

Budget Summary 2013

Introduction

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.

Economic outlook

Global economic growth has further moderated during 2012, with both advanced and emerging and developing economies performed below-par, mainly due to weak growth in advanced economies. Main risks to the global economic outlook remain stability of the Eurozone, the US fiscal cliff agreement and sustained increases in oil prices.

According to the Bureau for Economic Research (BER) South African economic growth is expected to have slowed in 2012 to 2.4 per cent¹. Current BER forecasts suggest that growth will likely remain under pressure in 2013 (2.6 per cent) before accelerating to 3.6 per cent 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 regional economy is forecast to grow at 3.0 per cent in 2013 before accelerating from 2014, averaging 3.8 per cent between 2013 and 2017. 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.

Table 1 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

Despite positive growth prospects for the Western Cape economy and improvements in access to and the quality of public health and education services, many social challenges, inextricably linked to poverty and marginalisation, remain. These challenges include stagnant employment, rising unemployment, increasing substance abuse, high rates of violent crime, fractured households, housing backlogs, poor literacy and numeracy rates and attitudes toward high risk sexual behaviour, particularly in respect of the impact on youth.

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

The Western Cape Government's Policy Response

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

¹ StatsSA Estimate is 2.5 per cent.

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 aims 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 in the Province to address persistent high levels of unemployment and poverty in a sustainable manner.

The Province has therefore 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.

The 2013 National Budget is the first to be tabled within the framework of the National Development Plan (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. These WCG policy 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 as the NDP.

Medium Term Expenditure by Department

The section below details a summary of the expenditure plans of each Provincial Department and the Provincial Parliament over the 2013 MTEF. In addition, it highlights additional allocations for key projects/initiatives linked to the five policy focus areas.

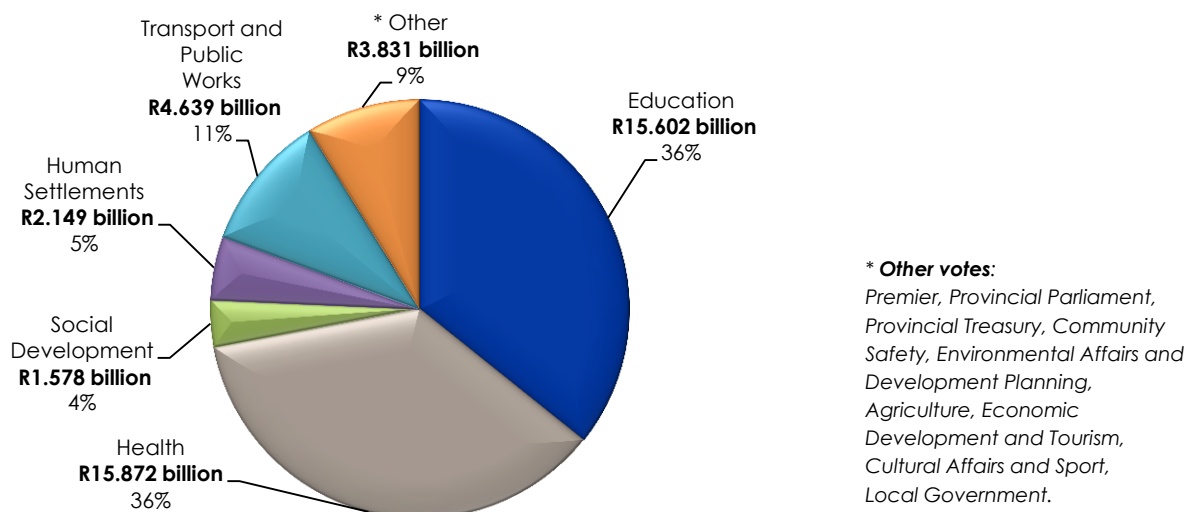
Table 2 shows that in 2013/14, the provincial budget grows by 8.62 per cent from a revised 2012/13 estimate of R40.205 billion to R43.670 billion in 2013/14. The largest proportion of the 2013/14 budget is allocated to social services which includes Social Development (3.61 per cent), Health (36.34 per cent share) and Education (35.73 per cent share). The balance is allocated to the Economic and Governance sector departments.

Table 2 Summary of provincial payments and estimates by vote

Vote R'000	Outcome						Medium-term estimate			
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main appropriation 2012/13	Adjusted appropriation 2012/13	Revised estimate 2012/13	% Change from Revised estimate	2013/14	2014/15	2015/16
1 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.

