continued. The Department has set a target of 60 per cent of all land reform projects to be successful in the Province.

To maintain the Province's export position, the Department will provide financial support towards the sustainability of the wine and fruit industry's ethical trade programme. R6.307 million over the 2013 MTEF has been provided for the Wine Industry Ethical Trade Association (WIETA) and Sustainable Initiative of South Africa (SIZA) to conduct annual audits to ensure ethical farm practices take root in the Western Cape.

Financial Support towards the wine and fruit industry's ethical trade programme

The recent farm strikes had a devastating impact on the agricultural sector in the Province. Farm worker development will be rolled out during 2013/14 through the inclusion of at least 1 500 farm workers in life skills training, assisting 350 farm workers via the referral system to appropriate resources and by funding 14 farm worker development projects, including substance abuse awareness and prevention projects. Over 36 000 farm workers were included in the Farm Worker Development programme between 2009 and 2012.

The Department is also in the process of compiling a database of farm workers living on farms in the Western Cape. This will enable the Department to identify social needs of farm workers living on farms in different regions and ensure that relevant provincial and national departments subsequently address the identified needs with applicable policies and services.

Current structural problems in the employment framework within the agricultural sector have necessitated refocusing on technical skills enhancement and development. The focus on human capital development with specific reference to the previously disadvantaged communities and individuals, women, youth and people with disabilities will continue, as it is an essential vehicle for transforming the sector. To ensure the sustainability of the skills base within the sector, the Department will investigate and evaluate long term changes to the school curriculum with an emphasis on advanced agricultural technical skills.

Focus on technical skills enhancement and development

The Department will continue with its food security initiatives. In 2013/14 the Department, in collaboration with other departments, will deliver 84 community projects of which 14 will be linked to schools and 1 036 to backyard gardens. These

initiatives are a direct response to the increase in the number of food insecure households in the Province.

Vote 12: Economic Development and Tourism

The Department of Economic Development and Tourism (DEDAT) receives a total of R1.209 billion over the 2013 MTEF. Annual allocations amount to R389.451 million in 2013/14; R397.668 million in 2014/15 and R422.329 million in 2015/16.

Department's goal to create an enabling environment for job creation and economic growth

The Department's vision is a Western Cape that has a vibrant, innovative, and sustainable economy, characterised by growth, employment and increasing equity, and built on the full potential of all.

The Department's Red Tape unit will continue to focus on mitigating unnecessary or excessively complicated regulations and inefficient administrative processes that businesses find frustrating. As such, to facilitate ease of doing business in the Province, a joint interprovincial task has been created for Regulatory Impact Assessments (RIAs).

Initiatives include quicker processing of building plans, escalation of Western Cape South African Revenue Services (SARS) cases, which should lead to quicker resolution times and designating twenty access points across the Province to assist with easy access business registration support and speed-up business registration time.

Development of Competitiveness Indicators in 2013/14 to measure ease of doing business in Province

Key to economic planning is the Western Cape Economic Development Partnership (EDP). The EDP's focus for 2013/14 is on paths to employment, enterprise and innovation. To this end, the EDP spearheaded a new economic vision for the Province called One Cape 2040. One of the key projects for 2013/14 is to develop competitiveness indicators to measure the ease of doing business in the Western Cape. Funding amounting to R8.696 million in 2013/14, R8.896 million in 2014/15 and R9.305 million in 2015/16 has been allocated as the Province's share towards the operations of the Economic Development Partnership.

The primary focus of the Department's sector programmes will be on deepening its interventions in its priority sectors of oil and gas, Business Processing and Outsourcing (BPO), green economy and Information and Communication Technology (ICT).

The Department will continue to invest in the development of the Green economy through the completion of the Green

Economy Framework, mapping the green economy investment environment and projects that support investment and growth such as the 110% Green project. The Department receives a total of R28.332 million over the 2013 MTEF with R8.325 million allocated in 2013/14; R9.764 million in 2014/15 and R10.243 million in 2015/16.

The Department is responsible for co-ordinating Skills Development in the Province and the 2013 MTEF will see a specific emphasis in building internal capacity to provide the support and co-ordination that stakeholders require of the Department. An amount of R45 million is ring-fenced over the 2013 MTEF for specific skills development initiatives in the Departments of Economic Development and Tourism and Agriculture.

Skills Development is a key focus area

DEDAT has leveraged R65.138 million from Jobs Fund towards flagship skills interventions to the value of R112.201 million over a three year period. The beneficiary and flagship projects are: Capaciti100; Tool Dye and Mouldmaking; and Work and Skills.

Training and Experience Programmes estimated to create 2 050 jobs over the 2013 MTEF.

The Department will expand its Work and Skills programme, with 3 000 training and work placement opportunities and creating and estimated 1 755 jobs over the 2013 MTEF. The Department will continue with the Premier's Advancement of Youth (PAY) project by providing 678 matriculants with experiential learning in 2013/14. The Artisan Development Programme place 200 trainee artisans for experiential learning in mainly scarce and critical areas, with the intention of increasing the number of qualified artisans over a 2 year period.

Over the 2013 MTEF period, the Department will embark on specialist training and experience programmes in the Information technology (IT), Tool Dye, Mould making and other areas of study. It is estimated that the ICT and Tool Dye and Mouldmaking project will create about 330 jobs.

Wesgro will continue to lead in destination marketing, trade and investment. An amount of R58.219 million over the 2013 MTEF is earmarked for Wesgro. Annual allocations amount to R18.864 million in 2013/14; R19.235 million in 2014/15 and R20.120 million in 2015/16. A major drive will be developed around an Africa investment promotion and trading strategy to build the Cape's profile on the continent.

Wesgro continues to lead destination marketing, trade and investment in the Province

During the 2013/14 financial year, Tourism will place heavy emphasis on increasing and developing the Western Cape tourism market demand for tourism business, accommodation, land transport and the like through destination marketing, enterprise development, skills, service excellence and tourist guide training and regulation.

Investment in economic infrastructure is taking place via projects geared to act as a catalyst for economic growth and the creation of jobs by business: Saldanha Bay IDZ, Western Cape Broadband implementation, the Fringe project, Fishing harbours, and the Cape Town International Convention Centre expansion.

The Saldanha Bay IDZ will be an Oil & Gas and Marine Repair engineering and logistics services complex, serving the needs of the upstream exploration and production service companies operating in the oil and gas fields in Sub Saharan Africa. Funding amounting to R5.280 million in 2013/14, R5.565 million in 2014/15 and R5.821 million in 2015/16 has been allocated to manage the planning and implementation of the Saldanha Bay IDZ project.

Significant provincial investment in telecommunications infrastructure - Broadband

The Western Cape Broadband Strategy and Implementation Plan aims at co-ordinating and integrating government action to radically improve the provision of broadband infrastructure, skills and usage within the Province. Amounts of R52.746 million in 2013/14, R35.690 million in 2014/15 and R37.091 million in 2015/16 are earmarked for this the Broadband project which includes provision for:

- The PPP (Private Public Partnership) feasibility study comprising of the appointment of transaction advisors that will carry out a needs analysis, options analysis, due diligence, legal assessment, and value assessment;
- Saldanha Bay Mesh - WiFi mesh pilots in the Cape. The Department will fund a comprehensive network design and implementation plan; and
- The Broadband Programme Office (BBPO).

Vote 13: Cultural Affairs and Sport

The work of the Department of Cultural Affairs and Sport (DCAS) is directed to contribute to a socially inclusive, creative and active Western Cape.

The Department of Cultural Affairs and Sport receives R445.309 million in 2013/14, R532.620 million in 2014/15 and R600.109 million in 2015/16 to fulfill its key responsibilities which include providing library services, managing the 29 affiliated museums and archives, support to the arts and culture sector and promotion of sport.

Library services are important for ensuring that literacy levels are improved especially amongst the youth. The Department receives funding of R67.058 million in 2013/14, R126.347 million in 2014/15 and R163.815 million in 2015/16 to support urban and rural libraries and enable communities to enhance capacity in the sector. The Department currently services 343 library service points which include: public libraries, dual school libraries, mini libraries and wheelie-wagons.

Sport and Recreation, Libraries, Museums and Arts and Culture are key focus areas

The Department of Cultural Affairs and Sport supports a number of arts and culture organisations. During the 2013/14, the Department will intensify its partnerships with established arts organisations and practitioners to facilitate opportunities for youth to undertake job shadowing in order to strengthen the capacity of arts and culture structures, especially in rural areas. It will also identify, develop and showcase local talent through festivals and programmes.

Amounts of R6.336 million in 2013/14, R8.339 million in 2014/15 and R8.738 million in 2015/16 are ring-fenced for the creation of EPWP work opportunities within Cultural Affairs. Further, an amount of R550 000 for 2013/14 has been provided for the EPWP Integrated Grant for Provinces for the promotion of work opportunities within the economic and social infrastructure and tourism and cultural industries. In addition, an incentive amount of R1.366 million for 2013/14 has been provided for the implementation of EPWP in Sport.

Department to continue investment in EPWP

The Department currently supports 181 Mass Opportunity and Development (MOD) centres. The MOD programme was initiated as a structured, after-school programme for school-going children where the child's academic facility is transformed into a recreation and sport centre. The priority over the next financial year is to consolidate and strengthen the MOD centres, starting with 32 centres, with additional staff and coaches. The MOD programme receives a boost with additional allocations of R24.098 million over the 2013 MTEF. Over and above this, support of the Western Cape Sport School (WCSS) and the Sport, Health, Advancement through Sport, Research, and Policy development Programme (SHARP) will continue.

The MOD centre after school programme is a key focus area

*Museums, heritage sites
and archives to promote
social inclusion*

The Department will continue to support almost 130 clubs from different codes of sport. Support of the clubs through capacity building, funds for transport to get to games and the supply of clothing and equipment will continue. The Department's support to federations will also continue and will be further improved so as to ensure their programmes are appropriately supported.

The Department uses museums, heritage sites and archives to promote social inclusion and understanding through the promotion of the national symbols and pride and appreciation of our shared heritage. In line with this, continued support will be provided to the three (3) public entities, namely Heritage Western Cape (HWC), the Western Cape Cultural Commission (WCCC) and the Western Cape Language Committee (WCLC) to reinforce their roles and mandates in the Province.

Funding to the amount of R6 million in 2013/14, R8 million in 2014/15 and R10 million in 2015/16 has been provided to facilitate the capacity of the Department. The most critical key posts will be filled first; however, this will include assuming business ownership for the Enterprise Content Management system and for efficiently driving records management in the provincial departments.

Vote 14: Local Government

The Department of Local Government is allocated an amount of R551.951 million over the 2013 MTEF. This allocation includes amounts of R173.289 million in 2013/14, R184.204 million in 2014/15 and R194.458 million in 2015/16.

With this allocation the Department aims to achieve its vision of developmental and well-governed municipalities with integrated sustainable and empowered communities.

*Strengthening of public
participation through
functional ward
committees and
capacity building
initiatives*

To strengthen Public Participation, the Department will continue to support all municipalities with ward committees and assess the functionality of ward committees on a quarterly basis. In addition, support in the development of ward operational and neighbourhood development plans will be provided, and progress of IDP implementation assessed.

The Community Development Worker (CDW) Programme facilitates access to information about government services for all Western Cape citizens. CDWs work on various community projects such as youth empowerment, training of ward committee members on Batho Pele principles, applications for identity documents and food gardens.

The Community Development Programme complements the Thusong Programme, through which the Department works proactively with the public sector and other partners to ensure that communities can access a wide range of public services.

CDWs and Thusong centres to increase access to government and services

In 2013/14 the Thusong Programme will see more centres becoming sustainable and fully effective. This will be achieved through further training of Thusong staff and assistance in developing business plans and concluding lease agreements. The Thusong Outreach Programme will continue to reach residents in remote locations through Mobiles and Extensions, supported by Community Development Workers.

The Department provides expertise to all 30 municipalities to build capacity on technical and legal issues, to improve the property evaluation rolls and to foster shared services and municipal support and recovery plans.

Experts deployed from the pool of expertise to provide hands-on support to municipalities

The Department aims to achieve Integrated Development Plans (IDPs) that fully reflect the priorities, budgets, and projects of all three spheres of government via the various IDP Indabas. The IDP Indaba mechanism remains one of the core deliverables for the Department to ensure a single window of coordination for government.

The Municipal Infrastructure team will continue to provide intensive support to municipalities on the Municipal Infrastructure Grant Programme, as sound planning forms the basis for efficient and cost-effective service delivery. In addition, support will be provided on large bulk services projects in five municipalities. The Department is also assisting municipalities with issues related to infrastructure, such as water conservation, “unaccounted for water” (which may be lost through distribution or inadequate billing practices), and operations and maintenance. The Department has received an additional allocation of R2.5 million for contracted engineers.

The “pool of experts” concept will continue, with specialists contracted to assist municipalities with organisational design initiatives. The Department will also support the existing shared services initiatives and assist in starting new ones. For the first time, the Department will provide support to municipalities on ICT issues such as ICT governance and shared services with a ring-fenced allocation of R1.740 million in 2013/14.

Improved ICT Governance and Strategy Support to municipalities

To mainstream disaster risk management in municipalities, the Department will support municipalities to capture their disaster risk management strategies in their IDPs. The Fire Brigade Services team in the Department will be partnering with the

Community Work Programme to train residents in fire and life safety measures in informal settlements at high risk of fire. The Department has also received a ring-fenced allocation of R2 million to provide a higher level of aerial fire-fighting support in the Province in 2013/14.

Summary of Transfers to Public Entities

The Public Finance Management Act (PFMA) defines a *provincial public entity*, as either a provincial government business enterprise, or a board, commission, company or corporation, which is established in terms of legislation. In addition, it is fully or substantially funded from the Provincial Revenue Fund or a tax and is accountable to the Provincial Legislature.

Provincial allocations and transfers from the applicable provincial departments to provincial public entities over the 2013 MTEF is summarised and discussed in this section. These allocations are indicated in Tables 3.2 and 3.3 for the period 2009/10 to 2015/16.

Table 3.2 Summary of provincial transfers by vote to public entities

Vote R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Department of the Premier	8 211	7 528	2 943		37	37	34	(8.11)	34	34
2. Provincial Parliament										
3. Provincial Treasury			83		2 411	2 411	10 326	328.29	10 405	10 488
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements			601	600	600	600		(100.00)		
9. Environmental Affairs and Development Planning	133 272	160 061	192 842	201 766	201 766	201 766	223 907	10.97	237 655	250 441
10. Transport and Public Works	40 000	300	4 500	4 000	4 000	4 000		(100.00)		
11. Agriculture	150 948	144 424	95 612	105 640	110 637	110 637	118 831	7.41	121 272	124 886
12. Economic Development and Tourism	115 586	100 355	79 695	59 200	78 261	78 261	82 580	5.52	85 736	90 877
13. Cultural Affairs and Sport	1 883	785	1 892	1 992	1 992	1 992	2 552	28.11	2 682	2 820
14. Local Government										
Total transfers to public entities	449 900	413 453	378 168	373 198	399 704	399 704	438 230	9.64	457 784	479 546

Table 3.3 Summary of departmental transfers to national and provincial public entities by transferring vote

Public entities (transferring vote) R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate		
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16
Major Public Entity									
1. South African Broadcasting Corporation Limited Vote 1: Department of the Premier					37	37	34	34	34
National Government Business Enterprises:									
2. South African Rail Commuter Corporation Vote 10: Transport and Public Works		300	4 500	4 000	4 000	4 000			
3. Artscape Vote 13: Cultural Affairs and Sport	125	135	142	150	150	150	669	698	715
National public entities:									
4. Agricultural Research Council Vote 11: Agriculture					2 221	2 221			
5. South African National Parks (SANPARKS) Vote 12: Economic Development and Tourism	250	1 400							
6. Council for Scientific and Industrial Research Vote 12: Economic Development and Tourism	3 500								
7. Social Housing Foundation Vote 8: Human Settlements			601	600	600	600			
Provincial Government Business Enterprises:									
8. Casidra (Pty) Ltd	236 348	190 174	122 912	105 640	108 416	108 416	118 831	121 272	124 886
Vote 11: Agriculture	150 948	144 424	95 612	105 640	108 416	108 416	118 831	121 272	124 886
Vote 10: Transport and Public Works	40 000								
Vote 12: Economic Development and Tourism	45 400	45 750	27 300						
Western Cape public entities:									
9. Western Cape Cultural Commission Vote 13: Cultural Affairs and Sport	595	100	150	200	200	200	250	263	270
10. Western Cape Gambling and Racing Board Vote 3: Provincial Treasury			83		2 411	2 411	10 326	10 405	10 488
11. Western Cape Investment and Trade Promotion Agency (Wesgro) Vote 1: Department of the Premier	20 325	15 000	14 956	22 000	24 000	24 000	46 644	47 300	48 441
Vote 12: Economic Development and Tourism		28							
12. Western Cape Language Committee Vote 13: Cultural Affairs and Sport	263	150	220	190	190	190	210	221	235
13. Western Cape Liquor Board Vote 12: Economic Development and Tourism				7 700	24 761	24 761	30 936	32 936	35 936
14. Western Cape Nature Conservation Board Vote 9: Environmental Affairs and Development	133 272	160 061	193 842	201 766	201 766	201 766	223 907	237 655	250 441
Vote 12: Economic Development and Tourism	133 272	160 061	192 842	201 766	201 766	201 766	223 907	237 655	250 441
15. Western Cape Provincial Development Council Vote 1: Department of the Premier	6 681	7 500	2 943						
Vote 12: Economic Development and Tourism	6 381	7 500	2 943						
16. Western Cape Destination Marketing Organisation Vote 12: Economic Development and Tourism	45 811	38 205	35 439	25 000	25 000	25 000			
17. Western Cape Provincial Youth Commission Vote 1: Department of the Premier	1 830								
Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure									
18. Heritage Western Cape Vote 13: Cultural Affairs and Sport	900	400	1 380	1 452	1 452	1 452	1 423	1 500	1 600
19. Small Enterprise Development Agency (SEDA) Vote 12: Economic Development and Tourism			1 000	4 500	4 500	4 500	5 000	5 500	6 500
Total	449 900	413 453	378 168	373 198	399 704	399 704	438 230	457 784	479 546

Tables 3.2 and 3.3 illustrate that a total of R438.230 million will be transferred in 2013/14 from various provincial departments to mainly, provincial public entities and provincial government business enterprises. This signifies an increase of R38.526 million or 9.64 per cent from the 2012/13 revised estimates of R399.704 million.

The year-on-year increase in transfers to public entities is mainly reflected in transfers to the Western Cape Nature Conservation Board (CapeNature) as well as the Cape Agency for Sustainable Integrated Development in Rural Areas (Pty) Ltd (Casidra).

Transfers to CapeNature will increase by 10.97 per cent or R22.141 million in 2013/14 from the 2012/13 revised estimate of R201.766 million. The increase relates to additional Expanded Public Works Programme (EPWP) funding exclusively for job creation, training and social development interventions. Casidra will receive an increase in transfers of R10.415 million or 9.61 per cent which mainly relates to more projects funded by the Ilima/Letsema Projects Conditional Grant.

Wesgro, together with the Western Cape Liquor Board, report to the Minister of Finance, Economic Development and Tourism, via the Department of Economic Development and Tourism. So too does the Western Cape Gambling and Racing Board via the Provincial Treasury.

Over the 2013 MTEF, the transfers to Wesgro reflect the merger of this entity with the Destination Marketing Organisation (DMO). The merger into one entity aims to focus on the marketing of the Province as a business and tourist destination. It is expected to generate efficiencies especially in administrative functions and marketing projects. All transfers will be made to Wesgro, hence no transfers to the DMO is reflected in the tables above. Of the R46.644 million allocated to Wesgro, R24.144 million is an earmarked priority allocation, which includes R5.280 million in 2013/14 for the Saldanha IDZ project.

The transfers to the Western Cape Liquor Board reflect a fully operational entity after its establishment in 2012/13. For 2013/14, the transfers to the Western Cape Gambling and Racing Board increases by 328.29 per cent from R2.411 million transferred in the 2012/13 revised estimate to R10.326 million. The increased funding will be used for exclusivity replacement financing.

Transversal Priority programmes and projects

While budgets are allocated to individual departments and entities, a number of service delivery areas cut across the functions of more than department/entity and are therefore transversal in nature. In these cases there is a collaborative approach to delivery and towards achieving outcomes.

A number of priorities, if collectively boosted and targeted, could have substantive socio-economic benefits and provide

the necessary impetus for job creation and infrastructure led growth, which would not be the case if pursued in isolation.

Funding has been provided for the top 5 transversal provincial priorities: Broadband; Skills Development; Green Economy; Enterprise Performance Management Systems; and Infrastructure (including maintenance).

The Province has developed a Provincial Infrastructure and the Provincial ICT Plan to improve joint planning and delivery in respect of Infrastructure, ICT and Broadband.

Provincial Infrastructure and ICT Plans to improve planning and delivery

Other priority areas where provincial government departments and entities together, and in some cases with national and local government, the private sector and NGOs, include: MOD centres (after school programmes), Expanded Public Works Programme, market access and export promotion, early childhood development, audit capacity/internal control, red tape, municipal infrastructure and supply chain management.

The budget process has also facilitated a process to strengthen the transversal management system and the work towards achieving the Provincial Strategic Objectives. Institutional structures are in place to ensure that these priorities are driven at the appropriate levels so that implementation takes place and results can be assessed.

Conclusion

The budget is essentially the implementation plan to deliver on the policies, goals and objectives of government, key of which is to reduce poverty through stimulating economic growth and job creation. The role of the provincial government in pursuing economic development objectives include playing a key role in human capital formation through the education and health system, and contributing to the competitiveness of the economy through infrastructure. These functions (particularly health and education) account for the largest proportion of public spending in the Province. Significant investments have also been made in both social (e.g. clinics, schools) and economic infrastructure (e.g. ICT and Broadband, roads, maintenance).

