

**Western Cape Government  
Provincial Treasury**

**Budget**

**Overview of Provincial Revenue  
and Expenditure**

**2014**

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# Foreword

The 2014 Budget is the culmination of a structured process over the last four years designed to manage risk and maintain stability in a constrained fiscal environment, while continuing to build a foundation for systematic and inclusive economic growth.

The key objectives of this Budget are promoting economic growth, increasing employment and decreasing unemployment; reducing poverty, crime and other social ills; and improving the quality of education and health. Critical to the achieving these objectives are good governance; robust partnerships; effective integration; institutionalised spatial targeting; active citizens and a capable state. These, in combination, have set the Province on a path to toward enhanced economic growth, more and better jobs and improved socio-economic outcomes.

The 2014 Budget sustains established service delivery and new programmes and projects initiated and implemented over the last 5 years to enhance governance and to achieve higher economic growth and employment. These include a range of technologically driven transversal projects, improved infrastructure delivery and maintenance, better governance and improved efficiency, innovation and effectiveness in how we deliver goods and services to the citizens of the Province and achieve greater value for money for them.

The promotion and strengthening of social inclusion, improvements to education and health outcomes, ensuring delivery of social welfare services receive a heightened focus. In light of the prevailing economic conditions and uncertain economic prospects ahead, these areas become critical in providing protection for those most vulnerable.

Budget 2013 focused on strengthening the foundation for the implementation of key policies and taking Government "from vision to action". Therefore, 2014 Budget takes the Western Cape Government a step further, ensuring "vision in action" in the delivery services and toward a more inclusive society and better life for all in the Province.



**DR JC STEGMANN**

**HEAD OFFICIAL: PROVINCIAL TREASURY**

**DATE: 5 MARCH 2014**



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## Acronyms

AET	Adult Education and Training
ART	Anti-Retroviral Treatment
BEP	Bucket Eradication Programme
BER	Bureau for Economic Research
BPO	Business Process Optimisation
BRIP	Berg River Improvement Plan
Casidra	Cape Agency for Sustainable Development in Rural Areas
CASP	Comprehensive Agriculture Support Programme
CBD	Central Business District
Ce-I	Centre for E-Innovation
CGRO	Corporate Governance Review and Outlook
CoE	Compensation of Employees
CPFs	Community Police Forums
CPI	Consumer Price Index
CRU	Community Residential Unit
DCAS	Department of Cultural Affairs and Sport
DEDAT	Department of Economic Development and Tourism
DLG	Department of Local Government
DMO	Destination Marketing Organisation
DoA	Department of Agriculture
DOCS	Department of Community Safety
DORA	Division of Revenue Act
DoTP	Department of the Premier
DSD	Department of Social Development
DTPW	Department of Transport and Public Works
ECD	Early Childhood Development
EDP	Economic Development Partnership
EIG	Education Infrastructure Grant
EPP	Expanded Partnership Programme
EPWP	Expanded Public Works Programme
FARE	"Future of Agriculture in the Rural Economy"
FAS	Foetal Alcohol Syndrome
Fed	Federal Reserve Bank
FET	Further Education and Training
FLISP	Finance Linked Individual Subsidies Programme
FTEs	Full Time Equivalents



GBS	General Budget Support
GDE	Gross Domestic Expenditure
GDPR	Gross Domestic Product per Region
GFS	Government Finance Statistics
GHS	General Household Survey
HFRG	Health Facility Revitalisation Grant
HPV	Human Papillomavirus
HSDG	Human Settlements Development Grant
HWC	Heritage Western Cape
ICT	Information Communication Technology
IDP	Integrated Development Plans
IDZ	Industrial Development Zone
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
IRDP	Integrated Residential Development Programme
IT	Information Technology
IYM	In-Year Monitoring and Management System
LG MTEC	Local Government Medium Term Expenditure Committee
LNG	Liquefied Natural Gas
LPM	Limited Payout Machines
LTSM	Learner and Teacher Support Material
MFMA	Municipal Finance Management Act, 2003
MGRO	Municipal Governance Review and Outlook
MinComBud	Ministers Committee on the Budget
MOD	Mass Opportunity Development
MPC	Monetary Policy Committee
MTBPS	Medium Term Budget Policy Statement
MVL	Motor Vehicle Licence Fees
NDP	National Development Plan
NGOs	Non-Governmental Organisations
NHI	National Health Insurance
NHW	Neighbourhood Watch
NSC	National Senior Certificate
NTSG	National Tertiary Services Grant
OCP	Office of the Consumer Protector
OSD	Occupational Specific Dispensation
PAY	Premier's Advancement of Youth
PBSAP	Provincial Biodiversity Strategy and Action Plan

PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PHC	Primary Health Centres
PNP	Policing Needs and Priorities
PPPs	Public Private Partnerships
PRF	Provincial Revenue Fund
PRMG	Provincial Road Maintenance Grant
PRP	Provincial Regeneration Programme
PSBC	Public Service Bargaining Council
PSDF	Provincial Spatial Development Framework
PSF	Provincial Skills Forum
PSP	Provincial Strategic Plan
PTMS	Provincial Transversal Management System
QLFS	Quarterly Labour Force Survey
RAF	Road Accident Fund
RIA	Regulatory Impact Assessment
RSEP	Regional Socio-economic Project
SARB	South African Reserve Bank
SARS	South African Revenue Services
SCOA	Standard Chart of Accounts
SETAs	Sectoral Education and Training Authorities
SHRA	Social Housing Regulatory Authority
SIZA	Sustainable Initiative of South Africa
SMME	Small, Medium and Micro Enterprise
Stats SA	Statistics South Africa
TB	Tuberculosis
U-AMPS	User Asset Management Plans
UISP	Upgrade of Informal Settlements Programme
US	United States
VPUU	Violence Prevention through Urban Upgrade
WCCC	Western Cape Cultural Commission
WCED	Western Cape Education Department
WCG	Western Cape Government
WCGRB	Western Cape Gambling and Racing Board
WCLC	Western Cape Language Committee
Wesgro	Western Cape Tourism, Trade and Investment Promotion Agency
WISP	Western Cape Industrial Symbiosis Project

# 1

## Economic Outlook and Socio-economic Context

### Introduction

Global economic growth moderated further during 2013 due to both advanced and developing economies performing below-par - mainly ascribed to weak growth in advanced economies. However, the medium term economic prospects for the advanced economies, specifically the United States (US) and the Eurozone appear more positive despite limited growth being forecasted. A number of risks to the medium term outlook, however, still remain.

Similarly, South African economic growth has slowed in 2013. However, the current economic forecasts suggest that growth will slightly accelerate in 2014 and 2015. Risks to the medium term outlook are tied to the tapering of the US Federal Reserve Bank (Fed) asset purchasing programme; moderation of domestic consumer demand, inflationary pressures; and sustained rand/dollar exchange rate weakness. Economic activity in the Western Cape is expected to remain positive over the medium term, primarily driven by the tertiary sector and to a lesser extent, construction. Risks to the regional economy rest on weaker disposable income growth adversely affecting consumer demand; and a depreciating rand/dollar exchange rate possibly raising inflationary pressure.

Indeed, recent global, national and regional socio-economic developments as well as current information on key regional development indicators are imperative to inform effective budget policy and planning given the limited fiscal envelope in the Province.

## Macroeconomic outlook<sup>1</sup>

### Global Economic outlook

*Marginal slowdown in global growth in 2013*

According to the International Monetary Fund (IMF), global economic growth moderated to 3 per cent in 2013, from 3.1 per cent in 2012. This reflected a slowdown in both advanced and developing economies. In advanced economies, growth slowed from 1.4 per cent in 2012 to 1.3 per cent in 2013. This was mainly due to the continued recession in the Eurozone as well as a slowdown in the US during the first half of the year. Growth in developing economies moderated from 4.9 per cent to 4.7 per cent in 2013.

*Medium term outlook for US economy positive but dampened growth expectations for 2015*

In the US, economic activity strengthened during the second half of 2013. The IMF projects this improvement to continue and forecasts growth to accelerate to 2.8 per cent in 2014. The growth acceleration will be mainly driven by stronger domestic demand as a result of continued labour and housing market improvements. The recent government budget agreement, which shifts out most of the negative impact of further tax increases and government spending cuts to 2015, should provide further support to growth in 2014. This postponement, however, also explains why the IMF does not forecast significant growth acceleration from 2014 to 2015.

Importantly, the improved economic conditions led the Fed to start the gradual withdrawal of its monthly \$85 billion asset purchasing programme (i.e. tapering). The slow unwinding of the expansive monetary policy programme is explicitly tied to sustained improvements in the labour market, particularly the unemployment rate, which has declined over the past few months. However, the fall in the unemployment rate has primarily been a result of a decline in the labour participation rate (i.e. the number of people working or actively seeking employment). The Fed thus continues to monitor progress closely and has stressed that US interest rates will likely remain at historic low levels through 2014 to stimulate the economic recovery, even after the unemployment rate reaches the targeted level of 6.5 per cent.

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<sup>1</sup> Economic data and information as at 17 February 2014.

The Eurozone edged out of recession during the second half of 2013, with financial and economic conditions in the region becoming increasingly more stable. However, the recovery remains skewed with the peripheral economies, such as Spain and Italy, growing at slower rates than the core countries. Growth in the peripheral economies continues to be hampered by persistently high debt levels and fragile financial markets. In contrast, the region's largest economy, Germany, is projected to grow by 1.6 per cent in 2014, up from 0.5 per cent in 2013. Germany's recovery should lift growth in the Eurozone as a whole to 1 per cent in 2014, after a 0.4 per cent contraction during 2013. A further acceleration to 1.4 per cent growth is forecasted for 2015. The United Kingdom, not directly affected by the persisting instabilities in the common currency area, is expected to grow at a much stronger rate of 2.4 per cent in 2014, up from 1.7 per cent in 2013, before slowing to 2.2 per cent in 2015.

*Medium term outlook for Eurozone economy more positive*

Whereas most developed countries face less fiscal constraint in 2014, Japan may be the exception due to planned consumption tax increases weighing on growth prospects. However, temporary fiscal stimulus measures and improved external demand combined with a weaker Yen should help the economy expand at a rate of 1.7 per cent – unchanged from 2013. Growth is, however, expected to moderate to 1 per cent in 2015. Improved economic conditions in advanced economies and continued strong demand from China benefitted developing economies as demand for exports increased. The Chinese economy rebounded during the second half of 2013 after a renewed surge in investment growth. However, given the temporary nature of this investment boost, economic growth is expected to moderate to 7.5 per cent and 7.3 per cent in 2014 and 2015, respectively. If the slowdown in China is larger than expected, this will weigh heavily on emerging economies. Economic activity in Sub-Saharan Africa is forecast to grow by 6.1 per cent in 2014, a full percentage point above the growth rate recorded in 2013.

*Growth in China to moderate over the medium term*

While the fact that improving US economic performance is positive for the global economy, a key risk to the outlook for developing countries is the tapering of the Fed's asset purchasing programme. Tapering lowers overall global liquidity and results in global asset portfolio reallocations. Given existing fragile financial conditions (such as large current account and government budget deficits), some emerging markets have experienced notable capital outflows. As a result, some developing countries have seen a considerable weakening of

*Considerable weakening of some developing economies currencies*

their currencies. The outflow of capital has been exacerbated as many developing countries are also grappling with internal problems, such as political turmoil (Turkey, Ukraine and Thailand), policy changes (Argentina) and labour unrest in South Africa (labour strikes in mining sector). Furthermore, there is the possibility of an even sharper decline, or even worse a complete halt, of capital flows from advanced to emerging economies. This would require a sudden internal adjustment in emerging economies, with detrimental implications for growth.

*Emerging markets and developing countries continue to buoy global growth*

Overall, the IMF forecasts global growth to accelerate from 3 per cent in 2013, to 3.7 per cent and 3.9 per cent in 2014 and 2015, respectively. Economic growth in advanced economies is forecast to increase from 1.3 per cent in 2013 to 2.2 per cent and 2.3 per cent in 2014 and 2015, respectively. In aggregate, developing economies are anticipated to continue to grow at a faster pace than advanced economies, with a further acceleration from 4.7 per cent in 2013 to 5.1 per cent and 5.4 per cent in 2014 and 2015, respectively, as forecasted by the IMF. Table 1.1 summarises the IMF's forecast for 2014 and 2015.

**Table 1.1 Global economic growth outlook**

	2013	2014	2015		2013	2014	2015
<b>World output</b>	<b>3.0</b>	<b>3.7</b>	<b>3.9</b>				
<b>Advanced economies</b>	<b>1.3</b>	<b>2.2</b>	<b>2.3</b>	<b>Developing economies</b>	<b>4.7</b>	<b>5.1</b>	<b>5.4</b>
US	1.9	2.8	3.0	Developing Asia	6.5	6.7	6.8
Japan	1.7	1.7	1.0	China	7.7	7.5	7.3
Eurozone	-0.4	1.0	1.4	India	4.4	5.4	6.4
Germany	0.5	1.6	1.4	Latin America	2.6	3.0	3.3
UK	1.7	2.4	2.2	Central & East Europe	2.5	2.8	3.1
Canada	1.7	2.2	2.4	Sub-Saharan Africa	5.1	6.1	5.8

Source: IMF, *World Economic Outlook* – January 2014

*Inflation in advanced economies forecast to rise marginally over the medium term*

Consumer price inflation in advanced economies is expected to remain subdued, increasing slightly from 1.4 per cent in 2013 to 1.7 per cent and 1.8 per cent in 2014 and 2015, respectively. This is despite continued monetary easing, which would put upward pressure on inflation under normal circumstances. However, given the persisting large gap between current economic growth and potential growth in most advanced economies, price increases should remain moderate. In fact, in the Eurozone specifically, recent inflation figures were reported so low that some fear deflation (i.e. declining prices). This would be detrimental to the recovery, as the expectation of declining prices distorts consumption and investment decisions.

In developing economies, inflation is expected to moderate from 6.1 per cent in 2013 to 5.6 per cent and 5.3 per cent in 2014 and 2015, respectively. However, inflation will come under pressure should the developing economies currencies continue to weaken. A weaker currency makes imports, which are generally paid for in foreign currency (such as crude oil), more expensive.

*Inflation in developing economies forecast to moderate but weaker currencies remain an upside risk*

International oil prices are expected to decline further during 2014 and 2015. After a 0.9 per cent decline during 2013, oil prices are forecast to fall by a further 0.3 per cent and 5.2 per cent in the next two years. This is mainly due to increased supplies from the shale gas revolution in the US. However, a renewed flare-up of geo-political conflict in the traditional oil producing countries in the Middle East could push up oil prices.

The gradual winding down of the monetary easing policies in the developed world remains a key risk. If the pace is too fast, the recovery could stall and deflation could result. However, if easing continues for too long, inflation may be fuelled over the longer term. Financial market and capital flow volatility as a result of portfolio asset reallocations is also a key risk for developing economies going forward.

*Financial market and capital flow volatility remain key risks to global growth forecast*

## **Developments in the South African economy**

South African GDP growth slowed sharply during the third quarter of 2013. According to Stats SA, quarter-on-quarter<sup>2</sup> growth moderated from an upwardly revised 3.2 per cent during the second quarter to 0.7 per cent in the third quarter.

Growth in the primary sector rebounded to 8.9 per cent in the third quarter (from -5 per cent in the second quarter of 2013), but this was not enough to offset the slump in the secondary sector. Value added in the manufacturing sector fell by 6.6 per cent, largely led by production losses in the vehicle manufacturing sector due to a prolonged labour strike. Indeed, the manufacturing sector alone declined by a full percentage point from overall growth in the third quarter. The electricity and construction sectors also lost ground. Additionally, the performance by the tertiary sector disappointed as growth in the trade and financial sectors slowed significantly. As a result,

*Third quarter GDP growth weighed down primarily by protractions in manufacturing; electricity and construction; and tertiary sectors*

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<sup>2</sup> From this section all figures are quarter-on-quarter, seasonally adjusted and annualised.

growth in the tertiary sector fell sharply to 1.3 per cent quarter-on-quarter from 2.2 per cent in the second quarter.

*Softer consumer spending growth mainly driven by weaker real disposable income increases*

Consumer spending rose by 2.8 per cent year-on-year during the first three quarters of 2013, down from 3.5 per cent in 2012. The softer spending growth was mainly driven by weaker real disposable income increases. In fact, real income growth slowed to a three-and-a-half year low of 2.5 per cent year-on-year during the third quarter of 2013. Furthermore, credit extension growth, particularly in unsecured lending, is also moderating. Growth in spending on durable goods (e.g. passenger cars, furniture, household appliances and electrical equipment) eased from 11.1 per cent year-on-year in 2012 to an estimated 7.3 per cent in 2013. In contrast, semi-durable goods sales (e.g. clothing, footwear, household textiles and furnishing) have remained resilient with growth of around 6.8 per cent year-on-year in 2013, up from 6.2 per cent in 2012. Higher food prices and transport costs have adversely affected sales volumes of non-durable goods (e.g. food, beverages, tobacco, petroleum products and electricity). Growth in these volumes is estimated at 2.4 per cent in 2013, down from 2.7 per cent in 2012. The services category also underperformed with estimated growth of only 0.7 per cent year-on-year in 2013, from 1.7 per cent in 2012. This can be mainly attributed to the large contraction in spending by South Africans visiting abroad which is subtracted from overall services spending.

*Sales of non-durable goods negatively affected by higher food prices and transport costs*

According to the Quarterly Labour Force Survey, the economy created 653 000 jobs during 2013. The majority of these, 507 000 jobs, were created in the formal sector and a further 95 000 people found employment in the informal sector. Although the community and social services sector as well as the trade sector contributed the most to the annual increase in formal employment, employment gains were widespread. In fact, only the manufacturing and the mining sector recorded job losses for the full year. The narrow unemployment rate marginally declined to 24.1 per cent during the fourth quarter of 2013 from 24.5 per cent during the fourth quarter of 2012.

*Softer real fixed investment in 2013 primarily due to moderation in public sector investment*

Growth in real fixed investment slowed to 3.2 per cent year-on-year during the first three quarters of 2013, down from 4.4 per cent in 2012. The slowdown was primarily due to a moderation in public sector investment. Government fixed investment growth slowed to only 2.9 per cent in the first half of 2013 from more than 6 per cent in 2012. Momentum picked up somewhat during the third quarter on the back of increased spending by local and provincial governments. Fixed investment by



state-owned enterprises declined during the first half of 2013 and barely grew in the third quarter. Private sector investment growth has been stable around 3 per cent during the first three quarters of 2013. In 2012, growth was closer to 4 per cent. Low business confidence, domestic policy uncertainty and sufficient private sector capacity probably held back new private fixed investment outlays.

The rand/dollar exchange rate has been weakening since early 2012. However, since the start of 2014, the weakening intensified and the Rand lost significant ground against the major currencies. This was primarily due to the start of tapering in the US which saw global liquidity recede and brought concerns about emerging market economies to the forefront. South Africa's specific concerns regarding renewed social unrest and industrial action in the mining sector further dented investor sentiment. Going forward, the weaker Rand is likely to filter through to higher domestic price increases as imported products become more expensive. Due to the fears regarding higher inflation and the expectation of a sustained breach of the upper limit of the inflation target, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) increased the interest rate by 50 basis points in January 2014. Concerns about the stubbornly large current account deficit likely contributed to the decision.

*Weaker Rand to likely impact on increasing prices*

## **Medium-term outlook for the South African economy**

Table 1.2 summarises the Bureau for Economic Research's (BER) forecast for selected variables in 2014 and 2015. Even if growth during the final quarter of 2013 accelerates sharply to between 3 and 4 per cent quarter-on-quarter, the full year's growth will be below 2 per cent.

*Medium term outlook for SA consumer demand to moderate*

Household expenditure continues to be the main driver of economic growth in South Africa. However, increasing cost pressures from the weaker rand, high administrative prices, as well as weak employment dynamics and higher interest rates are expected to weigh on consumer demand over the medium term. The BER expects household consumption expenditure growth to remain unchanged at 2.7 per cent in 2014 before accelerating to 3.3 per cent in 2015. Furthermore, weak domestic demand, paired with sufficient spare capacity and subdued business confidence, will weigh on private sector fixed investment. As private sector investment makes up the bulk of total gross fixed capital formation, the BER's forecast for total

investment is therefore also rather subdued. The BER expects overall fixed investment to remain unchanged at 3 per cent in 2014, before accelerating to 4.3 per cent in 2015. Growth in government spending is expected to remain at 2.5 per cent between 2014 and 2015.

*SA exports expected to rise in 2014*

Growth in Gross Domestic Expenditure (GDE) – the broadest measure of domestic demand and growth – is anticipated to remain low in 2014 and only expected to accelerate in 2015. However, an improved export performance should boost GDP growth in 2014. Exports are expected to pick up due to the recovery in global demand and the sustained rand/dollar exchange rate weakness. The latter could lead to improved competitiveness of local producers in international markets. In addition, the weak Rand could also result in a shift of demand towards locally produced goods away from more expensive imports, further supporting growth. However, if exports do not respond sufficiently to the more positive external environment, GDP growth could likely be even weaker. Overall, the BER expects GDP growth to pick up to 2.6 per cent year-on-year in 2014 with a further slight acceleration to 3 per cent growth in 2015.

*SA GDP expected to pick up slightly in 2014 and 2015*

**Table 1.2 BER Forecast for selected variables 2013 - 2015**

	Estimate 2013	Projections	
		2014	2015
Final household consumption expenditure	2.7	2.7	3.3
Government consumption expenditure	2.3	2.5	2.6
Gross fixed capital formation	3.0	3.0	4.3
<b>Real GDE</b>	<b>2.5</b>	<b>2.4</b>	<b>3.5</b>
Total exports	4.1	6.6	5.6
Total imports	5.6	4.9	6.8
<b>Real GDP</b>	<b>1.9</b>	<b>2.6</b>	<b>3.0</b>
<b>Inflation (annual averages)</b>			
CPI (Headline)	5.7	6.1	5.7
PPI (All items)	6.0	6.9	5.6
<b>Exchange rates (annual averages)</b>			
R/US\$	9.65	10.89	10.30
R/Euro	12.82	14.27	13.10
R/Pound sterling	15.11	17.55	16.17

Source: BER, *Economic Prospects*, February 2014

*Rand/dollar exchange forecast to average R11/\$ first half of 2014, slightly appreciate thereafter and throughout 2015*

The weakening bias of the rand/dollar exchange rate is unlikely to be reversed in the coming months. Tapering is set to continue and there seems to be no quick solution to the specific emerging market issues. The BER therefore expects the Rand to average R11/\$ in the first half of 2014 with a slight strengthening anticipated during the second half of the year. This is based on the expectation that the current account

balance will improve on the back of higher exports and lower imports as well as an improvement in the terms of trade. The rand/dollar exchange rate is expected to continue to strengthen slightly throughout 2015.

Consumer inflation is expected to remain under pressure during the forecast period. Drought conditions in the northern parts of the country have pushed up domestic grain prices. Given that grains are also used as animal feed, this ultimately filters through to higher meat prices as well. Further potential upward pressure stems from the weak rand/dollar exchange rate. It is unlikely that businesses will be able to absorb the higher input costs much longer without pushing up their selling prices. The BER forecasts consumer inflation (as measured by the Consumer Price Index or CPI) to peak at 6.3 per cent year-on-year during the second quarter of 2014. Inflation is expected to average 6.1 per cent for the full year before moderating to 5.7 per cent in 2015.

Importantly, this inflation forecast is based on the expectation of two further 50 basis points interest rate hikes during the remainder of 2014. Should the SARB not increase rates, inflation might further increase. However, there is also a downside risk to the inflation outlook. Inflation could be slightly lower than expected as pass-through from the weak exchange rate has so far remained relatively muted. The further pass-through will depend on the extent that businesses pass on higher input costs in an environment of already weakening consumer demand.

*Inflation forecast to remain above the upper limit of the target throughout 2014*

### **Economic outlook for the Western Cape**

Economic growth in the Western Cape moderated from 3.9 per cent year-on-year<sup>3</sup> in 2011 to 2.9 per cent in 2012<sup>4</sup>. Despite the slowdown, the regional economy continued to grow at a faster pace compared to the 2.4 per cent year-on-year growth registered nationally (down from 3.3 per cent in 2011). In fact, the Western Cape has grown faster than the National economy for the most part of the last decade (2002 - 2012). The Province expanded by 3.8 per cent (on average) year-on-year over this period, compared to 3.4 per cent nationally.

*Western Cape economy continues to outpace SA economy*

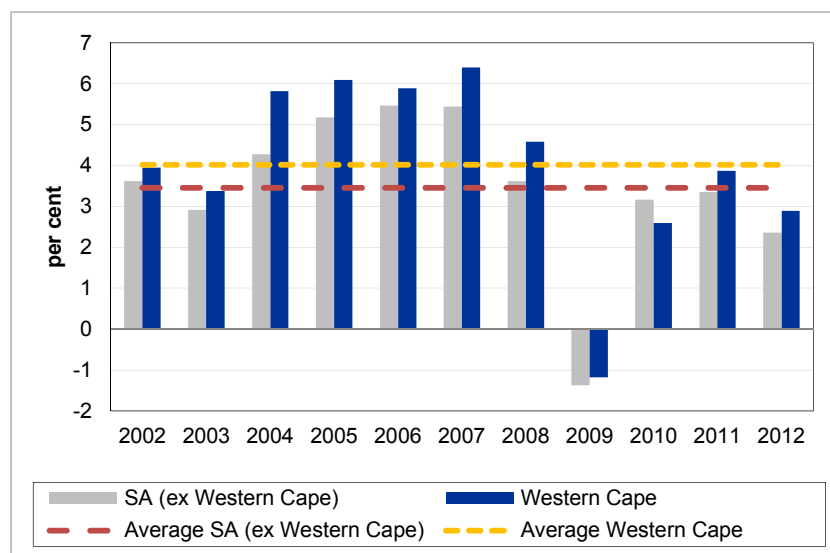
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<sup>3</sup> At basic prices.