Figure 1 Relative share of allocations to Provincial Votes



The **Department of the Premier (DotP)** receives R853.843 million in the 2013/14 financial year. The main role and function of the Department is to provide strategic and operational support to the Premier and the Provincial Cabinet. The Department is also responsible for provincial strategic management of the WCG through the institutionalised Provincial Transversal Management System (PTMS). The Department provides a corporate services function to all provincial government departments (except Human Resource services to Health and Education). These corporate services include human resources, enterprise risk, internal audit, forensic investigation, corporate communication and legal services. The Western Cape Government has placed reliance on the use of information and communication technology (ICT) as an enabler to achieve its key outcomes. 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. The Centre for e-Innovation receives an additional R74 million in 2013/14 in order to support the increasing user base, to ensure connectivity of new client sites and for the refresh of Core Infrastructure and End-User Equipment.

The **Western Cape Provincial Parliament (WCPP)** 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 R325.420 million.

The **Provincial Treasury (PT)** is allocated a budget of R446.205 million in 2013/14. 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. 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. The emphasis for Provincial Treasury 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.

The **Department of Community Safety (DoCS)** has been allocated R388.589 million in 2013/14. 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. Key activities for the Department include enhancing oversight over policing activities, strengthening community police relations, developing and implementing crime prevention and safety promotion strategies. The Department also manages traffic law enforcement on provincial roads with the aim of reducing road accident fatalities and safety and security within and around WCG property and facilities. Plans ahead include monitoring all 149 police stations by 2015/16, with 50 police stations evaluated annually. 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 (EPWP), specifically for Neighbourhood Watch Coordinators and the expansion of the Youth for Safety programme.

The **Western Cape Education Department (WCED)** is allocated an amount of R15.602 billion in 2013/14 which constitutes 35.73 per cent of the total provincial budget for the 2013/14 financial year. Key areas the WCED will focus on in 2013 are: Teacher development; the Language and Mathematics Strategy; provision of textbooks; furniture and equipment; interventions to reduce repeater rates in all grades (especially in Grades 1 and 9); and School Improvement Plans (SIP). An amount of R1.293 billion in 2013/14 has been earmarked for infrastructure in the WCED and includes funding for new schools as well as maintenance of existing school buildings. The budget for Early Childhood Development (ECD) totals R456.576 million in 2013/14 and to further 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.

A total of R15.872 billion has been allocated in 2013/14 to the **Department of Health**. The Department currently provides health care services at 274 clinics and 53 hospitals in the Province. The Department expects to attend to over 15 million patient contacts at clinics and

over 3 million patient contacts at hospitals in 2013/14. 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 to improve quality of health care and the patient experience. Health service priority areas over the MTEF include improving mental health services; maternal and child health outcomes; elective surgery backlogs; prevention, detection and management of chronic diseases and emergency care and emergency medical services. The Health 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, improved access to oral healthcare and the Emergency Medical Services Communication Centre. The commissioning of the Mitchell's Plain Hospital in 2013 will further improve access to quality healthcare in the Cape Town Metro District.

The **Department of Social Development (DSD)**, 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 R1.578 billion has been allocated for the 2013/14 financial year. Social welfare and development services provide treatment, care and support to vulnerable families, older persons, women and children, youth and persons with disabilities. Specific needs in terms of infrastructure, day-care and support for persons with disabilities, particularly children with disabilities will receive priority attention. The Department of Social Development will utilise an additional amount of R92.082 million over the 2013 MTEF to fund the employment of social work graduates in specific those from the scholarship programme. An amount of R58.777 million over the 2013 MTEF has also been provided for support to the NGO sector.

The total allocation to the **Department of Human Settlements (DHS)** amounts to R2.149 billion in 2013/14 for the creation of sustainable human settlements. The Department aims to accelerate the delivery of housing opportunities by building 12 102 housing units and servicing 7 012 sites. Approximately 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. Of this amount, R733.484 million is allocated specifically to the City of Cape Town for provision of housing in preparation for metropolitan municipalities. In 2013/14 construction will commence in areas such as Steenberg, Elsies River and Scottsdene, to provide housing for the gap market (people earning between R3 500 and R15 000 per month), with a minimum of 200 intended for completion within 2013/14.