The current economic situation and fiscal space has allowed for a shift towards government spending in areas that can make an impact on economic development and facilitate job creation. There is also a shift towards expenditure on strengthening governance to improve the efficiency and effectiveness of services and to ensure that the money that is spent delivers results.

4

Receipts

Introduction

The 2013 fiscal envelope is presented in the context of a constrained domestic economic environment and an uncertain global economic outlook. National Treasury remains committed to spending over the 2013 MTEF remaining within the levels set in the 2012 Budget, further, that all new spending must be funded through reprioritisation of funds away from programmes that are not meeting performance requirements or are not closely aligned to departmental mandates.

The Western Cape Government finances its provincial expenditure via three sources, i.e. national transfers (Provincial Equitable Share (PES) and conditional grants, which together contribute 95.12 per cent of the budget in 2013/14); Provincial Own Receipts (taxes and fees/user charges, which account for 4.73 per cent); and Provincial Revenue Fund (PRF) which contributes 0.15 per cent in the 2013/14 financial year.

The total provincial revenue envelope relative to the 2012/13 Adjusted Appropriation, is adjusted upwards by R3.133 billion in 2013/14, R1.889 billion in 2014/15, and R3.941 billion in 2015/16.

Provincial own receipts are set to grow at an average annual rate of 2.26 per cent over the 2013 MTEF from R1.938 billion in 2012/13 Adjusted Appropriation to R2.078 billion in 2013/14, R2.063 billion in 2014/15 and R2.072 billion in 2015/16.

Transfers from National Government (i.e. PES and conditional grants) increase by R3.806 billion or 10.03 per cent from the Adjusted Appropriation of R37.957 billion in 2012/13 to R41.764 billion in 2013/14 and is estimated to grow to R43.728 billion in 2014/15 and R47.660 billion in 2015/16, or at an annual average rate of 7.88 per cent over the 2013 MTEF.

Total provincial own receipts grow by an average annual 6.85 per cent over the 2013 MTEF

Table 4.1 Summary of Provincial Receipts

Receipts R'000	Outcome			Main appro- piation	Adjusted appro- piation	Revised estimate	Medium-term estimate		
	Audited	Audited	Audited				2013/14	2014/15	2015/16
	2009/10	2010/11	2011/12	2012/13	2012/13	2012/13			
Transfer receipts from National	28 064 895	32 536 439	35 349 580	37 581 229	37 957 292	37 957 292	41 763 540	43 728 490	47 659 969
Equitable share	21 762 635	24 455 824	27 052 442	28 772 188	29 119 423	29 119 423	32 174 547	35 053 572	38 186 186
Conditional grants	6 302 260	8 080 615	8 297 138	8 809 041	8 837 869	8 837 869	9 588 993	8 674 918	9 473 783
Financing	810 877	498 626	326 837	603 621	877 436	877 436	64 370	3 000	3 000
Asset Finance Reserve	667 536	215 864	273 749	377 405	377 405	377 405			
Provincial Revenue Fund	143 341	282 762	53 088	226 216	500 031	500 031	64 370	3 000	3 000
National receipts and financing	28 875 772	33 035 065	35 676 417	38 184 850	38 834 728	38 834 728	41 827 910	43 731 490	47 662 969
Provincial own receipts									
Tax receipts	1 208 864	1 230 722	1 312 930	1 245 464	1 256 126	1 269 312	1 335 990	1 365 725	1 398 018
Sales of goods and services other than capital assets	391 853	451 475	498 190	418 501	419 355	459 583	448 427	450 392	460 926
Transfers received	93 879	116 036	169 903	218 628	173 562	160 442	208 482	160 533	123 660
Fines, penalties and forfeits	3 008	3 158	3 922	1 266	1 302	3 335	2 375	2 611	2 836
Interest, dividends and rent on land	63 416	67 269	6 190	3 295	3 295	4 614	3 580	3 582	3 702
Sales of capital assets	892	95 137	1 563	24	24	4 175	24	24	24
Financial transactions in assets and liabilities	175 503	103 884	235 951	78 873	83 926	143 895	78 913	80 030	83 018
Provincial own receipts	1 937 415	2 067 681	2 228 649	1 966 051	1 937 590	2 045 356	2 077 791	2 062 897	2 072 185
Total provincial receipts	30 813 187	35 102 746	37 905 066	40 150 901	40 772 318	40 880 084	43 905 701	45 794 387	49 735 154
Transfers from National	91.08%	92.69%	93.26%	93.60%	93.10%	92.85%	95.12%	95.49%	95.83%
Equitable share	70.63%	69.67%	71.37%	71.66%	71.42%	71.23%	73.28%	76.55%	76.78%
Conditional grants	20.45%	23.02%	21.89%	21.94%	21.68%	21.62%	21.84%	18.94%	19.05%
Own receipts	6.29%	5.89%	5.88%	4.90%	4.75%	5.00%	4.73%	4.50%	4.17%
Asset Financing Reserve	2.17%	0.61%	0.72%	0.94%	0.93%	0.92%	0.00%	0.00%	0.00%
PRF Financing	0.47%	0.81%	0.14%	0.56%	1.23%	1.22%	0.15%	0.01%	0.01%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Funding from the Provincial Revenue Fund, amounts to R70.370 million over the MTEF.

Provincial Equitable Share

PES contributes an average 75.54 per cent of the total Western Cape budget over the 2013 MTEF

The PES contributes on average, 75.54 per cent of the total Western Cape budget over the 2013 MTEF. The equitable share is a redistributive formula-driven unconditional transfer allocated to provinces. The formula is largely population driven and components that use population data account for over 60 per cent of the formula. Therefore any large population shifts between Census 2001 and Census 2011 in a province will impact either positively or negatively on its provincial equitable share allocation.

Results from Census 2011 indicate that the Western Cape, together with Gauteng, experienced the greatest increase in population size between Census 2001 and Census 2011. Gauteng experienced an increase in their population of 33.7 per cent and the Western Cape 28.7 per cent, compared with an increase of 15.5 per cent for South Africa as a whole.

Given the time lag between Census 2001 and Census 2011, the PES formula in the interim period used the Mid-year Population numbers, calculated by Statistics South Africa in order to estimate population numbers. This has assisted in mitigating in-between census population changes. Consequently, the impact for the Western Cape has seen its national population share increase by 7.66 per cent from 10.45 per cent (Mid-year 2011 Population estimates) to 11.25 per cent (Census 2011).

The PES formula comprises of the following six components including their respective weights:

- An education component (48 per cent) based on school age cohort (5 - 17 years from Census 2011) and school enrolment data (2012 SNAP survey from the Department of Basic Education);
- A health component (27 per cent) using a risk adjusted capitation index based on the Risk Equalisation Fund and output data from public hospitals based on (Census 2011 population data, insured population data from the 2011 General Household Survey and data from the District Health Information System);
- A basic component (16 per cent) derived from each province's share of the national population (Census 2011);
- A poverty component (3 per cent) based on the share of the households in the lowest two quintiles (Census 2011 population data and 2011/12 Income and Expenditure Survey);
- An institutional component (5 per cent) divided equally between provinces to fund institutional requirements of provinces; and
- An economic activity component (1 per cent) based on Gross Domestic Product per Region (GDPR 2010).

For the 2013 MTEF, the structure and weights of each component of the formula remain unchanged.

As the PES formula is largely population driven, any population changes result in proportional changes to a province's share of the various components of the PES as shown in Table 4.2.

Table 4.2 Changes in Provincial Equitable Share component shares

	Weight %	2012 MTEF %	2013 MTEF %	Change %
Education	48	8.4	8.9	0.56
Health	27	10.6	11.1	0.4
Basic	16	10.5	11.2	0.79
Institutional	5	11.1	11.1	-
Poverty	3	6.0	6.1	0.08
Economic activity	1	14.0	14.1	0.11
Final Share	100	9.4	10	0.51

In order to cushion provinces against significant changes to the PES as a result of data updates, changes to the PES are phased in over any 3-year MTEF period. In addition, the Ministers Committee on the Budget (MinComBud) has this time round, given the relatively large census shifts, taken a decision to allocate additional funds to buffer the four provinces experiencing a decline in their equitable shares (R4.212 billion over the 2013 MTEF) as well as allocate additional support of R2.117 billion to all nine provinces through the actual formula in 2015/16.

From 2013/14 Devolution of Property Rate Funds Grant incorporated into the PES

PES transfers to the Western Cape increase by an average annual of 9.46 per cent from R29.119 billion in the Adjusted Appropriation of 2012/13 to R32.175 billion in 2013/14, R35.054 billion in 2014/15 and R38.186 billion in 2015/16. Included in this increase is provision for the Devolution of Property Rate Funds Grant amounting to R1.239 billion over the 2013 MTEF which will be incorporated into the PES over the MTEF period, with the concomitant ceasing of the conditional grant.

Inflationary and Policy adjustments to the Provincial Equitable Share

Nationally, a total of R36.1 billion (R7.4 billion in 2013/14; R10 billion in 2014/15 and R18.6 billion in 2015/16) is added to the provincial equitable share to provide for personnel and policy adjustments.

Inflation adjustments are intended to protect the real value of spending. PES inflation adjustments cater for the impact of the higher than anticipated adjustments to salaries following the Public Service Bargaining Council (PSBC) Resolutions signed during 2012. Gross allocations amounting to R384.152 million, R541.424 million and R914.841 million have been added in 2013/14, 2014/15 and 2015/16 respectively to cater for this.

Funding for policy priorities within Social Development, Education and Health is made available through the PES over the 2013 MTEF: R150.859 million to Social Development for the absorption of Social Work graduates and support for Non-government Organisations; R180.247 million in 2015/16 is made available to the Department of Education to provide for additional teachers in poorest schools (quintile 1) and Grade R teachers and R33.327 million over the 2013 MTEF is provided to the Department of Health for funding for the Tuberculosis – GeneXpert initiative.

Additional funding for Education, Social Development and Health

Conditional Grants

Conditional grants to the Western Cape increase by an annual average of 2.34 per cent from R8.838 billion in the 2012/13 Adjusted Appropriation, R9.589 billion in 2013/14, R8.675 billion in 2014/15 and R9.474 billion in 2015/16. The phasing-in of the Devolution of Property Rates Grant into the Provincial Equitable Share, the revised allocations of the Human Settlements Development Grant and changes to the Further Education and Training Colleges Grant contributes to the low annual growth rate.

Revisions to Conditional Grants over the 2012 MTEF

The discussion provided below highlights the changes made to conditional grants over the 2013 MTEF. These changes include the introduction of a new conditional grant, reforms to existing grants as well as the allocation criteria/data used to determine allocations.

National Health Grant

A new indirect conditional grant, the National Health Grant, will be introduced in 2013/14 and will be spent by the National Department of Health on behalf of provinces. The grant has been created by splitting the consolidated Health Infrastructure Grant and National Health Insurance (NHI) Grant into direct and indirect components. The indirect component will be used to support infrastructure projects and the NHI scheme pilot sites. The indirect NHI component is allocated an amount of R1.155 billion nationally over the 2013 MTEF; however, a provincial breakdown of this grant is not yet available.

Introduction of a new indirect health conditional grant

Infrastructure Grants

A new approach for the implementation of infrastructure grants has been adopted; provinces will be required to bid for their grants allocations, which in future years will be made if

The three health infrastructure grants to be consolidated in 2013/14

pre-determined standards are met. These standards are based on the Infrastructure Development Improvement Programme (IDIP) principles which include the principles of co-operation, good governance, transparency and consultation. The new approach also requires that provinces bid for their allocations two years in advance. The aim of this new methodology is to promote proper planning and transparency, while rewarding provinces for meeting their infrastructure delivery targets.

The three infrastructure grants in Health have been combined into one, i.e. the Health Facility Revitalisation Grant. The three grants which are merged are the Hospital Revitalisation Grant, Health Infrastructure Grant and the Nursing Colleges and Schools Grant. The implementation of the new Health Facility Revitalisation Grant will commence in the 2013/14 financial year.

Apart from addressing the challenges arising from managing these grants individually and streamlining the grant management process, consolidation into one conditional grant will:

- Allow the allocation of funding between the three programmes to be at the Departments' discretion;
- Increase the spending flexibility as it will merge the funding from two different schedules (i.e. Schedule 4 and 5);
- Reduce the challenges associated with completed projects, since the purpose of the Health Infrastructure Grant is focused exclusively on infrastructure development;
- Avoid under-or-over spending in any area of Health Infrastructure; and
- Ensure that all projects follow the set of health norms and standards, guidelines as well as the project management process recommended in the Infrastructure Delivery Management Systems (IDMS) Tool Kit.

The allocation for the Health Facility Revitalisation Grant over the 2013 MTEF is R629.786 million in 2013/14, R645.200 million in 2014/15 and R674.582 million in 2015/16. The infrastructure component of the indirect National Health Grant amounts to R61 million over the 2013 MTEF with R27 million allocated for 2013/14 and R17 million in each of two outer years.

Since the introduction of the National Health Insurance (NHI) Grant, a number of challenges associated with the implementation of the grant at facility level have emerged.

These challenges are attributed to a range of capacity challenges faced by certain provincial health departments. These challenges have led to the decision to implement reforms to the NHI Grant with the majority of funding to be spent as a grant-in-kind by the National Department of Health. Over the 2013 MTEF the direct allocation of this grant to the Western Cape has declined by R86.016 million to R19.246 million.

Part of the National Health Grant is to support the national health insurance scheme pilots. Funding from this grant will be used to contract general practitioners from the private sector for NHI sites and to support 10 central hospitals to strengthen their patient information systems and develop and pilot alternative hospital reimbursement tools. The national allocation for the NHI component amounts to R291 million in 2013/14, R420 million in 2014/15 and R443.803 million in 2015/16. The provincial allocation for the NHI component is still unallocated.

Nationally R1.155 billion over the 2013 MTEF is provided for NHI.

Additional funding of R781.132 million over the 2013 MTEF is added to the Education Infrastructure Grant to assist in improving school infrastructure in the Province. The additional funding received in the 2013/14 financial year is due to the conversion of the School Infrastructure Backlog Grant which is an indirect grant to provinces. This grant has been converted to a Schedule 4 grant for the Western Cape Province, thereby increasing the Education Infrastructure Grant from R451.931 million to R960.465 million in 2013/14.

R781 million more over the 2013 MTEF for Education Infrastructure

Provincial Roads and Maintenance receives funding of R573.237 million in 2013/14, R598.781 million in 2014/15 and R760.859 million in 2015/16. Additional funding of R388.515 million has been allocated to the Provincial Roads and Maintenance Grant over the 2013 MTEF. The purpose of this grant is to supplement provincial roads investments and support preventative, routine and emergency maintenance on provincial road networks; ensure provinces implement and maintain road asset management systems; promote the use of labour-intensive methods in road maintenance and repair roads and bridges damaged by floods.

Human Settlements Development Grant (HSDG)

The HSDG formula has been updated with the Census 2011 data. From the results of Census 2011, it has become evident that there has been a shift in the need for housing in the larger urban centres. The current formula for the HSDG does not necessarily sufficiently respond to these shifts which will necessitate a review of the formula.

The total HSDG for the Province over the 2013 MTEF is R1.926 billion in 2013/14, R1.003 billion in 2014/15 and R997.229 million in 2015/16. The lower allocation for the two outer years is due to the allocations being halved in 2014/15 and 2015/16 and the remainder remaining unallocated for the interim. The reason for the unallocated funds is to allow National Treasury in collaboration with the National Department of Human Settlements to review the current formula and its components, as well as analysing the impact and implications of the 2011 Census data. Once consensus has been reached the funds will be allocated amongst provinces and the Metros.

Devolution of Property Rate Funds Grant

The Province will receive R1.239 billion over the 2013 MTEF to provide for the payment of property rates. The purpose of the grant was to enable provinces to take over the responsibility of paying property rates and municipal charges on properties that were previously administered by national government.

As from 2013/14 the Devolution of Property Rate Funds Grant will be phased into the PES. The Province will receive the same allocations for the MTEF as they would have received from the augmented grant; however, it is now transferred as part of the PES and will be reviewed three years hence.

Further Education and Training Colleges Grant

The grant baseline has been revised to accommodate the decision taken to convert part of the FET Grant to a subsidy. As from 1 April 2013 the subsidy portion of the FET Grant will be removed from the FET Conditional Grant and transferred directly to the FET Colleges. The allocation for this grant over the 2013 MTEF is as follows: R351.437 million in 2013/14, R373.920 million in 2014/15 and R396.219 million in 2015/16 respectively.

A portion of the FET colleges grant will be provided via a subsidy and directly transferred to the FET Colleges

Other Grants

When comparing the 2012 and 2013 MTEFs, the following revisions to conditional grants have been made:

- *Dinaledi Schools Grant*: Allocations of R10.096 million in 2013/14, R10.673 million in 2014/15 and R11.164 million in 2015/16. The intention of the grant is to ensure the improved performance in the teaching and learning of mathematics and physical science in underprivileged schools.
- *Comprehensive HIV and Aids Grant*: The allocation for this grant is R927.547 million in 2013/14; R1.083 billion in 2014/15 and R1.228 billion in 2015/16. Additional funding of

R8.799 million and R104.182 million will be received in 2014/15 and 2015/16, respectively. The additional funds allocated are to cover for increased antiretroviral (ARV) take up rate.

- *Mass Participation and Sport Development Grant*: increases by R25.654 million over the 2013 MTEF. Over the three years the allocation is R55.570 million in 2013/14, R58.349 million in 2014/15 and R61.266 million in 2015/16 respectively. The grant is geared towards increasing and sustaining mass participation in sport and recreational activities in provinces.
- *National Tertiary Services Grant (NTSG)*: Allocations of R2.401 billion in 2013/14, R2.538 billion in 2014/15 and R2.654 billion in 2015/16. The purpose of this grant is for the provision of tertiary health services for all South African citizens and to compensate tertiary facilities for the costs associated with provision of these services including cross border patients.
- *Community Library Services Grant*: Additional funding of R148.004 million has been added to the grant over the 2013 MTEF. The additional funding is to enhance the capacity in the sector, addressing the issues of function shifts and providing for dual purpose libraries. A dual purpose library is a library situated on a school premises, however, it is also open to the community. The allocations over the 2013 MTEF are R67.058 million in 2013/14, R126.347 million in 2014/15 and R163.815 million in 2015/16.
- *Public Transport Operations Grant*: The allocation over the 2013 MTEF is R2.312 billion with the following split over the three years; R734.180 million in 2013/14, R771.320 million in 2014/15 and R806.801 million in 2015/16. The Public Transport Operations Grant subsidises commuter bus services and aims to provide supplementary funding towards public transport services provided by provincial departments of transport.
- *Expanded Public Works (EPWP) Grants*:
 - The EPWP Integrated Grant's purpose is to incentivise provincial departments to expand work creation efforts through the use of labour intensive infrastructure delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme (EPWP) guidelines.
 - The Social Sector Expanded Public Works Programme Incentive Grant is an incentive grant based on meeting job creation targets in the preceding financial year. This grant rewards provinces for creating jobs, amongst others, in the provision of home-based care and early childhood development.

Community Library Services Grant will receive additional R148 million funding over the 2013 MTEF

For 2013/14, an amount of R25.621 million is available from the EPWP Integrated Grant to Provinces and R16.906 million through the Social Sector EPWP Incentive Grant.

Table 4.3 mainly provides the detailed conditional grants by vote and grant over the 2013 MTEF.