<sup>4</sup> Provincial GDP figures are released with an almost two-year lag. Therefore, the 2012 figure is the most recent estimate available.

The Western Cape contributed approximately 15 per cent to overall GDP in 2012. Figure 1.1 illustrates the performance of the Western Cape economy compared to national growth<sup>5</sup>.

**Figure 1.1 Western Cape and South African economic performance between 2002 and 2012**



Source: Stats SA

Table 1.3 summarises the performance of the different sectors in the Western Cape as well as the contribution made to overall growth in 2011 and 2012. The largest contributor to Province's economy was the finance, insurance, real estate and business services sector, which expanded by 3.6 per cent year-on-year in 2012 – notably slower than the 5.2 per cent growth recorded in the year before. The sector added 1.2 percentage points to overall growth. This was followed by the wholesale, retail and motor trade; catering and accommodation sector, which added 0.6 percentage points to growth by expanding by 3.8 per cent year-on-year. Growth in the general government sector also moderated, from 4.6 per cent year-on-year in 2011 to 3.1 per cent in 2012. The manufacturing sector expanded by 1.8 per cent, down from 3.1 per cent the year before. The only sectors to perform better in 2012 compared to 2011 were the agriculture, forestry and fishing sector and the construction sector. The only sector to register a decline in activity was the mining and quarrying sector – contracting by 1.4 per cent year-on-year in 2012. However, as the Province's smallest sector, this did not have a large impact on overall growth.

*Finance, insurance, real estate and business services sector largest contributor to WC economy*

<sup>5</sup> Excluding the Western Cape

**Table 1.3 Growth in the Western Cape per sector**

Description	2011		2012	
	yoy % change	Percentage point contribution	yoy % change	Percentage point contribution
Agriculture, forestry & fishing	0.4	0.0	1.9	0.1
Mining & quarrying	-1.0	-0.0	-1.5	-0.0
Manufacturing	3.1	0.5	1.8	0.3
Electricity, gas & water	1.1	0.0	0.4	0.0
Construction	0.5	0.0	2.6	0.1
Wholesale & retail trade; catering & accommodation	4.6	0.7	3.8	0.6
Transport, storage & communication	3.3	0.3	2.1	0.2
Finance, insurance, real estate & business services	5.2	1.7	3.6	1.2
Community, social & personal services	2.2	0.1	2.3	0.1
General government	4.6	0.5	3.1	0.3
<b>All industries GDP at basic prices</b>	<b>3.9</b>	<b>3.9</b>	<b>2.9</b>	<b>2.9</b>

Source: Stats SA

According to BER/Quantec estimates, economic growth in the Western Cape likely slowed to 2.1 per cent in 2013, down from 2.9 per cent in 2012. This was in line with the growth moderation registered nationally. The slowdown was mainly driven by weaker growth in the tertiary sector. On the other hand, growth in the construction sector as well as the agriculture, forestry and fishing sector likely accelerated for the second consecutive year.

Going forward, growth in the Western Cape is expected to continue to outpace that of the national economy (see Table 1.4). Over the full period, the construction sector is expected to register the strongest growth, boosted by a recovery in the housing market and increased public sector infrastructure spending, particularly in the outer years from 2016 to 2018. The finance, insurance, real estate and business services sector is forecasted to grow by 4.2 per cent. Given that this is the Province's largest sector, this will be a significant boost to overall growth. Activity in the wholesale and retail trade; catering and accommodation sector is forecasted to expand at a relatively subdued level for the coming years. However, within this larger sector, the catering and accommodation subsector is expected to do relatively well as the sustained weak rand/dollar exchange rate (at least over the shorter term) and the global growth recovery should boost the attractiveness of the Province's tourism sector.

*WC GDP growth to be boosted by key tertiary sectors and construction*

**Table 1.4 Growth forecast for GDPR; 2013 - 2018 at constant 2005 prices**

Description	2013(e)	2014(f)	2015(f)	2016(f)	2017(f)	2018(f)	Average annual growth (2013 - 2018)
Agriculture, forestry & fishing	2.6	2.3	1.3	1.8	2.5	2.8	2.2
Mining & quarrying	1.3	1.2	1.1	1.2	1.3	1.8	1.3
Manufacturing	0.6	2.6	2.6	2.9	3.2	3.2	2.5
Electricity, gas & water	1.6	1.8	2.1	2.1	2.2	2.2	2.0
Construction	3.2	3.1	4.0	4.5	5.2	6.0	4.3
Wholesale & retail trade; catering & accommodation	2.4	2.5	2.5	3.1	3.3	3.5	2.9
Transport, storage & communication	2.0	3.6	4.0	4.5	4.8	4.8	4.0
Finance, insurance, real estate & business services	2.5	3.4	4.3	4.9	4.9	5.1	4.2
Community, social & personal services	2.2	2.4	2.9	3.1	3.1	2.9	2.8
General government services	2.4	2.6	2.7	2.6	2.5	2.4	2.5
<b>All industries GDP at basic prices</b>	<b>2.1</b>	<b>2.9</b>	<b>3.3</b>	<b>3.8</b>	<b>3.9</b>	<b>4.1</b>	<b>3.4</b>

Sources: Stats SA, BER/Quantec, e denotes estimate, f denotes forecast

WC economy expected to grow by 3.4 per cent on average between 2013 and 2018

The regional economy is forecast to grow at an average rate of 3.4 per cent between 2013 and 2018. This is slightly above the expected growth rate of 3.1 per cent for the national economy. The more upbeat regional forecast is largely due to the contribution of solid growth in the tertiary sector and, to a lesser degree, the construction sector. The forecast for growth in the Province's primary sector is slightly more subdued compared to the national forecast. However, this will not be a major drag on growth as the Western Cape's primary sector is relatively small (mainly as a result of low levels of mining activity).

## Risks to the outlook

Softer disposable income growth; weaker Rand/dollar exchange rate and interest hikes greatest risks to WC GDPR

The outlook is subject to economic developments both on the national and international front. On the upside, the sustained weak rand/dollar exchange rate may be particularly beneficial for the Western Cape given the well-developed tourism sector. The recovery in the developed world could further boost the catering and accommodation sector, filtering through to a better performance for the whole tertiary sector. If the global recovery is stronger than expected, especially in advanced economies and paired with the weak Rand, this could further boost exports.

The key downside risks concern the health of local consumers given the weight of the services-orientated tertiary sector in the Province. Lower than expected disposable income growth, especially if employment is also weaker, would impact negatively on growth. Furthermore, the weak rand/dollar exchange rate could push up inflation and may necessitate more interest rate increases than currently expected. This could dampen growth prospects further.

*Tertiary or services sector continues to dominate provincial employment*

## Western Cape Labour Market Trends

Although the economic recession in South Africa was short-lived and relatively mild, the labour market consequences were significant. Indeed, employment is estimated to have surpassed the pre-recession peak only in the third quarter of 2013. Nationally, employment is currently estimated at just below 15.2 million, growing around 0.5 per cent per annum over the five-year period (see Table 1.5). Growth in employment in the Western Cape has been three times as rapid at 1.5 per cent per annum, although this remains below the growth rate of the working age population by a significant margin.

**Table 1.5 Labour market aggregates, 2008 and 2013**

	2008Q4	2013Q4	Change	
	Thousands	Thousands	Thousands	Per cent per annum
<b>Western Cape</b>				
Working age	3 701	4 130	430	2.2
Employment	2 072	2 235	164	1.5
Narrow unemployed	408	593	186	7.8
Narrow labour force	2 479	2 829	349	2.7
Broad unemployed	450	611	161	6.3
Broad labour force	2 521	2 846	325	2.5
Non-searching unemployed	42	18	-24	-15.9
<b>South Africa</b>				
Working age	31 987	35 022	3 035	1.8
Employment	14 769	15 177	408	0.5
Narrow unemployed	4 048	4 830	782	3.6
Narrow labour force	18 817	20 007	1 190	1.2
Broad unemployed	5 236	7 030	1 794	6.1
Broad labour force	20 005	22 207	2 202	2.1
Non-searching unemployed	1 189	2 200	1 012	13.1

Note: Data is weighted according to revised Census 2011 weights. Statistical significance of changes over time is not tested for as the reweighted micro data were not available at the time of writing.

Source: Own calculations

*Greater proportion of non-searching unemployed or discouraged workers nationally*

With the working age population growing more rapidly than employment, unemployment has risen. This is despite the fact that national labour force participation rates are lower at the end of 2013 than they were at the end of 2008. The number of individuals unemployed according to the narrow definition grew by roughly 780 000 over the five years in South Africa, 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 (also known as discouraged workseekers), whose numbers nearly doubled between the fourth quarter of 2008 and the fourth quarter of 2013. As a result, broad unemployment grew by 6.1 per cent per annum over the period and by the fourth quarter of 2013, there were 7 million unemployed individuals in the country.

In contrast, in the Western Cape the primary labour market response to the prevailing economic uncertainty has been in narrow, rather than broad, unemployment. Narrow unemployment grew by 7.8 per cent per annum between the fourth quarter of 2008 and the fourth quarter of 2013, rising from 408 000 to nearly 600 000. Virtually all the unemployed in the Western Cape are engaged in active job search and the Province currently accounts for less than 1 per cent of the national population of non-searching unemployed, compared to 14.1 per cent of the national narrow labour force.

*Historic labour market bias persists*

The Quarterly Labour Force Survey is unable to detect much progress over the past five years, nationally or provincially, towards addressing historical patterns of labour market disadvantages, although it must be noted that recent labour market conditions have generally not been conducive to making significant improvements. Relative to their shares of 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. The PERO 2013 found the African share of provincial employment to have risen by almost 2 percentage points between the first quarter of 2008 and the first quarter of 2013.



Youth unemployment remains a key challenge. The PERO 2013 found that the unemployment rate for 15 to 24 year olds was more than twice the provincial average in the first quarter of 2013 (48.8 per cent compared to 23.3 per cent). Importantly, a greater proportion of the rise in unemployment for this cohort in the past four years is attributable to net job losses as opposed to 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 stubbornly high and is a key challenge*

The formal sector is particularly dominant within employment in the Western Cape and accounts for around 83 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 2013, the change was not statistically significant. The tertiary (services) sector dominates within provincial employment, followed by the secondary sector. Apart from relatively large manufacturing and financial and business services sectors, 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.

*Tertiary sector continues to dominate provincial employment*

Recent labour market trends are presented in Table 1.6, covering the period between the fourth quarter of 2012 and the fourth quarter of 2013<sup>6</sup>. The gradual recovery in employment, both nationally and provincially, is clearly evident. By the end of 2013, it is estimated that roughly 2.2 million individuals in the Western Cape were employed, accounting for 14.7 per cent of total employment. Narrow unemployment appears to have stabilised during 2013 and may have begun to fall in the final quarter of 2013. Estimates of the number of individuals classified as non-searching unemployed have declined over the year, both nationally and provincially. In the Western Cape, roughly 54 per cent of the working age population was employed in the fourth quarter of 2013, compared to 43 per cent nationally. Raising this proportion is a key policy challenge going forward.

*Gradual recovery in employment, both nationally and provincially*

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<sup>6</sup> These estimates are from Statistics South Africa's recalculation of labour market aggregates using updated weights that more accurately reflect population totals from Census 2011 and do not, therefore, correspond to estimates from previous PERO publications. It is also not possible at this point to determine the statistical significance of these changes.

**Table 1.6 Recent Labour Market Trends, 2012Q4 to 2013Q4**

	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	Change	
						Absolute	Relative (%)
Western Cape							
Aggregates (Thousands)							%
Working age	4 040	4 062	4 085	4 108	4 130	91	2.2
Employment	2 103	2 091	2 099	2 138	2 235	133	6.3
Narrow unemployed	641	627	448	641	593	-48	-7.5
Narrow labour force	2 744	2 718	2 748	2 778	2 829	85	3.1
Broad unemployed	677	667	711	681	611	-66	-9.7
Broad labour force	2 779	2 757	2 810	2 818	2 846	67	2.4
Non-searching unemployed	35	40	62	40	18	-18	-49.9
Rates (per cent)							
Narrow unemployment rate	23.4	23.1	23.6	23.1	21	-2.4	
Broad unemployment rate	24.3	24.2	25.3	24.2	21.5	-2.9	
Narrow LFPR	67.9	66.9	67.3	67.6	68.5	0.6	
Broad LFPR	68.8	67.9	68.8	68.6	68.9	0.1	
South Africa							
Aggregates (Thousands)							%
Working age	34 405	34 558	34 712	34 868	35 022	617	1.8
Employment	14 524	14 558	14 692	15 036	15 177	653	4.5
Narrow unemployed	4 709	4 862	4 972	4 880	4 830	121	2.6
Narrow labour force	19 233	19 420	19 663	19 916	20 007	774	4.0
Broad unemployed	7 011	7 263	7 397	7 177	7 030	20	0.3
Broad labour force	21 535	21 821	22 088	22 213	22 207	672	3.1
Non-searching unemployed	2 301	2 401	2 425	2 297	2 200	-101	-4.4
Rates (per cent)							
Narrow unemployment rate	24.5	25.0	25.3	24.5	24.1	-0.3	
Broad unemployment rate	32.6	33.3	33.5	32.3	31.7	-0.9	
Narrow LFPR	55.9	56.2	56.6	57.1	57.1	1.2	
Broad LFPR	62.6	63.1	63.6	63.7	63.4	0.8	

Notes: Data is weighted according to revised Census 2011 weights. Statistical significance of changes over time is not tested for as the reweighted micro data were not available at the time of writing.

Source: Own calculations

*Unemployment rates  
declining provincially and  
nationally*

There has been relatively little movement nationally in the unemployment and labour force participation rates over the period. However, estimates of the unemployment rate are between 2 and 3 percentage points lower by the fourth quarter of 2013 in the Western Cape. While the narrow unemployment rate of 21 per cent in the fourth quarter of 2013 in the Western Cape is only slightly lower than the national rate (24.1 per cent), the expanded unemployment rate in the Province is more than 10 percentage points lower than the South African average of 31.7 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: 68.5 per cent of the provincial working age population is active in the narrow labour force, compared to 57.1 per cent nationally.

## 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

According to the 2013 mid-year population estimates of Statistics South Africa (Stats SA), the Western Cape population was 6 016 938 individuals, i.e. 11.4 per cent of the national total (See Table 1.7 below).

*6.017 million people  
reside in the Western  
Cape*

**Table 1.7 Western Cape Population Estimates, 2013**

Age	Western Cape			Percentage of Total Western Cape Population	South Africa			Percentage of Total National Population
	Male	Female	Total		Male	Female	Total	
0 - 4	268 336	263 761	532 097	8.8	2 667 323	2 625 189	5 292 512	10.0
5 - 9	267 632	262 956	530 588	8.8	2 555 869	2 535 365	5 091 234	9.6
10 - 14	261 124	257 875	518 999	8.6	2 538 461	2 532 534	5 070 995	9.6
15 - 19	256 229	254 367	510 596	8.5	2 588 237	2 580 560	5 168 797	9.8
20 - 24	258 275	250 857	509 132	8.5	2 539 655	2 494 877	5 034 532	9.5
25 - 29	260 434	254 936	515 370	8.6	2 406 940	2 358 721	4 765 661	9.0
30 - 34	256 203	253 984	510 187	8.5	2 225 873	2 173 660	4 399 533	8.3
35 - 39	246 012	242 864	488 876	8.1	1 959 983	1 953 309	3 913 292	7.4
40 - 44	221 082	231 378	452 460	7.5	1 594 783	1 729 359	3 324 142	6.3
45 - 49	177 635	187 774	365 409	6.1	1 230 261	1 382 261	2 612 522	4.9
50 - 54	149 666	165 498	315 164	5.2	1 065 660	1 244 307	2 309 967	4.4
55 - 59	115 483	128 916	244 399	4.1	849 110	1 002 783	1 851 893	3.5
60 - 64	85 539	98 930	184 469	3.1	627 613	781 877	1 409 490	2.7
65 - 69	59 221	90 096	149 317	2.5	423 909	705 392	1 129 301	2.1
70 - 74	39 168	59 504	98 672	1.6	278 244	500 014	778 258	1.5
75 - 79	22 793	33 333	56 126	0.9	164 440	318 323	482 763	0.9
80+	12 793	22 284	35 077	0.6	106 908	240 191	347 099	0.7
<b>Total</b>	<b>2 957 625</b>	<b>3 059 313</b>	<b>6 016 938</b>	<b>100</b>	<b>25 823 269</b>	<b>27 158 722</b>	<b>52 981 991</b>	<b>100</b>
<b>Selected Age categories</b>								
0 - 14	797 092	784 592	1 581 684	27.2	7 761 653	7 693 088	15 454 741	29.9
15 - 24	514 504	505 224	1 019 728	17.5	5 127 892	5 075 437	10 203 329	19.7
15 - 34	1 031 141	1 014 144	2 045 285	35.1	9 760 705	9 607 818	19 368 523	37.4
>65	133 975	205 217	339 192	5.8	973 501	1 763 920	2 737 421	5.3

Source: Mid-year population estimates 2013

All numbers have been rounded off to the nearest hundred.

In 2013, children under the age of 15 accounted for 26.3 per cent of the total provincial population, increasing from 25.1 per cent from 2011<sup>7</sup>. The youth cohort (15 - 34 years) is 34 per cent of the total provincial population, a slight decline from 2011 (36.7 per cent). Individuals aged between 15 - 24 years accounted for 16.9 per cent of the provincial population, a marginal decrease from 18.3 per cent recorded in Census 2011. The 2013 estimates illustrate that the Western Cape 0 – 29 population cohort is marginally lower (at 51 per cent) than the national average (57 per cent). This is an interesting trend, as the 2011 data demonstrated that the Western Cape population had relatively higher numbers than the national averages.

Migration continues to impact on the population estimate of the Western Cape. Between 2006 and 2011, the Province experienced in-migration of 307 411 people<sup>8</sup>. The provinces that have primarily contributed to in-migration into the Western Cape are the Eastern Cape (96 898), Gauteng (43 306), KwaZulu-Natal (15 027) and Northern Cape (14 338). The number of people who were estimated to have left the Province during this period totaled 81 753, destined for Gauteng (30 259), the Eastern Cape (26 055) and Northern Cape (7 425). The continued in-migration into the Western Cape places increased pressure on the delivery of services. This can (and does) manifest in maintaining current and/or expanding the provision of basic services.

*Better economic prospects is the main driver of migration to the Western Cape*

Nationally, Gauteng continues to attract the highest number of migrants from other provinces. According to the mid-year population estimates 2013, Gauteng realised net in-migration of about 800 991 people followed by the Western Cape with a gain of 225 657 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.

### **Housing and access to basic services**

Housing is among the most important factor that ensures decent living conditions for the population. Provision of housing impacts on health and in turn the productivity of workers, which

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<sup>7</sup> Census 2011

<sup>8</sup> Stats SA, 2013, Mid-year population estimates

is affected by prevailing economic conditions, specifically the effect of income and housing costs. The provision of municipal services is equally as important and compliments the delivery of housing.

According to the Census 2011, the Western Cape has 1.6 million households. Of these households, 1.3 million or 80.4 per cent lived in formal housing while 297 000 or 18.2 per cent lived in informal dwellings. The General Household Survey 2012 indicates a downward revision for informal dwellings to 15.4 per cent in the Province. The PERO 2013 showed that provision for formal housing has not kept up with demand. During the period 2001 – 2011, households residing in formal housing have dropped slightly from 81 per cent in 2001 to 78.9 per cent in 2011. Recent data from the Department of Human Settlements estimate the Housing Backlog in the Province at around 525 648, with almost 54 per cent situated in the City of Cape Town<sup>9</sup>.

*Housing Backlog in the Province estimated at 525 648, with almost 54 per cent situated in the City of Cape Town*

Census 2011 data highlighted that 99.1 per cent of Western Cape households had access to pipe or tap water, whilst 96.9 per cent had access to a toilet facility; and 93.4 per cent of households had access to electricity. Additionally, 91.1 per cent of Western Cape households had their refuse removed by their local municipality.

*Improved access to basic services*

### **Life expectancy and Mortality rates**

Increasing life expectancy and reducing maternal and child mortality are key health outcomes for the Province. A diversity of factors influence health outcomes, including economic conditions, sanitation, water, housing, education, and health services. Certain health outcomes are therefore often used as a summary measure of social and economic conditions, such as the infant mortality rate or life expectancy at birth. Despite the potentially limited ability of the health system to directly improve a wide range of root causes for health outcomes, life expectancy continues to be used as a summary performance measure of health systems internationally.

*Increasing life expectancy and reducing maternal and child mortality are key health outcomes for the Province*

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<sup>9</sup> PERO 2013

*Quadruple "burden of disease" continues to heavily influence life expectancy in the Province*

The Western Cape's life expectancy at birth is 70.1 years for females and 64.2 years for males for the period 2011 - 2016. These aforesaid figures are almost ten years above the national averages of 61.4 years and 57.7 years for females and males, respectively.

Life expectancy in the Western Cape continues to be heavily influenced by what has been termed the quadruple "burden of disease". Factors associated with high mortality rates include diseases related to poverty (e.g. TB and diarrhoea), those that are of a chronic nature (e.g. hypertension, heart disease and diabetes), HIV and AIDS and high levels of deaths due to trauma (e.g. homicides, road accidents, drowning and death from fires).

*Infant mortality decreasing*

Infant and child mortality rates in the Western Cape from 2007 – 2010 show that infant mortality has been decreasing from 24.5 to 23.4 per 1 000 live births. The child mortality rate has remained relatively stable over the same period by marginally decreasing from 29.7 to 29.1 per 1 000 live births below the provincial target of 30 per 1 000 live births. The five significant causes of deaths in children under five years in the Western Cape are neonatal conditions, diarrhoea, pneumonia, HIV and injuries. Over the last few years, despite deaths due to HIV and diarrhoea, in particular having significantly decreased, little change in neonatal mortality rates is noted. This is due to an increase in deaths by prematurity and asphyxia<sup>10</sup>.

*Maternal mortality well below provincial target*

Maternal health is one of South Africa's top four health priorities as the country is amongst the forty worst performing countries in the world in terms of maternal mortality rates. For the Western Cape the maternal mortality rate has declined to 60.2 per 100 000 live births in 2012/13, well below the provincial target of 90 per 100 000 live births. An even more important indicator of maternal health is the number of antenatal visits that take place before 20 weeks of pregnancy. Early first contact with the health system during pregnancy enables the identification of any underlying health problems which may affect pregnancy and birth. For 2012/13, 58.1 per cent of pregnant woman in the Western Cape had their first visit at a public health facility before 20 weeks of pregnancy. Although low, this is much higher than 39.9 per cent of woman nationally who accessed antenatal care before 20 weeks of pregnancy.

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<sup>10</sup> Western Cape Department of Health

## HIV and TB

The antenatal HIV survey results show that HIV prevalence in 2011 was 18.2 per cent. This estimate has remained stable over the last few years, indicating that the HIV epidemic has stabilised in the Western Cape. In addition, the percentage of woman who tested positive for HIV at their first test at antenatal clinics decreased from 14 per cent in 2009 to 10.6 per cent in 2011.

*HIV prevalence rate remains stable*

In addition to high risk sexual behavior, poor levels of education, mobility, migration, poverty and overcrowding also contribute to the risk of acquiring HIV. A Medical Research Council Survey (2012) of Grade 8 to 10 learners in Western Cape schools highlighted disturbing trends regarding sexual risk behavior 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*

Anti-Retroviral Treatment (ART) is unable to stem the transmission of HIV but is able to significantly extend the lives of people living with HIV and AIDS. In 2012/13, 126 727 adults and 7 485 children received ART from the Western Cape Government with the Cape Town Metro alone providing ART to 93 782 adults and 5 411 children.

*126 727 adults and 7 485 children received ART from the Western Cape Government in 2012/13*

Globally the TB pandemic is slowly being stopped. New cases of TB have been declining for several years. However, South Africa is one of only five of the 22 high burden TB countries where the number of new TB cases continues to exceed the number of existing TB cases. The PERO 2013 found that after KwaZulu-Natal, and the Eastern Cape, the Western Cape has the highest number of new TB infections at 909 cases per 100 000 of the population.

## Learner enrolment

Between 2011 and 2013 there has been an increase of 36 636 in the number of learners enrolled in public ordinary schools. Table 1.8 illustrates an increase of 9 070 Grade R learners in public ordinary schools; an increase of 26 819 learners between Grade 1 and 12; and an increase of 749 learners at Special Needs Schools over the three years from 2011 to 2013.