The **Department of Environmental Affairs and Development Planning (DEADP)** 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 allocation is R421.648 million in 2013/14. Key 2013 deliverables include the tabling of the Land-Use Planning Act and the completion of the Provincial Spatial Plan (PSP). Amounts of R7.720 million in 2013/14, R4.204 million in 2014/15 and R4.410 million in 2015/16 is allocated to improve the water quality of the Berg River system. Of the Department's budget, R223.907 million in 2013/14 is earmarked for CapeNature to promote and enhance biodiversity conservation and render biodiversity-related services (e.g. research and education/awareness). This includes an additional R1.198 million to boost fire-fighting capacity on the Provincial Nature Reserves. R17.658 million in 2013/14 is allocated for the Expanded Public Works Programme for job creation, training and social development interventions while fulfilling the biodiversity mandate.

The **Department of Transport and Public Works (DTPW)** receives a budget of R4.639 billion in 2013/14. The majority of the funding is for the preservation of all Western Cape Government buildings and for maintaining and organising a safe and well maintained road and transport network. Given this responsibility, the Department plans to complete 123 construction projects and 560 maintenance projects during the 2013/14 financial year. The Department also plans to rehabilitate 80 km of surfaced roads during the 2013/14 financial year.

Additional investment in Public Works infrastructure and Roads include amounts of:

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

Funds kept in reserve for allocation in the 2013 Adjusted Estimates include:

- R216 million and R465.157 million over the 2013 MTEF for the acquisition of property and the Provincial Regeneration Programme.
- The upgrade of the Wingfield Interchange at a total project cost of R1.255 billion until 2018/19.
- The upgrade of Divisional Road 1205: Gansbaai-Elim from gravel to surfaced at a total project cost of R292.96 million until 2015/16.

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.

The **Department of Agriculture (DoA)** receives R610.149 million in 2013/14. The Department's key priorities include 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. Linked to promoting market access and public health, the Department plans to increase the capacity of the Veterinary Services programme over the 2013 MTEF. An additional amount of R34.173 million over the 2013 MTEF period has been allocated for this purpose. The Department has set a target of 60 per cent of all land reform projects to be successful in the Province. Support to these projects will include the market access programme, financial management training, and engaging with agricultural commodity groups. 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 in the Western Cape. For the improvement of socio-economic conditions of farm workers, the Department is in the process of compiling a database of farm workers living on farms in the Western Cape.

The **Department of Economic Development and Tourism (DEDAT)** receives R389.451 million in 2013/14 towards the goal of creating an enabling environment for job creation and economic growth. The Red Tape unit will continue to focus on mitigating unnecessary or excessively complicated regulations and inefficient administrative processes that businesses find frustrating. The Department, via the Economic Development Partnership (EDP), will spearhead a new economic vision for the Province called One Cape 2040. Furthermore, the Department will continue deepening its interventions in priority sectors such as oil and gas, BPO, green economy. Skills Development is a priority focus area. DEDAT has leveraged R65.138 million from Jobs Fund towards flagship skills interventions: Capaciti100; Tool Dye and Mouldmaking; and

Work and Skills. Training and Experience Programmes estimated to create 2 050 jobs over the 2013 MTEF. The Western Cape Broadband Strategy and Implementation Plan aims at coordinating and integrating government action to radically improve the provision of broadband infrastructure, skills and usage within the Province. An amount of R52.746 million is earmarked for this purpose in 2013/14.

The **Department of Cultural Affairs and Sport (DCAS)** receives R445.309 million in 2013/14, to fulfil 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. The priority over the next financial year is to consolidate and strengthen the Mass participation; Opportunity and access; Development and growth (MOD) centres (starting with 32 centres) with additional staff and coaches. The MOD programme receives a boost with additional allocations of R3.208 million in the 2013/14 financial year. Enhanced emphasis will continue to be placed on the Expanded Public Works Programme (EPWP) during 2013/14 with allocations of R6.336 million for EPWP work opportunities within Cultural Affairs; R1.336 million in economic and social infrastructure and tourism and cultural industries; and R550 000 for EPWP in Sport.