Table 4.3 Summary of conditional grants by vote and grant

Vote and grant R'000	Outcome			Main appropriation 2012/13	Adjusted appropriation 2012/13	Revised estimate 2012/13	Medium-term estimate		
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16
Vote 4: Community Safety			543	800	800	800	3 242		
Social Sector EPWP Incentive Grant for Provinces			543	800	800	800	3 242		
Vote 5: Education	302 353	889 501	1 187 187	1 323 569	1 337 749	1 337 749	1 627 355	1 198 002	1 444 482
Education Infrastructure Grant	169 976	255 062	385 039	431 397	431 397	431 397	960 465	501 249	704 153
Dinaledi Schools Grant			6 684	9 571	9 571	9 571	10 096	10 673	11 164
HIV and Aids (Life Skills Education) Grant	14 626	14 440	14 088	17 416	17 416	17 416	17 637	17 077	20 297
Further Education and Training Colleges Grant		446 971	534 659	584 213	597 589	597 589	351 437	373 920	396 219
National School Nutrition Programme Grant	117 751	169 775	230 041	244 784	245 588	245 588	260 538	282 486	299 435
Technical Secondary Schools Recapitalisation Grant		3 253	8 610	11 264	11 264	11 264	11 884	12 597	13 214
Social Sector EPWP Incentive Grant for Provinces			8 066	23 924	23 924	23 924	12 298		
Expanded Public Works Programme Integrated Grant for Provinces				1 000	1 000	1 000	3 000		
Vote 6: Health	2 851 754	3 587 695	3 723 418	3 998 984	4 013 603	4 013 603	4 417 564	4 751 807	5 065 144
National Tertiary Services Grant	1 583 991	1 763 234	1 973 127	2 182 468	2 182 468	2 182 468	2 400 714	2 537 554	2 654 281
Health Facility Revitalisation Grant ^{Note 1}							629 786	645 200	674 582
<i>of which the following is allocated to:</i>									
Health Infrastructure component	73 658	195 904	123 957	131 411	134 234	134 234	122 296	143 171	150 079
Hospital Revitalisation component	377 286	614 071	482 429	496 085	504 414	504 414	493 526	481 079	502 589
Nursing Colleges and Schools component				10 320	10 320	10 320	13 964	20 950	21 914
Health Professions Training and Development Grant	362 935	384 711	407 794	428 120	428 120	428 120	451 667	478 767	500 790
National Health Insurance Grant				11 500	11 500	11 500	4 850	7 000	7 396
Comprehensive HIV and Aids Grant	383 531	554 971	660 578	738 080	738 080	738 080	927 547	1 083 286	1 228 095
Forensic Pathology Services Grant	67 141	73 753	70 199						
Social Sector EPWP Incentive Grant for Provinces		1 051	5 334		3 467	3 467			
World Cup Health Preparation Strategy Grant	3 212								
Expanded Public Works Programme Integrated Grant for Provinces				1 000	1 000	1 000	3 000		

Table 4.3 Summary of conditional grants by vote and grant (continued)

Vote and grant R'000	Outcome			Main appropriation 2012/13	Adjusted appropriation 2012/13	Revised estimate 2012/13	Medium-term estimate		
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16
Vote 7: Social Development			4 704						
Social Sector EPWP Incentive Grant for Provinces			4 704						
Vote 8: Department of Human Settlements	1 497 437	1 940 537	1 638 845	1 725 180	1 725 180	1 725 180	1 928 971	1 003 495	997 229
Human Settlements Development Grant	1 497 437	1 940 037	1 638 845	1 725 180	1 725 180	1 725 180	1 925 971	1 003 495	997 229
of which:									
City of Cape Town							733 484	391 435	429 640
Expanded Public Works Programme Incentive Grant for Provinces		500					3 000		
Vote 9: Environmental Affairs and Development Planning			6 000	1 000	1 000	1 000	550		
Expanded Public Works Programme Integrated Grant for Provinces			6 000	1 000	1 000	1 000	550		
Vote 10: Transport and Public Works	1 412 764	1 429 961	1 507 068	1 503 732	1 503 761	1 503 761	1 322 388	1 370 101	1 567 660
Provincial Roads Maintenance Grant	364 644	408 254	411 141	478 895	478 895	478 895	573 237	598 781	760 859
Devolution of Property Rate Funds Grant ^{Note 2}	250 285	264 700	346 346	319 501	319 530	319 530			
Disaster Management Grant: Transport	204 061	124 605	61 885						
Expanded Public Works Programme Integrated Grant for Provinces			21 441	9 099	9 099	9 099	14 971		
Public Transport Operations Grant	593 774	632 402	666 255	696 237	696 237	696 237	734 180	771 320	806 801
Vote 11: Agriculture	158 816	142 841	133 812	154 003	154 003	154 003	164 379	166 817	174 187
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3 085	3 270	3 466	7 740	7 740	7 740	7 233	4 070	4 439
Comprehensive Agriculture Support Programme Grant	57 598	63 064	82 346	91 863	91 863	91 863	104 859	108 394	113 376
Disaster Management Grant: Agriculture	92 143	52 507							
Ilima/Letsema Projects Grant	5 990	24 000	48 000	50 400	50 400	50 400	51 737	54 353	56 372
Expanded Public Works Programme Integrated Grant for Provinces				4 000	4 000	4 000	550		
Vote 13: Cultural Affairs and Sport	79 136	90 080	95 561	101 773	101 773	101 773	124 544	184 696	225 081
Mass Participation and Sport Development Grant	38 063	40 442	42 867	44 644	44 644	44 644	55 570	58 349	61 266
Community Library Services Grant	41 073	49 638	48 694	56 129	56 129	56 129	67 058	126 347	163 815
Expanded Public Works Programme Integrated Grant for Provinces			4 000	1 000	1 000	1 000	550		
Social Sector EPWP Incentive Grant for Provinces							1 366		
Total Conditional grants	6 302 260	8 080 615	8 297 138	8 809 041	8 837 869	8 837 869	9 588 993	8 674 918	9 473 783

Note 1: The National Department of Health has taken the decision to combine their three infrastructure grants into one, namely the Health Facility Revitalisation Grant. The three grants which are merged include the Hospital Revitalisation Grant, Health Infrastructure Grant and the Nursing Colleges and Schools Grant. The implementation of the new Health Facility Revitalisation Grant will commence in the 2013/14 financial year.

Note 2: Devolution of Property Rate Funds Grant subsumed in the provincial equitable share as from 2013/14.

Total Provincial Own Receipts

Provincial Own Receipts contribute less than 5 per cent to the 2013 MTEF budget

Provincial governments have the authority, within limits, to impose taxes, levies, and duties in order to raise additional revenue to fund their various activities. For example, motor vehicle license fees are levied to raise funds which are used to maintain and upgrade the provincial roads infrastructure. Provincial own receipts, however, contribute a small percentage to the total revenue envelope of the Province. Over the 2013 MTEF own receipts contribute on average less than 5 per cent to total Provincial Revenue.

Provincial own receipts is expected to increase at an average annual rate of 2.26 per cent over the 2013 MTEF. The major contributors to own revenues are the Departments of Transport, Health and Provincial Treasury.

In total, provincial own receipts are projected to increase from 2012/13 Adjusted Appropriation of R1.938 billion, to R2.078 billion in 2013/14, to R2.063 billion in 2014/15, and to R2.072 billion in 2015/16.

Table 4.4 shows the projected contributions of the different votes to Provincial Own Receipts.

Table 4.4 Summary of Provincial Own Receipts by vote

Vote R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Department of the Premier	1 593	1 744	1 720	613	613	1 215	653	(46.26)	653	682
2. Provincial Parliament	233	151	202	52	52	169	52	(69.23)	52	54
3. Provincial Treasury	366 991	381 611	357 186	298 262	300 673	310 850	308 588	(0.73)	308 667	308 750
4. Community Safety	3 406	3 645	2 333	2 783	2 783	2 783	2 952	6.07	2 952	3 088
5. Education	26 747	22 234	33 918	24 533	24 533	28 233	26 965	(4.49)	28 227	29 106
6. Health	413 813	445 432	533 535	535 813	490 747	516 665	548 500	6.16	497 551	460 678
7. Social Development	7 981	6 811	3 900	593	593	924	810	(12.34)	862	915
8. Human Settlements	97 329	61 330	183 182	60 000	60 000	96 886	60 000	(38.07)	60 000	62 760
9. Environmental Affairs and Development Planning	1 044	1 263	1 638	318	318	1 546	1 150	(25.61)	1 200	1 250
10. Transport and Public Works	981 059	1 103 716	1 043 618	1 011 421	1 011 421	1 037 060	1 077 264	3.88	1 110 698	1 150 697
11. Agriculture	24 255	27 384	49 676	25 454	26 344	27 409	25 454	(7.13)	25 454	25 454
12. Economic Development and Tourism	11 921	7 271	10 818	5 334	17 340	19 378	24 270	25.25	25 270	27 270
13. Cultural Affairs and Sport	1 043	4 396	6 086	825	825	872	1 083	24.20	1 261	1 430
14. Local Government		693	837	50	1 348	1 366	50	(96.34)	50	50
Total provincial own receipts	1 937 415	2 067 681	2 228 649	1 966 051	1 937 590	2 045 356	2 077 791	1.59	2 062 897	2 072 185

Table 4.5 shows the total annual Provincial Own Receipts budgets by source between 2012/13 and 2015/16. Motor vehicle licence fees, casino taxes and hospital fees (included in the sales of goods and services, other than capital assets as per economic classification) continue to be the major sources of provincial own receipts.

Table 4.5 Western Cape Own Receipts by source 2012/13 – 2015/16

Provincial Department R'000	2012/13 Adjusted Budget	2013/14	2014/15	2015/16
		Medium Term Estimate		
Tax receipts	1 259 881	1 335 990	1 365 725	1 398 018
Casino taxes	279 411	287 326	287 405	287 488
Motor vehicle licences	943 400	1 004 664	1 033 320	1 063 530
Horseracing taxes	20 000	20 000	20 000	20 000
Other taxes (Liquor licence fees)	17 070	24 000	25 000	27 000
Sales of goods and services other than capital assets	419 355	448 427	450 328	461 176
Transfers received	173 562	208 482	160 533	123 660
Fines, penalties and forfeits	1 302	2 335	2 563	2 796
Interest, dividends and rent on land	3 295	3 580	3 582	3 702
Sales of capital assets	24	24	24	24
Financial transactions in assets and liabilities	80 171	78 953	80 142	82 808
Total provincial own receipts	1 937 590	2 077 791	2 062 897	2 072 185

Casino and horse racing taxes

During the 2012/13 financial year casino taxes are projected to contribute R279.411 million or 14.4 per cent of total provincial own revenue. The Department has increased its projections for casino taxes over the 2013 MTEF to R287.326 million in 2013/14, R287.405 million in 2014/15, and R287.488 million in 2015/16.

Horseracing taxes are expected to remain at R20 million over the 2013 MTEF period and is projected to comprise 6.7 per cent of the Adjustment Budget for total gambling revenues in the 2012/13 financial year.

Motor Vehicle Licence Fees (MVL)

During the 2012/13 financial year motor vehicle licence fees are projected to contribute R943.400 million to provincial own receipts. Motor vehicle licence fees are expected to increase over the 2013 MTEF to R1.005 billion in 2013/14, to R1.033 billion in 2014/15, and to R1.064 billion in 2015/16. This represents an annual average increase of 4.08 per cent over the 2013 MTEF.

The Province has not increased motor vehicle licence fees since 2006. A comprehensive study has been conducted into the structure and MVL regime across the country.

The Provincial Government of the Western Cape has currently published draft regulations in the Government gazette to propose increases in motor vehicle licence fees by 5.3 per cent on average. The public have been afforded an opportunity for participation in the process and have until the 18th of March 2013 to enter their comments for consideration.

Hospital fees

Hospital fees which are included under 'sales of goods and services other than capital assets' are projected to contribute R306.833 million in 2013/14 and R303.833 million each year in 2014/15 and 2015/16.

Hospital Fees includes payments received from patients visiting state institutions and from the Road Accident Fund (RAF) for claims made by the Department following the treatment of road accident patients. Through active engagement with the RAF the Department has been able to steadily improve the receipt of payments from the fund.

Transfers received

The Global Fund is the largest contributor to transfers received. Over the 2013 MTEF, total provincial transfers received are projected to be R208.482 million in 2013/14, R160.533 million in 2014/15, and R123.660 million in 2015/16. The transfers received from the Global Fund are with respect to improving the HIV and Aids prevention and treatment programme. The Global Fund commitment is expected to expire at the end of March 2016, with the Department of Health's strategy to incrementally compensate for the reduction in transfers received from this source.

Financial Transactions in Assets and Liabilities

Financial transactions in assets and liabilities is estimated to amount to R78.913 million in 2013/14 and is projected to remain fairly constant at that level over the 2013 MTEF period. These revenues are expected to primarily come from the Department of Human Settlements from the Enhanced Extended Discount Benefit Scheme.

*Global Fund Rolling
Continuation Channel
expires at end of 2015/16
financial year*

Conclusion

The total resource envelope grows by an average of 6.85 per cent over the 2013 MTEF. Growth in the PES provides for increased personnel costs related to the Improvement in Conditions of Service and policy priorities.

Conditional grant allocations increase on average by 2.34 per cent over the 2013 MTEF. The constrained fiscal envelope has necessitated reprioritisation and the identification of savings on specific provincial conditional grants.

Provincial Own Receipts are projected to increase by an average of 2.26 per cent over the 2013 MTEF.

5

Payments by Economic Classification, Infrastructure, Public Private Partnerships (PPPs) and Training

Introduction

This Chapter discusses the economic classification of consolidated provincial expenditure and includes expenditure on infrastructure, Public Private Partnerships (PPPs) and training. These expenditure items are classified in terms of Government Finance Statistics (GFS 2001), an international standard for classifying government expenditures.

Government will remain within the expenditure ceilings established within the 2012 MTEF, amidst falling revenues, nationally. In meeting this, the Western Cape Government has committed itself to good governance and management practices to meet greater efficiency and value for money spent. In support of this outcome, departments have been encouraged to drive efficiencies and in doing so reprioritise expenditures to areas where it could have the most desired impact. Government has identified that possible efficiencies could be achieved in the area of compensation of employees. In this regard departments have also more carefully considered their staff establishments and have also taken into account the realistic timeframes associated with recruitment and appointment of staff over the 2013 MTEF.

*WCG is committed to
good governance*

Transfer Payments to municipalities, entities, schools, non-profit organisations, etc. are targeted at improvements in service delivery. It supports government initiatives to achieve value for money from these transfers.

This Chapter also considers expenditure on infrastructure, which includes the construction of new infrastructure (capital), as well as the upgrading and rehabilitation thereof. Funding infrastructure investment is aimed at extending the useful life of assets of the Provincial Government and is conducted through various funding investments, including Public Private Partnerships.

Increase public service efficiency

Therefore, considering the uncertain current economic climate, departments will have to direct and manage their spending to increase public service efficiency towards the desired economic, governance and social objectives over the coming MTEF period.

Payments by Economic Classification

Table 5.1 depicts the Summary of Provincial Payments and Estimates by Economic Classification. The expenditure reflected in Budget 2013 is classified in terms of version 3 of the Standard Chart of Accounts (SCOA).

Provincial Expenditure

An amount of R43.704 billion (inclusive of the direct charges) is budgeted for the 2013/14 financial year. This amount include: current payments (R32.825 billion), transfers and subsidies (R7.191 billion), payments for capital assets (R3.647 billion) and payments for financial assets (R7.325 million).

Current payments accounts for 75.1 per cent of the total provincial expenditure, and is mainly made up of compensation of employees (R23.831 billion) and goods and services (R8.994 billion).

Goods and services typically includes expenditures on items such as advertising, consultants and professional services, travel and subsistence, medicine and medical supplies, learner and teacher support material (LTSM) and property payments.

Expenditures on the Transfers and subsidies mainly consist of Transfers to non-profit institutions (37.4 per cent or R2.692 billion) and Households (27.7 per cent or R1.995 billion). Buildings and other fixed structures make up the majority of payments for

capital assets, which amounts to R3.132 billion or 85.9 per cent of capital expenditures.

Compensation of Employees

Compensation of Employees (CoE) is the largest provincial expenditure item amounting to R23.831 billion or 54.5 per cent of total expenditure in 2013/14. Comparatively, CoE as a proportion of the main budget remains constant for both the 2012/13 and the 2013/14 financial years. CoE, in nominal terms is expected to increase by 7.86 per cent between 2012/13 and 2015/16, and includes provision for public service salary agreements.

Compensation of employees accounts for 54.5 per cent of 2013/14 budget

Table 5.1 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
							2009/10	2010/11	2011/12	2012/13
Current payments	22 002 616	24 884 029	27 228 425	29 938 355	30 158 537	30 143 426	32 825 192	8.90	34 936 807	37 264 838
Compensation of employees	15 739 000	17 950 605	19 821 856	21 757 875	21 900 322	21 817 586	23 830 963	9.23	25 523 778	27 380 789
Goods and services	6 262 166	6 932 523	7 405 917	8 179 686	8 257 913	8 325 536	8 994 206	8.03	9 413 005	9 884 024
Interest and rent on land	1 450	901	652	794	302	304	23	(92.41)	24	25
Transfers and subsidies to	5 442 601	6 199 239	6 368 129	6 440 482	6 567 324	6 607 832	7 190 848	8.82	6 781 875	7 198 214
Provinces and municipalities	599 823	742 788	848 236	877 539	942 089	943 067	1 273 189	35.01	1 381 289	1 585 067
Departmental agencies and accounts	227 682	286 141	275 650	291 554	298 663	298 846	329 608	10.29	347 327	366 035
Universities and technikons	2 449	3 569	8 825	14 083	16 083	6 900	5 260	(23.77)	4 135	4 267
Foreign governments and international organisations	104	85	95	130	864	864	138	(84.03)	141	145
Public corporations and private enterprises	834 129	823 576	834 005	844 459	848 615	848 615	895 773	5.56	939 585	982 043
Non-profit institutions	2 097 742	2 210 730	2 562 576	2 552 138	2 643 037	2 658 041	2 692 131	1.28	2 912 992	3 074 888
Households	1 680 672	2 132 350	1 838 742	1 860 579	1 817 973	1 851 499	1 994 749	7.74	1 196 406	1 185 769
Payments for capital assets	2 609 860	2 925 670	3 314 782	3 501 983	3 447 064	3 442 236	3 646 798	5.94	3 378 830	4 355 070
Buildings and other fixed structures	2 274 544	2 464 150	2 698 004	3 035 974	2 928 384	2 915 928	3 132 112	7.41	2 922 373	3 901 817
Machinery and equipment	307 650	425 448	588 748	391 862	469 354	476 938	496 399	4.08	438 039	433 615
Heritage assets		35								
Specialised military assets										
Biological assets				444	444	419		(100.00)		
Land and subsoil assets	6 303	19 219	18 182	60 341	36 941	36 941	5 100	(86.19)	5 355	5 625
Software and other intangible assets	21 363	16 818	9 848	13 362	11 941	12 010	13 187	9.80	13 063	14 013
Of which: "Capitalised Compensation" included in Payments for capital assets	141	137								
Of which: "Capitalised Goods and services" included in Payments for capital assets	2 030 712	2 260 546	2 307 859	1 670 414	1 816 247	1 816 247	1 601 403	(11.83)	1 779 702	2 541 761
Payments for financial assets	20 835	22 106	7 789	4 177	7 051	11 690	7 325	(37.34)	7 539	7 847
Total economic classification	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 051	48 825 968
Direct charge	30 519	28 605	30 147	31 787	31 787	31 787	33 535	5.50	35 547	37 183
Total economic classification (including direct charge)	30 106 431	34 059 649	36 949 272	39 916 784	40 211 763	40 236 971	43 703 698	8.62	45 140 598	48 863 151

Total personnel numbers estimated to increase by 1 406 during 2013 - 2016 period

Table 5.2 shows that the number of personnel employed are projected to increase from an estimated 80 541 on 31 March 2013 to 81 947 on 31 March 2016, which amounts to 1 406 additional personnel or 1.75 per cent increase in the number of personnel employed. The fairly low increases in the personnel headcount over the MTEF period is in line with the provincial strategy of curbing personnel expenditure as part of the focus on improving efficiency and effectiveness of the provincial government.

Table 5.2 Summary of personnel numbers and cost by vote

Vote			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
1.	Department of the Premier	(numbers) (R'000)	686 210 849	909 266 406	1 013 337 677	1 095 382 590	1 182 430 339	1 193 457 793	1 193 484 105
2.	Provincial Parliament	(numbers) (R'000)	73 21 642	78 24 443	78 27 120	96 36 712	98 43 052	98 45 770	98 48 535
3.	Provincial Treasury	(numbers) (R'000)	300 93 902	248 89 297	229 94 973	291 110 212	300 128 023	300 137 834	300 148 074
4.	Community Safety	(numbers) (R'000)	876 173 835	828 179 212	871 192 917	953 230 049	1 017 259 242	1 017 278 606	1 017 296 212
5.	Education	(numbers) (R'000)	40 816 8 214 843	40 429 9 193 266	40 310 9 997 071	40 464 10 812 621	40 464 11 621 100	40 464 12 344 928	40 464 13 293 936
6.	Health	(numbers) (R'000)	27 472 5 780 151	28 554 6 808 175	29 531 7 665 447	30 562 8 524 048	31 073 9 345 609	31 272 10 113 868	31 362 10 796 608
7.	Social Development	(numbers) (R'000)	1 795 335 294	1 900 369 027	1 763 398 812	2 031 449 289	2 190 521 303	2 190 557 568	2 090 588 375
8.	Human Settlements	(numbers) (R'000)	449 107 314	391 111 532	432 122 338	431 138 986	488 151 560	488 138 350	488 150 122
9.	Environmental Affairs and Development Planning	(numbers) (R'000)	343 86 719	314 100 303	336 113 135	385 123 676	423 151 506	420 167 033	419 178 339
10.	Transport and Public Works	(numbers) (R'000)	1 649 304 423	1 888 342 187	1 573 360 867	1 841 434 170	2 081 513 812	2 081 570 562	2 081 645 893
11.	Agriculture	(numbers) (R'000)	1 049 180 397	1 058 208 018	1 084 226 567	1 124 245 770	1 158 291 034	1 162 310 031	1 162 325 817
12.	Economic Development and Tourism	(numbers) (R'000)	219 61 090	247 67 742	227 74 970	226 83 865	220 89 688	220 93 956	220 98 967
13.	Cultural Affairs and Sport	(numbers) (R'000)	619 111 298	574 118 190	604 125 700	672 142 676	660 160 664	660 173 091	660 183 234
14.	Local Government	(numbers) (R'000)	285 57 243	306 72 807	345 84 262	370 102 922	393 124 031	393 134 388	393 142 572
Total provincial personnel numbers			76 631	77 724	78 396	80 541	81 747	81 958	81 947
Total personnel cost (R'000)			15 739 000	17 950 605	19 821 856	21 817 586	23 830 963	25 523 778	27 380 789
Unit cost (R'000)			205	231	253	271	292	311	334

Over the 2013 MTEF the unit cost of personnel is projected to increase from R271 000 as at 31 March 2013 to R334 000 as at 31 March 2016. The annual average increase over this period is 7.22 per cent and is mainly brought about by the annual salary increases, pay progression and Occupational Specific Dispensation (OSD) adjustments.

Transfers and subsidies

In 2013/14, the total allocation for Transfers and subsidies increased by R583.016 million or 8.8 per cent from the 2012/13 revised estimate of R6.608 billion to R7.190 billion, with the biggest increase observed under provinces and municipalities.

The provinces and municipalities allocation in 2013/14 is set to increase by 35.01 per cent or R330.122 million on its 2012/13 revised estimate of R943.067 million. The hike is mainly ascribed to assisting and subsidising municipalities for the construction and maintenance of roads and, in so doing, bolstering employment opportunities.

The 2013/14 Transfers to non-profit institutions allocation, representing 37.5 per cent of the total transfer and subsidies 2013/14 allocation, is set to increase year-on-year by 1.28 per cent.