**Table 1.8 Learner enrolments in the Western Cape, 2011 - 2013**

Sector (Public Ordinary Schools)	2011	2012	2013	Difference 2011 – 2013
Grade R learners	50 495	58 953	59 565	9 070
Grade 1 – 12 learners	921 776	934 992	948 595	26 819
Learners at Special Needs' Schools	18 878	19 470	19 627	749
<b>Total</b>	<b>991 149</b>	<b>1 013 415</b>	<b>1 027 787</b>	<b>36 636</b>

Source: WCED, 2014

### Literacy and numeracy rates

*Annual systemic testing  
for Grades 3, 6 and 9*

From 2002 to 2009, the Western Cape Education Department (WCED) administered language and mathematics 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. The Grade 9 test was a pilot exercise to establish a baseline. In 2011, the WCED increased the level of cognitive challenge in the language 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 order to make the test items comparable with items used in international tests at these levels. Tests are written in October each year and the results are supplied to schools in the first week of the first annual school term.

*Improvement in  
mathematics and a  
decline in literacy pass  
rates across Grades 3, 6  
and 9*

Table 1.9 below presents the Grade 3, 6 and 9 Systemic Results for Public Ordinary Schools between 2012 and 2013. The test scores illustrate improvements across the three grades in mathematics. Conversely, the pass rates for literacy indicate a decline, with a notable decrease of 6.9 per cent for the Grade 6 cohort.

**Table 1.9 WCED Grade 3, 6 & 9 Systemic Results for Public Ordinary Schools, 2012 - 2013**

	Grade 3				Grade 6				Grade 9			
	Maths		Language		Maths		Language		Maths		Language	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Wrote	77 621	81 883	77 623	81 888	74 422	73 908	74 407	73900	78 825	79699	78 677	74 534
Passed	39 975	45 036	30 195	30 299	19 647	20 916	27 456	21 800	10 957	10 682	37 922	35 627
Pass %	51.5	55	38.9	37	26.4	28	36.9	30	13.9	14	48.2	48
Mean	48.9	51	43.7	43	39.5	39	45.1	39	29.2	29	50.7	51

Source: WCED, 2014



## 2013 National Senior Certificate (NSC) Examination Results

In 2013, 47 636 learners in the Western Cape wrote the National Senior Certificate (NSC) examinations and 40 558 or 85.1 per cent passed. Between 2010 and 2013 the Western Cape realised an increase of 8.34 percentage points in the NSC pass rate.

*Percentage pass rate of 85.1 per cent in the 2013 NSC examinations*

**Table 1.10 Comparative NSC results, 2010 - 2013**

Year	Wrote	Passed	% Pass	Access to B. Deg.	% Access to B. Deg.	Schools with pass rate <60%
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
2013	47 636	40 558	85.1	19 477	40.9	23

Source: WCED, 2014

In 2013, 40.9 per cent of the learners who wrote the NSC examinations gained access to a Bachelor's degree, amounting to a 9.42 percentage point increase between 2010 and 2013. Additionally, 12 216 candidates passed mathematics compared to 11 311 in 2012, while in physical science, the total number of learners who passed increased from 7 995 in 2012 to 8 333 in 2013. The number of underperforming high schools (i.e. schools with a pass rate of less than 60 per cent) decreased from 78 in 2010 to 23 in 2013.

*Schools with a pass rate of less than 60 per cent decreased from 78 in 2010 to 23 in 2013*

## Social welfare challenges

### Older Persons

In the Western Cape, 520 786 people are above the age of 60 years which represents 9 per cent of the population in the Western Cape. Of this population, males constitute 224 253 or 43 per cent, while females constitute 296 533 or 57 per cent. As at 31 December 2013, 270 546 people received an old age grant which represents 52 per cent of people above the age of 60 years cohort.

Programmes for social welfare, with a focus on children, women, the youth, older persons and victims of substance abuse and violence, will continue. A provincial priority is also to ensure that people with disabilities has enhanced access to proper care, quality education and employment.

## Children

*30.6 per cent or 542 000 children living in income inequality*

According to Census 2011, 1.8 million people in the Western Cape are under the age of 18 years. A culmination of Stats SA (2004 – 2012) and General Household Survey (GHS) (2003 – 2011) data indicate that 31.7 per cent of children in the Province were living with their mothers only, while 12 per cent of children were not living with a parent. In addition, 1.8 per cent of children in the Province were maternal orphans, 5.4 per cent paternal orphans, and 2.2 per cent double orphans. The 2010 GHS data 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.

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

The number of children living in households in the Province without an employed adult increased from 10.5 per cent in 2003 to 14.7 per cent (266 000) in 2011. Child hunger remains a concern. The GHS 2011 data shows that 15.6 per cent of children (283 000) in the Province were living in households where there was reported child hunger. In addition, it should be noted that 16.3 per cent (295 000) of children were living in informal housing and 22.5 per cent (408 000) in overcrowded households.

*843 151 or about 46 per cent of children in the Province supported by Child Support Grant*

The Child Support Grant continues to mitigate the risks faced by vulnerable children, with 843 151 children in the Western Cape in receipt of this grant as at December 2013.

In terms of social risk factors, children in the Province face a high risk of maltreatment and neglect due to 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

High levels of alcohol and substance abuse are found in the Province. 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 2002/03 to 82 062 in 2012/13 – an average annual increase of 28 per cent over this period. This reinforces the assertion that interventions aimed at preventing and reducing substance

abuse in the Province must be revisited and intensified. To this end, the key strategic priorities of the Substance Abuse, Prevention and Rehabilitation Programme are awareness, early intervention, statutory services and aftercare support programmes. This will be dealt with in an integrated and coordinated manner with the Departments of Social Development, Education and Health as well as local drug action committees of local authorities.

In the Western Cape, research undertaken in 2012 by the Medical Research Council reveals that alcohol, tobacco and dagga were the three most frequently used substances by Grade 8 - 10 learners. About 66 per cent of these learners reported that they used alcohol, 47 per cent used tobacco, and 24 per cent used dagga. In terms of the "hard drugs" about 2 per cent of these learners reported that they used tik and mandrax while 1 per cent reported that they used cocaine. The research further reveals that repeating a Grade was strongly associated with a lifetime use of each of the "hard drugs".

*Substance abuse trends amongst youth a concern*

The Western and Northern Cape have the highest reported incidence of Foetal Alcohol Syndrome (FAS) world-wide. In certain rural areas FAS has been diagnosed in amongst 5 to 12 out of every 100 children. Research undertaken in 2011 by the University of Stellenbosch FAS prevention study in Robertson, Bonnievale, Montagu and Ashton areas indicated a very high FAS prevalence rate of 9.4 per cent to 12.9 per cent. Comparatively, the prevalence of FAS in developed countries such as the US and in Europe varies between 0.1 per cent and 0.8 per cent of the population.

*WC one of two SA provinces with the highest reported Foetal Alcohol Syndrome world-wide*

FAS education in collaboration with specific strategic partners specialising in the field of FAS will be expanded during the 2014/15 financial year. The treatment of patients and support to substance abuse treatment centres will continue to focus on greater accessibility of services, especially through expansion of outpatient care, aftercare as well as early intervention programmes. It is estimated that approximately 15 300 patients will access substance abuse services provided across the Province.

## **Crime**

Crime remains a key concern for the Western Cape and South Africa. The Western Cape is characterised by high levels of violent crime related to social and economic factors as well as youth risk behaviour (Soreaso, 2012). According to the most

*Drug related crime  
highest in Western Cape*

recent statistics released by the South African Police Service, murder has increased by 12.2 per cent between 2011/12 and 2012/13 to 2 580 murders per year in the Western Cape. The increase is significantly higher than the increase experienced by South Africa (4.2 per cent) and KwaZulu-Natal (6 per cent). Gauteng experienced a decline of 0.5 per cent over that period.

The crime categories in the Western Cape that realised the largest increases between 2011/12 and 2012/13 include: attempted murder (40.9 per cent); robbery with aggravating circumstances (21.4 per cent); robbery at residential premises (22.5 per cent); carjacking (45.6 per cent); robbery of cash in transit (114.3 per cent); and robbery at non-residential premises (23.4 per cent). In all of the above-mentioned crime categories the percentage increases was significantly higher than what was recorded nationally.

However, a national comparison of provinces between 2011/12 and 2012/13, illustrates that the Western Capes' serious crime rate dropped from the highest in 2011/12 to second highest in 2012/13 in the country, with Gauteng having the most reported cases. Interestingly, the Western Cape had the fourth highest murder rate (second highest in 2011/12) followed by Gauteng, Eastern Cape and KwaZulu-Natal; the third highest attempted murder rate (second highest in 2011/12) and the fourth highest rate of assault with the intention to cause grievous bodily harm (third highest in 2011/12). In 2012/13, the Province also had the fourth 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 females. Finally, drug related crimes in the Western Cape have been the highest compared to other provinces, as has been the case since 2008/09.

Despite the drop in serious crime statistics for the Western Cape in relation to other provinces, this does not necessarily reflect the lived experience of many people in the Western Cape. The PERO 2013 showed that more Western Cape residents do not use public transport or walk to shops because of fears of violence than in any other province, and that similarly high proportions in the Western Cape and Gauteng do not allow their children to play in the area of their home or to walk to school for the same reason.

## Conclusion

Slightly improved economic conditions are forecasted for the major advanced economies; however developing economies will continue to buoy global economic growth going forward. Domestically, the South African economy is projected to slightly accelerate in 2014 and 2015 given a number of risks. In the case of the Western Cape economy it will continue to outpace the national economy with an average of 3.4 per cent GDP growth forecasted between 2013 and 2018. An average growth rate of this magnitude is not sufficient to address the large-scale unemployment problem in the Province.

Improvements have been noted in the provision of municipal services and the quality of public health and education services; however, significant inroads have to be made to attain the requisite outcomes. Notwithstanding this, the provision of formal housing and challenges relating to the housing backlog remain significant. As such proactive policy interventions are necessitated. Myriad social challenges still prevail, which include: stubbornly high unemployment; fragmented households; and pervasive social ills such as high rates of substance abuse and violent crime persist – particularly concerning considering its impact on the youth.

Raising the total number of the employed, specifically the youth; ameliorated living standards; ensuring inclusive and sustainable economic growth; and a substantive reduction in substance abuse and related crime, particularly amongst the youth remains the key policy challenge. In pursuit of government's economic growth and job creation objectives, a stable, skilled and productive labour force is imperative. Ameliorating education outcomes, health outcomes, skills levels - aligned to the priority and employment sectors; will thus not only support long term economic growth, but will also assist in addressing unemployment and poverty. Additionally, therein also address the root cause of a number of social challenges within the Province.



# 2

## Medium Term Policy Context and Expenditure

### Introduction

The key social and economic challenges government policy needs to respond to are outlined in Chapter 1. Current economic conditions suggests a period of slower growth – globally, domestically and regionally – which will impact on the economy's ability to create and sustain jobs. A sustainable government response, particularly in light of the constrained fiscal envelope therefore becomes more critical.

In crafting the provincial budget it is imperative to have a clear understanding of what the policy priorities and objectives are that inform the budget process. This chapter therefore outlines the budget policy objectives as it was depicted in the Medium Term Budget Policy Statement (MTBPS), and how this has informed allocations in the Budget 2014.

### The Western Cape Government's Policy Response

Government is reinforcing its commitment to spend in an efficient and effective manner and curtail growth in public expenditure to affordable and sustainable levels. Budget 2014 aims to stabilise the fiscal base for continuation of the government's current services and established priorities.

The Budget 2014 allocations therefore support and build on sustaining programmes initiated and implemented over recent years to achieve higher economic growth and employment, whilst putting in place the infrastructure and skills, to support these objectives. Linked to the overall goals of improving living standards and reducing poverty for the people of the Western Cape, the budget is largely to be spent on improving Education and Health outcomes and promoting and strengthening social inclusion, enhancing governance and improving the sustainability and value for money of government services.

### **National and provincial policy environment**

The National Development Plan (NDP) is the long term framework to increase the capacity of the South African economy to grow faster, in order for the country to substantially reduce poverty and inequality. The Provincial medium term plans and hence the Budget, is in support of delivering on the NDP.

*Delivery on the NDP  
requires a capable state*

Delivery on the NDP requires a capable state, working in partnership with an active citizenry. This requires a new approach where people are active champions of their own development; and where government works effectively to provide appropriate public services and develop people's capabilities to lead the lives they desire.

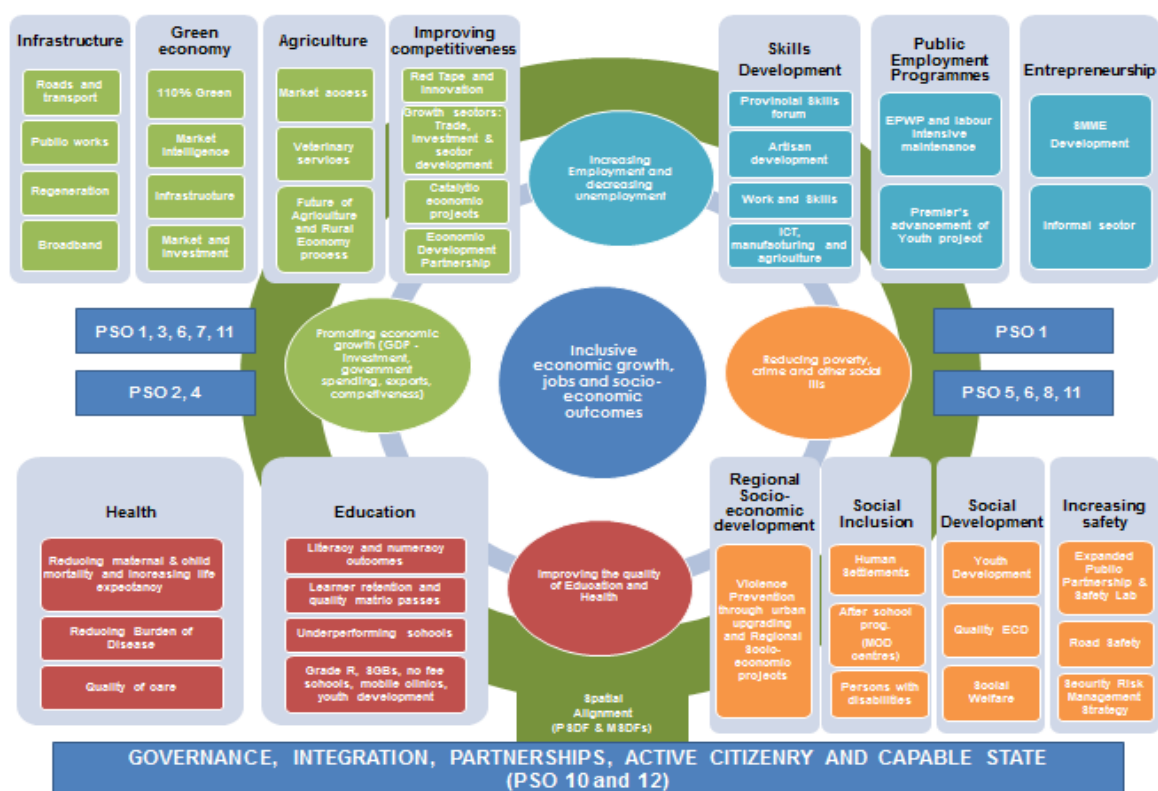
Within the context of the NDP and Provincial Strategic Plan (PSP), the key objectives of Budget 2014 are:

- Promoting economic growth;
- Increasing employment and decreasing unemployment;
- Reducing poverty, crime and other social ills (such as those related to violence and road trauma and substance abuse); and
- Improving the quality of Education and Health.

Encompassing all of these objectives is spatial alignment as informed by the Provincial Spatial Development Strategy. Critical success factors underpinning these objectives are: governance; partnerships; integration; active citizenry and a capable state. These are set out in Figure 2.1 below.



Figure 2.1 2014 Budget policy objectives



### Key policy thrusts over the 2014 MTEF

The overall budget policy objectives are translated into specific programmes, projects and initiatives, some of which include:

- **Promoting economic growth** through improving public infrastructure delivery, improving the competitiveness of the agriculture sector and other growth sectors and positioning the Western Cape as a Green economy hub.
- **Increasing employment and decreasing unemployment** through skills development and public employment programmes as well as promoting an entrepreneurial culture.
- **Reducing poverty, crime and other social ills** and promoting social inclusion through developing sustainable human settlements, regional socio-economic development and violence prevention programmes, road safety; and early childhood and youth development.
- **Improving the quality of education and health** through improving literacy, numeracy and the quality of matric passes. Also increasing learner retention in schools and addressing the quality of health care by focusing on disease prevention and promoting healthy lifestyles.

## **The Budget process**

Crafting a credible budget requires a methodical and structured process with clearly defined objectives, deliverables and milestones. The Budget Policy objectives, as illustrated in Figure 2.1 above, was the point of departure in considering budget allocations. In light of the prevailing economic conditions and its impact on the further constrained resource envelope, the first step was to ensure the continuation of current service delivery, and maintenance of supporting governance measures.

The allocations were made following a robust analysis of the efficiency, effectiveness and economy within departmental budgets. Consultation, co-operation and focussed engagements with relevant stakeholders were thus of paramount importance in finalising Budget 2014. With the credibility and sustainability of departmental budgets established, the expansion of services was considered, subject to appropriate governance measures in place. Transversal projects were also afforded the due consideration during the budget finalisation process.

Budget 2014 thus presents sustainable, credible departmental budgets that ensure the continuation of current service delivery, respond to growing service delivery pressures and promote good governance.

## **Improving health and education outcomes**

The positive link between health and education outcomes, as it relates to improved socio-economic outcomes, is well researched. The importance government thus places thereon is evident in the prominence of health and education in both the NDP and PSP. Health and Education combined account for almost 70 per cent of the provincial budget. R106.581 billion will be spent on improving both health and education outcomes over the next 3 years.

### **Health**

R17.338 billion has been allocated in 2014/15, R18.467 billion in 2015/16 and R18.925 billion in 2016/17 towards providing healthcare services at the 284 clinics and 53 hospitals in the Province. Over 14.5 million patient contacts at clinics and over 3 million patient contacts at hospitals is expected in 2014/15.

## **Reducing maternal and child mortality and increasing life expectancy**

Improving child health outcomes requires a multi-faceted approach. Improving neonatal health outcomes, reducing mortality related to preventable childhood conditions and the first 1 000 days of life have been identified as key transversal child health focus areas.

*Improving child health outcomes requires a multi-faceted approach*

Improved maternal health will be targeted through improved access to skilled staff and resources at all levels of care, early booking of pregnant women, effective monitoring of pregnancy and management of labour and improved access to surgical delivery where necessary.

Diarrhoea, pneumonia and mother-to-child HIV transmission are among the leading causes of child mortality that are preventable. The focussed efforts in this area have seen significant success over the last several years. To further reduce the incidence of these conditions, the Department of Health will continue to increase the uptake of anti-retroviral treatment amongst HIV-positive pregnant women. In addition, the Department will continue with health awareness outreach programmes in crèches and communities, amongst other.

The first 1 000 days of life programme focuses on immunisation coverage, reducing malnutrition and improving developmental screening over the first 1 000 days of a child's life. Childcare education, improving access to antenatal care, improved access to vaccines, improved development and malnutrition screenings are key interventions in this area. A key governance area supporting the successful implementation of the programme is ensuring the effective use of the Road to Health booklet at all levels of healthcare. An additional R43.359 million has been allocated over the 2014 MTEF for neonatal screening, hearing impairment treatment, hearing devices and the maintenance thereof.

*Reducing malnutrition and improving developmental screening*

## **Reducing the burden of disease**

The key overarching strategy on reducing the burden of disease is on the prevention, detection and effective management of chronic diseases including HIV and TB.

The Department of Health aims to reduce incidences and improve the management of HIV and TB through effective implementation strategies, improved case-finding and holding based on risk profile and the monitoring of health outcomes.

*Growing burden of mental ill-health addressed through coordinated interventions*

The growing burden of mental ill-health will be addressed through coordinated interventions, including expanding counselling services on the Primary Health Centres (PHC) platform, including perinatal mental health, increasing the number of mental health beds, increasing community support and improving access to intermediate care for mental health patients.

A focused strategy on the prevention and treatment of breast and cervical cancer is already being implemented. Bolstering the efforts already underway is the introduction of the Human Papillomavirus (HPV) vaccine. The vaccine, which has been shown to prevent cervical cancer, will be administered to 9 – 10 year old girls in quintile one to four schools from 2014/15 through the Integrated School Health Programme. The roll-out of the vaccine in 2014/15 and 2015/16 will be coordinated by the National Department of Health, devolving the coordination to provinces thereafter. The Western Cape Department of Health receives R19.991 million in 2016/17 for the roll-out of the vaccine.

The Western Cape Liquor Authority via the Department of Economic Development and Tourism (DEDAT) has been allocated an additional R6 million in 2014/15; R6.324 million in 2015/16 and R6.665 million in 2016/17 to enhance its regulation of the retail sale and micro-manufacturing of liquor at licensed outlets; increase blitzes and expedite complaints investigations; and intensify education and awareness initiatives.

### **Quality of care**

*Reducing the time that patients wait for services*

Healthcare 2030, the strategic vision for public health provision in the Western Cape, focusses on delivering a quality patient experience by pursuing a patient centered approach to healthcare. To improve patient centered care, the Department will implement measures to improve the patient's experience while waiting for services in facilities, reduce the time that patients have to wait for services, improve the staff's experience of the working environment and staff wellness. A change management project is being implemented to facilitate the improvement of staff attitudes.

Further initiatives include:

- Enhanced infection prevention and control within the Department;

- Enhanced information management in order to provide information for effective management and decision making such as a reporting system for adverse incidents; and
- The development and implementation of systems to manage clinics.

*Improving access to quality care*

Further priority areas for 2014/15 will be to improve the access to management of surgical and orthopaedic care; increase cataract surgery and diabetic retinopathy laser treatment. Additionally, contracting with optometrists to enhance refraction services and increase access to screening for diabetic retinopathy has continued to be a key priority area in the Health space. The Department will also be implementing a comprehensive systems approach to dental care and develop an integrated rehabilitation service across the service platform. Improved information systems in emergency centres will be introduced to improve the understanding of the burden of emergency disease. This includes improving on turnaround and waiting times of ambulances at emergency centres.

*Improving on turnaround and waiting times of ambulances*

## Education

The Western Cape Department of Education (WCED) receives R16.425 billion in 2014/15, R17.677 billion in 2015/16 and R18.019 billion in 2016/17. This budget is for 1 457 Public Ordinary and 71 Special Schools across the Province. In 2013, the Province had 968 222 learners in Grades 1 to 12, and 75 227 learners in Grade R, either at public schools or independent sites. Learner numbers in the Province are expected to increase to 1.05 million in 2014.

### Ensuring quality education and improving literacy and numeracy outcomes

*Improving the quality of learning outcomes for all children in the province*

The central focus for the WCED for the 2014/15 year and beyond is to improve the quality of learning outcomes for all children in the Province.

In support of this goal, the WCED has identified the following priority interventions:

- Extending poverty relief through the expansion of the no-fee school programme to include an additional 216 schools in quintiles four and five;

- Improving basic infrastructure incrementally at all schools with an improved maintenance programme and by building three new schools, and adding 54 Grade R classrooms as part of the programme of expansion of Early Childhood Development (ECD);
- Ensuring that all learners have textbooks for each subject and that they are effectively used in the classroom and stocks are retained;
- Improving teacher and learner attendance rates through the School Improvement Monitoring Programme to ensure that policies and controls are in place to improve attendance;
- Providing over-age learners with an alternative learning pathway through partnerships with the FET Colleges and with Adult Education Centres; and
- Improving the culture of service, care and responsiveness at district and head offices.

Further, all schools and district offices will have signed off on academic performance improvement targets and plans to pursue improved learning outcomes by the end of February 2014.

In addition to a range of service delivery improvement innovations, the WCED will partner with the Department of Health to fund mobile clinics to test the eyesight and hearing of young learners.

A key lever for further improvement in the quality of education is to improve the efficiency within the WCED. Priority governance areas to be addressed over the MTEF include the effective management of teacher numbers and reducing the number of excess teachers, appointments within strategic management posts; and a strengthened process for the appointment of heads of departments and principals at schools.

### **Learner retention and quality matric passes**

Increasing the throughput and improving the retention rate of learners to Grade 12 as well as the quality of matric passes, i.e. increase in the number of Bachelor passes and mathematics and science passes, is a key priority area. Low pass rates over a number of years, particularly in Grades 9 and 10, necessitated a strategy to improve these. The implementation of the strategy over the last two years to improve the pass rate has seen an improvement in the Grade 9 results from 71.1 per cent in 2011 to

77 per cent in 2013 and Grade 10 results from 73.4 per cent in 2011 to 80.8 per cent in 2013.

In addition to the abovementioned strategy implementation, the WCED will continue with focused youth development initiatives to provide learners repeating Grades 9 and 10 with an alternative education model. Along with providing opportunities for further education and training, the model also aims to improve learner retention in the education system.

Key indicators in the drive to provide quality education are improvements in the number of passes that allow access to Bachelors degree study and more and better passes in Mathematics and Science. In 2014/15 the WCED will review The Maths and Science Strategy alongside the Conditional Grant programme in Dinaledi schools, to ensure that these goals are achieved.