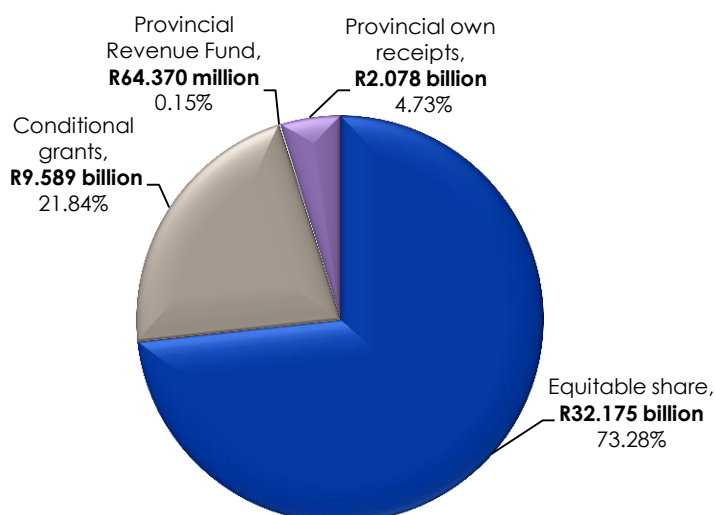
The **Department of Local Government (DLG)** is allocated an amount R173.289 million in 2013/14 with which the Department aims to achieve well-governed municipalities with integrated sustainable and empowered communities. Priorities for the Department include strengthening of public participation, comprehensive access to information and government services for citizens via the Community Development Worker (CDW) and Thusong Centre Programme and capacitated municipalities through the deployment of experts from a pool of expertise. For the first time, the Department will also provide support to municipalities on ICT governance and shared services in terms of the broadband initiative. A further priority includes a focus on achieving Integrated Development Plans (IDPs) that fully reflect the priorities, budgets, and projects of all three spheres of government via the various IDP Indabas. The Department has also received a ring-fenced allocation to provide a higher level of aerial fire-fighting support in the Province.

Provincial Revenue

The Western Cape Government finances its provincial expenditure via three sources: national transfers (Provincial Equitable Share (PES) and conditional grants), Provincial Own Receipts (taxes and fees/user charges) and the Provincial Revenue Fund (PRF). Figure 2 shows the high level summary of the share of provincial revenue sources.

Provincial Equitable share present the highest share (73 per cent) followed by Conditional Grants (22 per cent). Together they contribute 95 per cent into the Provincial Revenue. Provincial Own Receipts contribute 5 per cent and the Provincial Revenue Fund (PRF) contributes 0.15 per cent in the 2013/14 financial year. 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.

Figure 2 Shares of Provincial revenue sources – 2013/14



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.

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.

Provincial Expenditure by Economic Classification

An amount of R43.704 billion (inclusive of the direct charges) is budgeted for the 2013/14 financial year. This amount includes: 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 account 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 primarily comprise of Transfers to non-profit institutions (37.4 per cent or R2.692 billion) and Households² (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.

Infrastructure Expenditure

The section below focuses on expenditure within the different infrastructure categories of the Western Cape Government.

Infrastructure and Maintenance

Infrastructure investment 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. Infrastructure funding allocated per category for 2013/14 are as follows: new and replacement assets R1.414 billion (30.93 per cent of the total 2013/14 infrastructure budget); upgrades and additions R507.766 million (11.1 per cent of the total); rehabilitation, renovations and refurbishments R1.410 billion (30.84 per cent of the total); maintenance and repairs R1.131 billion (24.74 per cent of the total), current infrastructure transfers R14.501 million (0.32 per cent of the total); capital infrastructure transfers R70.352 million (1.54 per cent of the total) and other capital projects R23.999 million (0.53 per cent). The percentage allocation per category of infrastructure remains somewhat the same over the 2013 MTEF period.

Transfers from the Provincial Government

Public Entities and provincial government business enterprises

The public entities and provincial government business enterprises receives a total of R438.230 million in 2013/14. This signifies an increase of R38.526 million or 9.64 per cent from the 2012/13 revised estimates of R399.704 million.

² Bulk of transfer to households in respect of the Human Settlements Development Grant.

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 Casidra. Transfers to CapeNature increases 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 funding to expand the Expanded Public Works Programme (EPWP). Casidra which facilitates efficient service delivery regarding agricultural development, land reform, rural development and empowerment, receives an increase in transfers of R10.415 million or 9.61 per cent which mainly relates to additional projects being funded by the Ilima/Letsema Projects Conditional Grant.

Wesgro, the agency responsible for promoting trade and investment and destination marketing, receives R46.644 million in 2013/14. Of this total R24.144 million is an earmarked priority allocation, which includes R5.280 million in 2013/14 for the Saldanha IDZ project.

The aim of the Western Cape Gambling and Racing Board (WCGRB) is to ensure that all gambling, racing and activities incidental thereto, are effectively regulated in the Province. The allocation increases by 328.29 per cent from R2.411 million transferred in the 2012/13 revised estimate to R10.326 million in 2013/14.

Local Government

The total budgeted transfers to municipalities increased by 12.69 per cent from the revised estimates of R1.934 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 (46.36 per cent) and the remainder to Category C municipalities. 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. 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.

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.