37.5 per cent of transfers and subsidies goes to NGOs

The bulk of the 2013/14 transfers to non-profit institutions are shared between the Departments of Education (47.4 per cent) and Social Development (32.8 per cent). Therefore, the marginal increase of the afore-mentioned 1.28 per cent is largely influenced by the functional shift related to the Further Education and Training (FET) sector from a provincial level to a national level in respect of the transfer subsidies made to FET colleges.

Transfers in Education are largely for learner teacher support material, maintenance and operational needs to the section 21 schools and the adult learning centres.

Within Social Development, the transfer of funds to various non-profit institutions is mainly to assist in the delivery of the department's mandate. This includes programmes such as substance abuse; prevention and rehabilitation; care and service to older persons; childcare and protection services; care and support services to families and services to persons with disabilities.

Payments for capital assets

Capital investment in 2013/14 is R3.647 billion

Table 5.1 shows payments for capital assets in 2013/14 the estimated aggregate capital expenditure amounts to R3.647 billion.

The provincial infrastructure drivers are namely, the Departments of Education, Health and Transport and Public Works who account for R3.546 billion or 97.2 per cent of the total provincial capital investment allocation in 2013/14.

Infrastructure expenditure

Infrastructure investment contributes to economic growth and job creation

It is believed that investment in infrastructure not only contributes to economic growth and job creation but also to improved service delivery. Investment into social infrastructure in the main is for the provision for school and health infrastructure. Provinces are also responsible for the delivery of economic infrastructure, which include the provision of road infrastructure and other building infrastructure. Investments in infrastructure maintenance not only provides for extending the lifespan of the asset, job creation and in the main contributing to labour absorbing employment.

The aging of existing infrastructure and the growing demand for infrastructure investment (social and economic) in underserved areas place a huge responsibility on Government to allocate additional resources towards such investment. Due to limited resources and demand for other public services, it is a challenge to allocate substantial additional resources for infrastructure investment over the medium term. It is against this backdrop that the section below focuses on expenditure within the different infrastructure categories of the Western Cape Government.

Provincial infrastructure expenditure by category (new and replacement assets; upgrades and additions; rehabilitation, renovations and refurbishments; maintenance and repairs; infrastructure transfers current and capital and other capital projects) is provided in Table 5.3.

Infrastructure investment as indicated in Table 5.3 is estimated to reach R4.571 billion in 2013/14. This amount is 18 per cent higher when compared to the revised estimate of R3.874 billion in 2012/13.

Table 5.3 Summary of provincial infrastructure payments and estimates by category

Category R'000	Outcome						Medium-term estimate				
	Audited 2009/10	Audited 2010/11	Audited 2011/12				Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate (Nominal)	
New and replacement	471 977	703 436	814 400	962 682	810 875	781 480	1 413 985	80.94	973 819	1 265 141	17.42
Upgrades and additions	1 024 894	782 415	680 365	546 664	637 066	635 504	507 766	(20.10)	475 290	623 640	(0.63)
Rehabilitation, renovations and refurbishments	762 626	1 033 071	1 253 150	1 441 294	1 494 721	1 467 078	1 409 671	(3.91)	1 592 450	2 077 082	12.29
Maintenance and repairs	748 077	770 850	758 833	917 214	945 214	945 254	1 131 112	19.66	1 297 096	1 476 365	16.02
Infrastructure transfers - current	78 196	12 464	12 273	2 500	2 500	2 503	14 501	479.34	13 500	2 500	(0.04)
Infrastructure transfers - capital	183 747	96 315	42 304	29 542	29 542	29 542	70 352	138.14	56 627	34 200	5.00
Other capital projects	52 364	21 115	6 917	12 815	13 061	13 162	23 999	82.34			(100.00)
Total provincial infrastructure payments and estimates	3 321 881	3 419 666	3 568 242	3 912 711	3 932 979	3 874 523	4 571 386	17.99	4 408 782	5 478 928	12.24

Infrastructure by category

New and replacement assets

An amount of R1.414 billion or 30.93 per cent of the total 2013/14 infrastructure budget is towards new and replacement assets. Within this category, the largest share is allocated towards Education (R985.396 million), followed by Health (R345.040 million) and Transport and Public Works (R57.210 million).

Upgrades and additions

Upgrades and additions account for R507.766 million or 11.1 per cent of the total infrastructure budget in 2013/14.

The Department of Transport and Public Works receives the highest amount of R298.003 million, followed by Education (R139.302 million) and Health (R70.461 million).

Rehabilitation, renovations and refurbishments

An amount of R1.410 billion or 30.84 per cent of the total infrastructure allocation in 2013/14 is assigned to the rehabilitation, renovations and refurbishments. This allocation increases to R1.592 billion in 2014/15 and R2.077 billion by 2015/16.

Rehabilitation, renovation and refurbishment accounts for 30.84 per cent of the total allocation in 2013/14

Allocations for this purpose together with the budget provisions for maintenance suggest that there are still serious backlogs in infrastructure that the Province is facing and attempting to address over the 2013 MTEF.

Maintenance and repairs

Maintenance and Repairs remain a top priority with a 19.66 per cent increase between the 2012/13 and 2013/14 financial years

Funding for maintenance and repairs in 2013/14, accounts for R1.131 billion or 24.74 per cent of the total infrastructure budget. This allocation increases to R1.297 billion in 2014/15 and R1.476 billion in 2015/16. These increases in the allocations provide a sense of security that the Province is serious about preserving the asset base.

The provision for road maintenance and repairs accounts for R522.075 million in 2013/14.

Disaggregation of infrastructure by vote

Table 5.4 shows a summary of Provincial infrastructure payments and estimates by vote. It shows that the Province will spend R4.571 billion in 2013/14, R4.409 billion in 2014/15 and R5.479 billion in 2015/16. Included in these amounts are the provision of education infrastructure which increases from R744.987 million in 2013/14 to R1.293 billion in 2015/16 to amongst others deal with school maintenance and the replacement of inappropriate school structures.

Table 5.4 Summary of provincial infrastructure payments and estimates by vote

Vote R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate 2013/14	2012/13	2014/15	2015/16
1. Department of the Premier	22 291	835								
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	389 794	543 258	734 177	790 987	790 987	744 987	1 293 371	73.61	829 623	1 047 632
6. Health	663 366	942 610	806 403	889 896	910 164	897 708	917 750	2.23	919 701	961 717
7. Social Development	2 100	320								
8. Human Settlements										
9. Environmental Affairs and Development Planning			26 993	19 658	19 658	19 658	26 339	33.99	27 761	29 261
10. Transport and Public Works	2 244 330	1 932 643	2 000 669	2 212 170	2 212 170	2 212 170	2 333 926	5.50	2 631 697	3 440 318
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments	3 321 881	3 419 666	3 568 242	3 912 711	3 932 979	3 874 523	4 571 386	17.99	4 408 782	5 478 928

Public Private Partnerships (PPPs)

Given the current infrastructure needs within the Province, the establishment of public-private partnerships for rolling out infrastructure and the associated delivery of services is an important lever for stimulating economic growth. The PPP programme comprises a number of on-going and potential projects.

Provincial PPP projects

Between 2009/10 and 2012/13 the following PPP agreements have been entered into and is being managed with a central aim to obtain the services specified in the output specifications and to ensure sustainable affordability, value for money and appropriate risk transfer.

- **Chapman's Peak Drive PPP** - The contract was re-negotiated and in terms of Treasury Regulation 16.9 (amendment and variation of PPP agreements), the third addendum was approved by National Treasury on 31 January 2011. Since then, the addendum was implemented with a view to mitigate risk to the Department. Consensus was reached to construct only one permanent Toll Plaza on the drive and which will be situated on the Hout Bay side. The expected completion date of the Toll Plaza is July 2013.
- CapeNature appointed a project officer and obtained Treasury Approval I (TAI) in March 2003 for the **De Hoop Nature Reserve PPP**. The project was implemented under the auspices of an interim agreement and which was replaced by a final agreement in December 2009. Implementation thereof is currently underway.

A number of registered provincial PPP projects have progressed, but have not as yet reached financial closure. These projects include:

- **Whale Trail II and Lekkerwater PPP:** Based on the success of the existing Whale Trail I, CapeNature identified two PPP opportunities for the development of a tourism facility in the Eastern Sector in the De Hoop Nature Reserve. The transactions involve two separate tendered bid processes with the view to design, construct and operate fully catered, guided and luxurious tourism lodges. National Treasury granted Treasury Approval III (TA III – final approval) for the project. Negotiations are in the final stages and it is

expected that a PPP agreement will be signed in the near future.

- **Tygerberg Hospital Redevelopment PPP Project:** The Tygerberg Hospital was constructed some 50 years ago and has been in operation for approximately 30 years. It was originally designed as a dual race facility which led to a duplication of services. A preliminary study indicated that the construction of a new facility would be most viable given that the existing hospital's current state does not meet service delivery standards. The Department of Health registered this as a PPP project during May 2009 with National Treasury. A project officer was appointed and assumed duty during January 2012. It is expected that a Joint Implementation Agreement will be entered into between the Provincial Department of Health, the Development Bank of Southern Africa, National Treasury and the Western Cape Provincial Treasury. The services of a transaction advisor will be procured during the 2013/14 financial year.
- **Western Cape Broadband Initiative:** The provincial broadband initiative aligns itself to National Outcome 4: Decent employment through inclusive economic growth as well as PSO 1: Increasing opportunities for growth and jobs.

The Western Cape broadband programme consists of 6 core initiatives, namely:

- Connecting Leadership;
- Connecting Government, including connecting schools;
- Connecting Communities;
- Connecting Households;
- Connecting Business; and
- Connecting to the world.

In order to realise these initiatives, the rollout of a multi-pronged set of short and medium-term projects to ensure the delivery of its objectives and targets are undertaken.

The set of short-term 2014 interventions allow for an incremental phased approach to ready the relevant stakeholders for improved broadband access and begin stimulating demand, while the PPP process will ensure delivery of medium term targets. National Treasury registered the project on 2 May 2012 and a transaction advisor (TA) has been appointed to conduct a feasibility study, which should be concluded towards the end of the 2012/13 financial year.

- **Cape Town Regeneration Programme**

The Provincial Regeneration Programme (PRP) was approved by Cabinet in 2010 and aims to leverage provincial assets as a platform for new growth through attracting new investment, maximising the socio-economic footprint in terms of inner city renewal, bringing about synergy with other mooted projects within the broader inner city precinct and having the added advantage of minimising the burgeoning rental costs for office accommodation.

A steering committee has been established and a project officer has been appointed. Two projects are registered PPPs, namely:

- **Provincial Office Building**

The feasibility study for the construction of a new office block at Leeuwen and Loop Streets, Cape Town was concluded and Treasury Approval 1 (TA1) with conditions was granted on 19 November 2012. The procurement phase of the project is in progress with the assistance of a transaction advisor.

- **Prestwich Precinct**

The existing Pavement Technology Testing Laboratory is located on the Prestwich Precinct and a decision was taken that the laboratory must be re-located. Consultants have been appointed to design and plan the new laboratory. The appointment of a heritage consultant to undertake trial holes on the site is in progress.

Table 5.5 gives a financial overview of current PPP projects. Total PPP projects amounts to R64.360 million in 2012/13 reducing to R56.586 million in 2013/14.

Table 5.5 Summary of departmental public private partnership projects

Project description R'000	Project Unitary Annual Fee at time of contract	Total cost of project			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
		Audited	Audited	Audited				% Change from Revised estimate			
								2009/10	2010/11	2011/12	2012/13
Projects under implementation ^a		43 063	48 375	49 010	49 832	50 407	50 199	56 586	12.72	58 913	61 052
PPP unitary charge		40 411	46 740	45 578	47 394	47 956	47 748	54 024	13.14	56 233	58 264
Penalties (if applicable)		614									
Advisory fees			66	1 200							
Project monitoring cost		2 038	1 569	2 232	2 438	2 451	2 451	2 562	4.53	2 680	2 788
Revenue generated (if applicable)											
Contingent liabilities (information)											
Proposed Projects ^b					14 528	12 528	12 528		(100.00)		
Advisory fees					12 528	12 528	12 528		(100.00)		
Project team costs					2 000						
Site acquisition costs											
Other project costs											
Total Public-Private Partnership projects		43 063	48 375	49 010	64 360	62 935	62 727	56 586	(9.79)	58 913	61 052

^a Projects signed in terms of Treasury Regulation 16

^b Projects in preparation, registered in terms of Treasury Regulation 16

Expenditure on Training

The Western Cape Government has been involved in a number of training initiatives, focused on developing both internal staff capacity as well as to nurture prospective staff through pre- or in-service bursaries and exposure to the working environment.

Provincial payments on training per department is estimated at R461.861 million in the 2013/14 financial year, which is 0.04 per cent more than the revised estimate of R461.666 million in the 2012/13 financial year.

The Provincial Government will use the available funding to offer a total number of 21 304 training opportunities, 5 786 bursaries, 1 096 internships and 183 learnerships in 2013/14.

Table 5.6 Summary of provincial payments on training by vote

Vote R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
1. Department of the Premier	3 075	3 526	3 955	4 631	4 381	4 381	4 351	(0.68)	4 324	4 170
2. Provincial Parliament	63	85	449	382	362	362	476	31.49	500	537
3. Provincial Treasury	4 248	2 033	3 271	3 390	3 390	3 390	1 873	(44.75)	2 000	2 131
4. Community Safety	1 780	1 230	1 368	2 378	1 611	1 601	3 236	102.12	3 459	3 627
5. Education	118 245	102 422	108 627	103 718	103 224	103 224	127 447	23.47	127 236	133 052
6. Health	212 322	258 618	254 567	279 679	297 315	304 414	288 453	(5.24)	324 443	339 095
7. Social Development	8 220	9 626	6 345	7 165	7 165	7 165	7 004	(2.25)	7 361	7 361
8. Human Settlements	2 721	1 099	722	1 001	767	1 667	1 047	(37.21)	911	953
9. Environmental Affairs and Development Planning	1 444	838	897	1 797	1 502	1 173	1 851	57.80	1 968	2 008
10. Transport and Public Works	20 772	18 838	17 037	21 620	21 441	21 651	14 588	(32.62)	15 768	15 873
11. Agriculture	12 477	7 454	5 883	8 699	8 699	8 699	6 883	(20.88)	7 633	8 383
12. Economic Development and Tourism	1 045	1 534	1 119	1 273	1 020	1 049	1 350	28.69	1 516	1 638
13. Cultural Affairs and Sport	1 364	979	2 126	1 582	2 062	2 062	2 326	12.80	2 437	2 553
14. Local Government	48	235	385	414	828	828	976	17.87	1 023	1 070
Total provincial payments on training	387 824	408 517	406 751	437 729	453 767	461 666	461 861	0.04	500 579	522 451

The **Department of the Premier** has identified human resource management (HRM), information communication technology (ICT), internal audit and organisation development as main focus areas for training initiatives. In addition, staff also receives training which is function-specific (for example policy analysis, monitoring and evaluation). Furthermore, a total of 65 bursaries and 50 internships will be provided in 2013/14 to internal staff to either achieve a qualification or to further their studies.

The Department initiated the Premier's Advancement of Youth (PAY) project in the 2012/13 financial year and provided 747 matriculants with experiential learning (for 12 months) within the 13 Western Cape Government Departments across the entire Province. For the 2013/14 financial year 678 matriculants have been confirmed to participate in the PAY project.

The **Western Cape Provincial Parliament** estimates to spend a total of R476 000 on training in 2013/14. The Department will provide a total of 7 Internships during 2013/14. Further to this a total of 16 employees will receive bursaries for studies within the fields of public management, public relations, secondary education; public administration; project and human resource management and legislative study assistance. These will remain focus areas for training over the 2013 MTEF.

The **Provincial Treasury** estimates to invest R1.873 million on training in 2013/14. The Provincial Treasury has made provision for 16 part-time study bursaries for staff, 10 full-time study bursaries to non-staff members in, amongst others, economics, accounting, public administration and management, financial, contract and asset management, project management, as well as mentoring and coaching skills over the 2013 MTEF. Internship agreements were signed with 7 graduated bursars as an extension of the external bursary programme. Short courses will be provided to staff to enhance their skills capacity.

The **Department of Community Safety** will continue to provide training and development opportunities to all traffic policing officials and other law enforcement officials in the Province. The Traffic Management programme will provide 9 formal courses annually over the 2013 MTEF to traffic law enforcement officials to ensure a professional traffic policing workforce.

The **Department of Education** estimates to spend R127.447 million on training in 2013/14. This amount includes spending on 1 801 internal and external bursary opportunities (specifically for educators) and the appointment of 44 interns. Further to this, teachers will also be provided with opportunities for on-going professional development and training. The Department will also continue to provide targeted management training and in-school support to members of school management and School Governing Bodies.

The **Department of Health** will spend R288.453 million on training in 2013/14. This amount includes 2 500 external bursaries, 435 internal bursaries, the appointment of 150 interns and 220 learnerships. To ensure the development and maintenance of a capacitated public health sector workforce, bursaries are awarded for, amongst others nursing, medicine, physiotherapy, pharmacy, occupational therapy, radiography, emergency medicine, medical technology and clinical engineering.

The **Department of Social Development** estimates to invest R7.004 million on training in 2013/14. This investment will include the appointment of 400 interns, 100 learnerships as well as funding for 129 bursaries to improve internal capacity within the social work field. Capacity within the social work fields include training of all social service professionals on generic norms and standards, business processes and the supervision framework for social service practitioners. Training on the supervision framework aims to ensure competent professional social work practices that serve the best interests of service users in the Western Cape.

The **Department of Human Settlements** will be allocating R1.047 million in 2013/14. This amount includes spending on 30 bursary opportunities and the appointment of 25 interns and 3 learnerships. The Department provided a total of 31 internships and 2 learnerships during the 2012/13 financial year. In addition, the Department currently has a total of 30 employees who receive bursaries for studies within the field of public management, finance and the built environment.

The **Department of Environmental Affairs and Development Planning** estimates to spend R1.851 million on training in 2013/14. The Department identified scarce skills required to achieve its mandate. This includes areas mainly within the Occupation Specific Dispensation such as town and regional planning, climate change, air quality, geographical information systems and environmental management. As such the Department will provide 14 bursaries for full and part time studies and 26 internships in these areas for 2013/14. External bursars are accommodated through internships or contract appointments after completion of their studies. Current staff is also encouraged to further their studies through part time bursaries and preference is provided to historically disadvantaged individuals and identified scarce skills.

The **Department of Transport and Public Works** estimates to spend R14.588 million in 2013/14, R15.768 million in 2014/15 and R15.873 million in 2015/16 on training and skills development.

The Department will continue to implement its strategy to recruit skilled graduate professionals and retain the professionals it currently employs. The Masakh'iSizwe Programme is a strategic partnership with higher education institutions, the private sector and local authorities, aimed at addressing the skills needs in the Department and within the general built environment. The programme goes beyond providing bursaries to students and includes support programmes, experiential training opportunities, provision of job opportunities for graduates, fostering social responsibility through outreach programmes, and student health and wellness programmes.

The Department awarded bursaries to 64 staff members for the 2013/14 financial year to obtain a higher educational qualification at recognised learning institutions and to support skills development initiatives in key fields where the Department experiences a shortage of skills and/or expertise.

The Apprenticeship Programme managed by the Department is a highly successful training and skills programme for skilling artisans to maintain and repair sophisticated modern machinery. The Department started training Diesel Mechanic Apprentices at the beginning of 2010. Including the 2013 intake, the total number of trainees in this programme will be 28 at the end of the forthcoming financial year. The first group of apprentices will finish their training at the end of this year to be qualified as Diesel Mechanics.

The **Department of Agriculture** estimates to spend R6.883 million on training in 2013/14. The Department will provide seminars, workshops and tertiary training to 72 employees in 2013/14. In addition, the Department will provide 170 bursaries, appoint 45 interns and offer 100 learnerships in the forthcoming financial year.

The **Department of Cultural Affairs and Sport** estimates to spend R2.326 million on training in 2013/14. The Department will provide a total of 35 internships and 80 learnerships in 2013/14. Furthermore, the Department will also provide 30 bursaries that are aligned to the strategic thrust of the Department for the forthcoming financial year.

The **Department of Economic Development and Tourism** estimates to spend R1.350 million on training in 2013/14. The Department will provide 9 bursaries in 2013/14 that are linked to the Department's capacity improvement plan. Furthermore, an additional 53 training opportunities will also be provided to staff where required. The training that will be provided includes computer training such as Microsoft Office suite etc. and more specialised short courses in project management and financial management.

The Department will continue the Artisan 'Train the Trainer' programme, which recruits qualified Artisans to do a coaching and mentoring programme to enhance workplace experiential learning. The Department envisages providing 100 experiential learning opportunities to qualified artisans in 2012/13 and expanding this to 120 in 2013/14.

The **Department of Local Government** estimates to invest R976 000 on training in 2013/14. The Department will be allocating R110 000 to bursaries, while another R866 000 is earmarked for training in 2013/14. Currently the Department has a total of 11 employees who receive bursaries for studies within the fields of Economic Development, Public Administration and Management, Disaster Management, Administration and Paralegal studies. The 2013/14 allocation includes spending on 9 bursary opportunities and the appointment of 8 interns.

Conclusion

Government is committed to maintain fiscal discipline and find flexibility in government expenditure through reprioritisation within departments and across votes.

Compensation of employees is the major cost driver of expenditure in the Provincial Government and efforts are made to find efficiencies in expenditures so that Government can extract value for money from expenditures.

Capital and infrastructure investment will not only lead to economic growth and job creation but also contribute to improved service delivery.

A number of Public Private Partnership arrangements have been entered into to leverage private sector investment in infrastructure investment.

A number of other infrastructure investments include those in Broadband and ICT, which will contribute to the competitiveness of the Province and automate and improve governance process, accountability and delivery.