### **Underperforming schools**

Through targeted efforts the WCED has reduced the number of under-performing schools, i.e. schools with a matric pass rate of less than 60 per cent, from a high of 84 schools in 2009 to 23 schools in 2013. Over the 2014 MTEF the WCED will continue to direct focused support to underperforming schools, both in terms of subject matter and school management.

### **Grade R**

In addition to strengthening the quality of the teaching of Grade R learners the WCED will continue with the screening of Grade R learners at schools with large numbers of failures in Grade 1 (with the permission of parents). The screening is intended to identify learners who are under-achieving and have barriers to learning, as well as those learners who need additional support from the class teacher/learning support teacher and to develop an individualised development plan to address these developmental delays. 17 000 learners were screened in 2013.

### **Targeting reductions in poverty, crime and other social ills**

Many social challenges, directly linked to poverty and marginalisation, still persist within communities. These challenges include increasing substance abuse, high rates of violent crime, fragmented households and a youth cohort facing a less optimistic future.

To improve socio-economic conditions, it is important to understand the root causes of the challenges faced in poor and vulnerable communities, provide protection to the most vulnerable in our society and assist the citizens of the Province in breaking the cycle of poverty. Through facilitating and implementing innovative initiatives and programmes that promote social inclusion in partnership with these communities, government is able to empower them in pursuing a better life and reclaiming their dignity.

### **Regional Socio-economic Project**

The Regional Socio-economic Project (RSEP) and the Violence Prevention through Urban Upgrade (VPUU) programmes are ambitious. The RSEP and VPUU aim to partner with a broad range of stakeholders including national, provincial and local governments. This is done in conjunction with the private sector and communities. The objective is to address socio-economic development within spatially defined areas by means of conducting projects and strategic interventions through the use of area-based planning methodologies.

*Addressing socio-economic development within spatially defined areas*

The two interlinked projects will be geographically based, more specifically within the municipalities of Theewaterskloof, Drakenstein, Saldanha Bay, Swartland and Breede Valley. The selected areas will serve as pilot sites to determine the most effective interventions which achieve the best results in the most cost and time effective manner. These results can then be considered for communities with similar profiles to the pilot areas. The goal therefore is to promote integrated and coordinated approaches in municipal spatial planning and service delivery functions that will lead to new approaches, that respond to the needs of a particular community (i.e safety) and indeed places the community at the centre of the initiative.

The Province has committed R25 million in 2014/15, R35 million in 2015/16 and R51.855 million in 2015/16 towards the roll-out of RSEP, with expected co-funding from the municipalities to ensure full buy-in.

In turn, and operating under similar conditions, the German Development Bank, KfW, has made 5 million Euro available for the VPUU project targetting Drakenstein and Theewaterskloof municipalities.



The Department of Environmental Affairs and Development Planning (DEADP) is responsible for the operational coordination and project management in respect of the RSEP and the VPUU Project.

## **Social Inclusion**

Inequality has in recent year's fuelled social disintegration, which has manifested itself through service delivery protests. As a result, the province has focused on Human Settlements, After School Programmes, Persons with Disabilities and other related initiatives and projects.

### **Human Settlements**

Collaboration is becoming the primary strategic driver for the Western Cape Government's mission to promote, enable and facilitate integrated planning for and development of sustainable human settlements that are liveable, accessible and high opportunity.

Approximately 70 per cent of the Province's Human Settlements Development Grant (HSDG) allocation is earmarked to be spent in the City of Cape Town Metro Municipality. The Western Cape Minister of Human Settlements will sign an agreement with the Executive Mayor of the City of Cape Town this year to assign powers and functions of housing provision to the City of Cape Town and, along with it, greater responsibility for achieving the vision for human settlements in the Province.

The Department of Human Settlements is placing an increasing emphasis on the affordable housing market. In addition, The Department aims to increase the supply of housing to the Gap market, i.e. citizens earning between R3 500 and R15 000 per month, through the Finance-linked Individual Subsidy Programme (FLISP). This includes entering into an agreement with the National Housing Finance Corporation, engaging with estate agents, private developers and financial institutions, and embarking on an awareness drive with municipalities on planning and budgeting for FLISP projects. Further research will be undertaken to develop an affordable housing model and to better understand the needs of this market. The department will also roll out an affordable housing consumer education programme in partnership with stakeholders in the property sector. Furthermore, a number of well-located, state-owned land parcels were advertised for development late last year, and will be released to private developers to meet the demands of this market.

*Emphasis on provision of housing opportunities for Gap housing beneficiaries*

The Department will play a substantive role in the affordable rental market and is working with the Social Housing Regulatory Authority (SHRA) and so-called 'leader-town' municipalities to approve restructuring zones beyond the City of Cape Town. The partnership with Social Housing Institutions and the City of Cape Town to develop a social housing pipeline, that includes the provincial housing stock, is beginning to bear fruit with a number of social housing projects set to commence in 2014/15 and 2015/16. In addition, the City of Cape Town will also develop three new Community Residential Unit (CRU) Programme projects over the MTEF period.

*Commitment to provision of housing units, serviced sites and other housing opportunities through various Programmes*

The Department remains committed to the provision of housing units, serviced sites, and other housing opportunities through the Upgrade of Informal Settlements Programme (UISP) of which the Department will take the lead on a specific project in N2 Phase 2. Other Programmes to this end include the Integrated Residential Development Programme (IRDP) and the People's Housing Process (PHP) Programme, as well as the Emergency Housing and Rectification Programmes. The Department will continue to support and promote improved human settlement planning by municipalities and intensify its monitoring of housing delivery to ensure value for money.

Five per cent or R220 million of the allocation initially projected for the Province has been reallocated to municipalities in 2014/15 and 2015/16 to cater for the eradication of the bucket system. This will be administrated in co-operation with the affected municipalities, National Department of Human Settlements and the Housing Development Agency as the preferred implementing agent.

#### **After School Programmes – MOD programme**

*MOD Centre Programme to be capacitated, consolidated and further re-inforced*

The Department of Cultural Affairs and Sport (DCAS) will capacitate, consolidate and re-inforce the Mass participation; Opportunity and access; Development and growth (MOD) Centre Programme. The MOD Centre Programme remains a cornerstone of the campaign to encourage youth of school-going age to become active in recreation, sport, arts and culture. The programme aims to offer the youth opportunities to engage in constructive activities after school hours, thereby reducing the risk of young people becoming engaged in high-risk activities, including the use of recreational drugs and delinquent behaviour.

R187.55 million over the 2014 MTEF has been allocated towards the MOD Centre Programme. Of this, R120 million over the MTEF has been allocated for the MOD Centre Programme to be an innovative, creative, efficient and effective, stand-alone project. Further, R35.786 million over the MTEF has been allocated to improve the Programme's governance structures, the quality of its service, its monitoring and evaluation; and increased participation by learners. A further, R8.764 million over the 2014 MTEF has been allocated towards the MOD centre Programme for middle and broad management capacity. Lastly, R23 million over the MTEF has been allocated towards the GAP Year Project (via the MOD Centres) to assist learners with their further development in Mathematics, Science and Technology.

Given that MOD centres are located in relatively under-privileged areas, the Department of Social Development (DSD) has committed to continue with and expand the learner feeding programme at MOD centres. An additional R60 million has been allocated over the 2014 MTEF to expand the feeding programme from 101 MOD centres to 171 MOD centres. The WCED has been allocated additional funding of R60 million per annum over the MTEF toward the refurbishment and maintenance of school halls, equipment and new school hall and sports field infrastructure. The additional funding also makes provision for graduate tutors to assist learners at the MOD centres.

### **Persons with disabilities**

Support to persons with disabilities will continue with an emphasis on community responsive programmes as an alternative to institutionalised care. Residential care programmes will be maintained to assist individuals where other community-based care options are found to be impractical or inappropriate. To ensure the sustainability of the service going forward, the Department will continue to focus on the provision of services for persons with disabilities. R291.101 million has been set aside over the MTEF for services for persons with disabilities.

### **Celebrating history and art**

R3.6 million in 2014/15; R1.672 million in 2015/16 and R1.761 million in 2016/17 has been allocated towards the Cape Town Museum to exhibit the history of Cape Town and a platform for showcasing Cape Town as the World Design Capital 2014. An additional amount of R500 000 in 2014/15 has been allocated towards the Cape Philharmonic Orchestra to

support and promote the Arts. R426 000 in 2014/15 is allocated to the 20 years of Democracy celebrations to enhance social inclusion through a celebration of 20 years of democratic rule.

### **Strengthening libraries**

The Department of Cultural Affairs and Sport has been allocated R56.627 million in 2014/15; R60.617 million in 2015/16 and R65.006 million in 2016/17 towards Municipal Replacement Funding to the 15 Category B3 Municipalities. Additionally conditional grant funding increases to R126.347 million in 2014/15, R163.469 million in 2015/16 and R173.273 million in 2016/17 and will augment library services in mainly B2 and B1 municipalities. This is to enhance library and information services delivered to all rural and non-metro communities.

### **Supporting sport and healthy lifestyles**

The Department of Cultural Affairs and Sport has been allocated R1 million in 2014/15; R3 million in 2015/16 and R5 million in 2016/17 toward a socio-economic case for sport, the purpose of which is to increase support to provincial sport federations. This will enhance their current contribution to the growth of the sport sector and broader economy. An additional R2 million has been allocated towards major rugby events (2 rugby tests and a 7s tournament), which will contribute to increased social inclusion, tourism, investment and economic growth opportunities.

As mentioned earlier, R60 million has been allocated per annum over the 2014 MTEF to the WCED for the refurbishment and maintenance of school halls, the construction of new halls and sports field infrastructure and equipment. A portion of this funding will also be used for graduates who will tutor learners at MOD centres in mathematics.

### **Social Development**

The Department of Social Development provides a range of services aimed at meeting the South African state's constitutional obligations toward the care, protection and development of vulnerable persons. For this purpose an amount of R5.581 billion is allocated to the Department over the 2014 MTEF. The allocation comprises R1.756 billion in the 2014/15, R1.861 billion in 2015/16 and R1.964 billion in 2016/17.

The Department of Social Development is currently collaborating with several departments in respect of youth development and early childhood development programmes and initiatives.

### **Youth development**

The Department of Social Development will continue to focus on the creation of opportunities for youth, as envisaged by the implementation of the Youth Development Strategy. The Youth Café's are intended to provide, facilitate, connect, inform and educate young people to those services they need for their own development. Youth Cafés are of the first cashless cafes where one can purchase goods and services using the virtual currency, Zlato. Zlatos are earned by doing good in the community, attending personal development workshops and skills development courses, amongst others. Youth Cafés will be rolled-out across the Province over the MTEF.

The Department of Community Safety's (DOCS) Youth Work Programme will provide for the establishment of 1 400 job opportunities to unemployed youth in the Province. The Chrysalis Youth Academy remains at the forefront of the Department's attempts to address the challenges faced by youth as it relates to safety. An estimated 750 youth from all over the Western Cape will undergo training at the Chrysalis Academy during the coming financial year. The Department will formalise its partnerships with the City Improvement Districts (CIDs), aimed at the placement of 100 Chrysalis Graduates within internships at CIDs.

The Community Service Non-Residential Programme will be piloted from the Wolwekloof Academy in 2014. The aim is to implement best practices achieved through its Chrysalis Academy Programme. Wolwekloof will target 120 youth that have matriculated. This academy will also serve as a provincial fire and disaster management training facility (in partnership with the DLG) to address the capacity challenges which the Province faces due to a lack of formal training in municipal fire and rescue services and disaster management. The total earmarked allocation for the Wolwekloof programme amounts to R40.8 million over the 2014 MTEF, of which R15.7 million has been allocated for 2014/15, R11.4 million for 2015/16 and R13.7 million for 2016/17, mainly donor funding via the General Budget Support (GBS) programme of the National Government.

*100 000 children will have access to registered ECD services by 2016/17*

### **Quality Early Childhood Development**

Over the 2014 MTEF the DSD aims to increase the number of children who can access registered, subsidised ECD services, from approximately 89 000 children to 90 500 children in 2014/15. This includes children in centres as well as home and community based services for children that do not have access to formal centres, addressing child hunger and children whose well-being and development are at risk. In addition to access, the further focus is on improving the quality of learner programmes to improve the impact on social, cognitive, and physical development from an early age.

*Prioritising access to proper care, quality education and employment for people with disabilities*

### **Providing social welfare services for the vulnerable**

The bulk of the DSDs budget is allocated to the following:

- Child care and protection, child and youth care, and families;
- Care and support for older persons;
- Interventions in respect of the prevention and treatment for substance abuse and to reduce recidivism;
- Targeted nutrition programmes in vulnerable communities; and
- Crime prevention and support services as well as victim empowerment services.

Of the total DSD budget, R1.533 billion has been allocated for 2014/15, R1.648 billion in 2015/16 and R1.749 billion in 2016/17 for the above.

Accessibility to treatment and interventions for drug and alcohol related harms will be increased over the 2014 MTEF, through the expansion of outpatient care and early intervention services. A special focus will be placed on victim empowerment services, with an additional amount of R14.856 million allocated over the MTEF for shelters for victims of gender based violence. Victim empowerment services will also be expanded further in rural areas.

The Department will continue to expand community based care models. This includes day care and service centres and assisted living for older persons. The Department will continue to focus on optimising the management of facilities and provision of services over the full continuum of care.

The bulk of the services described above are rendered through transfers of funding to Non-Governmental Organisations (NGOs). The Department continues to prioritise the process of strengthening its systems in this regard, with the aim to provide assurance for reporting, governance, administration and financial management of funding transfers to NGOs.

### **Increasing safety**

In alignment with the National Government Outcome 3 “All people in South Africa are and feel safe” and support of the National Development Plan objective to “Build Safer Communities”, the Department of Community Safety aims to increase safety through a “whole of society” approach.

Provincial Strategic Objective (PSO) 5: Increasing safety provides for the establishment of integrated partnerships by attempting to reduce the motivators for crime in particular amongst youth. These include the training and deployment of youth which is linked to the national government priority of job creation.

### **Expanded Partnership Programme and Safety Lab**

The Department of Community Safety, in line with section 206(1) of the Constitution, supports Community Police Forums (CPFs). This assists the Department in performing civilian oversight as co-producers of safety information required by the Province to determine its Policing Needs and Priorities (PNPs). The Department has implemented the Expanded Partnership Programme (EPP), to promote the activities and functions of CPFs and build strong civil society structures, which are critical to the success of safer communities. This will be done by implementing the EPP at CPFs and achieving at least 70 per cent compliance with service delivery standards.

*The Expanded Partnership Programme at Community Police Forums has been implemented*

The Safety Lab was established in 2012. It operates as an ideas laboratory that identifies, stimulates and incubates innovative ideas within the safety and security space. The primary receivers is the youth, of especially impoverished areas such as Nyanga. Concepts and priority projects have been conceptualised and implementation has begun, including the Nyanga Yethu initiative. The Safety Lab will continue to implement the Nyanga Lethu project as well as other projects such as the CCTV Vision project, which uses CCTV footage from the Cape Town CBD to create awareness about types of crime.

### **Road Safety**

The Traffic Management function and MTEF budget will be transferred from the DOCS to the Department of Transport and Public Works (DTPW) effective from 1 April 2014; (R220.652 million in 2014/15, R233.128 million in 2015/16 and R245.558 million in 2016/17). Apart from continuing with optimising road safety through, inter alia, the traffic law enforcement effort and road safety education communication, a key deliverable will be the successful and seamless integration of the said function into the operation of the Department.

*The Safely Home Programme will reduce road fatalities*

The Department of Transport and Public Works will continue to invest in the Safely Home Programme. The aim of which is to reduce road fatalities through the support of SHADOW operations and a road safety complaints management system. This will be complemented through the set up of a road safety data and intelligence centre, as well as awareness campaigns and the roll-out and optimal use of ASOD cameras.

The Western Cape Government (WCG) has the power to impose taxes, levies and duties in order to raise additional revenue to fund expenditure activities. In this context motor vehicle licence fees are the main contributor to the provincial own receipts envelope. A project will be initiated to recover outstanding motor licence fees.

### **Security Risk Management Strategy**

The Safety and Security Strategy was approved by Cabinet, and is designed to provide the human and structural resource capacity to maximise safety and security in the WCG. The strategy focuses on creating 'resilience' in the face of threats, which are inherently uncertain. The strategy further provides the principles for developing and implementing the most effective organisation and control measures for provincial government buildings. For this purpose DOCS will receive an additional R1.046 million for 2014/15, R5.608 million for 2015/16 and R7.202 million for 2016/17 to phase in the implementation of the strategy.

### **Increasing levels of employment (and decreasing unemployment)**

In promoting inclusive economic growth it is imperative that economic growth is job creating and that all have access to the employment opportunities created. A major challenge facing the economy is thus creating employment opportunities at localised level and the mismatch between labour supply and



demand. One of the main contributors to the skills mismatch is the shortage of the required skills in key and emerging sectors.

Key policy interventions aimed at increasing employment and decreasing unemployment are thus centred around increasing skill levels, providing much needed work experience and exposure via the public employment programmes and providing support for small and medium and micro-enterprises.

### **Skills Development**

Disaggregation of unemployment statistics show that almost 70 per cent of the unemployed in the Western Cape are classified as youth. As a result of such statistics, the Province has prioritised skills development, which encompasses a number of initiatives. These include the Provincial Skills Forum, Artisan Development Programme, Work and Skills Programme, as well as other key skills interventions.

*70 per cent of  
unemployed are youth*

The Department of Economic Development and Tourism has allocated R39.290 million in 2014/15, R44.620 million in 2015/16 and R44.865 million in 2016/17 in support of the consolidation of the below-mentioned programmes, strategic and often transversal short to medium term skills initiatives; and co-ordination of stakeholders in order to improve the quality of skills supplied.

#### **Provincial Skills Forum**

The establishment and continued maintenance of the Provincial Skills Forum (PSF) supports a regional approach to skills development interventions that responds to the needs of the labour market and society at large. The PSF will continue to foster partnerships between training institutions, employers, the Sectoral Education and Training Authorities (SETAs) and the Economic Development Partnership (EDP). This initiative will also support and communicate on the efforts made by stakeholders to address the challenges related to the fragmentation of skills eco-system and to improve the alignment of skills supply and demand.

*Skills development  
initiative to address  
actual and future needs*

#### **The Artisan Development Programme**

The Artisan Development Programme will continue to place trainee artisans, exiting FET colleges and unemployed youth with a technical education foundation, across various scarce and critical skill occupations in mainly manufacturing, toolmaking, mould and die, hospitality and maritime sectors. The trainee artisans will be provided with stipends and be

mentored and coached with the aim of obtaining an occupationally directed qualification. This initiative will include institutional learning with supervised practical learning and work place experience, granting the trainee apprentices with access to be trade tested.

Examples of interventions in this arena include the built environment apprenticeship programmes implemented by the DTPW. The programme comprises institutional theoretical and practical training as well as practical work place experience for the achievement of occupational competence in a trade and is conducted over 3 to 4 years. The programme aims to provide artisans by accessing the trade test.

The Diesel Mechanic Apprenticeship, structured as a four year contract between the Apprentice, the Department and MERSETA, includes the foundation training, technical training and practical training in this field of study. The successful completion of a trade test, following the completion of the internship at a registered trade testing centre will provide the apprentice with a qualified artisan status.

### **The Work and Skills Programme**

The Work and Skills Programme of the DEDAT will continue to skill youth aged 18 - 35 years in the Province. This programme aims to establish work with learning opportunities to South African youth in the Western Cape's economic and social sectors.

The youth are provided with stipends and access to technical training to improve their skill levels while on a 6 month placement in host companies. Between 2013 and 2016 Approximately 3 000 learners will be trained and placed between 2014 and 2017 in host companies.

The Department of Transport and Public Works aims to strengthen the skills base in the general built environment through capacity building programmes. The skills base will be strengthened through initiatives such as the established Masakh'iSiswe Bursary Programme (external) as well as the Employees Bursary Scheme (internal) in addition to internships and apprenticeships.

### **Key Strategic Skills Sector Programmatic Interventions in ICT, manufacturing and agriculture**

The Department of Economic Development and Tourism will implement key skills interventions in ICT and manufacturing over the 2014 MTEF. This will include the Tooling, the Tool Die and

Mould-making Programme, and for ICT, the Capaciti 1000 Programme (for business analysts and programmers). Both the aforementioned programmes will focus on the intermediate level and high level spectrum of skills training and work placement, driven by industry. The programmes are directed at those learners who exit tertiary institutions and Further Education and Training (FET) colleges. Both programmes influence curriculum development to meet industry needs and have strong industry linkages.

The Agricultural Partnerships for Rural Youth Development Project of the Department of Agriculture (DoA) focusses on human capital development of farmworker children. The farm worker strike "hotspot areas" of Witzenberg, Overstrand, Eden and Drakenstein are the targetted regions for this intervention. This will be operationalised through internships, bursaries, and learnerships.

*Rural Youth Development Project focusses on farmworker children*

### **Public employment programmes**

Public employment programmes are a key intervention of government that up-skills, provides work experience and/or expands a safety net. Key initiatives moving forward is the Expanded Public Works Programme (EPWP) and the Premier's Advancement of Youth (PAY) Project.

#### **Expanded Public Works Programme**

The Expanded Public Works Programme (EPWP) has provided employment opportunities for 109 482 people in the Province for the 2012/13 financial year. Between April and December 2013, 74 759 job opportunities have been created in all spheres of government in the Western Cape. An estimated 94 425 jobs opportunities will be created in 2014/15.

The Expanded Public Works Programme provides an ideal opportunity to create work within the areas of safety promotion, by creating economic activities in communities most at need and provide people with a sustainable alternative to crime. Through the EPWP, the DOCS strengthens Neighbourhood Watch (NHW) structures by supporting youth placement as part of the Youth Work Programme. This will be done through the appointment, training and deployment of a Community Safety Coordinator in each of the 150 police precincts.

*EPWP provides work opportunities in areas of safety, infrastructure, bio-diversity and arts*

Through its infrastructure delivery programmes, maintenance and construction, the DTPW will create direct and indirect employment opportunities and empower marginalised people in support of EPWP.

*EPWP allocation to CapeNature in order to fulfil the biodiversity mandate*

The Expanded Public Works Programme allocation to CapeNature entails R64.248 million over the 2014 MTEF. These allocations are to be utilised by CapeNature to maintain EPWP service delivery, whilst fulfilling the biodiversity management mandate. EPWP job opportunities to be created total 1 357, translating into 410 Full Time Equivalents (FTEs) for 2014/15.

The Department of Cultural Affairs and Sport has been allocated R2.437 million in 2014/15; R2.569 million in 2015/16 and R2.707 million in 2016/17 towards creating capacity and associated job opportunities within museums (for GRAP 103 auditing capacity) and maintenance (janitors and security guards); stock-taking in Library Services; increased digitisation within Archive Services and arts and culture coordinators for the MOD Centre Programme.

### **Premier's Advancement of Youth project**

*750 matrics targeted for experiential learning opportunities in 2014/15*

The Premier's Advancement of Youth (PAY) project provides matriculants with 12 months experiential learning within the 13 departments across the entire Province. The envisaged benefits for participants include, amongst others, 'work experience, improvement of skills as well as experiences and on-the-job training'. Building on the PAY project initiated in the 2012/13 financial year, a total of 750 matriculants are envisaged to participate in the project in 2014/15.

### **Encouraging entrepreneurship**

#### **Small, Medium and Micro Enterprise Development**

*Continued support and development of SMMEs in the Province*

The Department of Economic Development and Tourism will continue to support and promote the development of business enterprises through improved access to markets through procurement promotion and supplier development via the extensive small business support networks; media awareness campaigns; augmenting entrepreneurship intent amongst the youth; the recognition of entrepreneurial achievement and success; and access to financial and non-financial government supported resources.

#### **Support for the informal sector**

*Informal Sector Framework to be finalised*

The Department of Economic Development and Tourism will institute a transversal process to finalise an Informal Sector Framework that will outline how the WCG will gear its support, through a whole-of-government approach. The Department will also strive to improve access to business registration and other

small business support services and provide technical support to address gaps faced by municipalities.

## **Promoting inclusive and sustainable economic growth**

The economic prospects of any given country are influenced by both domestic conditions and global trends. While this does expose an economy to negative shocks, it also provides opportunities to export and thereby grow domestic businesses and industries.

There are several key levers that enable an economy to harness opportunities for economic growth and development. These include a sound transport infrastructure system, strategically located and resourced commercial and industrial centres and the ability to access markets and become more globally competitive. By investing in appropriate infrastructure, promoting market access, making it easier to conduct business and implementing key catalytic projects, government aims to facilitate an environment that allows participants to share in growing an economy in an inclusive and sustainable manner.

### **Infrastructure**

Infrastructure-led growth is a key priority of the WCG and is the cornerstone of a productive society. Provinces are limited in their ability to influence economic growth as the instruments directly related to this falls within the domain of national government. To grow faster and in a more inclusive manner, the Province needs the right tools. Thus, the WCG will invest in catalytic infrastructure, through the provision of roads and transport, public works, regeneration programmes and broadband.

### **Roads and Transport**

The Department of Transport and Public Works aims to protect the asset value of existing road networks, to maximise vehicle kilometres travelled in good condition and to make roads safer. The Department will also promote transport operations in the Western Cape in partnership with the City of Cape Town through the Dial-a-Ride service that assists special needs passengers. Other planned interventions include a public transportation service in George in partnership with the George Municipality and the national Department of Transport.

*Dial-a-Ride service assists special needs passengers*

### **Public Works**

*Maintenance and construction is aimed at preserving assets*

As the custodian of immovable assets and infrastructure delivery, the DTPW will continue to provide services to other departments. The services are supported by the Western Cape Infrastructure Delivery System, User Asset Management Plans, Custodian Asset Management Plan and the MTEF Provincial Infrastructure Delivery Plan. The investment in infrastructure maintenance and construction is aimed at preserving assets and contributing to employment opportunities, which in turn contribute to the efficacy of service delivery systems such as Health and Education.

### **Regeneration programme**

*The Provincial Regeneration Programme is crowding-in strategic private investment*

Through Public-Private Partnerships (PPPs) the Regeneration Programme has made progress towards crowding-in strategic private investment to develop public infrastructure. Included in this is a regeneration project that focuses on property development processes relating to six precincts, namely the Artscape Theatre, Founders Garden, Somerset Hospital Development, Government Head Office, Prestwich, Government Garage and Two Rivers Urban Park.

### **The Western Cape Government Broadband Strategy and Implementation Plan**

*Implementing Stream 1 (connecting WCG buildings) and Stream 3 (transversal application development)*

The Department of Economic Development and Tourism has formulated the Western Cape Broadband Strategic Framework and through its efforts, has firmly placed improved telecommunications on the provincial 'priority list'. Through this initiative, the economy will have access to better quality and more cost-effective telecommunications infrastructure. As government uses broadband and its technological tools internally, service delivery will be improved and red tape reduced.

The allocation to DEDAT of R25.054 million; R13.321 million and R14.016 million in 2014/15, 2015/16 and 2016/17 respectively has been allocated for the "proof of concept" development, the Economic Value-Added Services PPP as well as the continuation of 2013/14 service level agreements and contracts.

In addition an amount of R10 million and R12 million has been allocated to the Department of the Premier to drive stream 1 for the 2015/16 and 2016/17 financial years respectively. This allocation is made to improve the provision of

telecommunication infrastructure, skills development and network usage.

### **Promoting competitiveness in the agricultural sector and market access**

In order to promote ethical working practices on farms in the Western Cape, the WCG aims to support ethical trade programmes such as the Sustainability Initiative of South Africa (SIZA). Initiatives like SIZA will enable access to foreign and local markets for the local agricultural industry. Transfers from the DoA to SIZA will be used to obtain buy-in from international retailers, by (amongst others) distributing promotional DVDs and preparing training materials. These will be used by fifteen service providers to conduct training at all levels (farmers, farm workers, managers, etc.).

*Supporting ethical trade programmes*

### **Veterinary services are key for agricultural exports**

To promote a disease-free agricultural sector in the Western Cape, the DoA has embarked on a process of improving its capacity within the Veterinary Services programme. Most of the key posts within the sub-programme: Export Control has been filled. Dedicated export personnel are already in place and appropriate offices are being procured. State Veterinarian posts have been filled in European Union approved export abattoirs (Mosstricht and Klein Karoo). The Swartland abattoir is in an advanced stage of the recruitment process. A number of posts in the Animal Health sub-programme and Laboratory Services have also been established and funded.

### **The Future of the Agriculture and the Rural Economy project**

The labour unrest during the last quarter of 2012 in some rural areas of the Western Cape has exposed the social and economic realities of some farming areas in the Province. In response, the Provincial Cabinet has approved a 14-point Farm Worker Response Plan.

The "Future of Agriculture in the Rural Economy" (FARE) process is a key element to the plan. The FARE process is creating opportunities for dialogue between farmers and farm workers. This is an important priority for the DoA. In support of this, key initiatives include a province-wide Farm Worker Household Survey currently being rolled out in the areas mostly affected by protests (Overberg and Cape Winelands). The Department has also identified sixteen farm worker success stories, which will be drafted and launched for publication later this year. The success stories will be used to share lessons and promote

*FARE process is creating dialogue between farmers and farm workers*

dialogue between farmers and farm workers which was lacking prior to the protests.

### **Green economy**

The Department of Economic Development and Tourism has been allocated an additional R5.987 million in 2014/15, R4 million in 2015/16 and R5.674 million in 2016/17 for Green Economy transversal projects housed within the Department.

Below is a breakdown of the key priority areas within the Green Economy of the WCG.

#### **110% Green**

- The Better Living Challenge: to increase the take-up of green housing and interior products in the low income housing market;
- Genius of Place Study (Phase 3): to find a solution to water-related problems in informal settlements along the Bergriver area;
- Carbon Neutral: provides a platform to offset the WCGs carbon footprint while simultaneously alleviating poverty;
- Flagship & Communication: a project to minimise food waste and losses to address hunger through the better utilisation of our resources.

#### **Market Intelligence**

- The Annual Investment Mapping Project will be implemented to enable better investment decision-making and build the Province's knowledge base.

#### **Infrastructure**

The following projects will be implemented in 2014/15:

##### **Energy:**

- Smart Grids: a select number of municipalities to invest in smart grid infrastructure and embedded generation;
- Biofuels: the introduction of biofuels into the Western Cape with a specific focus on opportunities for bio-ethanol for fleet transport; and



- Liquefied Natural Gas (LNG): An economic technical feasibility LNG importation study will focus on the optimal solutions for LNG importation and the costing attached to this roll-out.

**Waste:**

- Waste Economy: design of a decision support tool to assist municipalities in selecting the most appropriate solutions around waste.

**Market and Investment:**

- Western Cape Industrial Symbiosis Project (WISP) - to connect companies so they can identify and realise the business opportunities enabled by unused or residual resources;
- A Green Finance facility will be established to open up investors access to funds and financial institutions (public, private and DFI) with a green economy mandate;
- A Regulatory Impact Assessment in the waste sector that is aligned with the WISP; and
- Mariculture and Aquaculture Opportunities - unlocking potential for market driven private sector opportunities, large scale beneficiation and viable export opportunities.

R24.890 million has been allocated to DEADP over the 2014 MTEF is for the continued implementation of the Berg River Improvement Plan (BRIP) and Green Economy projects. More broadly, the Green Economy focus areas in this regard are to:

- Address water security concerns (i.e. quality and quantity);
- Determine the valuation of ecosystem goods/services;
- Facilitate green revenue streams in protected area and sustainable energy use; and
- In collaboration with the Department of Agriculture the removal of alien plants from the river banks that will be recycled and utilised for commercial use (furniture) and/or agricultural use (composting and mulching).

*Continued  
implementation of the  
Berg River Improvement  
Plan (BRIP)*

The Department of Local Government will support municipalities with a project that will focus on the preparation of comprehensive electrical Master Plans for medium voltage (11 kV) networks at local municipalities in the Western Cape. This will place municipalities in a position where they have extensive information of their systems for a ten to twenty year period which would hugely aid human settlement

developments as well as allowing for funding applications in terms of the future electrical requirements of local municipalities.

## **Improving competitiveness**

### **Creating an enabling environment through reducing red tape**

*Reducing red tape key for a more enabling environment for business*

The Department of Economic Development and Tourism will continue its efforts to improve the business environment or climate, by simplifying the regulatory framework and in so doing contribute to the ease of doing business. Over the 2014 MTEF the Department will also strive to institutionalise Regulatory Impact Assessments (RIAs).

### **Trade, investment and sector development**

*Employment supporting sectors – clothing and textiles, agro and food processing and creative and design*

The allocation to the DEDAT of R19.235 million in 2014/15, R20.120 million in 2015/16 and R21.186 million in 2016/17 has been earmarked for transfer to Wesgro for tourism, trade and investment promotion; and other economic development functions within the public entity. Wesgro will continue to attract foreign direct investment, enhance trade (focusing on the priority sectors); seek alternative markets; and aim for international best practice in destination marketing, trade and investment promotion to put the Province in a position to better respond to challenges in the changing and depressed global and domestic economy.

In regard to Sector Development the DEDAT will enhance its clustering approach and deepen its efforts in each sector, with a focus on fewer projects, but with far deeper impact.

### **Catalytic economic projects**

*Investment promotion strategy targeting Africa*

The Department of Economic Development and Tourism is primarily responsible for the Cape Catalyst, which develops and facilitates infrastructure-orientated projects specifically tailored for the needs of industry and economic development. Key Cape Catalyst projects include the Broadband Initiative and the Saldanha Bay IDZ. The Saldanha Bay IDZ will provide services and products to the off-shore oil and gas industry along the coast of Africa. The Saldanha IDZ is aspiring to become South Africa's first Free Port which will result in a highly efficient regulatory environment to all companies using the IDZ and the Port.

Funding amounting to R28.091 million in 2014/15, R29.155 million in 2015/16 and R30.270 million in 2016/17 has been allocated to the Saldanha Bay IDZ initiative to support the continued

functioning of the governance structures constituted to oversee and manage the planning and implementation of the Saldanha Bay IDZ project post its designation as an IDZ; to continue the roll-out of skills development in the local community; to oversee and manage the commencement of the infrastructure build of the SBIDZ; and to continue the inter- and intra-governmental co-operation between the national, provincial, local and parastatal bodies.

An additional allocation to the DEDAT of R81.790 million in 2014/15 and R80 million in 2015/16 has been earmarked for the expansion of the CTICC. The funding will be utilised to support the broadening of the current offering of the facilities to attract larger international events with additional income-generating facilities such as exhibitions.

### **The Western Cape Economic Development Partnership**

The Western Cape Economic Development Partnership will continue to drive a partnership-building process in the Western Cape. It will also continue to empower local and regional government, the private and non-profit sectors, and communities with the opportunity to work together to improve the local and regional (and hence, the national) economy.

*The Western Cape Economic Development Partnership drives partnership-building in the Province*

Funding amounting to R8.896 million in 2014/15, R9.305 million in 2015/16 and R9.798 million in 2016/17 has been allocated as the Province's share towards the operations of the EDP to:

- Mobilise stakeholders and build leadership around a shared economic vision and strategy, a common agenda and joint action plans and projects;
- Provide better economic and market intelligence, so that economic development strategies are more evidence-based;
- Coordinate a business attraction, retention and expansion strategy through building an improved business and investment climate;
- Monitor the performance of the economic delivery system and make recommendations for service delivery improvements; and
- Give high priority to putting in place effective information management, knowledge sharing and communications systems.

*The Western Cape Government aims to become the best-run regional government in the world*

## Critical factors for success

The success of government interventions is dependent on the ability of government to deliver appropriate services where the need has been identified in an integrated manner, its accountability to the citizens, vibrant interaction with the citizenry and strategic partnerships with business and civic society. Critical success factors underpinning the Budget 2014 policy objectives are thus: governance; partnerships; integration; spatial alignment, active citizens and a capable state.

### Governance

The Western Cape Government aims to become one of the best-run regional governments in the world. Key elements in achieving this aspirational goal include efficient and transparent institutional governance, enhanced financial and human resource (people) management, a citizen-centric approach to service delivery and management for results.

The Department of the Premier (DotP) will receive R1.028 billion in 2014/15, R1.094 billion in 2015/16 and R1.108 billion in 2016/17 to enable good corporate governance and provide policy and strategy support to the Provincial Executive.

The Department envisages an evaluation of the implementation of Provincial Strategic Objective 12 (Building the Best Run Regional Government) in order to enhance good governance. The Provincial Evaluation Plan (2014 - 2016) indicates that the key focus for the evaluation is three of the six outcome themes, namely people management, citizen-centric service delivery and financial management.

Further focus areas include the review of the PSP and Provincial Transversal Management System (PTMS), towards developing the new 5 year PSP.

### Systems to improve governance

Recognising the meaningful contribution of work-automation, key system-development projects to be undertaken by the DotP entail implementing the:

- Human resource module of the Integrated Financial Management System (IFMS);
- MyContent (Enterprise Content Management);
- Business process optimisation (BPO); and

*Implementing the  
Provincial Evaluation Plan  
(2014 - 2016)*

- 'Biz' suite of systems, namely BizBrain, BizPerformance and BizProjects.

The Biz suite budget is R37.500 million in 2014/15, R43.500 million in 2015/16 and R3.686 million in 2016/17.

The Centre for e-Innovation is a key transversal partner in institutionalising the functionality of the Enterprise Content Management System, focussing on areas such as server hosting, consolidation of infrastructure and support, engaging with software and licensing as well as enterprise architecture aspects. The 2014 MTEF allocation amounts to R115.366 million.

The Provincial Treasury receives R13.159 million over the 2014 MTEF for the implementation of the strategic sourcing/procurement project. Strategic sourcing is a key lever in increasing efficiency gains, and ultimately improving service delivery. The aim is to bring about necessary innovation and efficiency gains within a complicated procurement environment. Procuring of procurement practitioners in the Province is a priority in this regard.

System enhancements will reduce the compliance burden through automation of multiple control and transaction processes. Towards this purpose R19.183 million has been allocated over the 2014 MTEF for the roll out and enhancement of the LOGIS system to improve the management and control of inventory assets, resources and internal user demand. The safeguarding of transversal electronic system data is a key priority going forward. R123.984 million has been set aside over the 2014 MTEF for improved internal control of transversal system users and biometric access control.

*System enhancements will reduce compliance burden*

In addition to the above-mentioned, the Provincial Treasury will continue to implement and refine the Corporate Governance Review and Outlook (CGRO) and Municipal Governance Review and Outlook (MGRO) initiatives. These initiatives provide an on-going assessment tool of the corporate management capability level of departments and municipalities. This will enable timely and appropriate recommendations to management on how and where to strengthen corporate systems and which processes to control. The ultimate goal of the respective initiatives is to attain higher levels of governance maturity.

*Attaining higher levels of governance maturity*

### **Broader governance improvement programmes**

Over the 2011 MTEF, the DotP took a strategic decision to outsource its forensic investigative function, while it restructured the component to deliver the function internally. For the 2014 MTEF a figure of R19.904 million has been made available, to ensure sustained service delivery, whilst the new structure is being appropriately capacitated. Work in progress constitutes establishing a Legal Compliance Component in order to improve legal compliance, ensure informed and sound decision-making and address the increasing demand for legal services.

### **Specific support to municipalities to improve governance**

The Department of Local Government (DLG) plans to deepen the impact of its engagement with municipalities to identify service gaps and move closer to its vision of the developmental role of local government which is centred on working with local communities to find sustainable ways to meet their needs and improve the quality of their lives.

Since its introduction, the concept of utilising a "pool of experts" to facilitate municipal capacity development has gained popularity amongst municipalities. Specialists will continue to be contracted to assist municipalities. The DLG will continue to provide tailor-made programmes aimed at strengthening and supporting the institutional and organisational capacity of municipalities to be able to fulfil their developmental and constitutional responsibilities.

*Tailor-made programmes to strengthen and support capacity of municipalities*

The Department will continue with coordination of IDP indabas and IDP assessments with a view towards to achieving better integration and coordination amongst different spheres of government, thereby encouraging working together to achieve the developmental mandate of local government.

Amounts of R20 million in 2014/15, R25 million in 2015/16 and R30 million in 2016/17 have been set aside as part of Vote 3: Provincial Treasury Transversal Programme for municipal support aimed at further strengthening governance at municipalities. The funding is intended to enhance current initiatives implemented, mainly from MGRO, aimed at further improving governance.

## **Integration through the Provincial Transversal Management System**

The Provincial Transversal Management System was approved by Cabinet in August 2010. The PTMS was designed to ensure that strategic policy objectives as set out in the WCG's Provincial Strategic Plan 2010 (PSP) are executed in a focused and integrated manner. Further, the system set out to overcome the silo planning which took place in government departments by establishing a platform for an integrated approach toward provincial planning and implementation of programmes and outcomes. To this end, the PTMS is an innovative way to bring about integration and cooperation, within provincial government and between government and its external partners.

The Provincial Transversal Management System structure is based on strategic priority areas, which are institutionalised as work groups. They have given effect to key strategic, innovative and cutting-edge initiatives. These include the the Green Economy, the Provincial Skills Forum, Red Tape Reduction, Mass Participation Opportunity and Access Development and Growth Centre Programme and Early Childhood Development transversal programmes mentioned above.

A review of the PTMS has been completed to refine and improve the current mechanism in an effort to further increase the potential impact of transversal projects in the Province.

## **Partnerships**

The Provincial Transversal Management System set the foundation for the development of strategic transversal structures and acted as a catalyst for the development of further strategic partnerships across government departments, institutions, private sector and NGOs. These include the Economic Development Partnership (EDP) which mobilises a partnership-building process in the Western Cape and is targeted towards enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. Other key partnerships include the Expanded Public Partnership (EPP) partners with CPFs and the Safety Lab. The EPP sets the minimum service delivery standards that enable the Department of Community Safety to guide CPFs in first level of oversight. The Safety Lab is an ideas laboratory for safety and security initiatives that focus on the youth, they have mobilised community assets (such as community centres) within high risk

communities. Community youth-based programmes initiated in partnership with the Safety Lab include the Nyanga Yethu and GIVA projects, while the Department of Social Development has recently launched the first Youth Café in collaboration with R-Labs in Mitchells Plain. Also, the RSEP/VPUU partners with local municipalities and international donors to transform local communities spatially.

### **Citizens active in their own development**

*Developing ward committee operational plans to empower communities*

The Department of Local Government will continue to implement area-based/neighbourhood development planning to ensure tangible impacts in communities that facilitate the implementation of practical projects in under-serviced areas. In addition, the Department will continue to support municipalities to strengthen their public participation process and develop their ward committee operational plans that are context-specific and community empowering.

Over the past few years, the Community Development Work Programme in conjunction with the Thusong Centres Programme and Mobile Thusong Outreach projects facilitated access to government services by millions of residents. This programme will continue to be the link between government and the community.

### **Spatial targeting**

Regional and intergovernmental land-use and development planning will be pursued more pro-actively in order to address developmental needs and ensure optimal outcomes as outlined within the NDP and OneCape 2040.

The Provincial Spatial Development Framework (PSDF) has been recognised as a significant provincial lever which expresses spatially the vision of the NDP and OneCape 2040.

*PSDF provides spatial logic of spending and provincial investment*

The PSDF provides the spatial logic of spending and provincial investment. The Framework aims to align spatial planning/development, coordination/integration and synergy between the spheres of government. The PSDF will provide a “spatial-layering” perspective to capitalise on spatial competitive advantages and ensure economic efficiencies.



A key shift is the amendment of the provincial approach from being mainly regulatory, to one which emphasises the Province as a change agent. Support in respect of the municipal planning competency ranges from:

- Building capacity: to assist with systems and administration; to
- Developing guidelines: to assist with the functioning of land use planning tribunals; and
- Assigning of provincial planners to specific municipalities in order to support land-use management and development application processes: to assist with the development of municipal spatial plans which promote economic growth, resource efficiency, municipal financial maturity and environmental sustainability.

The Provincial Biodiversity Strategy and Action Plan (PBSAP) provides a transversal blueprint to optimally conserve, sustainably use and equitably share biodiversity resources. A related aspect is the valuing/costing of ecosystem goods and services. This includes exploring biodiversity-business tools with the potential to create opportunities and partnerships to improve biodiversity and ecosystem functioning. Furthermore, for the 2014 financial year, the Climate Change Implementation Framework collates the related policies and facilitates the concomitant mitigation/adaptation actions across provincial departments and amongst relevant stakeholders.

## **Expenditure by Department**

Table 2.1 provides an overview of the expenditure trends since the 2010/11 financial year and estimates over the new MTEF. The provincial budget grows by 8.90 per cent from a revised 2013/14 estimate of R43.983 billion to R47.899 billion in 2014/15. The largest proportion of the 2014/15 budget is allocated to social services which includes Social Development (3.67 per cent), Health (36.2 per cent share) and Education (34.29 per cent share). The balance is allocated to the Economic and Governance sector departments.

**Table 2.1 Summary of provincial payments and estimates by vote**

Outcome							Medium-term estimate			
Vote R'000	Audited	Audited	Audited	Main appro- p-riation	Adjusted appro- p-riation	Revised estimate	% Change from Revised estimate			
	2010/11	2011/12	2012/13				2013/14	2013/14	2013/14	2014/15
1. Department of the Premier	620 918	692 445	747 165	853 843	903 105	903 105	1 027 754	13.80	1 093 678	1 107 646
2. Provincial Parliament	74 606	77 741	91 047	102 627	103 281	103 281	108 971	5.51	114 433	117 339
3. Provincial Treasury	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120
4. Community Safety	132 440	138 763	166 418	181 496	193 592	193 592	222 566	14.97	231 690	247 958
5. Education	11 955 743	13 361 153	14 288 110	15 601 918	15 668 785	15 668 785	16 424 944	4.83	17 677 169	18 018 717
6. Health	12 344 628	13 387 763	14 600 857	15 871 676	16 029 981	15 977 824	17 338 111	8.51	18 467 212	18 925 168
7. Social Development	1 222 183	1 317 002	1 402 227	1 577 602	1 587 244	1 587 244	1 755 933	10.63	1 861 296	1 963 825
8. Human Settlements	2 165 120	1 834 400	1 987 458	2 148 631	2 215 997	2 215 997	2 115 245	( 4.55)	2 252 722	2 491 010
9. Environmental Affairs and Development Planning	299 970	348 467	376 880	421 648	420 392	420 392	454 348	8.08	475 169	500 361
10. Transport and Public Works	3 963 988	4 366 411	4 704 658	4 846 319	5 103 430	5 091 912	5 630 479	10.58	6 787 611	6 933 675
11. Agriculture	483 485	514 559	555 633	610 149	615 318	615 318	859 870	39.74	711 615	705 955
12. Economic Development and Tourism	235 751	256 089	314 344	389 451	372 973	372 973	498 047	33.53	509 584	452 138
13. Cultural Affairs and Sport	294 023	351 888	390 550	445 309	456 131	456 131	626 010	37.24	707 870	742 683
14. Local Government	110 689	129 825	160 609	173 289	175 548	175 548	188 750	7.52	200 373	210 783
Total provincial payments and estimates by vote	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 378

Note: This table excludes direct charges.

## Conclusion

This chapter focused on provincial policy priorities as expressed in the Figure 2.1. The thematic areas, initiatives and objectives thereof are geared towards improving social inclusion and education and health outcomes, whilst ensuring continued support for current service delivery levels and additional areas where there is potential for higher economic growth, such as infrastructure and skills, that can drive this growth. This is underpinned by sound alignment from a provincial and municipal perspective.

# 3

## Receipts

### Introduction

The Fiscal Framework provides the funding plan to give effect to government's policy priorities. The available fiscal envelope for the 2014 MTEF reconfirms government's commitment for spending to remain within aggregate spending baseline levels set out in the 2013 Budget. Spending pressures, the need to strengthen existing programmes or new priorities will be financed by reducing expenditure on other items. In so doing the budget framework also seeks to transform the quality of public expenditure by shifting resources to support the National Development Plan priorities, the Provincial Strategic Objectives and complementary policies and strategies. The Province remains committed to identifying reductions in goods and services budgets and programmes that are under spending, and on rescheduling expenditure to bring it in line with institutional capacity.

*R153.826 billion available over the 2014 MTEF to fund government's priorities*

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 94.58 per cent of the budget in 2014/15); Provincial Own Receipts (taxes and fees/user charges, which account for 4.44 per cent); and the Provincial Revenue Fund (PRF) and Asset Finance Reserve which together contribute less than 1 per cent in the 2014/15 financial year.

The total provincial revenue envelope relative to the 2013/14 Adjusted Appropriation, increases by R3.790 billion in 2014/15, R3.822 billion in 2015/16, and R1.710 billion in 2016/17.

Transfers from National Government (i.e. PES and conditional grants) increase by R3.614 billion or 8.62 per cent from the Adjusted Appropriation of R41.934 billion in 2013/14 to R45.549 billion in 2014/15 and is estimated to grow to

R48.828 billion in 2015/16 and R50.850 billion in 2016/17, or at an average annual growth rate of 6.64 per cent over the 2014 MTEF.