Government departments will continue to invest in human capital through a number of initiatives that would attract and retain suitable skilled external staff, while at the same time up-skilling public service staff.

6

Transfers and Provincial Payments to Local Government

Introduction

The Municipal Finance Management Act, 2003 (MFMA) requires that the MEC for Finance must, to the extent possible, when tabling the provincial budget in the Provincial Legislature, make public particulars of any allocations due to each municipality in terms of the provincial budget. This includes the amount to be transferred to the municipality during each of the next three financial years. In addition, the annual Division of Revenue Act (DoRA) requires that the Provincial Treasury must, on the same day that the Provincial budget is tabled in the Provincial Legislature, but not later than 14 days after the effective date of the annual DoRA, publish the following in a Gazette:

- The allocation per municipality for every grant/transfer to be made by the Province to municipalities from the Province's own funds;
- The envisaged division of the allocation contemplated in respect of each municipality for the 2013/14, 2014/15 and 2015/16 financial years; and
- The conditions and other information in respect of these allocations to facilitate measurement of the financial performance and the use of required inputs and outputs.

The provincial allocations per municipality will be made public by means of the Local Government Allocations Gazette, tabled in the Provincial Parliament together with the 2013 Budget. The Gazette outlines the frameworks and allocations to recipient

municipalities for each grant over the three-year MTEF period, in both the Provincial and Municipal financial years.

Publication of the provincial allocations per municipality enables improved planning and budgeting

This information enables municipalities to improve planning and budgeting and to implement associated programmes over a three-year budgeting cycle. Sources and levels of provincial funding are made predictable and criteria on which these allocations are based would be made transparent for municipalities by their public disclosure. It also assists the provincial and local spheres of government to better align their plans and spending priorities.

The Provincial Treasury will publish a working document on www.westerncape.gov.za that will contain, firstly, the allocations per project and ward and secondly, the spatial spending of the Provincial budget per municipality per ward but at this stage only for specific departments.

Table 6.1 Summary of provincial transfers to local government by category

Vote transfers R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Category A	995 483	769 443	818 085	1 092 848	1 076 988	1 077 488	1 154 284	7.13	828 561	868 877
Category B	517 628	765 019	669 819	619 268	638 777	851 805	1 010 199	18.60	184 066	207 889
Category C	53 709	22 471	10 152	3 648	4 507	4 507	1 908	(57.67)	1 800	1 800
Other				37 593	29 723		12 789		622 962	579 583
Total departmental transfers to local government	1 566 820	1 556 933	1 498 056	1 753 357	1 749 995	1 933 800	2 179 180	12.69	1 637 389	1 658 149

Provincial transfers to municipalities as indicated in Table 6.1 are budgeted to increase from a revised allocation of R1.934 billion in 2012/13 to R2.179 billion in 2013/14. In 2014/15, the transfers to municipalities are expected to decrease to R1.637 billion and increase marginally to R1.658 billion in 2015/16.

In 2013/14, the category A municipality (City of Cape Town) receives R1.154 billion which translates to a 7.13 per cent increase from the revised estimate of R1.077 billion in 2012/13. The category B municipalities realise an increase of 18.60 per cent to R1.010 billion from a revised estimate of R851 million in 2012/13. On the contrary, the allocations to Category C municipalities decrease by 57.67 per cent from R4.507 million to R1.908 million in 2013/14.

The Human Settlements Development Grant (HSDG) accounts for R1.926 billion (88.29 per cent) of the total allocations in 2013/14. An amount of R362.995 million of the HSDG will be retained by the Department of Human Settlements to assist with department projects, individual subsidies, OPSCAP, NHBRC and Extended Enhanced Discount Benefit Scheme.

HSDG accounts for R1.926 billion (88.29 per cent) of the total allocations in 2013/14

A significant portion of the provincial transfers remain unallocated in the middle and outer year of the MTEF mainly due to half of the Human Settlements Development Grant (HSDG) allocated from National being left unallocated in 2014/15 and 2015/16. The 2011 Census results have shown large shifts in the need for housing towards larger urban centres. The current formula for HSDG does not necessarily sufficiently respond to these shifts which will necessitate a review of the formula.

Municipalities are required to report quarterly to the provincial transferring officer on their performance against the transferred amounts. The municipalities' performance on these grants are monitored on a monthly basis by means of the In-Year Monitoring and Management system (IYM) and further assessed during quarterly visits to municipalities.

Municipalities report quarterly against transferred amounts

The Western Cape Government, in giving effect to the legislative requirements of both the MFMA and the DoRA, has institutionalised a process through which the Provincial Government engages with municipalities on strategic, delivery and budgetary issues. These engagements are known as the Local Government Medium Term Expenditure Committee (LG MTEC) and Municipal Governance Review and Outlook (MGRO) processes.

From a financial perspective, the 2013/14 financial year is still going to be challenging for many municipalities. Some challenges with which municipalities need to contend are slow capital expenditure, increasing consumer debtors, financial sustainability of small, rural and district municipalities and governance and institutional stability.

Provincial Payments and Estimates by Metro, District and Local Municipalities

Table 6.2 illustrates how the Province's entire budget over the MTEF is to be spatially spent within the Province, informed by current realities, policies and strategies.

Table 6.2 Provincial payments and estimates by district and local municipalities

Municipalities R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Cape Town Metro	20 614 377	23 518 395	25 468 428	27 437 586	27 637 614	27 667 698	30 111 836	8.83	31 079 374	33 832 692
West Coast Municipalities	1 473 613	1 622 964	1 969 908	1 956 655	2 004 842	2 010 842	2 163 712	7.60	2 144 864	2 367 149
Matzikama	197 571	221 653	259 044	265 114	259 758	259 758	288 948	11.24	301 351	335 802
Cederberg	278 208	258 063	288 225	292 209	299 911	299 911	310 865	3.65	288 159	293 707
Bergvrierv	136 028	142 452	190 136	161 150	159 682	159 682	234 839	47.07	336 147	339 252
Saldanha Bay	267 678	327 168	436 181	409 598	454 556	454 556	490 167	7.83	416 071	474 266
Swartland	396 576	429 770	508 479	524 215	517 509	523 509	514 610	(1.70)	469 234	552 107
Across wards and municipal projects	197 552	243 858	287 843	304 368	313 426	313 426	324 283	3.46	333 902	372 015
Cape Winelands Municipalities	3 706 672	4 300 942	4 501 826	4 901 834	4 905 288	4 885 288	5 368 344	9.89	5 548 697	5 798 669
Witzenberg	328 447	393 860	473 871	526 049	516 540	516 540	437 801	(15.24)	428 102	545 486
Drakenstein	1 039 708	1 109 573	1 216 626	1 239 715	1 215 217	1 215 217	1 419 281	16.79	1 359 632	1 458 140
Stellenbosch	711 796	861 548	835 365	982 689	983 390	963 390	1 098 698	14.04	1 156 175	1 095 649
Breede Valley	883 888	1 099 948	1 164 613	1 295 193	1 317 130	1 317 130	1 425 247	8.21	1 369 849	1 395 007
Langeberg	262 497	290 407	318 877	349 499	361 954	361 954	431 643	19.25	507 175	542 779
Across wards and municipal projects	480 336	545 606	492 474	508 689	511 057	511 057	555 674	8.73	727 764	761 608
Overberg Municipalities	936 265	1 077 566	1 251 931	1 368 854	1 415 109	1 419 109	1 524 323	7.41	1 401 055	1 602 742
Theewaterskloof	343 250	343 806	390 420	404 489	417 776	417 776	469 125	12.29	436 121	537 876
Overstrand	183 365	311 727	336 828	395 452	420 698	420 698	402 725	(4.27)	368 373	401 368
Cape Agulhas	166 051	123 779	161 200	144 556	145 788	149 788	173 507	15.84	149 254	204 411
Swellendam	101 834	117 801	128 455	156 565	161 383	161 383	191 439	18.62	172 677	168 423
Across wards and municipal projects	141 765	180 453	235 028	267 792	269 464	269 464	287 527	6.70	274 630	290 664
Eden Municipalities	2 860 352	3 060 382	3 168 940	3 528 887	3 540 158	3 545 282	3 660 019	3.24	3 583 990	3 834 092
Kannaland	99 182	80 232	99 558	161 937	165 903	165 903	148 578	(10.44)	131 530	135 518
Hessequa	205 240	211 973	200 196	197 650	180 302	180 302	184 642	2.41	190 259	222 724
Mossel Bay	260 613	287 842	340 269	411 182	412 138	412 138	392 526	(4.76)	333 201	357 016
George	988 064	1 095 254	1 246 619	1 418 591	1 383 866	1 386 490	1 447 249	4.38	1 532 515	1 560 997
Oudtshoorn	412 669	480 286	535 862	521 291	519 348	521 848	568 741	8.99	574 299	642 527
Bitou	143 474	168 164	129 087	160 112	154 636	154 636	180 467	16.70	107 047	165 068
Knysna	323 796	256 961	280 371	272 220	306 571	306 571	334 472	9.10	299 886	312 767
Across wards and municipal projects	427 314	479 670	336 978	385 903	417 394	417 394	403 344	(3.37)	415 253	437 475
Central Karoo Municipalities	484 633	450 795	558 092	661 459	647 242	647 242	634 401	(1.98)	678 905	764 361
Laingsburg	18 929	22 094	23 718	29 975	28 256	28 256	31 258	10.62	28 623	30 406
Prince Albert	31 211	35 921	44 618	41 082	42 676	42 676	67 550	58.29	41 937	79 981
Beaufort West	357 990	319 839	363 839	478 656	389 940	389 940	388 765	(0.30)	453 726	491 308
Across wards and municipal projects	76 503	72 941	125 917	111 746	186 370	186 370	146 828	(21.22)	154 619	162 666
Other				29 723	29 723	29 723	207 528	598.21	668 165	626 263
Total provincial expenditure by district and local municipality	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 050	48 825 968

The spatial spending of the Provincial budget is reflective of the population distribution of the Western Cape as per the 2011 Census results. The largest portion of the Provincial budget, is spent in the City of Cape Town, followed by the Cape Winelands District, the least being spent in the Central Karoo District.

Of the R43.670 billion Provincial budget for 2013/14, a total of R30.112 billion or 68.9 per cent of total estimated provincial spending will take place within the boundaries of the Cape Town Metro. R2.164 billion or 4.9 per cent of the budget is estimated to be spent in the West Coast district; R5.368 billion or 12.3 per cent in the Cape Winelands; in Overberg R1.524 billion

or 3.5 per cent; in Eden R3.660 billion or 8.4 per cent; and in Central Karoo R634.401 million or 1.4 per cent.

Table 6.3 shows a different composition of the provincial spatial spending, i.e. per sector (economic, social and governance and administration). Of the entire budget, an amount of R6.060 billion or 13.9 per cent is spent by the economic sector, of which R3.853 billion is spent in the City of Cape Town in 2013/14. R35.826 billion or 82.0 per cent is spent by the social sector while R1.576 billion or 3.6 per cent is spent by the governance and administration sector in 2013/14.

The largest share of the budget will be spent in the social sector

The social sector is made up of the Departments of Community Safety, Health, Education, Social Development, Human Settlements and Cultural Affairs and Sport.

Environmental Affairs and Development Planning, Agriculture, Transport and Public Works and Economic Development and Tourism, make up the economic sector; with the balance of the provincial votes, i.e. Department of the Premier, Provincial Parliament, Local Government and Provincial Treasury, representing the governance and administrative sector.

Table 6.3 Summary of provincial payments and estimates per sector by district and local municipality

Cluster estimates R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Economic Sector	4 888 855	4 827 092	5 317 690	5 839 079	5 751 781	5 751 781	6 060 224	5.36	6 516 619	7 539 045
Cape Town Metro	3 020 290	3 057 014	3 338 108	3 489 947	3 356 553	3 361 429	3 853 567	14.64	3 972 085	4 720 851
West Coast District	313 137	252 018	476 184	376 667	384 717	390 717	406 888	4.14	426 951	532 151
Cape Winelands District	625 897	804 017	825 111	952 601	985 493	965 493	1 022 194	5.87	1 265 918	1 233 622
Overberg District	200 317	216 449	252 352	315 021	315 021	319 021	278 479	(12.71)	226 401	340 074
Eden District	617 670	445 010	329 719	549 151	549 305	554 429	391 836	(29.33)	454 593	489 996
Central Karoo	111 544	52 584	96 216	155 692	160 692	160 692	107 260	(33.25)	170 671	222 351
Social Sector	24 425 422	28 270 239	30 558 805	32 913 276	33 228 694	33 253 902	35 826 447	7.74	36 206 421	38 739 441
Cape Town Metro	16 851 201	19 557 329	21 111 493	22 873 131	23 143 444	23 168 652	24 702 742	6.62	25 415 093	27 213 137
West Coast District	1 158 868	1 368 640	1 492 496	1 577 259	1 618 643	1 618 643	1 756 824	8.54	1 717 913	1 834 998
Cape Winelands District	3 067 189	3 477 741	3 658 278	3 928 752	3 898 639	3 898 639	4 325 713	10.95	4 261 130	4 542 532
Overberg District	735 212	860 359	996 637	1 050 374	1 096 466	1 096 466	1 245 844	13.62	1 174 654	1 262 668
Eden District	2 240 695	2 612 516	2 838 571	2 978 561	2 986 891	2 986 891	3 268 183	9.42	3 129 397	3 344 096
Central Karoo	372 257	393 654	461 330	505 200	484 611	484 611	527 141	8.78	508 234	542 010
Governance and Administration Sector	761 635	933 713	1 042 630	1 102 919	1 169 778	1 169 778	1 575 964	34.72	1 713 845	1 921 219
Cape Town Metro	742 886	904 052	1 018 827	1 074 508	1 137 617	1 137 617	1 555 527	36.74	1 692 196	1 898 704
West Coast District	1 608	2 306	1 228	2 729	1 482	1 482		(100.00)		
Cape Winelands District	13 586	19 184	18 437	20 481	21 156	21 156	20 437	(3.40)	21 649	22 515
Overberg District	736	758	2 942	3 459	3 622	3 622		(100.00)		
Eden District	1 987	2 856	650	1 175	3 962	3 962		(100.00)		
Central Karoo	832	4 557	546	567	1 939	1 939		(100.00)		
Other				29 723	29 723	29 723	207 528	598.21	668 165	626 263
Total payments and estimates per sector	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 050	48 825 968

Conclusion

The total budgeted transfers to municipalities increased by 12.69 per cent from the revised estimates of R1.933 billion in 2012/13 to R2.179 billion in 2013/14.

In terms of the spread amongst the different categories of municipalities, the bulk of these funds in 2013/14 will be transferred to the City of Cape Town (52.96 per cent), followed by Category B municipalities (46.35 per cent) and the remainder to Category C municipalities.

A significant portion of the provincial transfers remain unallocated in the middle and outer year of the MTEF mainly due to half of the Human Settlements Development Grant (HSDG) allocated from National being left unallocated in 2014/15 and 2015/16 due to incorporation of the 2011 Census information.

7

Summary of Aggregates

Table 7.1 below provides the overall budget summary of the main provincial revenue and expenditure components of the 2013 MTEF budget.

Transfer receipts from National (equitable share and conditional grants) are estimated to increase by R3.806 billion or 10.03 per cent from the 2012/13 revised estimate. National transfers will grow at an annual average rate of 7.9 per cent over the 2013 MTEF from R37.957 billion in the 2012/13 revised estimate to R47.660 billion in 2015/16.

An average annual increase of 7.9 per cent for National transfers over the 2013 MTEF

Provincial own receipts over the 2013 MTEF increase from R2.045 billion in the 2012/13 revised estimate to R2.072 billion in 2015/16. Financing in 2012/13 was mainly provided for withdrawals from the Asset Finance Reserve, cash draw-downs and the stabilisation of a Working Capital Reserve to assist with cash-flow requirements and as a result is expected to be depleted in 2013/14.

Total provincial payments and provisions are set to increase by 8.5 per cent or R3.450 billion in 2013/14. Current payments contribute to the majority of the increase with an 8.9 per cent or R2.682 billion increase. Over the 2013 MTEF, the total provincial payments and provisions increase at an annual average rate of 7.1 per cent from R40.456 billion in the 2012/13 revised estimate to R49.735 billion in 2015/16.

Provincial payments and provisions set to grow by 7.1 per cent over the 2013 MTEF

Chapter 3 outlines the expenditure plans of departments and details how these funds will be used to achieve national and provincial policy priorities within a balanced budget for each year of the 2013 MTEF.

Table 7.1 Provincial budget summary

R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
				Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	2013/14	2012/13	2014/15	2015/16
Provincial receipts										
Transfer receipts from national	28 064 895	32 536 439	35 349 580	37 581 229	37 957 292	37 957 292	41 763 540	10.03	43 728 490	47 659 969
Equitable share	21 762 635	24 455 824	27 052 442	28 772 188	29 119 423	29 119 423	32 174 547	10.49	35 053 572	38 186 186
Conditional grants	6 302 260	8 080 615	8 297 138	8 809 041	8 837 869	8 837 869	9 588 993	8.50	8 674 918	9 473 783
Financing	810 877	498 626	326 837	603 621	877 436	877 436	64 370	(92.66)	3 000	3 000
Asset Finance Reserve	667 536	215 864	273 749	377 405	377 405	377 405	(100.00)			
Provincial Revenue Fund	143 341	282 762	53 088	226 216	500 031	500 031	64 370	(87.13)	3 000	3 000
Provincial own receipts	1 937 415	2 067 681	2 228 649	1 966 051	1 937 590	2 045 356	2 077 791	1.59	2 062 897	2 072 185
Total provincial receipts	30 813 187	35 102 746	37 905 066	40 150 901	40 772 318	40 880 084	43 905 701	7.40	45 794 387	49 735 154
Provincial payments and provision										
Provincial Payments	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 051	48 825 968
Current payments	22 002 616	24 884 029	27 228 425	29 938 355	30 158 537	30 143 426	32 825 192	8.90	34 936 807	37 264 838
Transfers and subsidies	5 442 601	6 199 239	6 368 129	6 440 482	6 567 324	6 607 832	7 190 848	8.82	6 781 875	7 198 214
Payments for capital assets	2 609 860	2 925 670	3 314 782	3 501 983	3 447 064	3 442 236	3 646 798	5.94	3 378 830	4 355 070
Payments for financial assets	20 835	22 106	7 789	4 177	7 051	11 690	7 325	(37.34)	7 539	7 847
Provincial provisions	30 519	28 605	30 147	265 904	250 739	250 739	235 538	(6.06)	689 337	909 185
Direct charge	30 519	28 605	30 147	31 787	31 787	31 787	33 535	5.50	35 547	37 183
Contingency reserve				212 173	212 173	212 173	50 000	(76.43)	500 000	800 000
Net internal financing				21 944	6 779	6 779	152 003	2 142.26	153 790	72 002
Smoothing - previous budgets										
Total provincial payments and provisions	30 106 431	34 059 649	36 949 272	40 150 901	40 430 715	40 455 923	43 905 701	8.53	45 794 387	49 735 153
Surplus (Deficit)	706 756	1 043 097	955 794	-	341 603	424 161	-	(100.00)	-	-

Annexure

Additional Tables

Table 1 Conditional grants: Information relating to Chapter 4

Vote and grant R'000	2009/10			2010/11			2011/12			2012/13			Medium-term estimate		
	Adjusted appro- p-riation	Actual transfer	Audited outcome	Main appro- p-riation	Adjusted appro- p-riation	Audited outcome	Main appro- p-riation	Adjusted appro- p-riation	Audited outcome	Main appro- p-riation	Adjusted appro- p-riation	Revised estimate	2013/14	2014/15	2015/16
Vote 4: Community Safety							543	543	543	800	800	800	3 242		
Social Sector EPWP Incentive Grant for Provinces							543	543	543	800	800	800	3 242		
Vote 5: Education	297 569	302 764	302 353	893 572	894 103	889 501	1 176 991	1 190 413	1 187 187	1 323 569	1 337 749	1 337 749	1 627 355	1 198 002	1 444 482
Education Infrastructure Grant	170 395	170 395	169 976	255 062	255 062	255 062	385 039	385 039	385 039	431 397	431 397	431 397	960 465	501 249	704 153
Dinaledi Schools Grant							6 720	6 720	6 684	9 571	9 571	9 571	10 096	10 673	11 164
HIV and Aids (Life Skills Education) Grant	14 626	14 626	14 626	15 392	15 392	14 440	16 388	16 388	14 088	17 416	17 416	17 416	17 637	17 077	20 297
Further Education and Training Colleges Grant				446 512	447 043	446 971	527 117	534 671	534 659	584 213	597 589	597 589	351 437	373 920	396 219
National School Nutrition Programme Grant	112 548	117 743	117 751	173 318	173 318	169 775	227 433	230 906	230 041	244 784	245 588	245 588	260 538	282 486	299 435
Technical Secondary Schools Recapitalisation Grant				3 288	3 288	3 253	8 619	8 619	8 610	11 264	11 264	11 264	11 884	12 597	13 214
Social Sector EPWP Incentive Grant for Provinces							5 675	8 070	8 066	23 924	23 924	23 924	12 298		
Expanded Public Works Programme Integrated Grant for Provinces										1 000	1 000	1 000	3 000		
Vote 6: Health	2 819 082	2 973 939	2 851 754	3 481 521	3 575 203	3 587 695	3 718 253	3 738 100	3 723 418	3 998 984	4 013 603	4 013 603	4 417 564	4 751 807	5 065 144
National Tertiary Services Grant	1 583 991	1 583 991	1 583 991	1 763 234	1 763 234	1 763 234	1 973 127	1 973 127	1 973 127	2 182 468	2 182 468	2 182 468	2 400 714	2 537 554	2 654 281
Health Facility Revitalisation Grant													629 786	645 200	674 582
<i>Note 1</i>															
<i>of which the following is allocated to:</i>															
<i>Health Infrastructure component</i>	114 924	145 634	73 658	131 529	174 035	195 904	119 179	126 780	123 957	131 411	134 234	134 234	122 296	143 171	150 079
<i>Hospital Revitalisation component</i>	388 845	420 060	377 286	580 554	623 328	614 071	481 501	490 758	482 429	496 085	504 414	504 414	493 526	481 079	502 589
<i>Nursing Colleges and Schools component</i>										10 320	10 320	10 320	13 964	20 950	21 914
Health Professions Training and Development Grant	362 935	362 935	362 935	384 711	384 711	384 711	407 794	407 794	407 794	428 120	428 120	428 120	451 667	478 767	500 790
National Health Insurance Grant										11 500	11 500	11 500	4 850	7 000	7 396
Comprehensive HIV and Aids Grant	309 913	383 538	383 531	554 054	555 054	554 971	660 614	660 614	660 578	738 080	738 080	738 080	927 547	1 083 286	1 228 095
Forensic Pathology Services Grant	58 484	74 543	67 141	66 251	73 653	73 753	70 226	70 226	70 199						
Social Sector EPWP Incentive Grant for Provinces				1 188	1 188	1 051	5 812	8 801	5 334		3 467	3 467			
Word Cup Health Preparation Strategy Grant		3 238	3 212												
Expanded Public Works Programme Integrated Grant for Provinces										1 000	1 000	1 000	3 000		
Vote 7: Social Development							4 704	4 704	4 704						
Social Sector EPWP Incentive Grant for Provinces							4 704	4 704	4 704						
Vote 8: Human Settlements	1 581 425	1 581 425	1 497 437	1 869 343	1 953 221	1 940 537	1 638 845	1 638 845	1 638 845	1 725 180	1 725 180	1 725 180	1 928 971	1 003 495	997 229
Human Settlements Development Grant	1 581 425	1 581 425	1 497 437	1 868 843	1 952 721	1 940 037	1 638 845	1 638 845	1 638 845	1 725 180	1 725 180	1 725 180	1 925 971	1 003 495	997 229
<i>of which:</i>															
City of Cape Town															
Expanded Public Works Programme Integrated Grant for Provinces				500	500	500							733 484	391 435	429 640
													3 000		