**Table 3.1 Summary of Provincial Receipts**

Receipts R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>Transfer receipts from National</b>	32 536 439	35 349 580	37 904 302	41 763 540	41 934 424	41 934 424	<b>45 548 739</b>	48 827 890	50 850 312
Equitable share	24 455 824	27 052 442	29 119 423	32 174 547	32 272 116	32 272 116	<b>35 631 310</b>	38 430 982	41 195 947
Conditional grants	8 080 615	8 297 138	8 784 879	9 588 993	9 662 308	9 662 308	<b>9 917 429</b>	10 396 908	9 654 365
Financing	498 626	326 837	877 436	64 370	381 094	381 094	<b>468 135</b>	980 806	689 333
Asset Finance Reserve	215 864	273 749	377 405		175 711	175 711	<b>294 092</b>	681 472	478 777
Provincial Revenue Fund	282 762	53 088	500 031	64 370	205 383	205 383	<b>174 043</b>	299 334	210 556
<b>National receipts and financing</b>	<b>33 035 065</b>	<b>35 676 417</b>	<b>38 781 738</b>	<b>41 827 910</b>	<b>42 315 518</b>	<b>42 315 518</b>	<b>46 016 874</b>	<b>49 808 696</b>	<b>51 539 645</b>
<b>Provincial own receipts</b>									
Tax receipts	1 230 722	1 312 930	1 415 018	1 335 990	1 335 990	1 446 426	<b>1 385 111</b>	1 428 751	1 489 453
Sales of goods and services other than capital assets	451 475	498 190	554 768	448 427	449 594	490 647	<b>471 132</b>	481 665	488 704
Transfers received	116 036	169 903	161 836	208 482	146 955	139 100	<b>196 548</b>	169 666	76 670
Fines, penalties and forfeits	3 158	3 922	4 812	2 375	2 291	4 795	<b>2 611</b>	2 836	2 963
Interest, dividends and rent on land	67 269	6 190	6 478	3 580	7 380	6 380	<b>7 182</b>	3 802	3 837
Sales of capital assets	95 137	1 563	7 230	24	24	2 866	<b>21</b>	21	22
Financial transactions in assets and liabilities	103 884	235 951	176 243	78 913	108 678	121 844	<b>77 394</b>	83 883	88 055
<b>Provincial own receipts</b>	<b>2 067 681</b>	<b>2 228 649</b>	<b>2 326 385</b>	<b>2 077 791</b>	<b>2 050 912</b>	<b>2 212 058</b>	<b>2 139 999</b>	<b>2 170 624</b>	<b>2 149 705</b>
<b>Total provincial receipts</b>	<b>35 102 746</b>	<b>37 905 066</b>	<b>41 108 123</b>	<b>43 905 701</b>	<b>44 366 430</b>	<b>44 527 576</b>	<b>48 156 873</b>	<b>51 979 320</b>	<b>53 689 350</b>
<b>Transfers from National</b>	<b>92.69%</b>	<b>93.26%</b>	<b>92.21%</b>	<b>95.12%</b>	<b>94.52%</b>	<b>94.18%</b>	<b>94.58%</b>	<b>93.94%</b>	<b>94.71%</b>
Equitable share	69.67%	71.37%	70.84%	73.28%	72.74%	72.48%	73.99%	73.94%	76.73%
Conditional grants	23.02%	21.89%	21.37%	21.84%	21.78%	21.70%	20.59%	20.00%	17.98%
<b>Own receipts</b>	<b>5.89%</b>	<b>5.88%</b>	<b>5.66%</b>	<b>4.73%</b>	<b>4.62%</b>	<b>4.97%</b>	<b>4.44%</b>	<b>4.18%</b>	<b>4.00%</b>
<b>Asset Financing Reserve</b>	<b>0.61%</b>	<b>0.72%</b>	<b>0.92%</b>	<b>0.00%</b>	<b>0.40%</b>	<b>0.39%</b>	<b>0.61%</b>	<b>1.31%</b>	<b>0.89%</b>
<b>PRF Financing</b>	<b>0.81%</b>	<b>0.14%</b>	<b>1.22%</b>	<b>0.15%</b>	<b>0.46%</b>	<b>0.46%</b>	<b>0.36%</b>	<b>0.58%</b>	<b>0.39%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Funding from the Provincial Revenue Fund and Asset Finance Reserve amounts to R2.138 billion over the 2014 MTEF.

### Provincial Equitable Share

The equitable share is a redistributive population-driven unconditional transfer allocated to provinces. The data used in the formula is updated on an annual basis to ensure that a province's share of national funding reflects population and service delivery changes.

The PES formula comprises of the following components and weights:

- The Education Component (48 per cent) which is based upon the school age cohort (5 - 17 years from Census 2011) and school enrolment data (2013 SNAP survey from the

Department of Basic Education). Each of these components is assigned a weight of 50 per cent;

- The Health Component (27 per cent) using a risk adjusted capitation index based on the Risk Equalisation Fund, output data from public hospitals and clinics and estimates of medically uninsured population are used to estimate a province's share of the health component. Data sources used include General Household Survey, mid-year population estimates, Council of Medical Aids Scheme's Risk Equalisation Fund and District Health Information Services;
- The Basic Component (16 per cent) is calculated from the proportion of each province's population taken from the 2013 Mid-year population estimates published by Statistics South Africa;
- The Poverty Component (3 per cent) makes use of the 2010/11 Income and Expenditure Survey, which collects data on the income and expenditure patterns of households, and the updated 2013 Mid-year population data. This information is used to gauge the size of the poor population who fall into the lowest quintiles 1 and 2 residing within a particular province;
- The Institutional Component (5 per cent) is divided equally amongst all the provinces to fund institutional requirements. The calculation of this component is not dependent on data inputs; and
- The Economic Activity Component (1 per cent) is calculated on the 2010 Gross Domestic Product per Region (GDP-R).

The structure and weights of each component of the PES formula remain unchanged over the 2014 MTEF.

### Provincial Equitable Share Phase-in

**Table 3.2 Changes in Provincial Equitable Share component shares**

Component	Weight	2013	2014	%
		MTEF %	MTEF %	Variance
Education	48	8.9	9	0.04
Health	27	11.1	11.1	-
Basic	16	11.2	11.4	0.11
Poverty	3	6.1	6.2	0.07
Institutional	5	11.1	11.1	-
Economic Activity	1	14.1	14.1	-
Final Share	100	9.5	9.7	0.2

To moderate the impact to provinces of large changes made to the PES due to data updates, changes to the PES are phased-in over a 3 year MTEF period. As a result of the 2011 Census population numbers changes to provincial shares last year led to the Ministers Committee on the Budget (MinComBud) allocating additional funds to the four provinces experiencing a decline in their equitable shares. These cushioning funds remain in effect as published in the 2013 Division of Revenue Act.

The Budget Council accepted an improvement in the methodology for phasing in changes to the PES over a 3 year medium term. An improved method was needed as the old method of phasing-in changes to the PES resulted, for example, in provinces receiving a lower than expected PES allocation despite their growing demographics and increase in share according to the formula's data.

The following principles were adopted as being fundamental to the PES phase-in:

- Support predictability and stability;
- Respond to the changing needs and demands of each province;
- Equitable and fair to all provinces;
- Robust and sustainable; and
- Transparent and easily understood.

The old method used the previous year's allocation as a base for phasing-in changes to the PES while the new method uses the province's indicative allocation from the current financial year. This change allows for closer alignment between the funding requirements and demand for service delivery, especially in health and education, as the previous dispensation allowed for future indicative allocations to be reduced when phased-in over three years thereby negatively impacting on a province's ability to plan ahead and to address "real" service delivery changes. The net effect of the new phase-in methodology results in the Western Cape receiving an additional R552.991 million in 2014/15 and R295.555 million in 2015/16.

*Western Cape to receive an additional R848.547 million following revised PES phase-in method*

PES transfers to the Western Cape will increase from an Adjusted Appropriation in 2013/14 of R32.272 billion to R35.631 billion in 2014/15, to R38.431 billion in 2015/16, to R41.196 billion in 2016/17.

## **Inflationary and Policy adjustments to the Provincial Equitable Share**

Additional money was made available to the Province to protect the real value of expenditure. Inflationary adjustments were made to the PES to accommodate the higher than expected increases to salaries. The Western Cape receives additional allocations of R167.593 million in 2014/15, R328.660 million in 2015/16, and R385.670 million in 2016/17 for this item.

Funding relating to policy priorities are being allocated for the Departments of Health and Social Development. The Department of Health has been allocated an additional R19.991 million in 2016/17 for the roll-out of the Human Papilloma Virus (HPV) vaccine; while the Department of Social Development will receive an additional R4.906 million in 2014/15, R4.952 million in 2015/16, and R4.998 million in 2016/17 for the provision of shelter to the victims of gender based violence.

## **Conditional Grants**

### **Revisions to Conditional Grants over the 2014 MTEF**

The discussion below highlights the changes made to conditional grants over the 2014 MTEF. These changes includes the introduction of a new conditional grant, reforms to existing grants as well as the allocation criteria/data used to determine allocations.

#### *Occupational Specific Dispensation (OSD) for Education Sector Therapists Grant*

This new grant to be introduced in 2014/15 provides for an increase in the compensation of employees for education sector therapists. The Department of Education will receive funding for the first two years of the 2014 MTEF, after which the grant will be phased into the PES. An allocation of R50.395 million in 2014/15 and R15.852 million in 2015/16 has been allocated for this grant.

*OSD for education sector therapist is a new conditional grant being introduced in 2014/15*

### *Infrastructure*

*EIG & HFRG only makes provision for the 2014/15 and 2015/16 financial years due to the National Treasury new process of securing infrastructure funding*

Reforms were made to the provincial infrastructure grant system to institutionalise proper planning for infrastructure. In 2012 provinces were notified that they are required to bid for their infrastructure allocations two years in advance. Part of the new approach to the allocation of infrastructure funding are that financial incentives would be built into the grant for provinces who implement best practices in infrastructure delivery.

The Education Infrastructure Grant (EIG) receives funding of R485.024 million in 2014/15 and R662.859 million in 2015/16. The year-on-year decrease from 2013/14 is as a result of the inclusion of the Infrastructure Backlogs Grant in 2013/14. Included in the allocation is additional funding which has been allocated over the 2014 MTEF for the repairs and replacement of damaged education infrastructure affected by disasters.

During the 2013/14 financial year three health infrastructure related grants were combined into one with the strategic goal of enabling provinces to plan, manage and transform health infrastructure to be in line with both the national and provincial policy objectives. The three components were the Hospital Revitalisation Grant; Nursing Colleges and Schools Grant and Health Infrastructure Grant. Over the two years for which funding is provided, the allocation for the Health Facility Revitalisation Grant (HFRG) is R639.786 million in 2014/15 and R645.200 million in 2015/16.

### *Comprehensive HIV and AIDS Grant*

*Reprioritisation of provincial funding regarding the Comprehensive HIV and AIDS grant has occurred which will be phased over the 2014 MTEF*

The grant supports prevention programmes and specific interventions including voluntary counselling and testing, prevention of mother-to-child transmission, post-exposure prophylaxis, antiretroviral treatment and home-based care. To improve alignment with provincial spending commitments, the need to reprioritise provincial funding was recognised. The decision was agreed upon to phase-in these revisions to allow provinces sufficient time to adjust. The allocation for this grant over the 2014 MTEF is R1.052 billion in 2014/15; R1.157 billion in 2015/16 and R1.301 billion in 2016/17.

### *Provincial Road Maintenance Grant (PRMG)*

The new formula for the allocation of the PRMG was implemented in the 2013/14 financial year. This was approved as part of the 2013 Division of Revenue Act. The new formula is to support more efficient investment in provincial roads by using the following allocation criteria: length of the road network;



road conditions; traffic volumes; as well as topographic and geo-climatic factors. The phase-in of the new formula is expected to be complete by 2015/16.

The Province will receive additional funding in the 2014/15 and 2015/16 financial years for the repairs and replacement of damaged provincial roads infrastructure and is added to the PRMG. The allocations over the 2014 MTEF is R685.849 million in 2014/15, R749.854 million in 2015/16 and R732.333 million in 2016/17.

#### *Comprehensive Agriculture Support Programme (CASP)*

The funding for the CASP grant will be reduced over the 2014 MTEF. However, due to the Province receiving additional funding of R188.746 million over the first two years of the 2014 MTEF for the provision made for disaster affected infrastructure, the Province will see a net increase in their CASP allocation. The allocations over the 2014 MTEF is R292.336 million in 2014/15, R110.714 million in 2015/16 and R91.700 million in 2016/17.

*Additional funding  
received for infrastructure  
affected by disasters*

#### *Human Settlements Development Grant (HSDG)*

The HSDG has now been fully allocated instead of only allocating 50 per cent as indicated in Budget 2013. The allocation for this grant increases by R911.441 million in 2014/15 and R1.047 billion in 2015/16. In preparation of metropolitan municipalities receiving Level 3 accreditation, funding to the City of Cape Town has now been earmarked. Once Level 3 accreditation has been awarded to the City, it is anticipated that the funding will flow directly from the National Department of Human Settlements to the City. The total HSDG allocation for the Province over the 2014 MTEF is R1.915 billion in 2014/15, R2.044 billion in 2015/16 and R2.271 billion in 2016/17. Of which, amounts of R1.350 billion in 2014/15; R1.443 billion in 2015/16 and R1.606 billion in 2016/17 has been earmarked for the City of Cape Town.

*Level 3 accreditation  
awarded to the CoCT,  
funding is anticipated to  
flow directly to the City*

The HSDG will be reduced nationally by R300 million annually over the 2014 MTEF for the creation of a new conditional grant, Municipal Human Settlement Capacity Grant. This grant will be assigned to metropolitan municipalities to assist them with building the capacity to administer their new function.

*Indirect grant has been introduced to prioritise the bucket eradication programme (BEP)*

Furthermore, a new indirect grant has been introduced to prioritise the Bucket Eradication Programme (BEP). Nationally the following amounts have shifted from the HSDG, R899 million in 2014/15 and R975 million in 2015/16. This funding will be spent on behalf of provinces, the aim of the grant is to provide adequate sanitation in housing project areas.

*Further Education and Training Colleges Grant (FET Colleges Grant)*

The administration functions of Adult Education and Training (AET) and FET colleges are transferred from the Department of Basic Education to the Minister of Higher Education. The planned date of transfer is 1 April 2014; however, it has been agreed that the functional shift will be affected 1 April 2015. The allocation for this grant over the 2014 MTEF is R377.913 million in 2014/15, R404.802 million in 2015/16 and R427.123 million in 2016/17.

*Public Transport Operations Grant*

*Additional funding to assist the Province with the inflationary impact of fuel and labour cost*

Additional funding of R24.133 million has been added to the grant over the 2014 MTEF. The additional funding is to assist the Province with respect to the inflationary impact of fuel and labour cost. The allocation over the 2014 MTEF is R2.452 billion with the following split over the three years; R779.365 million in 2014/15, R814.846 million in 2015/16 and R857.604 million in 2016/17.

*Expanded Public Works (EPWP) Grant*

The EPWP Integrated Grant 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 EPWP guidelines.

The Social Sector EPWP Incentive Grant is an incentive grant based on meeting job creation targets in the preceding financial year. This grant rewards provinces for creating jobs in amongst others the provision of home-based care and early childhood development

For 2014/15, an amount of R24.520 million is available from the EPWP Integrated Grant to Provinces and R25.876 million through the Social Sector EPWP Incentive Grant.

### Other Grants

When comparing the 2013 and 2014 MTEFs, the following revisions to conditional grants have been made:

Dinaledi Schools Grant: Allocations of R10.673 million in 2014/15, R11.164 million in 2015/16 and R11.756 million in 2016/17. The intention of the grant is to ensure the improved performance in the teaching and learning of mathematics and physical science in underprivileged schools.

Mass Participation and Sport Development Grant: An amount of R184.484 million has been allocated for this grant over the 2014 MTEF. Over the three years the allocation is R58.711 million; R61.353 million and R64.420 million, respectively. The grant is geared towards increasing and sustaining mass participation in sport and recreational activities in provinces.

Community Library Services Grant: The allocation for the 2014 MTEF for the Community Library Services Grant is R126.347 million in 2014/15; R163.469 million in 2015/16 and R173.273 million in 2016/17.

National Tertiary Services Grant (NTSG): Allocations of R2.538 billion in 2014/15, R2.654 billion in 2015/16 and R2.795 billion in 2016/17. 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.

**Table 3.3 Summary of conditional grants by vote and grant**

Vote and grant R'000	Outcome			Main appropriation 2013/14	Adjusted appropriation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>Vote 4: Community Safety</b>		543	661	3 242	3 242	3 242	<b>3 970</b>		
Social Sector EPWP Incentive Grant for Provinces		543	661	3 242	3 242	3 242	<b>3 970</b>		
<b>Vote 5: Education</b>	889 501	1 187 187	1 320 879	1 627 355	1 639 728	1 639 728	<b>1 252 083</b>	<b>1 427 623</b>	<b>787 764</b>
Education Infrastructure Grant	255 062	385 039	431 397	960 465	960 465	960 465	<b>485 024</b>	662 859	
Dinaledi Schools Grant		6 684	4 585	10 096	13 366	13 366	<b>10 673</b>	11 164	11 756
HIV and AIDS (Life Skills Education) Grant	14 440	14 088	16 552	17 637	18 501	18 501	<b>17 077</b>	20 297	19 666
Further Education and Training Colleges Grant	446 971	534 659	597 523	351 437	353 097	353 097	<b>377 913</b>	404 802	427 123
National School Nutrition Programme Grant	169 775	230 041	236 669	260 538	265 103	265 103	<b>282 486</b>	299 435	315 305
Technical Secondary Schools Recapitalisation Grant	3 253	8 610	9 250	11 884	13 898	13 898	<b>12 597</b>	13 214	13 914
Social Sector EPWP Incentive Grant for Provinces		8 066	23 903	12 298	12 298	12 298	<b>13 354</b>		
Expanded Public Works Programme Integrated Grant for Provinces			1 000	3 000	3 000	3 000	<b>2 564</b>		
Occupational Specific Dispensation for Education Sector Therapists Grant							<b>50 395</b>	15 852	

**Table 3.3 Summary of conditional grants by vote and grant (continued)**

Vote and grant R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>Vote 6: Health</b>	3 587 695	3 723 418	3 946 396	4 417 564	4 485 180	4 485 180	<b>4 719 898</b>	4 964 358	4 630 948
National Tertiary Services Grant	1 763 234	1 973 127	2 182 468	2 400 714	2 400 714	2 400 714	<b>2 537 554</b>	2 654 281	2 794 958
Health Facility Revitalisation Grant				629 786	694 949	694 949	<b>639 786</b>	645 200	
<i>of which the following is allocated to:</i>									
Health Infrastructure component	195 904	123 957	129 259	122 296	127 271	127 271			
Hospital Revitalisation component	614 071	482 429	444 226	493 526	553 714	553 714			
Nursing Colleges and Schools component			9 892	13 964	13 964	13 964			
Health Professions Training and Development Grant	384 711	407 794	428 120	451 667	451 667	451 667	<b>478 767</b>	500 790	527 332
National Health Insurance Grant			9 885	4 850	7 303	7 303	<b>7 000</b>	7 396	7 788
Comprehensive HIV and AIDS Grant	554 971	660 578	738 079	927 547	927 547	927 547	<b>1 051 794</b>	1 156 691	1 300 870
Forensic Pathology Services Grant	73 753	70 199							
Social Sector EPWP Incentive Grant for Provinces	1 051	5 334	3 467				<b>2 580</b>		
Expanded Public Works Programme Integrated Grant for Provinces			1 000	3 000	3 000	3 000	<b>2 417</b>		
<b>Vote 7: Social Development</b>		4 704					<b>2 580</b>		
Social Sector EPWP Incentive Grant for Provinces		4 704					<b>2 580</b>		
<b>Vote 8: Department of Human Settlements</b>	1 940 537	1 638 845	1 725 180	1 928 971	1 962 237	1 962 237	<b>1 918 778</b>	2 044 191	2 271 408
Human Settlements Development Grant	1 940 037	1 638 845	1 725 180	1 925 971	1 959 237	1 959 237	<b>1 914 936</b>	2 044 191	2 271 408
<i>of which</i>									
City of Cape Town				733 484	733 484	733 484	<b>1 350 467</b>	1 442 814	1 605 936
Expanded Public Works Programme Incentive Grant for Provinces	500			3 000	3 000	3 000	<b>3 842</b>		
<b>Vote 9: Environmental Affairs and Development Planning</b>		6 000	1 000	550	550	550	<b>2 748</b>		
Expanded Public Works Programme Integrated Grant for Provinces		6 000	1 000	550	550	550	<b>2 748</b>		
<b>Vote 10: Transport and Public Works</b>	1 429 961	1 507 068	1 536 120	1 322 388	1 279 447	1 279 447	<b>1 473 691</b>	1 564 700	1 589 937
Provincial Roads Maintenance Grant	408 254	411 141	476 258	573 237	520 797	520 797	<b>685 849</b>	749 854	732 333
Devolution of Property Rate Funds Grant	264 700	346 346	358 889		5 141	5 141			
Disaster Management Grant: Transport	124 605	61 885							
Expanded Public Works Programme Integrated Grant for Provinces		21 441	4 736	14 971	19 329	19 329	<b>8 477</b>		
Public Transport Operations Grant	632 402	666 255	696 237	734 180	734 180	734 180	<b>779 365</b>	814 846	857 604

**Table 3.3 Summary of conditional grants by vote and grant (continued)**

Vote and grant R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>Vote 11: Agriculture</b>	142 841	133 812	153 923	164 379	165 896	165 896	<b>353 007</b>	171 214	136 615
Land Care Programme Grant:	3 270	3 466	7 741	7 233	7 233	7 233	<b>4 070</b>	4 128	4 329
Poverty Relief and Infrastructure Development									
Comprehensive Agriculture Support Programme Grant	63 064	82 346	91 777	104 859	106 376	106 376	<b>292 336</b>	110 714	91 700
Disaster Management Grant: Agriculture	52 507								
Ilima/Letsema Projects Grant	24 000	48 000	50 400	51 737	51 737	51 737	<b>54 353</b>	56 372	40 586
Expanded Public Works Programme Integrated Grant for Provinces			4 005	550	550	550	<b>2 248</b>		
<b>Vote 13: Cultural Affairs and Sport</b>	90 080	95 561	100 720	124 544	126 028	126 028	<b>190 674</b>	224 822	237 693
Mass Participation and Sport Development Grant	40 442	42 867	44 494	55 570	55 570	55 570	<b>58 711</b>	61 353	64 420
Community Library Services Grant	49 638	48 694	55 226	67 058	68 542	68 542	<b>126 347</b>	163 469	173 273
Expanded Public Works Programme Integrated Grant for Provinces		4 000	1 000	550	550	550	<b>2 224</b>		
Social Sector EPWP Incentive Grant for Provinces				1 366	1 366	1 366	<b>3 392</b>		
<b>Total Conditional grants</b>	<b>8 080 615</b>	<b>8 297 138</b>	<b>8 784 879</b>	<b>9 588 993</b>	<b>9 662 308</b>	<b>9 662 308</b>	<b>9 917 429</b>	<b>10 396 908</b>	<b>9 654 365</b>

Note 1: The National Department of Health has taken the decision to combine the 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.

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

Note 3: Allocations earmarked for flood repair:

The allocations above include the following earmarked for repair of flood damage:

Comprehensive Agricultural Support Programme Grant  
Education Infrastructure Grant  
Human Settlements Development Grant  
Provincial Roads Maintenance Grant

	2014/15	2015/16
	<b>276 427</b>	<b>63 393</b>
	183 942	4 804
	679	516
	4 858	3 692
	<b>86 948</b>	<b>54 381</b>

## Provincial Own Receipts

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 exclusively 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 2014 MTEF own receipts contribute on average less than 5 per cent to the total Provincial Revenue.

*Provincial Own Receipts contribute less than 5 per cent to the 2014 MTEF*

Provincial own receipts are projected to increase from the Adjusted Appropriation of R2.051 billion in 2013/14, to R2.140 billion in 2014/15, R2.171 billion in 2015/16, and R2.150 billion in 2016/17.

Table 3.4 shows the projected contributions of the different votes to Provincial Own Receipts.

**Table 3.4 Summary of Provincial Own Receipts**

Vote R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate % Change from Revised estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2013/14	2015/16	2016/17
1. Department of the Premier	1 744	1 720	1 327	653	1 182	1 727	653	( 62.19)	682	718
2. Provincial Parliament	151	202	210	52	52	666	52	( 92.19)	54	57
3. Provincial Treasury	381 611	357 186	388 973	308 588	308 588	390 332	320 597	( 17.87)	324 856	328 529
4. Community Safety	884	389	489	430	498	498	16 107	3 134.34	11 824	14 164
5. Education	22 234	33 918	41 881	26 965	40 830	40 829	28 227	( 30.87)	29 106	30 648
6. Health	445 432	533 535	608 404	548 500	486 973	509 458	503 567	( 1.16)	476 985	377 689
7. Social Development	6 811	3 900	3 905	810	810	2 247	862	( 61.64)	915	963
8. Human Settlements	61 330	183 182	112 866	60 000	75 000	75 000	60 000	( 20.00)	62 760	66 086
9. Environmental Affairs and Development Planning	1 263	1 638	2 495	1 150	1 150	2 914	1 200	( 58.82)	1 250	1 317
10. Transport and Public Works	1 106 477	1 045 562	1 105 671	1 079 786	1 079 718	1 130 824	1 120 699	( 0.90)	1 167 988	1 228 459
11. Agriculture	27 384	49 676	28 184	25 454	28 091	28 493	25 454	( 10.67)	25 454	26 803
12. Economic Development and Tourism	7 271	10 818	29 569	24 270	26 887	27 135	25 270	( 6.87)	27 270	28 715
13. Cultural Affairs and Sport	4 396	6 086	1 017	1 083	1 083	1 450	37 261	2 469.72	41 430	45 506
14. Local Government	693	837	1 394	50	50	485	50	( 89.69)	50	50
<b>Total provincial own receipts</b>	<b>2 067 681</b>	<b>2 228 649</b>	<b>2 326 385</b>	<b>2 077 791</b>	<b>2 050 912</b>	<b>2 212 058</b>	<b>2 139 999</b>	<b>( 3.26)</b>	<b>2 170 624</b>	<b>2 149 705</b>

Table 3.5 shows the total annual provincial own receipts budgets by source between 2013/14 and 2016/17. Motor vehicle licence fees, casino taxes and hospital fees continue to be the major sources of provincial own receipts.