Table 1 Conditional Grants: Information relating to Chapter 4 (continued)

Vote and grant R'000	2009/10			2010/11			2011/12			2012/13			Medium-term estimate		
	Adjusted appro- piation	Actual transfer	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimate	2012/13	2013/14	2014/15
Vote 9: Environmental Affairs and Development Planning							6 000	6 000	6 000	1 000	1 000	1 000	550		
Expanded Public Works Programme							6 000	6 000	6 000	1 000	1 000	1 000	550		
Integrated Grant for Provinces															
Vote 10: Transport and Public Works	1 123 783	1 618 333	1 412 764	1 244 725	1 533 405	1 429 961	1 381 264	1 467 621	1 507 068	1 503 732	1 503 761	1 503 761	1 322 388	1 370 101	1 567 660
Provincial Roads Maintenance Grant	364 644	364 644	364 644	408 254	408 254	408 254	411 141	411 141	411 141	478 895	478 895	478 895	573 237	598 781	760 859
Devolution of Property Rate Funds Grant ^{Note 2}	164 865	268 864	250 285	181 351	283 041	264 700	291 281	309 622	346 346	319 501	319 530	319 530			
Disaster Management: Transport		390 551	204 061		186 490	124 605		61 885	61 885						
Expanded Public Works Programme	500	500		22 718	23 218		12 587	18 718	21 441	9 099	9 099	9 099	14 971		
Integrated Grant for Provinces															
Public Transport Operations Grant	593 774	593 774	593 774	632 402	632 402	632 402	666 255	666 255	666 255	696 237	696 237	696 237	734 180	771 320	806 801
Vote 11: Agriculture	76 725	161 513	158 816	90 334	142 979	142 841	133 812	133 812	133 812	154 003	154 003	154 003	164 379	166 817	174 187
Land Care Programme Grant:	3 085	3 085	3 085	3 270	3 270	3 270	3 466	3 466	3 466	7 740	7 740	7 740	7 233	4 070	4 439
Poverty Relief and Infrastructure Development															
Comprehensive Agriculture Support Programme (CASP) Grant	57 640	57 640	57 598	63 064	63 064	63 064	82 346	82 346	82 346	91 863	91 863	91 863	104 859	108 394	113 376
Provincial Infrastructure															
Disaster Management: Agriculture	10 000	94 788	92 143		52 645	52 507									
Ilima/Letsema Projects Grant	6 000	6 000	5 990	24 000	24 000	24 000	48 000	48 000	48 000	50 400	50 400	50 400	51 737	54 353	56 372
Expanded Public Works Programme										4 000	4 000	4 000	550		
Integrated Grant for Provinces															
Vote 13: Cultural Affairs and Sport	79 213	79 310	79 136	90 170	90 170	90 080	95 658	95 658	95 561	101 773	101 773	101 773	124 544	184 696	225 081
Mass Participation and Sport Development Grant	38 237	38 237	38 063	40 532	40 532	40 442	42 964	42 964	42 867	44 644	44 644	44 644	55 570	58 349	61 266
Community Library Services Grant	40 976	41 073	41 073	49 638	49 638	49 638	48 694	48 694	48 694	56 129	56 129	56 129	67 058	126 347	163 815
Expanded Public Works Programme							4 000	4 000	4 000	1 000	1 000	1 000	550		
Integrated Grant for Provinces															
Social Sector EPWP Incentive Grant for Provinces													1 366		
Total Conditional grants	5 977 807	6 717 284	6 302 260	7 669 665	8 189 081	8 080 615	8 156 070	8 275 696	8 297 138	8 809 041	8 837 869	8 837 869	9 588 993	8 674 918	9 473 783

Note 1: The National Department of Health has taken the decision to combine their three infrastructure grants into one, namely the Health Facility Revitalisation Grant. The three grants which are merged include the Hospital Revitalisation Grant, Health Infrastructure Grant and the Nursing Colleges and Schools Grant. The implementation of the new Health Facility Revitalisation Grant will commence in the 2013/14 financial year.

Note 2: Devolution of Property Rate Funds Grant subsumed in the provincial equitable share as from 2013/14.

Table 2 Details of total provincial own receipts: Information relating to Chapter 4

Receipts R'000	Outcome			Main appro- pria- tion 2012/13	Adjusted appro- pria- tion 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate	2013/14	2014/15	2015/16
Tax receipts	1 208 864	1 230 722	1 312 930	1 245 464	1 256 126	1 269 312	1 335 990	5.25	1 365 725	1 398 018
Casino taxes	284 528	296 313	321 750	277 000	279 411	279 411	287 326	2.83	287 405	287 488
Motor vehicle licences	894 986	901 651	955 777	943 400	943 400	951 333	1 004 664	5.61	1 033 320	1 063 530
Horseracing taxes	23 845	26 331	28 853	20 000	20 000	23 766	20 000	(15.85)	20 000	20 000
Other taxes (Liquor licence fees)	5 505	6 427	6 550	5 064	13 315	14 802	24 000	62.14	25 000	27 000
Sales of goods and services other than capital assets	391 853	451 475	498 190	418 501	419 355	459 583	448 427	(2.43)	450 392	460 926
Sales of goods and services produced by department (excluding capital assets)	390 557	450 063	496 482	417 893	418 747	458 889	447 910	(2.39)	449 875	460 408
Sales by market establishments	41 952	77 391	61 775	49 712	49 712	56 035	54 222	(3.24)	59 044	66 982
Administrative fees	21 982	28 579	32 290	24 188	24 188	27 901	24 257	(13.06)	24 328	26 199
Agricultural activities		1 888								
Inspection fees	526	842	768	773	773	773	773		773	773
Licences or permits	17 342	19 740	24 220	18 177	18 177	21 076	18 246	(13.43)	18 317	20 188
Registration	401	514	393	300	300	365	300	(17.81)	300	300
Request for information	3 693	5 595	4 703	3 737	3 737	3 751	3 737	(0.37)	3 737	3 737
Other	20		2 206	1 201	1 201	1 936	1 201	(37.96)	1 201	1 201
Other sales of which	326 623	344 093	402 417	343 993	344 847	374 953	369 431	(1.47)	366 503	367 226
Academic services:	6 876	8 511	6 897	8 349	8 349	8 323	8 398	0.90	8 448	8 466
Registration, tuition & examination fees										
Boarding services	12 258	12 416	16 020	12 562	12 562	14 618	12 567	(14.03)	12 572	12 577
Commission on insurance	9 424	10 354	11 337	10 326	10 326	10 352	10 665	3.02	10 667	10 999
External examinations										
Health services										
Hospital fees	258 432	283 019	315 103	284 000	284 000	312 745	306 833	(1.89)	303 833	303 833
Laboratory services	1 173	2 513	1 743	2 813	2 813	2 933	2 813	(4.09)	2 813	2 813
Lost library books										
Miscellaneous capital receipts	4		4	10	10	10		(100.00)		
Parking	11	14	12			8		(100.00)		
Rental of buildings, equipment and other services	3 796	5 022	4 103	3 494	3 494	3 494	3 494		3 494	3 497
Sales of goods	13 590	2 401	20 931	1 099	1 099	1 559	768	(50.74)	768	781
Sales of agricultural products	7 958	7 894	8 794	9 811	10 701	6 035	9 811	62.57	9 811	9 811
Sport gatherings	749	540	592	851	815	815	884	8.47	890	909
Subsidised motor transport						70		(100.00)		
Tender documentation	803	1 086		400	400	400	640	60.00	540	542
Trading account surplus										
Tuition fees										
Vehicle repair service	85	127	138	93	93	93	86	(7.53)	86	86
Services rendered	7 864	5 866	11 695	5 327	5 327	6 142	5 375	(12.49)	5 375	5 377
Photocopies and faxes	2 193	3 373	3 918	4 055	4 055	4 057	6 147	51.52	6 240	6 524
Replacement: Security cards	31	30	33	33	33	33	35	6.06	38	41
Other	1 376	927	1 097	770	770	3 266	915	(71.98)	928	970

Table 2 Details of total provincial own receipts: Information relating to Chapter 4 (continued)

Receipts R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	1 296	1 412	1 708	608	608	694	517	(25.50)	517	519
Transfers received from	93 879	116 036	169 903	218 628	173 562	160 442	208 482	29.94	160 533	123 660
Other governmental units		3 050	21 333							
Universities and technikons	15 302	15 926	22 552	15 618	15 618	15 618	17 618	12.81	17 618	17 618
Foreign governments										
International organisations	78 568	97 050	126 018	203 009	149 187	133 515	190 863	42.95	142 914	106 041
Public corporations and private enterprises	9	10			8 756	8 898		(100.00)		
Households and non-profit institutions				1	1	2 411	1	(99.96)	1	1
Fines, penalties and forfeits	3 008	3 158	3 922	1 266	1 302	3 335	2 375	(28.79)	2 611	2 836
Interest, dividends and rent on land	63 416	67 269	6 190	3 295	3 295	4 614	3 580	(22.41)	3 582	3 702
Interest	63 370	67 212	6 138	3 142	3 142	4 460	3 227	(27.65)	3 229	3 333
Dividends	8	26	15	153	153	153	153		153	160
Rent on land	38	31	37			1	200	19900.00	200	209
Sales of capital assets	892	95 137	1 563	24	24	4 175	24	(99.43)	24	24
Land and subsoil assets	800	94 979	1 484			3 994		(100.00)		
Other capital assets	92	158	79	24	24	181	24	(86.74)	24	24
Financial transactions in assets and liabilities	175 503	103 884	235 951	78 873	83 926	143 895	78 913	(45.16)	80 030	83 018
Arrear wages income										
Loan repayments										
Recovery of previous year's expenditure	36 613	19 496	22 986	11 267	11 267	23 643	11 504	(51.34)	12 016	12 147
Staff debt	6 675	11 957	15 241	6 130	6 130	7 453	6 122	(17.86)	6 707	6 723
Stale cheques (57)										
Unallocated credits	2 176	1 171	2 657	851	851	1 266	887	(29.94)	887	912
Cash surpluses	19	6	4	3	3	15	3	(80.00)	3	3
Other	130 077	71 254	195 063	60 622	65 675	111 518	60 397	(45.84)	60 417	63 233
Total departmental receipts	1 937 415	2 067 681	2 228 649	1 966 051	1 937 590	2 045 356	2 077 791	1.59	2 062 897	2 072 185

Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5

Economic classification R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Current payments	22 002 616	24 884 029	27 228 425	29 938 355	30 158 537	30 143 426	32 825 192	8.90	34 936 807	37 264 838
Compensation of employees	15 739 000	17 950 605	19 821 856	21 757 875	21 900 322	21 817 586	23 830 963	9.23	25 523 778	27 380 789
Salaries and wages	13 812 744	15 755 543	17 372 774	19 087 554	19 223 442	19 143 895	20 903 356	9.19	22 373 702	24 011 698
Social contributions	1 926 256	2 195 062	2 449 082	2 670 321	2 676 880	2 673 691	2 927 607	9.50	3 150 076	3 369 091
Goods and services	6 262 166	6 932 523	7 405 917	8 179 686	8 257 913	8 325 536	8 994 206	8.03	9 413 005	9 884 024
Of which										
Administrative fees	185 387	179 353	186 903	194 758	193 938	192 393	206 611	7.39	210 297	221 320
Advertising	52 501	45 697	52 253	45 690	48 110	50 037	62 662	25.23	62 231	64 329
Assets <R5 000	64 113	83 525	105 830	138 761	188 404	188 648	191 689	1.61	172 258	175 199
Audit cost: External	73 405	79 689	88 801	86 675	86 378	86 550	90 795	4.91	93 465	97 019
Bursaries (employees)	36 595	40 382	29 078	27 817	15 621	15 702	27 126	72.76	28 764	30 095
Catering: Departmental activities	32 047	31 321	36 496	37 289	44 235	45 119	49 489	9.69	49 188	51 353
Communication	126 445	117 806	117 164	124 350	125 206	126 975	131 847	3.84	138 017	143 303
Computer services	231 830	364 117	381 100	349 265	401 560	400 212	417 494	4.32	434 379	433 502
Cons/prof: Business and advisory services	341 041	306 228	320 844	380 815	421 690	436 156	480 565	10.18	462 447	473 813
Cons/prof: Infrastructure & planning	30 697	30 313	28 257	69 463	48 971	32 725	62 463	90.87	17 907	19 757
Cons/prof: Laboratory services	395 711	407 591	423 238	416 754	423 565	456 241	530 168	16.20	569 641	599 614
Cons/prof: Legal costs	32 353	27 152	31 337	19 927	28 632	31 759	19 715	(37.92)	19 317	17 444
Contractors	512 305	503 184	536 727	577 327	541 426	547 649	625 584	14.23	637 153	654 566
Agency and support/ outsourced services	436 223	420 853	668 711	734 271	706 952	738 442	718 751	(2.67)	750 756	785 222
Entertainment	1 279	1 240	1 303	2 722	2 548	3 031	3 105	2.43	3 280	3 499
Fleet services (including government motor transport)	7 124	3 656		1 011	2	2	2		2	2
Housing										
Inventory: Food and food supplies	186 548	254 738	103 855	108 399	114 955	116 200	115 438	(0.66)	125 888	133 199
Inventory: Fuel, oil and gas	35 050	41 437	38 783	45 056	46 929	49 974	52 682	5.42	55 193	57 554
Inventory: Learner and teacher support material	266 690	234 740	252 254	323 658	304 109	302 696	336 649	11.22	359 773	386 349
Inventory: Materials and supplies	48 087	54 594	49 460	53 976	53 950	50 676	50 221	(0.90)	51 028	52 993
Inventory: Medical supplies	649 911	780 274	867 443	916 159	913 728	891 750	977 996	9.67	1 030 747	1 080 528
Inventory: Medicine	661 488	787 355	767 278	900 193	875 723	847 736	860 934	1.56	905 853	932 496
Medsas inventory interface										
Inventory: Military stores										
Inventory: Other consumables	134 863	150 170	159 550	172 301	175 058	189 952	209 753	10.42	216 812	225 660
Inventory: Stationery and printing	118 205	128 910	128 585	139 225	143 397	147 628	151 981	2.95	157 931	164 400
Lease payments	187 020	195 547	189 257	323 876	251 923	226 266	259 806	14.82	264 028	267 486
Rental and hiring			4 752	78	1 985	5 602	4 923	(12.12)	5 188	5 463
Property payments	702 124	936 234	1 071 036	1 114 339	1 194 839	1 167 211	1 358 969	16.43	1 557 115	1 728 379
Transport provided: Departmental activity	119 581	148 821	170 524	181 916	189 952	190 044	208 707	9.82	219 415	229 509
Travel and subsistence	409 136	393 591	380 436	409 662	426 804	494 904	497 663	0.56	521 951	543 676
Training and development	89 343	85 639	90 706	131 775	110 840	106 752	101 137	(5.26)	107 125	111 758
Operating expenditure	58 760	67 734	94 175	108 696	134 234	145 562	146 405	0.58	142 016	149 175
Venues and facilities	36 304	30 632	29 781	43 482	42 249	40 942	42 876	4.72	43 840	45 362
Interest and rent on land	1 450	901	652	794	302	304	23	(92.41)	24	25
Interest	889	455	362	301	302	304	23	(92.41)	24	25
Rent on land	561	446	290	493						

Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)

Economic classification R'000	Outcome			Main appro- piation 2012/13	Adjusted appro- piation 2012/13	Revised estimate 2012/13	Medium-term estimate % Change from Revised estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2012/13	2014/15	2015/16
Transfers and subsidies to (Current)	3 779 667	4 062 815	4 581 938	4 675 093	4 723 292	4 763 718	5 200 180	9.16	5 662 073	6 104 195
Provinces and municipalities	564 050	681 782	798 466	822 917	812 727	813 705	1 169 337	43.71	1 324 662	1 550 867
Provinces	2 748	2 597	3 101	2 814	2 934	2 934	255 438	8606.13	323 912	482 229
Provincial Revenue Funds										
Provincial agencies and funds	2 748	2 597	3 101	2 814	2 934	2 934	255 438	8606.13	323 912	482 229
Municipalities	561 302	679 185	795 365	820 103	809 793	810 771	913 899	12.72	1 000 750	1 068 638
Municipalities	561 302	679 185	795 365	820 103	809 793	810 771	913 899	12.72	1 000 750	1 068 638
of which										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	225 077	233 427	261 490	255 727	281 372	281 497	308 136	9.46	324 805	342 312
Social security funds		11	50							
Entities receiving transfers	225 077	233 416	261 440	255 727	281 372	281 497	308 136	9.46	324 805	342 312
Western Cape Provincial Development Council	6 681	7 500	2 943							
Western Cape Gambling and Racing Board			83		2 411	2 411	10 326	328.29	10 405	10 488
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	133 272	160 061	192 842	184 475	184 475	184 475	202 435	9.74	215 133	226 718
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation	46 061	38 205	35 439	25 000	25 000	25 000		(100.00)		
Western Cape Trade and Investment Promotion Agency	20 325	15 000	14 956	22 000	26 221	26 221	46 644	77.89	47 300	48 441
Western Cape Cultural	595	100	150	200	200	200	250	25.00	263	270
Western Cape Liquor Board				7 700	24 761	24 761	30 936	24.94	32 936	35 936
Western Cape Language	263	150	220	190	190	190	210	10.53	221	235
Artscape	125	135	142	150	150	150	669	346.00	698	715
Heritage Western Cape	900	400	1 380	1 452	1 452	1 452	1 423	(2.00)	1 500	1 600
SETA	3 377	3 042	3 116	3 536	3 536	3 542	3 825	7.99	4 112	4 367
Government Motor Trading	3 001		992	400						
CSIR										
Western Cape Provincial Youth Commission	1 830									
Social Housing Foundation			601	600	600	600		(100.00)		
Other	8 647	8 823	8 576	10 024	12 376	12 495	11 418	(8.62)	12 237	13 542
Universities and technikons	2 449	3 569	8 825	14 083	16 083	6 900	5 260	(23.77)	4 135	4 267
Foreign governments and international organisations	104	85	95	130	864	864	138	(84.03)	141	145
Public corporations and private enterprises	794 129	823 576	834 005	844 459	848 615	848 615	895 773	5.56	939 585	982 043
Public corporations	197 190	190 463	127 412	109 640	112 416	112 416	118 831	5.71	121 272	124 886
Subsidies on production			10 958	17 940	17 940	17 940	18 268	1.83	19 488	20 384
Other transfers	197 190	190 463	116 454	91 700	94 476	94 476	100 563	6.44	101 784	104 502
Private enterprises	596 939	633 113	706 593	734 819	736 199	736 199	776 942	5.53	818 313	857 157
Subsidies on production										
Other transfers	596 939	633 113	706 593	734 819	736 199	736 199	776 942	5.53	818 313	857 157
Non-profit institutions	1 989 669	2 064 528	2 420 593	2 516 826	2 585 286	2 600 290	2 656 459	2.16	2 875 834	3 036 021
Households	204 189	255 848	258 464	220 951	178 345	211 847	165 077	(22.08)	192 911	188 540
Social benefits	57 162	70 241	73 822	36 133	38 523	54 164	50 227	(7.27)	52 148	54 134
Other transfers to households	147 027	185 607	184 642	184 818	139 822	157 683	114 850	(27.16)	140 763	134 406

Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)

Economic classification R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate 2013/14	2012/13	2014/15	2015/16
Transfers and subsidies to (Capital)	1 662 934	2 136 424	1 786 191	1 765 389	1 844 032	1 844 114	1 990 668	7.95	1 119 802	1 094 019
Provinces and municipalities	35 773	61 006	49 770	54 622	129 362	129 362	103 852	(19.72)	56 627	34 200
Provinces			3 000							
Provincial Revenue Funds										
Provincial agencies and funds			3 000							
Municipalities	35 773	61 006	46 770	54 622	129 362	129 362	103 852	(19.72)	56 627	34 200
Municipalities	35 773	61 006	46 770	54 622	129 362	129 362	103 852	(19.72)	56 627	34 200
of which										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	2 605	52 714	14 160	35 827	17 291	17 349	21 472	23.77	22 522	23 723
Social security funds										
Entities receiving transfers	2 605	52 714	14 160	35 827	17 291	17 349	21 472	23.77	22 522	23 723
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	1 715	52 299	12 535	18 536						
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board				17 291	17 291	17 291	21 472	24.18	22 522	23 723
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural										
Western Cape Liquor Board										
Western Cape Language										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading	890	415								
CSIR										
Western Cape Provincial Youth Commission										
Social Housing Foundation										
Other			1 625			58		(100.00)		
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises	40 000									
Public corporations	40 000									
Subsidies on production										
Other transfers	40 000									
Private enterprises										
Subsidies on production										
Other transfers										
Non-profit institutions	108 073	146 202	141 983	35 312	57 751	57 751	35 672	(38.23)	37 158	38 867
Households	1 476 483	1 876 502	1 580 278	1 639 628	1 639 628	1 639 652	1 829 672	11.59	1 003 495	997 229
Social benefits						24		(100.00)		
Other transfers to households	1 476 483	1 876 502	1 580 278	1 639 628	1 639 628	1 639 628	1 829 672	11.59	1 003 495	997 229

Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)

Economic classification R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate 2013/14	2012/13	2014/15	2015/16
Transfers and subsidies to (Total)	5 442 601	6 199 239	6 368 129	6 440 482	6 567 324	6 607 832	7 190 848	8.82	6 781 875	7 198 214
Provinces and municipalities	599 823	742 788	848 236	877 539	942 089	943 067	1 273 189	35.01	1 381 289	1 585 067
Provinces	2 748	2 597	6 101	2 814	2 934	2 934	255 438	8606.13	323 912	482 229
Provincial Revenue Funds										
Provincial agencies and funds	2 748	2 597	6 101	2 814	2 934	2 934	255 438	8606.13	323 912	482 229
Municipalities	597 075	740 191	842 135	874 725	939 155	940 133	1 017 751	8.26	1 057 377	1 102 838
Municipalities	597 075	740 191	842 135	874 725	939 155	940 133	1 017 751	8.26	1 057 377	1 102 838
of which										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	227 682	286 141	275 650	291 554	298 663	298 846	329 608	10.29	347 327	366 035
Social security funds		11	50							
Entities receiving transfers	227 682	286 130	275 600	291 554	298 663	298 846	329 608	10.29	347 327	366 035
Western Cape Provincial	6 681	7 500	2 943							
Development Council										
Western Cape Gambling and			83		2 411	2 411	10 326	328.29	10 405	10 488
Racing Board										
CMD Capital Augmentation	1 715	52 299	12 535	18 536						
Hospital Trading Account: Karl										
Bremer										
Environmental Commissioner										
Western Cape Nature	133 272	160 061	192 842	201 766	201 766	201 766	223 907	10.97	237 655	250 441
Conservation Board										
South African National Roads										
Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation	46 061	38 205	35 439	25 000	25 000	25 000		(100.00)		
Western Cape Trade and	20 325	15 000	14 956	22 000	26 221	26 221	46 644	77.89	47 300	48 441
Investment Promotion Agency										
Western Cape Cultural	595	100	150	200	200	200	250	25.00	263	270
Western Cape Liquor Board				7 700	24 761	24 761	30 936	24.94	32 936	35 936
Western Cape Language	263	150	220	190	190	190	210	10.53	221	235
Artscape	125	135	142	150	150	150	669	346.00	698	715
Heritage Western Cape	900	400	1 380	1 452	1 452	1 452	1 423	(2.00)	1 500	1 600
SETA	3 377	3 042	3 116	3 536	3 536	3 542	3 825	7.99	4 112	4 367
Government Motor Trading	3 891	415	992	400						
CSIR										
Western Cape Provincial Youth	1 830									
Commission										
Social Housing Foundation			601	600	600	600		(100.00)		
Other	8 647	8 823	10 201	10 024	12 376	12 553	11 418	(9.04)	12 237	13 542
Universities and technikons	2 449	3 569	8 825	14 083	16 083	6 900	5 260	(23.77)	4 135	4 267
Foreign governments and international	104	85	95	130	864	864	138	(84.03)	141	145
organisations										
Public corporations and private	834 129	823 576	834 005	844 459	848 615	848 615	895 773	5.56	939 585	982 043
enterprises										
Public corporations	237 190	190 463	127 412	109 640	112 416	112 416	118 831	5.71	121 272	124 886
Subsidies on production			10 958	17 940	17 940	17 940	18 268	1.83	19 488	20 384
Other transfers	237 190	190 463	116 454	91 700	94 476	94 476	100 563	6.44	101 784	104 502
Private enterprises	596 939	633 113	706 593	734 819	736 199	736 199	776 942	5.53	818 313	857 157
Subsidies on production										
Other transfers	596 939	633 113	706 593	734 819	736 199	736 199	776 942	5.53	818 313	857 157
Non-profit institutions	2 097 742	2 210 730	2 562 576	2 552 138	2 643 037	2 658 041	2 692 131	1.28	2 912 992	3 074 888
Households	1 680 672	2 132 350	1 838 742	1 860 579	1 817 973	1 851 499	1 994 749	7.74	1 196 406	1 185 769
Social benefits	57 162	70 457	73 866	36 133	38 523	54 188	50 227	(7.31)	52 148	54 134
Other transfers to households	1 623 510	2 061 893	1 764 876	1 824 446	1 779 450	1 797 311	1 944 522	8.19	1 144 258	1 131 635

Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)

Economic classification R'000	Outcome			Main main appropriation 2012/13	Adjusted main appropriation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Payments for capital assets	2 609 860	2 925 670	3 314 782	3 501 983	3 447 064	3 442 236	3 646 798	5.94	3 378 830	4 355 070
Buildings and other fixed structures	2 274 544	2 464 150	2 698 004	3 035 974	2 928 384	2 915 928	3 132 112	7.41	2 922 373	3 901 817
Buildings	805 612	1 098 454	1 167 132	1 568 042	1 349 791	1 337 335	1 717 888	28.46	1 323 017	1 740 036
Other fixed structures	1 468 932	1 365 696	1 530 872	1 467 932	1 578 593	1 578 593	1 414 224	(10.41)	1 599 356	2 161 781
Machinery and equipment	307 650	425 448	588 748	391 862	469 354	476 938	496 399	4.08	438 039	433 615
Transport equipment	29 002	41 558	114 466	15 418	30 609	29 937	38 315	27.99	39 549	41 110
Other machinery and equipment	278 648	383 890	474 282	376 444	438 745	447 001	458 084	2.48	398 490	392 505
Heritage assets							35			
Specialised military assets										
Biological assets							(100.00)			
Land and subsoil assets	6 303	19 219	18 182	60 341	36 941	36 941	5 100	(86.19)	5 355	5 625
Software and other intangible assets	21 363	16 818	9 848	13 362	11 941	12 010	13 187	9.80	13 063	14 013
Of which: "Capitalised Compensation" included in Payments for capital assets	141	137								
Of which: "Capitalised Goods and services" included in Payments for capital assets	2 030 712	2 260 546	2 307 859	1 670 414	1 816 247	1 816 247	1 601 403	(11.83)	1 779 702	2 541 761
Payments for financial assets	20 835	22 106	7 789	4 177	7 051	11 690	7 325	(37.34)	7 538	7 847
Total economic classification	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 050	48 825 968

Table 4 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 5

Category R'000	Outcome						Medium-term estimate													
	Audited 2009/10	Audited 2010/11	Audited 2011/12				Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate										
				2013/14	2012/13	2014/15				2015/16										
New and replacement assets ^{Note}	471 977	703 436	814 400	962 682	810 875	781 480	1 413 985	80.94	973 819	1 265 141										
1. Department of the Premier																				
2. Provincial Legislature																				
3. Provincial Treasury																				
4. Community Safety																				
5. Education											230 031	211 988	396 747	518 356	413 695	367 695	985 396	167.99	500 872	658 672
6. Health											149 781	432 032	340 660	348 968	301 822	318 427	345 040	8.36	390 786	489 275
7. Social Development																				
8. Human Settlements																				
9. Environmental Affairs and Development Planning ^a													26 993	19 658	19 658	19 658	26 339	33.99	27 761	29 261
10. Transport and Public Works											92 165	59 416	50 000	75 700	75 700	75 700	57 210	(24.43)	54 400	87 933
11. Agriculture																				
12. Economic Development and Tourism																				
13. Cultural Affairs and Sport																				
14. Local Government																				
Upgrades and additions ^{Note}	1 024 894	782 415	680 365	546 664	637 066	635 504	507 766	(20.10)	475 290	623 640										
1. Department of the Premier																				
2. Provincial Legislature																				
3. Provincial Treasury																				
4. Community Safety																				
5. Education											43 423	206 319	207 676	157 906	234 567	234 567	139 302	(40.61)	101 267	103 842
6. Health											113 008	94 519	112 291	125 407	139 148	137 586	70 461	(48.79)	86 682	103 976
7. Social Development											2 100									
8. Human Settlements																				
9. Environmental Affairs and																				
10. Transport and Public Works											844 072	480 742	360 398	263 351	263 351	263 351	298 003	13.16	287 341	415 822
11. Agriculture																				
12. Economic Development and Tourism																				
13. Cultural Affairs and Sport																				
14. Local Government																				
Rehabilitation, renovations and refurbishments ^{Note}	762 626	1 033 071	1 253 150	1 441 294	1 494 721	1 467 078	1 409 671	(3.91)	1 592 450	2 077 082										
1. Department of the Premier																				
2. Provincial Legislature																				
3. Provincial Treasury																				
4. Community Safety																				
5. Education																				
6. Health											238 228	254 479	211 003	243 323	296 750	269 107	276 185	2.63	234 463	154 292
7. Social Development																				
8. Human Settlements																				
9. Environmental Affairs and Development Planning																				
10. Transport and Public Works											524 398	778 592	1 042 147	1 197 971	1 197 971	1 197 971	1 133 486	(5.38)	1 357 987	1 922 790
11. Agriculture																				
12. Economic Development and Tourism																				
13. Cultural Affairs and Sport																				
14. Local Government																				

Table 4 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 5 (continued)

Category R'000	Outcome						Medium-term estimate													
	Audited 2009/10	Audited 2010/11	Audited 2011/12				Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate										
				2013/14	2012/13	2014/15				2015/16										
Maintenance and repairs ^{Note}	748 077	770 850	758 833	917 214	945 214	945 254	1 131 112	19.66	1 297 096	1 476 365										
1. Department of the Premier																				
2. Provincial Legislature																				
3. Provincial Treasury																				
4. Community Safety																				
5. Education											76 871	85 245	126 555	114 725	142 725	142 725	168 673	18.18	227 484	285 118
6. Health											109 985	130 565	125 759	159 383	159 383	159 423	190 065	19.22	196 770	214 174
7. Social Development												320								
8. Human Settlements																				
9. Environmental Affairs and Development Planning																				
10. Transport and Public Works											561 221	554 720	506 519	643 106	643 106	643 106	772 374	20.10	872 842	977 073
11. Agriculture																				
12. Economic Development and Tourism																				
13. Cultural Affairs and Sport																				
14. Local Government																				
Infrastructure transfer - current	78 196	12 464	12 273	2 500	2 500	2 503	14 501	479.34	13 500	2 500										
1. Department of the Premier																				
2. Provincial Legislature																				
3. Provincial Treasury																				
4. Community Safety																				
5. Education																				
6. Health											9 900	9 773		3	12 000	399 900.00	11 000			
7. Social Development																				
8. Human Settlements																				
9. Environmental Affairs and Development Planning																				
10. Transport and Public Works											78 196	2 564	2 500	2 500	2 500	2 500	2 501	0.04	2 500	2 500
11. Agriculture																				
12. Economic Development and Tourism																				
13. Cultural Affairs and Sport																				
14. Local Government																				
Infrastructure transfer - capital	183 747	96 315	42 304	29 542	29 542	29 542	70 352	138.14	56 627	34 200										
1. Department of the Premier																				
2. Provincial Legislature																				
3. Provincial Treasury																				
4. Community Safety																				
5. Education											39 469	39 706	3 199							
6. Health																				
7. Social Development																				
8. Human Settlements																				
9. Environmental Affairs and Development Planning																				
10. Transport and Public Works											144 278	56 609	39 105	29 542	29 542	29 542	70 352	138.14	56 627	34 200
11. Agriculture																				
12. Economic Development and Tourism																				
13. Cultural Affairs and Sport																				
14. Local Government																				

Table 4 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 5 (continued)

Category R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Other capital projects ^{Note}	52 364	21 115	6 917	12 815	13 061	13 162	23 999	82.34		
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	52 364	21 115	6 917	12 815	13 061	13 162	23 999	82.34		
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates	3 321 881	3 419 666	3 568 242	3 912 711	3 932 979	3 874 523	4 571 386	17.99	4 408 782	5 478 928
<i>of which</i>										
Professional fees ^b	569 906	492 394	468 357	653 783	653 783	653 783	660 234	0.99	613 542	748 794
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	45 362	65 569	52 156	117 130	117 130	117 130	240 303	105.16	116 727	141 493
6. Health	143 008	146 135	156 673	162 939	162 939	162 939	89 909	(44.82)	91 970	96 172
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	381 536	280 690	259 528	373 714	373 714	373 714	330 022	(11.69)	404 845	511 129
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

^a These amounts are in respect of the Western Cape Nature Conservation Board.^b Professional fees based on estimated amounts.

Note: Inclusive of Professional fees.

Table 5 Summary of departmental personnel number and cost: Information relating to Chapter 5

Description	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Total for department										
Personnel numbers (head count)	76 631	77 724	78 396	80 660	80 027	80 541	81 747	1.50	81 958	81 947
Personnel cost (R'000)	15 739 000	17 950 605	19 821 856	21 757 875	21 900 322	21 817 586	23 830 963	9.23	25 523 778	27 380 789
<i>of which</i>										
Human resources component										
Personnel numbers (head count)	1 277	1 119	1 288	1 302	1 301	1 316	1 343	2.05	1 348	1 350
Personnel cost (R'000)	226 198	220 150	274 324	294 312	305 293	304 339	325 540	6.97	351 879	375 381
Head count as % of total for department	1.67	1.44	1.64	1.61	1.63	1.63	1.64		1.64	1.65
Personnel cost as % of total for department	1.44	1.23	1.38	1.35	1.39	1.39	1.37		1.38	1.37
Finance component										
Personnel numbers (head count)	1 204	1 274	1 436	1 496	1 482	1 492	1 554	4.16	1 558	1 560
Personnel cost (R'000)	205 495	245 563	328 928	369 329	368 898	363 214	409 304	12.69	445 729	473 271
Head count as % of total for department	1.57	1.64	1.83	1.85	1.85	1.85	1.90		1.90	1.90
Personnel cost as % of total for department	1.31	1.37	1.66	1.70	1.68	1.66	1.72		1.75	1.73
Full time workers										
Personnel numbers (head count)	67 535	69 585	70 098	72 095	72 127	72 555	73 906	1.86	74 101	74 182
Personnel cost (R'000)	13 577 560	15 552 493	17 630 559	19 261 138	19 400 681	19 321 815	21 121 024	9.31	22 621 051	24 375 839
Head count as % of total for department	88.13	89.53	89.42	89.38	90.13	90.08	90.41		90.41	90.52
Personnel cost as % of total for department	86.27	86.64	88.95	88.52	88.59	88.56	88.63		88.63	89.03
Part-time workers										
Personnel numbers (head count)	154	152	150	675	516	517	186	(64.02)	186	186
Personnel cost (R'000)	28 084	32 451	36 879	61 980	51 899	51 686	45 615	(11.75)	49 147	51 931
Head count as % of total for department	0.20	0.20	0.19	0.84	0.64	0.64	0.23		0.23	0.23
Personnel cost as % of total for department	0.18	0.18	0.19	0.28	0.24	0.24	0.19		0.19	0.19
Contract workers										
Personnel numbers (head count)	8 942	7 987	8 148	7 890	7 384	7 469	7 655	2.49	7 671	7 579
Personnel cost (R'000)	2 133 356	2 365 660	2 154 418	2 434 757	2 447 742	2 444 085	2 664 324	9.01	2 853 580	2 953 019
Head count as % of total for department	11.67	10.28	10.39	9.78	9.23	9.27	9.36		9.36	9.25
Personnel cost as % of total for department	13.55	13.18	10.87	11.19	11.18	11.20	11.18		11.18	10.79

Table 6 Information on training: Relating to Chapter 5

Description	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				Main appro- p-riation 2012/13	Adjusted appro- p-riation 2012/13	Revised estimate 2012/13	% Change from Revised estimate
				2013/14	2012/13	2014/15				2015/16
Number of staff	76 631	77 723	78 396	80 660	80 026	80 541	81 747	1.50	81 958	81 947
Number of personnel trained	58 479	61 549	30 605	31 791	61 996	31 739	33 314	4.96	33 886	34 090
of which										
Male	21 183	22 101	10 857	10 591	10 590	10 589	10 700	1.05	10 933	11 097
Female	37 296	39 448	19 748	21 200	21 199	21 150	22 614	6.92	22 953	22 993
Number of training opportunities	27 427	24 198	25 469	21 268	21 268	21 233	21 315	0.39	21 346	21 349
of which										
Tertiary	865	948	914	967	967	967	988	2.17	996	999
Workshops	923	715	645	755	755	640	665	3.91	675	675
Seminars	168	411	414	417	417	387	422	9.04	420	420
Other	25 471	22 124	23 496	19 129	19 129	19 239	19 240	0.01	19 255	19 255
Number of bursaries offered	1 592	2 170	5 272	5 801	5 237	5 205	5 386	3.48	5 409	5 452
Number of interns appointed	599	759	1 119	953	1 110	1 122	1 096	(2.32)	1 097	1 097
Number of learnerships appointed	424	2 321	2 232	2 503	2 505	2 505	2 503	(0.08)	2 403	2 403
Number of days spent on training	6 681	6 726	6 673	6 694	6 694	6 849	6 854	0.07	6 854	6 854

Table 7 Transfers to local government by category and municipality: Information relating to Chapter 6

Municipalities R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
							2013/14	2012/13	2014/15	2015/16
Category A	995 483	769 443	818 085	1 092 848	1 076 988	1 077 488	1 154 284	7.13	828 561	868 877
City of Cape Town	995 483	769 443	818 085	1 092 848	1 076 988	1 077 488	1 154 284	7.13	828 561	868 877
Category B	517 628	765 019	669 819	619 268	638 777	851 805	1 010 199	18.60	184 066	207 889
Beaufort West	24 488	9 504	4 647	9 392	9 978	35 429	25 312	(28.56)	3 494	3 725
Bergrivier	10 721	16 684	17 251	8 437	6 610	4 487	11 839	163.85	4 168	4 452
Bitou	62 666	56 517	19 873	19 806	20 224	34 663	83 014	139.49	6 094	6 482
Langeberg	15 074	23 130	18 031	21 065	21 315	30 315	26 234	(13.46)	5 498	9 878
Breedee Valley	34 916	84 075	40 008	37 714	38 714	49 445	57 125	15.53	1 351	6 486
Cape Agulhas	16 861	19 627	41 394	31 592	31 619	45 544	31 592	(30.63)	4 800	5 110
Cederberg	10 908	35 430	9 373	10 836	11 662	40 835	20 572	(49.62)	7 202	3 398
Drakenstein	62 083	65 514	64 030	64 904	65 214	65 214	108 225	65.95	13 838	2 022
George	20 460	67 136	91 245	71 631	73 940	102 502	106 548	3.95	17 609	7 260
Kannaland	4 874	355	8 985	6 974	9 274	23 199	1 947	(91.61)	1 465	1 563
Knysna	38 168	46 828	60 936	42 834	43 208	49 443	56 345	13.96	8 071	928
Laingsburg	193	2 715	1 895	4 159	4 527	5 031	4 839	(3.82)	691	737
Hessequa	40 562	50 286	31 223	21 317	21 508	25 508	8 625	(66.19)	4 709	5 023
Matzikama	6 971	16 810	15 274	11 946	12 146	33 706	22 333	(33.74)	3 607	3 854
Mossel Bay	16 964	33 665	41 513	47 802	48 022	45 564	68 381	50.08	1 145	1 260
Oudtshoorn	10 534	19 513	13 373	16 188	18 656	23 656	28 191	19.17	812	893
Overstrand	15 482	33 302	12 245	11 430	13 148	23 416	30 272	29.28	776	4 854
Prince Albert	394	216	7 027	894	3 262	3 262	19 225	489.36	897	964
Saldanha Bay	11 777	31 546	50 731	30 232	30 341	24 285	63 579	161.80	718	790
Stellenbosch	18 018	35 924	22 954	46 104	49 404	86 866	58 237	(32.96)	1 863	6 989
Swartland	28 070	55 862	18 761	22 599	23 317	12 975	37 460	188.71	5 333	5 690
Swellendam	3 242	6 833	5 015	10 207	10 207	11 441	36 969	223.13	3 864	4 108
Theewaterskloof	25 304	30 243	46 595	47 374	48 900	40 900	55 605	35.95	6 536	6 970
Witzenberg	38 898	23 304	27 440	23 581	23 581	34 119	47 480	39.16	8 149	6 551
Other				250			250		71 376	107 902
Category C	53 709	22 471	10 152	3 648	4 507	4 507	1 908	(57.67)	1 800	1 800
Cape Winelands	8 039	5 573	2 241	1 796	1 848	1 848	1 304	(29.44)	900	900
Central Karoo	5 988	5 162	1 480	1 852	2 659	2 659		(100.00)		
Eden	25 271	3 272	6 172				604		900	900
Overberg	3 725	1 325	150							
West Coast	10 686	7 139	109							
Other										
Other ^{Note 1}				37 593	29 723		12 789		622 962	579 583
Total transfers to local government	1 566 820	1 556 933	1 498 056	1 753 357	1 749 995	1 933 800	2 179 180	12.69	1 637 389	1 658 149
Funds retained by the Department of Human Settlements (not included in the transfers to local government) ^{Note 2}	278 216	838 723	624 460	517 012	517 012	393 595	362 995	(7.77)		
							2013/14 Allocation (R'000)	2014/15 Allocation (R'000)	2015/16 Allocation (R'000)	
^{Note 1} Other										
Human Settlements Development Grant (Beneficiaries)		As only 50% of the Human Settlements Development Grant has been allocated by National Human Settlement in 2014/15 and 2015/16, allocations to municipalities have been left unallocated until allocations have been received from National.						612 060	567 589	
Western Cape Financial Management Support Grant		The allocations will be based on the outcomes and recommendations of both the Municipal Governance Review and Outlook (MGRO) and Local Government Medium Term Expenditure Committee (LG MTEC 3) processes. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2013/14 Adjusted Estimates.					4 000	6 000	7 000	
Community Development Workers (CDW) Operational Support Grant		The transfer is unallocated as municipalities must first submit business plans and meet conditions of transfer before allocation.					2 903	2 903	2 903	
Thusong Service Centres Grant (Sustainability: Operational Support Grant)							1 886	1 999	2 091	
Western Cape Management Support Grant (Governance Support)							4 000			
Total							12 789	622 962	579 583	
^{Note 2} Funds retained by the Department of Human Settlements										
Human Settlements Development Grant (Beneficiaries)		Departmental projects					208 912			
		Individual subsidies					30 000			
		Extended Enhanced Discount Benefit Scheme					10 000			
		NHBRC					17 784			
		OPSCAP					96 299			
Total							362 995			