**Table 3.5 Western Cape own receipts by source 2013/14 - 2016/17**

Provincial Department R'000	Adjusted Budget	Medium Term Estimate		
	2013/14	2014/15	2015/16	2016/17
Tax receipts	1 335 990	1 385 111	1 428 751	1 489 453
Casino taxes	287 326	299 335	303 594	307 267
Motor vehicle licences	1 004 664	1 040 776	1 078 157	1 133 755
Horseracing taxes	20 000	20 000	20 000	20 000
Other taxes (Liquor licence fees)	24 000	25 000	27 000	28 431
Sales of goods and services other than capital assets	449 594	471 132	481 665	488 704
Transfers received	146 955	196 548	169 666	76 670
Fines, penalties and forfeits	2 291	2 611	2 836	2 963
Interest, dividends and rent on land	7 380	7 182	3 802	3 837
Sales of capital assets	24	21	21	22
Financial transactions in assets and liabilities	108 678	77 394	83 883	88 055
<b>Total provincial own receipts</b>	<b>2 050 912</b>	<b>2 139 999</b>	<b>2 170 624</b>	<b>2 149 705</b>

## Casino and Horse Racing Taxes

During the 2013/14 financial year casino taxes (inclusive of Limited Payout Machines (LPM) taxes) are projected to contribute R287.326 million or 14.0 per cent of total provincial own revenue. Provincial Treasury has increased its projections for casino and LPM taxes over the 2014 MTEF to R299.335 million in 2014/15, R303.594 million in 2015/16, and R307.267 million in 2016/17.

During 2013 the Western Cape Eighteenth Gambling and Racing Amendment Bill was enacted. The amendment stipulates a 2 percentage point increase across all six taxable revenue brackets for casino operators in the Province.

Horseracing taxes are projected to remain at R20 million over the 2014 MTEF period and is projected to comprise 6.5 per cent of the Adjustment Budget for total gambling tax revenues in the 2013/14 financial year.

## Motor Vehicle Licence Fees

The 2013/14 Adjusted Budget indicates that motor vehicle licence fees are projected to contribute R1.005 billion to provincial own receipts. Revenue from motor vehicle licence fees are expected to increase over the 2014 MTEF to R1.041 billion in 2014/15, to R1.078 billion in 2015/16, and to R1.134 billion in 2016/17. This represents an average annual growth rate of 4.11 per cent over the 2014 MTEF.

*MVL Fees are the biggest contributor to Own Revenue over the 2014 MTEF*

## Hospital Fees

Hospital fees which are under 'sale of goods and services other than capital assets' are projected to contribute R306.833 million in 2013/14 and R323.095 million each year in 2014/15, 2015/16 and 2016/17.

Hospital fees includes payments received from patient visiting state institutions and from the Road Accident Fund (RAF) for claims made by the Department of Health following the treatment of road accident patients.

## Liquor Licence Fees

The Liquor Authority is the responsible public entity for the enforcement of the provincial Liquor Act as well as the collection of Liquor Licence Fees. Revenue from this source is projected to increase to R25 million in 2014/15, R27 million in 2015/16 and R28.431 million by 2016/17.

### **Transfers received**

The Global Fund is the largest contributor to transfers received, amounting to R125.878 million in 2014/15 and R99.296 million in 2015/16. The decrease in funding from the Global Fund is part of the organisations exit strategy as the Department is required to incrementally absorb the components which were previously covered by the Fund.

As part of National Treasury's General Budget Support funding to provinces the Western Cape receives an allocation of R160.8 million over the 2014 MTEF for the strengthening of the MOD Centre programme and the Wolwekloof Public Safety Academy for youth at risk.

### **Financial Transactions in Assets and Liabilities**

Financial transactions in assets and liabilities is estimated to amount to R77.394 million in 2014/15 and is projected to increase marginally over the 2014 MTEF period. These revenues are expected to primarily come from the Department of Human Settlements from the Enhanced Extended Discount Benefit Scheme that contributes 67.75 per cent to financial transactions in assets and liabilities.

### **Conclusion**

The available fiscal envelop remains constrained showing average annual growth of 6.56 per cent over the 2014 MTEF. Growth in the PES caters for increased personnel costs related to the Improvement in Conditions of Service and policy priorities. The Western Cape receives an additional R848.547 million following a revision to the PES phase-in method over the MTEF period.

Conditional grant allocations increase by 2.64 per cent between 2013/14 Adjusted Appropriation and 2014/15, increasing by a further 4.83 per cent in 2015/16 before declining by 7.14 per cent. The minimal growth as well as the decline in the outer year in conditional grants takes into account the ability of provinces to implement projects effectively, and that funding provision for infrastructure has only been made available for two years for education and health. Provincial own receipts are expected to increase marginally by 1.58 per cent over the 2014 MTEF period in part due to the ending of the Global Fund transfer in 2016/17.



# 4

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

### Introduction

The 2014 Budget is the culmination of an extensive process designed to manage risks and maintain stability in a constrained fiscal environment, while continuing to build a foundation for systematic and inclusive economic growth. This Chapter discusses the economic classification of consolidated provincial expenditure and includes expenditure on infrastructure, Public Private Partnerships (PPPs), Public Entities and training. These expenditure items are classified in terms of Government Finance Statistics (GFS 2001), an international standard for classifying government expenditures.

The Western Cape Government has committed itself to good governance and management practices to meet greater efficiency, effectiveness and economy to ensure a responsive and sustainable budget.

*WCG is committed to  
good governance and  
management practices*

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.

*Increase public service efficiency*

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.

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 4.1 depicts the Summary of Provincial Payments and Estimates by Economic Classification. The expenditure reflected in Budget 2014 is classified in terms of version 4 of the Standard Chart of Accounts (SCOA).

## Provincial Expenditure

In total, an amount of R47.935 billion (inclusive of the direct charges) has been budgeted for the 2014/15 financial year. This amount include: current payments (R35.899 billion), transfers and subsidies (R8.343 billion), payments for capital assets (R3.653 billion) and payments for financial assets (R4.964 million).

Total provincial expenditure is driven by Current Payments which accounts for 74.89 per cent of the total, and is mainly made up of compensation of employees (R25.981 billion) and goods and services (R9.918 billion).

Goods and services normally 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.

In 2014/15, total Transfers and subsidies mainly consist of Transfers to non-profit institutions (38.51 per cent or R3.213 billion) and Households (25.27 per cent or R2.108 billion). Buildings and other fixed structures make up the majority of payments for capital assets, which amounts to R3.049 billion or 83.47 per cent of capital expenditures.

## Compensation of Employees

Compensation of Employees (CoE) is the biggest item of expenditure at provincial level. For the 2014/15 financial year, it is expected to account for approximately R25.981 billion or 54.2 per cent of total provincial expenditure. CoE, as a proportion of the main budget in comparison to the previous financial year remained constant. In nominal terms, CoE is expected to increase by 7.84 per cent between 2013/14 and 2016/17 and makes provision for the public service salary agreements.

*For 2014/15 compensation of employees accounts for 54.2 per cent, similar to the previous year*

**Table 4.1 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 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Current payments	24 884 730	27 254 158	29 693 182	32 833 014	32 887 808	32 809 858	35 898 602	9.41	38 701 132	40 405 403
Compensation of employees	17 963 494	19 837 629	21 613 559	23 837 218	23 722 785	23 669 622	25 980 774	9.76	28 011 066	29 684 650
Goods and services	6 920 342	7 415 880	8 079 614	8 995 773	9 165 019	9 140 209	9 917 828	8.51	10 690 066	10 720 754
Interest and rent on land	894	649	9	23	4	27		( 100.00)		
Transfers and subsidies to	6 199 273	6 368 214	6 883 344	7 190 874	7 326 810	7 362 173	8 342 912	13.32	8 513 864	9 147 138
Provinces and municipalities	742 788	848 236	975 359	1 273 189	1 103 657	1 096 253	1 525 625	39.17	1 516 335	1 796 903
Departmental agencies and accounts	286 175	275 735	308 539	329 635	331 729	332 667	359 937	8.20	373 030	397 560
Higher education institutions	3 569	8 825	2 324	5 260	5 810	5 611	6 203	10.55	6 957	7 217
Foreign governments and international organisations	85	95	244	138	138	138	144	4.35	150	150
Public corporations and private enterprises	823 576	834 005	858 175	890 273	922 798	923 570	1 129 991	22.35	984 491	994 746
Non-profit institutions	2 210 728	2 562 547	2 869 538	2 697 630	2 911 502	2 913 492	3 213 062	10.28	3 365 701	3 440 475
Households	2 132 352	1 838 771	1 869 165	1 994 749	2 051 176	2 090 442	2 107 950	0.84	2 267 200	2 510 087
Payments for capital assets	2 924 935	3 288 964	3 345 846	3 638 950	3 812 626	3 787 748	3 652 849	( 3.56)	4 449 923	3 716 357
Buildings and other fixed structures	2 464 150	2 676 758	2 751 472	3 132 112	3 072 982	3 041 590	3 049 050	0.25	3 904 123	3 186 445
Machinery and equipment	424 713	584 176	552 973	488 551	659 105	664 923	584 264	( 12.13)	527 309	511 382
Heritage assets	35							( 100.00)		
Specialised military assets										
Biological assets			24							
Land and subsoil assets	19 219	18 182	30 084	5 100	59 135	58 643	7 080	( 87.93)	6 880	6 423
Software and other intangible assets	16 818	9 848	11 293	13 187	21 404	22 592	12 455	( 44.87)	11 611	12 107
Of which: "Capitalised Compensation" included in Payments for capital assets	137									
Of which: "Capitalised Goods and services" included in Payments for capital assets	2 049 815	2 094 754	1 578 472	1 463 751	1 707 776	1 707 776	4 870	( 99.71)	5 133	5 405
Payments for financial assets	22 106	7 789	25 867	7 325	19 927	23 717	4 963	( 79.07)	5 215	5 481
Total economic classification	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 379
Direct charge	28 605	30 147	31 506	33 535	33 535	33 535	35 546	6.00	37 185	39 155
Total economic classification (including direct charge)	34 059 649	36 949 272	39 979 745	43 703 698	44 080 706	44 017 031	47 934 872	8.90	51 707 320	53 313 533

Table 4.2 shows that the number of personnel employed are projected to increase by an additional 1 519 employees or 1.87 per cent from an estimated 81 443 on 31 March 2014 to 82 962 on 31 March 2017. As advocated in the previous financial year, the low increase in the personnel headcount over the MTEF period is in line with the implementation of the provincial strategy of curbing personnel expenditure as part of the focus on improving efficiency and effectiveness of the provincial government.

*Additional 1 519  
personnel anticipated  
during 2014 - 2017 period*

**Table 4.2 Summary of personnel numbers and cost by vote**

Vote			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	As at 31 March 2017
1.	Department of the Premier	(numbers)	909	1 013	1 269	1 170	1 291	1 291	1 291
		(R'000)	266 406	337 677	378 098	411 646	491 333	530 820	561 321
2.	Provincial Parliament	(numbers)	78	78	88	97	97	98	98
		(R'000)	24 443	27 120	32 033	39 939	46 879	50 114	52 858
3.	Provincial Treasury	(numbers)	248	229	273	338	328	328	328
		(R'000)	89 297	94 973	107 182	129 619	146 221	156 537	167 803
4.	Community Safety	(numbers)	245	280	353	341	362	364	364
		(R'000)	69 264	71 337	88 504	100 956	117 634	130 855	140 211
5.	Education	(numbers)	40 429	40 310	40 124	40 771	40 166	40 465	40 465
		(R'000)	9 193 397	9 998 317	10 742 371	11 615 478	12 437 572	13 471 348	14 246 330
6.	Health	(numbers)	28 554	29 531	30 443	30 976	31 455	31 515	31 417
		(R'000)	6 808 175	7 665 447	8 436 689	9 330 291	10 334 801	11 022 351	11 698 268
7.	Social Development	(numbers)	1 900	1 763	2 031	2 120	2 343	2 412	2 412
		(R'000)	369 027	398 813	453 684	511 173	572 898	602 601	640 619
8.	Human Settlements	(numbers)	391	432	437	485	474	470	463
		(R'000)	111 532	122 338	137 325	153 166	165 017	174 538	184 382
9.	Environmental Affairs and Development Planning	(numbers)	314	336	348	425	490	461	461
		(R'000)	100 303	113 135	122 998	143 668	163 729	181 204	193 104
10.	Transport and Public Works	(numbers)	2 329	2 253	2 376	2 476	3 198	3 198	3 198
		(R'000)	464 893	496 973	551 011	602 007	779 284	914 217	975 895
11.	Agriculture	(numbers)	1 058	1 084	941	976	1 045	1 089	1 128
		(R'000)	208 018	226 567	243 081	265 171	307 565	329 986	352 404
12.	Economic Development and Tourism	(numbers)	247	227	209	219	229	229	229
		(R'000)	67 742	74 970	80 253	89 915	100 120	105 858	111 796
13.	Cultural Affairs and Sport	(numbers)	574	604	613	652	680	680	680
		(R'000)	118 190	125 700	137 226	155 691	182 128	194 738	205 933
14.	Local Government	(numbers)	306	345	357	397	428	428	428
		(R'000)	72 807	84 262	103 104	120 902	135 593	145 899	153 726
<b>Total provincial personnel numbers</b>			<b>77 582</b>	<b>78 485</b>	<b>79 862</b>	<b>81 443</b>	<b>82 586</b>	<b>83 028</b>	<b>82 962</b>
Total personnel cost (R'000)			17 963 494	19 837 629	21 613 559	23 669 622	25 980 774	28 011 066	29 684 650
Unit cost (R'000)			232	253	271	291	315	337	358

Over the 2014 MTEF, personnel costs increase by R3.704 billion, with the major contributing factor being the increase in unit costs. The annual unit cost of personnel is projected to increase from R291 000 as at 31 March 2014 to R358 000 as at 31 March 2017. This constitutes an annual average increase of 7.15 per cent, which is attributable to the annual salary increases, pay progression and Occupational Specific Dispensation (OSD) adjustments.

## **Expenditure on Training**

The Western Cape Government is committed to a policy which centres on developing the skills capacity of its existing staff and making skills development opportunities available to prospective staff. Against the backdrop of a rapidly changing economic climate as well as the social and environmental realities of the Western Cape, the need for an effective and relevantly trained provincial public sector is vital.

Training and skills development initiatives in the WCG are structured to address current and projected skills shortages within the provincial public sector. To this end, training programmes aim to bridge the gap between the skills which current employees have and the skills still required to ensure effective job performance. On the other hand, prospective employees are afforded opportunities related to pre- or in-service bursaries and exposure to the working environment. Departments therefore invest significant resources into a myriad of training initiatives to increase productivity, broaden the skill set of individuals and ultimately improve service delivery.

Provincial payments on training per department is estimated at R536.059 million in the 2014/15 financial year. The Western Cape Government will use the available funding to offer a total number of 21 039 training opportunities, 4 460 bursaries, 813 internships and 2 323 learnerships in 2014/15.

**Table 4.3 Summary of provincial payments on training by vote**

Vote R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				2013/14	2013/14	2013/14	2014/15	2013/14	2015/16	2016/17
1. Department of the Premier	3 526	3 955	4 497	4 351	5 201	5 201	<b>4 890</b>	( 5.98)	4 226	4 167
2. Provincial Parliament	85	449	339	476	224	224	<b>524</b>	133.93	542	563
3. Provincial Treasury	2 033	3 271	840	1 873	1 893	1 893	<b>1 995</b>	5.39	2 103	2 215
4. Community Safety	519	911	614	1 445	708	676	<b>1 176</b>	73.96	1 309	1 402
5. Education	93 665	92 743	102 176	127 447	132 479	132 479	<b>150 435</b>	13.55	159 069	167 501
6. Health	258 618	254 567	294 662	288 453	291 815	290 379	<b>337 117</b>	16.10	351 633	371 629
7. Social Development	9 626	6 345	7 165	7 004	7 004	7 004	<b>4 851</b>	( 30.74)	6 093	6 428
8. Human Settlements	1 099	722	1 667	1 047	1 047	1 047	<b>956</b>	( 8.69)	1 045	1 125
9. Environmental Affairs and Development Planning	838	897	1 562	1 851	1 228	1 106	<b>2 619</b>	136.80	2 850	3 009
10. Transport and Public Works	19 549	17 434	30 698	16 310	15 029	15 162	<b>20 488</b>	35.13	21 797	22 087
11. Agriculture	7 454	5 883	4 881	6 883	6 883	4 372	<b>6 080</b>	39.07	6 409	6 747
12. Economic Development and Tourism	1 534	1 119	1 658	1 350	2 315	2 315	<b>1 613</b>	( 30.32)	1 642	1 820
13. Cultural Affairs and Sport	979	2 126	1 792	2 233	2 233	2 233	<b>2 345</b>	5.02	2 463	2 588
14. Local Government	235	385	845	976	1 045	1 049	<b>970</b>	( 7.53)	1 022	1 077
<b>Total provincial payments on training</b>	<b>399 760</b>	<b>390 807</b>	<b>453 396</b>	<b>461 699</b>	<b>469 104</b>	<b>465 140</b>	<b>536 059</b>	<b>15.25</b>	<b>562 203</b>	<b>592 358</b>

## Transfers and subsidies

The total allocation for Transfers and subsidies for 2014/15 increased by R980.739 million or 13.32 per cent from the 2013/14 revised estimate of R7.362 billion to R8.343 billion. The biggest increase is observed under provinces and municipalities.

In 2014/15, the allocation to provinces and municipalities is set to increase by 39.17 per cent or R429.372 million on its 2013/14 revised estimate of R1.096 billion to R1.526 billion. The allocation relates mainly to assisting and subsidising municipalities to provide personal primary health care services; construct and maintain roads, and give municipal support to strengthen governance.

*38.51 per cent of transfers and subsidies goes to NGOs*

The 2014/15 Transfers to non-profit institutions allocation, representing 38.51 per cent of the total transfer and subsidies 2013/14 allocation, is set to increase year-on-year by 10.28 per cent.

The bulk of the 2014/15 transfers to non-profit institutions are shared between the Departments of Education (R1.533 billion or 47.72 per cent) and Social Development (R964.195 million or 30 per cent).

Education's allocation to non-profit institutions relates principally to learner teacher support material (LTSM), maintenance, and operational needs to section 21 schools as well as 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 early childhood development (ECD); care and service to older persons; child care and protection; child and youth care centres; services to persons with disabilities; and substance abuse, prevention and rehabilitation.

## 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 2014 MTEF is summarised and discussed in this section. These allocations are indicated in Tables 4.4 and 4.5 for the period 2010/11 to 2016/17.

**Table 4.4 Summary of provincial transfers by vote to public entities**

Vote R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
1. Department of the Premier	7 528	2 943	24	34	34	34	34		34	34
2. Provincial Parliament										
3. Provincial Treasury		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning	160 061	192 842	208 466	223 907	221 907	221 907	230 203	3.74	239 743	252 612
10. Transport and Public Works	300	4 500	4 000							
11. Agriculture	144 424	95 612	105 942	118 831	132 084	132 074	328 600	148.80	151 203	126 121
12. Economic Development and Tourism	100 355	79 695	85 378	82 580	96 136	96 136	109 762	14.17	113 535	123 771
13. Cultural Affairs and Sport	785	1 892	2 167	2 552	2 552	2 552	2 252	( 11.76)	2 388	2 769
14. Local Government										
<b>Total transfers to public entities</b>	<b>413 453</b>	<b>377 567</b>	<b>408 388</b>	<b>438 230</b>	<b>458 236</b>	<b>458 226</b>	<b>681 257</b>	<b>48.67</b>	<b>517 391</b>	<b>516 215</b>

**Table 4.5 Summary of departmental transfers to national and provincial public entities by transferring vote**

Public entities (transferring vote) R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>Major Public Entity</b>									
<i>South African Broadcasting Corporation Limited</i>									
Vote 1: Department of the Premier			24	34	34	34	34	34	34
<b>National Government Business Enterprises</b>									
<i>South African Rail Commuter Corporation</i>									
Vote 10: Transport and Public Works	300	4 500	4 000						
<i>Artscape</i>									
Vote 13: Cultural Affairs and Sport	135	142	150	669	669	669	168	178	207
<b>National public entities</b>									
<i>South African National Parks (SANPARKS)</i>									
Vote 12: Economic Development and Tourism	1 400								
<i>Industrial Development Corporation of South Africa</i>									
Vote 12: Economic Development and Tourism			300		626	626			
<b>Provincial Government Business Enterprises</b>									
<i>Casidra SOC Ltd</i>	190 174	122 912	107 776	118 831	137 584	137 574	332 600	156 203	131 121
Vote 11: Agriculture	144 424	95 612	103 722	118 831	132 084	132 074	328 600	151 203	126 121
Vote 12: Economic Development and Tourism	45 750	27 300	4 054		5 500	5 500	4 000	5 000	5 000
<b>Western Cape public entities</b>									
<i>Western Cape Cultural Commission</i>									
Vote 13: Cultural Affairs and Sport	100	150	325	250	250	250	363	385	446
<i>Western Cape Gambling and Racing Board</i>									
Vote 3: Provincial Treasury		83	2 411	10 326	5 523	5 523	10 406	10 488	10 908
<i>Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)</i>	15 028	14 956	28 982	46 644	54 074	54 074	70 826	72 275	82 170
Vote 1: Department of the Premier	28								
Vote 11: Agriculture			2 220						
Vote 12: Economic Development and Tourism	15 000	14 956	26 762	46 644	54 074	54 074	70 826	72 275	82 170
<i>Western Cape Language Committee</i>									
Vote 13: Cultural Affairs and Sport	150	220	240	210	210	210	221	235	272
<i>Western Cape Liquor Board</i>									
Vote 12: Economic Development and Tourism			24 762	30 936	30 936	30 936	32 936	33 260	33 601
<i>Western Cape Nature Conservation Board</i>	160 061	193 842	208 466	223 907	221 907	221 907	230 203	239 743	252 612
Vote 9: Environmental Affairs and Development Planning	160 061	192 842	208 466	223 907	221 907	221 907	230 203	239 743	252 612
Vote 12: Economic Development and Tourism		1 000							
<i>Western Cape Provincial Development Council</i>									
Vote 1: Department of the Premier	7 500	2 943							
<i>Western Cape Destination Marketing Organisation</i>									
Vote 12: Economic Development and Tourism	38 205	35 439	25 000						
<b>Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure</b>									
<i>Heritage Western Cape</i>									
Vote 13: Cultural Affairs and Sport	400	1 380	1 452	1 423	1 423	1 423	1 500	1 590	1 844
<i>Small Enterprise Development Agency (SEDA)</i>									
Vote 12: Economic Development and Tourism		1 000	4 500	5 000	5 000	5 000	2 000	3 000	3 000
<b>Total</b>	413 453	377 567	408 388	438 230	458 236	458 226	681 257	517 391	516 215



Tables 4.4 and 4.5 above show that a total of R681.257 million will be transferred in 2014/15 from various provincial departments to mainly, provincial public entities and provincial government business enterprises. For 2014/15, these transfers increase by R223.031 million or 48.67 per cent from the 2013/14 revised estimates of R458.226 million.

The year-on-year increase in transfers to public entities is mainly reflected in transfers to the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) as well as the Cape Agency for Sustainable Integrated Development in Rural Areas SOC Ltd (Casidra).

Wesgro, together with the Western Cape Liquor Authority, 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.

The transfers to Wesgro reflect the merger of this entity with the Destination Marketing Organisation (DMO) as well as an earmarked allocation for operational costs in support of the Saldanha Industrial Development Zone (IDZ) project. These earmarked allocations amounts to R28.091 million for 2014/15, R29.155 million for 2015/16, and R30.270 million for 2016/17.

Casidra will receive an increase in transfers of R195.026 million or 141.76 per cent which mainly relates to disaster funding (drought and flood damages) funded by the Comprehensive Agricultural Support Programme (CASP) Conditional Grant.

Transfers to CapeNature will increase by 3.74 per cent or R8.296 million in 2014/15 from the 2013/14 revised estimate of R221.907 million. The increase relates to the additional Expanded Public Works Programme (EPWP) funding exclusively for job creation, training and social development interventions, as well as infrastructure upgrades.

For 2014/15, the transfers to the Western Cape Gambling and Racing Board increases by 88.41 per cent from R5.523 million transferred in the 2013/14 revised estimate to R10.406 million. The increased funding will be used for exclusivity replacement financing.

## Payments for capital assets

*Capital investment in 2014/15 is R3.653 billion*

Table 4.1 shows payments for capital assets in 2014/15 amounting to R3.653 billion.

The bulk of the payments for capital assets is driven by, the Departments of Education, Health and Transport and Public Works who account for R3.512 billion or 96.14 per cent of the total provincial capital investment allocation in 2014/15.