Table 8 Summary of provincial payments and estimates by policy area

Policy Area R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate					
	Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate		2013/14	2012/13	2014/15	2015/16
General public services	761 635	933 713	1 042 630	1 102 919	1 169 778	1 169 778	1 575 964	34.72	1 713 845	1 921 219		
Public order and safety	272 623	288 542	306 599	358 414	364 626	364 626	388 589	6.57	411 984	434 031		
Economic affairs	4 625 525	4 527 122	4 969 223	5 459 806	5 374 572	5 374 572	5 638 826	4.92	6 071 380	7 069 368		
Environmental protection	263 330	299 970	348 467	379 273	377 209	377 209	421 648	11.78	445 489	469 927		
Housing and community amenities	1 701 333	2 165 120	1 834 400	1 920 894	1 987 582	1 987 582	2 148 631	8.10	1 198 601	1 203 483		
Health	10 371 034	12 344 628	13 387 763	14 632 361	14 743 832	14 769 040	15 871 676	7.47	16 969 903	17 939 536		
Recreation, culture and religion	301 730	294 023	351 888	390 761	392 422	392 422	445 309	13.48	532 620	600 109		
Education	10 613 313	11 955 743	13 361 153	14 229 057	14 360 243	14 360 243	15 601 918	8.65	16 057 300	17 368 880		
Social protection	1 165 389	1 222 183	1 317 002	1 411 512	1 409 712	1 409 712	1 577 602	11.91	1 703 928	1 819 415		
Total payments and estimates by policy area	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	8.62	45 105 050	48 825 968		

Table 9 Payments table summary by policy area

GFS function	Category	Department	Programme
General public services	Legislative	Department of the Premier	1.1 Executive Support (Administration)
		Provincial Parliament	2.1 Administration 2.2 Facilities for Members and Political Parties 2.3 Parliamentary Services
	Financial and Fiscal Affairs	Provincial Treasury	3.1 Administration 3.2 Sustainable Resource Management 3.3 Asset and Liabilities Management 3.4 Financial Governance
	General Services	Department of the Premier	1.2 Provincial Strategic Management 1.3 Human Capital (Corporate Services Centre) 1.4 Centre for E-Innovation 1.5 Corporate Assurance (Corporate Services Centre)
		Local Government	14.1 Administration 14.2 Local Governance 14.3 Development and Planning 14.4 Traditional Institutional
Public Order and Safety	Police Services	Community Safety	4.1 Administration 4.2 Civilian Oversight 4.3 Crime Prevention & Community Police Relations 4.4 Traffic Management 4.5 Security Risk Management
Economic Affairs	General Economic	Economic Development and Tourism	12.1 Administration 12.2 Integrated Economic Development Services 12.3 Trade and Sector Development 12.4 Business Regulation and Governance 12.5 Economic Planning 12.7 Skills Development 10.2 Public Works Infrastructure
	Agriculture	Agriculture	11.1 Administration 11.2 Sustainable Resource Management 11.3 Farmer Support and Development 11.4 Veterinary Services 11.5 Technology Research and Development Services 11.6 Agricultural Economics 11.7 Structured Agricultural Training 11.8 Rural Development
	Transport	Transport and Public Works	10.1 Administration 10.3 Transport Infrastructure 10.4 Transport Operations 10.5 Transport Regulations 10.6 Community Based Programmes
	Communication	Economic Development and Tourism	12.6 Tourism, Arts and Entertainment

Table 9 Payments table summary by policy area (continued)

GFS function	Category	Department	Programme	
Environmental Protection	Environmental Protection	Environmental Affairs and Development Planning	9.1	Administration
			9.2	Environmental Policy, Planning and Coordination
			9.3	Compliance and Enforcement
			9.4	Environmental Quality Management
			9.5	Biodiversity Management
			9.6	Environmental Empowerment Services
Housing and Community Amenities	Housing Development	Human Settlements	8.1	Administration
			8.2	Housing Needs, Research and Planning
			8.3	Housing Development
			8.4	Housing Asset Management Property Management
Health	Health n.e.c	Health	6.1	Administration
	Outpatient Service		6.2	District Health Services
	R & D Health (CS)		6.6	Health Sciences and Training
	Hospital Services		6.3	Emergency Medical Services
			6.4	Provincial Hospital Services
			6.5	Central Hospital Services
			6.7	Health Care Support Services
			6.8	Health Facilities Management
Recreation Culture and Religion	Recreational and Sporting Services	Cultural Affairs and Sport	13.4	Sport and Recreation
	Cultural Services	Cultural Affairs and Sport	13.1	Administration
			13.2	Cultural Affairs
13.3			Library and Archives Services	
Education	Pre-primary and Primary Education	Education	5.2.1	Public Primary Schools
	Secondary Education		5.7	Early Childhood Development
			5.2.2	Public Secondary Schools
			Subsidiary Service to Education	5.3
	Education not definable		5.1	Administration
			5.2.3	Human Resource Development
			5.2.4	Conditional Grants
			5.4	Public Special School Education
			5.5	Further Education and Training
			5.6	Adult Basic Education Training
			5.8	Infrastructure Development
			5.9	Auxiliary and Associated Services
Social Protection	Social Security Services	Social Development	7.1	Administration
			7.2	Social Welfare Services
			7.3	Development and Research

Table 10 Details of provincial payments and estimates by policy area

GFS function R'000	Outcome			Main appro- prietion 2012/13	Adjusted appro- prietion 2012/13	Revised estimate 2012/13	Medium-term estimate					
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16			
FUNCTION - GENERAL PUBLIC SERVICES												
Category - Legislative												
Department of the Premier (Programme 1.1)				65 982	52 141	58 822	56 481	57 801	57 801	62 504	65 559	68 763
Provincial Parliament (Vote 2)				64 054	74 606	77 741	93 603	95 727	95 727	102 627	108 763	114 030
Total for Category - Legislative				130 036	126 747	136 563	150 084	153 528	153 528	165 131	174 322	182 793
Category - Financial and fiscal affairs												
Department of Provincial Treasury (Vote 3)				138 371	127 500	142 619	154 286	164 962	164 962	446 205	527 734	698 213
Total for Category - Financial and fiscal affairs				138 371	127 500	142 619	154 286	164 962	164 962	446 205	527 734	698 213
Category - General services												
Department of the Premier (Programme 1.2, 1.3 to 1.5)				412 107	568 777	633 623	643 321	690 180	690 180	791 339	827 585	845 755
Department of Local Government (Vote 14)				81 121	110 689	129 825	155 228	161 108	161 108	173 289	184 204	194 458
Total for Category - General services				493 228	679 466	763 448	798 549	851 288	851 288	964 628	1 011 789	1 040 213
TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES				761 635	933 713	1 042 630	1 102 919	1 169 778	1 169 778	1 575 964	1 713 845	1 921 219
FUNCTION - PUBLIC ORDER AND SAFETY												
Category - Police services												
Department of Community Safety (Vote 4)				272 623	288 542	306 599	358 414	364 626	364 626	388 589	411 984	434 031
Total for Category - Police services				272 623	288 542	306 599	358 414	364 626	364 626	388 589	411 984	434 031
TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY				272 623	288 542	306 599	358 414	364 626	364 626	388 589	411 984	434 031
FUNCTION - ECONOMIC AFFAIRS												
Category - General economic affairs												
Department of Economic Development and Tourism (Vote 12 excluding 12.6)				192 404	171 763	193 266	238 077	264 068	264 068	340 270	347 409	371 056
Department of Transport and Public Works (Programme 10.2)				750 990	884 096	1 058 213	1 423 682	1 268 317	1 268 317	1 282 193	1 402 820	1 688 484
TOTAL FOR FUNCTION - General economic affairs				943 394	1 055 859	1 251 479	1 661 759	1 532 385	1 532 385	1 622 463	1 750 229	2 059 540

Table 10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate		
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16
Category - Agriculture									
Department of Agriculture (Vote 11)	490 117	483 485	514 559	559 792	560 374	560 374	610 149	635 683	671 275
Total for Category - Agriculture	490 117	483 485	514 559	559 792	560 374	560 374	610 149	635 683	671 275
Category - Transport									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	3 121 201	2 923 790	3 140 362	3 185 215	3 230 296	3 230 296	3 357 033	3 635 209	4 287 280
Total for Category - Transport	3 121 201	2 923 790	3 140 362	3 185 215	3 230 296	3 230 296	3 357 033	3 635 209	4 287 280
Category - Communication									
Department of Economic Development and Tourism (Programme 12.6)	70 813	63 988	62 823	53 040	51 517	51 517	49 181	50 259	51 273
Total for Category - Communication	70 813	63 988	62 823	53 040	51 517	51 517	49 181	50 259	51 273
TOTAL FOR FUNCTION - ECONOMIC AFFAIRS	4 625 525	4 527 122	4 969 223	5 459 806	5 374 572	5 374 572	5 638 826	6 071 380	7 069 368
FUNCTION - ENVIRONMENTAL PROTECTION									
Category - Environmental protection									
Department of Environmental Affairs and Development Planning (Vote 9)	263 330	299 970	348 467	379 273	377 209	377 209	421 648	445 489	469 927
Total for Category - Environmental protection	263 330	299 970	348 467	379 273	377 209	377 209	421 648	445 489	469 927
TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION	263 330	299 970	348 467	379 273	377 209	377 209	421 648	445 489	469 927
FUNCTION - HOUSING AND COMMUNITY AMENITIES									
Category - Housing Development									
Department of Human Settlements (Vote 8)	1 701 333	2 165 120	1 834 400	1 920 894	1 987 582	1 987 582	2 148 631	1 198 601	1 203 483
Total for Category - Housing Development	1 701 333	2 165 120	1 834 400	1 920 894	1 987 582	1 987 582	2 148 631	1 198 601	1 203 483
TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES	1 701 333	2 165 120	1 834 400	1 920 894	1 987 582	1 987 582	2 148 631	1 198 601	1 203 483

Table 10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate		
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16
FUNCTION - HEALTH									
Category - Health n.e.c.									
Department of Health (Programme 6.1)	266 710	321 481	410 028	488 548	454 873	448 374	523 105	552 907	580 169
Total for Category - Health n.e.c.	266 710	321 481	410 028	488 548	454 873	448 374	523 105	552 907	580 169
Category - Outpatient service									
Department of Health Services (Programme 6.2)	3 722 530	4 367 380	4 875 956	5 498 095	5 533 429	5 549 277	6 036 795	6 504 275	6 896 361
Total for Category - Outpatient service	3 722 530	4 367 380	4 875 956	5 498 095	5 533 429	5 549 277	6 036 795	6 504 275	6 896 361
Category - R & D Health (CS)									
Department of Health Services (Programme 6.6)	194 624	241 374	231 451	254 878	273 099	281 317	263 184	297 045	310 525
Total for Category - R & D Health (CS)	194 624	241 374	231 451	254 878	273 099	281 317	263 184	297 045	310 525
Category - Hospital services									
Department of Health Services (Programmes 6.3, 6.4, 6.5 and 6.7 and 6.8)	6 187 170	7 414 393	7 870 328	8 390 840	8 482 431	8 490 072	9 048 592	9 615 676	10 152 481
Total for Category - Hospital services	6 187 170	7 414 393	7 870 328	8 390 840	8 482 431	8 490 072	9 048 592	9 615 676	10 152 481
TOTAL FOR FUNCTION - HEALTH	10 371 034	12 344 628	13 387 763	14 632 361	14 743 832	14 769 040	15 871 676	16 969 903	17 939 536
FUNCTION - RECREATION CULTURE AND RELIGION									
Category - Recreation and sporting services									
Department of Cultural Affairs and Sport (Programme 13.4)	85 571	78 522	83 158	84 835	85 935	85 935	104 916	112 693	125 791
Total for Category - Recreation and sporting services	85 571	78 522	83 158	84 835	85 935	85 935	104 916	112 693	125 791
Category - Cultural services									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	216 159	215 501	268 730	305 926	306 487	306 487	340 393	419 927	474 318
Total for Category - Cultural services	216 159	215 501	268 730	305 926	306 487	306 487	340 393	419 927	474 318
TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION	301 730	294 023	351 888	390 761	392 422	392 422	445 309	532 620	600 109

Table 10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate		
	Audited 2009/10	Audited 2010/11	Audited 2011/12				2013/14	2014/15	2015/16
FUNCTION - EDUCATION									
Category - Pre-primary and primary education									
Department of Education (Programme 5.2.1 and 5.7)	4 922 904	5 536 469	6 080 594	6 427 696	6 414 861	6 405 767	6 954 293	7 402 786	8 023 329
Total for Category - Pre-primary and primary education	4 922 904	5 536 469	6 080 594	6 427 696	6 414 861	6 405 767	6 954 293	7 402 786	8 023 329
Category - Secondary education									
Department of Education (Programme 5.2.2)	3 039 474	3 311 542	3 693 241	3 968 986	3 993 087	4 002 181	4 325 526	4 605 170	4 891 658
Total for Category - Secondary education	3 039 474	3 311 542	3 693 241	3 968 986	3 993 087	4 002 181	4 325 526	4 605 170	4 891 658
Category - Subsidiary service to education									
Department of Education (Programme 5.3)	55 522	59 696	63 554	68 874	72 697	72 697	81 078	85 495	89 428
Total for Category - Subsidiary service to education	55 522	59 696	63 554	68 874	72 697	72 697	81 078	85 495	89 428
Category - Education not definable by level									
Department of Education (Programmes 5.1, 5.2.3, 5.2.4, 5.4, 5.5, 5.6, 5.8 and 5.9)	2 595 413	3 048 036	3 523 764	3 763 501	3 879 598	3 879 598	4 241 021	3 963 849	4 364 465
Total for Category - Education not definable by level	2 595 413	3 048 036	3 523 764	3 763 501	3 879 598	3 879 598	4 241 021	3 963 849	4 364 465
TOTAL FOR FUNCTION - EDUCATION	10 613 313	11 955 743	13 361 153	14 229 057	14 360 243	14 360 243	15 601 918	16 057 300	17 368 880
FUNCTION - SOCIAL PROTECTION									
Category - Social security services									
Social Development (Vote 7)	1 165 389	1 222 183	1 317 002	1 411 512	1 409 712	1 409 712	1 577 602	1 703 928	1 819 415
Total for Category - Social security services	1 165 389	1 222 183	1 317 002	1 411 512	1 409 712	1 409 712	1 577 602	1 703 928	1 819 415
TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT	1 165 389	1 222 183	1 317 002	1 411 512	1 409 712	1 409 712	1 577 602	1 703 928	1 819 415
TOTAL: BY FUNCTION	30 075 912	34 031 044	36 919 125	39 884 997	40 179 976	40 205 184	43 670 163	45 105 050	48 825 968

Table 11 Summary of Expanded Public Works Programme (EPWP) payments and estimates

Provincial department R'000		Outcome			Main appro- priation 2012/13	Adjusted appro- priation 2012/13	Revised estimate 2012/13	Medium-term estimate			
		Audited 2009/10	Audited 2010/11	Audited 2011/12				% Change from Revised estimate			
								2013/14	2012/13	2014/15	2015/16
1.	Department of the Premier										
2.	Provincial Parliament										
3.	Provincial Treasury										
4.	Community Safety	10 622	10 238	9 625	10 100	10 100	10 100	21 307	110.96	21 056	21 742
5.	Education	68 249	80 028	94 097	115 164	115 164	115 164	110 230	(4.28)	99 583	104 163
6.	Health	82 720	79 768	84 646	101 087	104 612	104 612	108 601	3.81	111 303	116 424
7.	Social Development			4 704				4 967		5 235	5 476
8.	Human Settlements							3 000			
9.	Environmental Affairs and Development Planning			6 000	6 000	6 000	6 000	17 658	194.30	19 512	20 452
10.	Transport and Public Works		650 142	774 728	872 382	872 382	872 382	1 013 685	16.20	1 256 591	1 769 540
11.	Agriculture				4 000	4 000	4 000	550	(86.25)		
12.	Economic Development and Tourism										
13.	Cultural Affairs and Sport			4 000	4 000	4 000	4 000	8 252	106.30	8 339	8 738
14.	Local Government										
Total EPWP		161 591	820 176	977 800	1 112 733	1 116 258	1 116 258	1 288 250	15.41	1 521 619	2 046 535
Financed from:											
	Equitable share	161 591	819 125	936 566	1 062 109	1 062 167	1 062 167	673 196	(36.62)	907 807	1 269 953
	Conditional Grants		1 051	41 234	41 823	41 823	41 823	602 760	1 341.22	604 016	766 335
	Other				8 801	12 268	12 268	12 294	0.21	9 796	10 247
Total EPWP		161 591	820 176	977 800	1 112 733	1 116 258	1 116 258	1 288 250	15	1 521 619	2 046 535

Glossary

Asset Financing Reserve	Built up over the years through unspent funds of departments as surrendered at the end of a financial year less approved roll-overs, revenue collected above budget less approved revenue retention requests, and interest earnings on investment above budget.
Baseline	The initial allocations used during the budget process, derived from the previous year's forward estimates.
Basic prices	Basic prices is the measure of Gross Domestic Product that does not take into account the value of taxes levied and subsidies received on production.
Broad unemployment	Includes discouraged employment seekers in the labour force.
Budget policy	Budget policy is the means by which government directs and adjusts its overall and differentiated levels of spending in order to foster and influence a nation's economy and social welfare.
Burden of disease	Refers to the nature and drivers of the causes of mortality and morbidity.
Conditional Grants	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
Consumer price inflation (CPI)	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
Countercyclical fiscal policy	Policy that has the opposite effect on economic activity to that caused by the business cycle, such as slowing spending growth in a boom period and accelerating spending in a recession.
Current account (of the balance of payments)	The difference between total exports and total imports, also taking into account service payments and receipts, interest, dividends and transfers. The current account can be in deficit or surplus. See <i>also trade balance</i> .

Discouraged work seekers	Individuals who want to work and are available to work, but who are not actively looking for work.
Division of revenue	The allocation of funds between the spheres of government as required by the Constitution. See <i>also equitable share</i> .
Equitable share	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution. See <i>also division of revenue</i> .
Financial year	The 12 months according to which companies and organisations budget and account.
Fiscal framework	A framework for integrating fiscal policy and budgeting over the medium-term by linking a system of aggregate fiscal forecasting to a disciplined process of maintaining detailed medium-term budget estimates by ministries reflecting existing government policies.
Fiscal policy	Policy on taxation, spending and borrowing by government.
Fiscal space	The ability of a government's budget to provide additional programme resources without jeopardising fiscal sustainability.
Gross domestic product (GDP)	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services produced outside the market economy.
Headline CPI	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
Industrial development zone	Designated sites linked to an international air or sea port, supported by incentives to encourage investment in export-oriented manufacturing and job creation.
Inflation	An increase in the general level of prices.
Labour absorptive capacity	Quantifies the difference between target employment growth rate and actual employment growth rate.
Labour force	Number of employed and unemployed individuals of working age.

Medium-term expenditure framework (MTEF)	The three-year spending plans of national and provincial governments published at the time of the Budget.
Narrow unemployment rate	Rate of unemployment that does not take into account the discouraged employment seekers from the labour force.
National budget	The projected revenue and expenditure that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
Provincial own receipts	Refers to taxes/fees and/or user charges, which a provincial department receives.
Public entities	Companies, agencies, funds and accounts that are fully or partly owned by government or public authorities and are regulated by law.
Real consumer spending	Expenditure on goods and services, including salaries, which are used up within a short period of time – usually a year.
Real interest rate	The level of interest after taking account of inflation.
Recession	Decline of Gross Domestic Product for two or more consecutive quarters.
Seasonally adjusted and annualised	The process of removing the seasonal volatility (monthly or quarterly) from a time series. This provides a measure of the underlying trend in the data. Annualised: to express a rate as if it were applied over one year.
Working age population	Individuals aged between 15 and 65.