## Infrastructure expenditure

*Infrastructure investment has larger multiplier effects and also improves society's productivity*

Proper infrastructures is an essential means for ensuring the delivery of goods and services that promote prosperity and growth and contribute to quality of life, including, the social well-being, health and safety of citizens, and the quality of their environment. Infrastructure investments not only have larger multiplier effects than other types of spending to get the economy moving, but also improve society's productivity. Such investment would also have significant positive impacts on overall employment through direct, indirect and induced effects.

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.

The aging of existing infrastructure and the growing demand for infrastructure investment (social and economic) in underserviced areas places a huge responsibility on Government to allocate additional resources towards such requirements.

**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 4.6 overleaf.

Infrastructure investment is estimated to reach R4.596 billion in 2014/15. This amount is 3.43 per cent higher when compared to the revised estimate of R4.443 billion in 2013/14.

**Table 4.6 Summary of provincial infrastructure payments and estimates by category**

Category R'000	Outcome						Medium-term estimate				
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	% Change from Revised estimate (Nominal)		% Change from Revised estimate 2013/14- 2016/17		
							2014/15	2013/14	2015/16	2016/17	
New and replacement	702 698	753 887	687 060	1 387 646	1 069 956	1 053 926	929 786	( 11.78)	1 356 269	271 163	( 36.40)
Existing infrastructure	2 521 211	2 778 821	2 973 579	3 048 549	3 275 350	3 190 132	3 622 725	13.56	4 371 933	4 170 073	9.34
Upgrades and additions	841 493	824 026	508 844	507 766	583 603	575 876	649 196	12.73	608 923	642 200	3.70
Rehabilitation, renovations and refurbishments	768 580	1 230 890	1 555 168	1 409 671	1 569 330	1 491 839	1 814 838	21.65	2 433 102	2 401 929	17.20
Maintenance and repairs	911 138	723 905	909 567	1 131 112	1 122 417	1 122 417	1 158 691	3.23	1 329 908	1 125 944	0.10
Infrastructure transfer	91 185	60 011	134 417	84 853	189 373	189 373	42 628	( 77.49)	34 700	36 800	( 42.08)
Current	11 720	11 541	50 019	14 501	53 511	53 511	2 500	( 95.33)	2 500	2 500	( 63.98)
Capital	79 465	48 470	84 398	70 352	135 862	135 862	40 128	( 70.46)	32 200	34 300	( 36.80)
Other capital projects	21 115	6 917	4 881	23 999	9 687	9 687	557	( 94.25)	1 057	2 557	( 35.85)
Total provincial infrastructure payments and estimates	3 336 209	3 599 636	3 799 937	4 545 047	4 544 366	4 443 118	4 595 696	3.43	5 763 959	4 480 593	0.28

## Infrastructure by category

### New and replacement assets

An amount of R929.786 million (a -11.78 per cent change from the revised estimate in 2013/14) of the total 2014/15 infrastructure budget, is allocated towards new and replacement assets. Within this category, the largest share is allocated towards Education (R546.217 million), followed by Transport and Public Works (R205.612 million) and Health (R161.570 million).

### Upgrades and additions

Upgrades and additions account for R649.196 million (a 12.73 per cent change from the revised estimate in 2013/14) of the total infrastructure budget in 2014/15, of which the Department of Transport and Public Works receives R474.724 million, Education R113.422 million and Health R60.650 million.

### Rehabilitation, renovations and refurbishments

An increase to R1.815 billion (a 21.65 per cent from the revised estimate in 2013/14) of the total infrastructure allocation in 2014/15 is assigned to rehabilitation, renovations and refurbishments. This allocation increases to R2.443 billion in 2015/16 and R2.402 billion in 2016/17.

*Rehabilitation, renovation and refurbishment accounts for 39.49 per cent of the total allocation in 2014/15*

*Maintenance and Repairs remain a top priority with a 3.23 per cent increase between the 2013/14 and 2014/15 financial years*

## **Maintenance and repairs**

Funding for maintenance and repairs in 2014/15 accounts for R1.159 billion (a 3.23 per cent change from the revised estimate in 2013/14) of the total infrastructure budget. This allocation increases to R1.330 billion in 2015/16 and R1.126 billion in 2016/17. Some 300 maintenance projects on general provincial buildings, based on the outcome of a building audit, will be completed and planning undertaken for future years.

In addition, maintenance and upgrading of fire and air-conditioning services will be completed at the National Archives in Roeland Street and Caledon Street. In Education, 134 scheduled and approximately 30 ad hoc maintenance projects are planned to be completed, whilst completion of approximately 250 Emergency Programme projects are envisaged for the new financial year. The provision for road maintenance and repairs accounts for R724.639 million in 2014/15.

## **Spatial distribution of infrastructure spend**

### **Roads**

The Department of Transport and Public Works intends spending R8.2 billion on transport infrastructure over the 2014 MTEF. The spatial distribution of the intended spend includes, amongst others, approximately R1.2 billion over the 2014 MTEF within the district of Cape Town, R2.3 billion within the Cape Winelands, R1.2 billion in Eden and R1.7 billion in the West Coast district.

The Province is responsible for the planning and provisioning of new and upgraded roads as well as maintaining the existing road network of 32 212 km. Planning of two of the projects, based on their contribution to economic growth and job creation, namely Wingfield Interchange and the Main Road 559 Freight Study as part of the Saldanha Industrial Development Zone, has commenced. In addition, planning of three further significant projects has commenced to foster economic development and increase mobility. They are the Borchers Quarry Interchange on the N2, linking the Airport and Philippi industrial areas, upgrading of the N7 between Potsdam and Melkbosstrand to freeway standards and the addition of a 3<sup>rd</sup> lane on the N1 through the Durban Road Interchange.

## **Public Works**

The Department of Transport and Public Works intends spending R2.7 billion on general buildings over the 2014 MTEF. The spatial distribution of the intended spend includes approximately R1.7 billion over the 2014 MTEF within the district of Cape Town.

Construction and maintenance projects relating to provincial accommodation will be undertaken over the medium term. Such projects include the completion of the Khayelitsha Shared Service Office Block for the departments of Health, Education, Social Development and Agriculture, as well as the construction of the Ottery Office Block and Karl Bremer Office Block for the departments of Education and Health respectively.

Refurbishment (modernisation) of office accommodation will continue in the Cape Town CBD. Refurbishment will also be undertaken in George, Mossel Bay and Beaufort West. It is anticipated that these projects will improve space efficiencies by up to 40 per cent through the conversion of office accommodation to the latest norms and standards.

## **Education**

The Department of Education intends spending R2.304 billion on education infrastructure over the 2014 MTEF. The spatial distribution of the intended spend includes amongst others approximately R307 million over the 2014 MTEF within the Metro East district, R146 million within the Cape Winelands, with a further R1.1 billion across various districts within the province.

This includes 52 Grade R classrooms at 22 existing Primary Schools to be completed during the 2014/15 term. Twenty three (23) schools will be completed in 2014/15, and the construction of 11 replacement schools is set to commence in 2014/15. Planning and design for the 2015/16 Grade R Programme will also commence as soon as the educational needs are confirmed.

## **Health**

The Department of Health intends spending R1.561 billion on health infrastructure over the 2014 MTEF. The spatial distribution of the intended spend includes amongst others approximately R465 million over the 2014 MTEF within the Metro West district, R210 million in Metro East, with a further R506 million across various districts within the Province.

This includes Health technology to be provided at Tygerberg and Groote Schuur central hospitals during 2014/15. Upgrading and additions to the emergency centre at Tygerberg Hospital will also be undertaken. The psychiatric evaluation unit at George Provincial Hospital (including Health Technology and Electronic Content Management system) and the Mitchell's Plain Psychiatric Unit will reach completion in 2014/15. In addition, four Community Health Centres and five Emergency Service Centres will reach completion stage in 2014/15.

### Provincial Public Private Partnership projects

Table 4.7 gives a financial overview of current public private partnership (PPP) projects. Total PPP projects amount to R61.568 million in 2013/14, increasing to R66.758 million in 2016/17.

**Table 4.7 Summary of departmental public private partnership projects**

Project description R'000	Project Unitary Annual Fee at time of contract	Total cost of project						Medium-term estimate			
		Audited	Audited	Audited	Main appro- piation	Adjusted appro- piation	Revised estimate	% Change from Revised estimate			
		2010/11	2011/12	2012/13	2013/14	2013/14	2013/14	2014/15	2013/14	2015/16	2016/17
<b>Projects under implementation <sup>a</sup></b>		48 375	49 010	51 417	56 586	51 790	51 416	59 565	15.85	63 087	66 758
PPP unitary charge		46 740	45 578	47 748	54 024	50 228	49 900	56 886	14.00	60 301	63 859
<i>of which</i>											
for the capital portion (principal plus interest)											
for services provided by the operator											
Advisory fees		66	1 200								
Project monitoring cost		1 569	2 232	3 669	2 562	1 562	1 516	2 679	76.72	2 786	2 899
Revenue generated (if applicable)											
Contingent liabilities (information)											
<b>Proposed Projects <sup>b</sup></b>				1 820	36 047	36 047	10 152	42 605	319.67	240 870	
Advisory fees					33 640	33 640	7 053	15 000	112.68	8 000	
Project team costs				1 820	2 407	2 407	3 099	2 605	(15.94)	2 870	
Site acquisition costs											
Capital payment (where applicable)										200 000	
Other project costs								25 000		30 000	
<b>Total Public-Private Partnership projects</b>		48 375	49 010	53 237	92 633	87 837	61 568	102 170	65.95	303 957	66 758

<sup>a</sup> Projects signed in terms of Treasury Regulation 16

<sup>b</sup> Projects in preparation, registered in terms of Treasury Regulation 16.9

Well managed PPPs not only provide much needed new sources of capital, but also bring significant discipline to project selection, construction and operation. As demand for infrastructure investment rises, while public funding remains a constraint, well designed PPPs will emerge as a critical tool to advance growth prospects.

The establishment of public-private partnerships for rolling out infrastructure and the delivery of services has become more common within the Western Cape. The PPP programme comprises a number of potential and on-going projects.

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. Three projects are registered as potential PPPs, namely:

- Provincial Office Building for the Department of Education

The feasibility study for the construction of a new office block at Leeuwen and Loop Streets, Cape Town was concluded and Treasury Approval I (TAI) 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 development of the Prestwich Precinct in Cape Town is a registered PPP and in 2013/14, a transaction advisor commenced with the feasibility study. One of the implications of the project is that the existing Pavement Technology Testing Laboratory will have to be re-located and progress in this regard has been made.

- Tygerberg Hospital Redevelopment PPP Project

The Tygerberg Hospital's general condition has deteriorated over the years and in 2009, the Department of Health registered the redevelopment of the hospital as a potential PPP. A project office was established within the Department and the services of a transaction advisor was procured during the 2013/14 financial year to do a feasibility study.

Various appropriate structures and task teams were established to provide input into the feasibility study and to oversee the project.

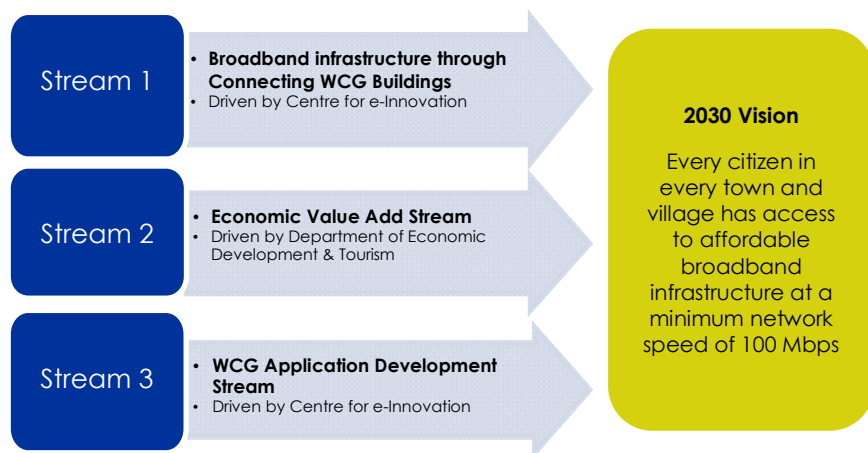
On-going projects include the Western Cape Rehabilitation Centre and Lentegeur Hospital PPP which are managed by the Department of Health and continue to make steady progress.

#### *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.

A 3-stream approach to the implementation of Broadband was adopted, leveraging the full capacity of all relevant departments to ensure that provincial and local government harness the full benefits from having robust broadband infrastructure.

**Figure 4.1 3-stream approach to the implementation of broadband**



The allocation to the Department of Economic Development and Tourism of R25.054 million, R13.321 million and R14.016 million in 2014/15, 2015/16 and 2016/17 respectively has been allocated for the "proof of concept" development, the economic value-added services PPP and the continuation of the 2013/14 service level agreements and contracts.

In addition, an amount of R10 million and R12 million has been allocated to the Department of the Premier to drive stream 1 for the 2015/16 and 2016/17 financial years respectively. This allocation is made to improve the provision of telecommunication infrastructure, skills development and network usage.



## Conclusion

Government is committed to maintain fiscal discipline and find flexibility in government expenditure through reprioritisation within departments and across votes. Leveraging greater efficiency and value for money spent, eliminating wasteful expenditure and improving spending plans are essential in order to fulfil core mandates and respond to the Western Cape citizenry's most pressing needs.

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

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 and is being explored to leverage private sector investment in infrastructure investment.

During 2014/15 departments will deepen expenditure analysis utilising the risk adjustment model as part of the In-Year and service delivery monitoring and reporting process. The focus will be on improving efficiency and early identification and mitigation of risks from both an expenditure and service delivery perspective.



# 5

## **Spatial distribution of Provincial Payments and Estimates: Metro, District and Local Municipalities**

### **Introduction**

This Chapter firstly provides an overview of the spatial and sectoral distribution of the Provincial Government's budget. Secondly, it outlines the distribution of the provincial allocations to the different categories of municipalities.

The spatial and sectoral distribution of Province's budget is based on the current socio-economic realities, policies and strategies that confront the Province and municipalities.

### **Provincial Payments and Estimates by Metro, District and Local Municipalities**

Table 5.1 illustrates the spatial distribution of the Western Cape provincial budget over the MTEF, informed by current socio-economic realities, policies and strategies.

**Table 5.1 Provincial payments and estimates by district and local municipalities**

Municipalities R'000	Outcome			Main appro- priosion 2013/14	Adjusted appro- priosion 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate	2014/15	2015/16	2016/17
Cape Town Metro	23 518 395	25 468 428	27 247 929	30 111 836	30 436 091	30 386 138	34 173 301	12.46	36 917 747	38 164 726
West Coast Municipalities	1 622 964	1 969 908	2 024 914	2 163 712	2 143 994	2 142 006	2 103 104	(1.82)	2 392 426	2 598 316
Matzikama	221 653	259 044	292 858	288 948	294 898	294 898	308 365	4.57	391 603	379 910
Cederberg	258 063	288 225	315 554	310 865	301 518	301 518	279 839	(7.19)	293 923	332 550
Bergvrierv	142 452	190 136	167 773	234 839	235 334	235 334	273 080	16.04	345 480	311 640
Saldanha Bay	327 168	436 181	420 004	490 167	490 252	490 252	524 275	6.94	528 472	674 290
Swartland	429 730	508 479	533 961	514 610	496 179	496 179	452 972	(8.71)	570 579	630 684
Across wards and municipal projects	243 898	287 843	294 764	324 283	325 813	323 825	264 573	(18.30)	262 369	269 242
Cape Winelands Municipalities	4 300 942	4 501 826	4 965 504	5 368 344	5 458 382	5 453 909	5 806 239	6.46	6 264 354	6 199 359
Witzenberg	393 860	473 871	498 457	437 801	446 256	446 256	415 926	(6.80)	454 614	530 576
Drakenstein	1 109 573	1 216 626	1 228 606	1 419 281	1 373 926	1 373 926	1 395 708	1.59	1 655 594	1 434 272
Stellenbosch	861 548	835 365	995 183	1 098 698	1 184 967	1 184 967	1 532 675	29.34	1 390 225	1 377 144
Breede Valley	1 099 948	1 164 613	1 333 515	1 425 247	1 459 063	1 459 063	1 412 540	(3.19)	1 534 776	1 586 066
Langeberg	290 407	318 877	345 553	431 643	439 954	439 954	449 882	2.26	595 711	652 278
Across wards and municipal projects	545 606	492 474	564 190	555 674	554 216	549 743	599 508	9.05	633 434	619 023
Overberg Municipalities	1 077 566	1 251 931	1 370 349	1 524 323	1 521 810	1 520 319	1 497 520	(1.50)	1 617 507	1 550 455
Theewaterskloof	343 806	390 420	419 241	469 125	460 571	460 571	466 765	1.34	558 801	622 496
Overstrand	311 727	336 828	396 570	402 725	408 424	408 424	489 013	19.73	492 797	347 474
Cape Agulhas	123 779	161 200	180 312	173 507	169 923	169 923	190 255	11.97	177 258	194 941
Swellendam	117 801	128 455	168 841	191 439	189 461	189 461	182 433	(3.71)	226 360	225 696
Across wards and municipal projects	180 453	235 028	205 385	287 527	293 431	291 940	169 054	(42.09)	162 291	159 848
Eden Municipalities	3 060 382	3 168 940	3 720 930	3 660 019	3 695 835	3 690 563	3 770 061	2.15	3 837 402	4 044 474
Kannaland	80 232	99 558	206 825	148 578	159 599	159 599	145 282	(8.97)	134 548	121 213
Hessequa	211 973	200 196	186 267	184 642	192 341	192 341	191 286	(0.55)	237 023	261 448
Mossel Bay	287 842	340 269	391 906	392 526	390 276	390 276	495 143	26.87	445 422	463 550
George	1 095 254	1 246 619	1 424 238	1 447 249	1 440 133	1 438 340	1 594 797	10.88	1 617 190	1 735 053
Oudtshoorn	480 286	535 862	602 066	568 741	572 195	572 195	603 738	5.51	646 028	656 863
Bitou	168 164	129 087	168 249	180 467	188 478	188 478	186 493	(1.05)	155 009	189 362
Knysna	256 961	280 371	309 467	334 472	358 748	358 748	289 499	(19.30)	307 834	322 270
Across wards and municipal projects	479 670	336 978	431 912	403 344	394 065	390 586	263 823	(32.45)	294 348	294 715
Central Karoo Municipalities	450 795	558 092	618 613	634 401	624 876	624 378	548 601	(12.14)	616 698	691 548
Laingsburg	22 094	23 718	27 251	31 258	30 246	30 246	28 785	(4.83)	50 295	80 190
Prince Albert	35 921	44 618	49 757	67 550	61 480	61 480	58 926	(4.15)	42 566	89 020
Beaufort West	319 839	363 839	425 728	388 765	385 739	385 739	372 655	(3.39)	441 267	434 217
Across wards and municipal projects	72 941	125 917	115 877	146 828	147 411	146 913	88 235	(39.94)	82 570	88 121
Unallocated				207 528	166 183	166 183	500	(99.70)	24 000	25 500
Total provincial expenditure by district and local municipality	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 378

The total provincial budget increases by 8.9 per cent from a revised estimate of R43.984 billion in 2013/14 to R47.899 billion in 2014/15. In the outer years of the MTEF, the provincial budget is projected to increase by 7.9 per cent to R51.670 billion in 2015/16 and by 3.1 per cent to R53.274 billion in 2016/17.

In 2014/15, the Western Cape Government will spend R34.173 billion within the City of Cape Town's (Metro) jurisdiction, representing 71.3 per cent of the total provincial expenditure. Although this presents a skewed distribution of the provincial budget, it is due to the head office of the Provincial Government being located within the Metro's jurisdiction as well as a large proportion of the Western Cape population. Outside the Metro, Cape Winelands District is allocated

R5.806 billion or 12.2 per cent followed by Eden District which receives R3.770 billion or 7.9 per cent. The other districts such as West Coast District is allocated R2.103 billion or 4.4 per cent, Overberg District receive R1.498 billion or 3.1 per cent and Central Karoo District receives R548.6 million or 1.1 per cent of the total provincial budget.

Table 5.2 shows a different composition of the provincial sectoral spending (i.e. economic, social and governance and administration). The social sector receives R38.483 billion (or 80.3 per cent) in 2014/15, representing the lion's share of the provincial budget. This highlights the Provincial Government's commitment to reduce poverty, crime and other social ills and improve the quality of education and health.

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

**Table 5.2 Summary of provincial payments and estimates per sector by district and local municipality**

Cluster estimates R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appropriation 2013/14	Adjusted appropriation 2013/14	Revised estimate 2013/14	% Change from Revised estimate 2014/15	2013/14	2015/16	2016/17
<b>Economic Sector</b>	4 983 194	5 485 526	5 951 515	6 267 317	6 512 113	6 500 595	<b>7 442 244</b>	14.49	8 459 979	8 566 629
Cape Town Metro	3 124 753	3 408 368	3 313 146	3 941 962	4 160 102	4 147 924	<b>4 405 350</b>	6.21	5 122 798	5 155 730
West Coast District	266 561	492 167	444 104	427 961	425 242	425 242	<b>495 796</b>	16.59	677 140	871 863
Cape Winelands District	815 949	838 769	1 052 065	1 039 139	1 101 645	1 101 645	<b>1 450 800</b>	31.69	1 582 202	1 399 348
Overberg District	231 949	270 279	278 593	299 988	291 544	291 544	<b>351 790</b>	20.66	422 647	326 600
Eden District	472 286	359 916	741 795	426 592	413 116	413 776	<b>645 042</b>	55.89	509 653	610 241
Central Karoo	71 696	116 027	121 812	131 675	120 464	120 464	<b>93 466</b>	(22.41)	145 539	202 847
<b>Social Sector</b>	28 114 137	30 390 969	32 835 620	35 619 354	35 985 547	35 933 390	<b>38 482 809</b>	7.09	41 197 959	42 389 361
Cape Town Metro	19 489 590	21 041 233	22 806 814	24 614 347	24 921 927	24 884 152	<b>27 825 367</b>	11.82	29 838 431	30 748 895
West Coast District	1 354 097	1 476 513	1 579 328	1 735 751	1 718 141	1 716 153	<b>1 606 702</b>	(6.38)	1 714 649	1 725 782
Cape Winelands District	3 465 809	3 644 620	3 890 809	4 308 768	4 333 921	4 329 448	<b>4 327 181</b>	(0.05)	4 653 565	4 770 477
Overberg District	844 859	978 710	1 088 134	1 224 335	1 228 453	1 226 962	<b>1 145 265</b>	(6.66)	1 194 369	1 223 338
Eden District	2 585 240	2 808 374	2 975 173	3 233 427	3 279 773	3 273 841	<b>3 123 935</b>	(4.58)	3 326 602	3 433 026
Central Karoo	374 542	441 519	495 362	502 726	503 332	502 834	<b>454 359</b>	(9.64)	470 343	487 843
<b>Governance and Administration Sector</b>	933 713	1 042 630	1 161 104	1 575 964	1 383 328	1 383 328	<b>1 973 773</b>	42.68	1 988 196	2 292 888
Cape Town Metro	904 052	1 018 827	1 127 969	1 555 527	1 354 062	1 354 062	<b>1 942 584</b>	43.46	1 956 518	2 260 101
West Coast District	2 306	1 228	1 482		611	611	<b>606</b>	(0.82)	637	671
Cape Winelands District	19 184	18 437	22 630	20 437	22 816	22 816	<b>28 258</b>	23.85	28 587	29 534
Overberg District	758	2 942	3 622		1 813	1 813	<b>465</b>	(74.35)	491	517
Eden District	2 856	650	3 962		2 946	2 946	<b>1 084</b>	(63.20)	1 147	1 207
Central Karoo	4 557	546	1 439		1 080	1 080	<b>776</b>	(28.15)	816	858
<b>Unallocated</b>				207 528	166 183	166 183	<b>500</b>	(99.70)	24 000	25 500
<b>Total payments and estimates per sector</b>	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	<b>47 899 326</b>	8.90	51 670 134	53 274 378

The economic sector is allocated R7.442 billion or 15.6 per cent of the provincial budget in 2014/15 to promote economic growth and increasing employment. The governance and administration sector receives R1.974 billion or 4.1 per cent of the provincial budget, to advance sound governance, integration, partnerships, spatial targeting, active citizenry and capable state.

## Transfers and Provincial Payments to Local Government

The Municipal Finance Management Act, 2003 (MFMA) requires that the MEC for Finance, when tabling the provincial budget in the Provincial Legislature, must make public particulars of any allocations due to each municipality. This includes the amounts to be transferred to municipalities during each of the next three financial years.

The provincial allocations per municipality are outlined in the Local Government Allocations Gazette, tabled together with the 2014 Budget in the Provincial Legislature. The Gazette outlines the indicative allocations per municipality for every allocation to be made by the Province to municipalities from the Province's own funds and the frameworks and allocations to recipient municipalities for each grant over the three-year MTEF period, in both the Provincial and Municipal financial years. This information enables municipalities to improve planning and budgeting and to implement associated programmes over a three-year budgeting cycle.

**Table 5.3 Summary of provincial transfers to local government by category**

Outcome							Medium-term estimate			
				Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
Vote transfers R'000	Audited 2010/11	Audited 2011/12	Audited 2012/13	2013/14	2013/14	2013/14	2014/15	2013/14	2015/16	2016/17
Category A	769 433	818 072	1 066 238	1 154 284	1 166 559	1 166 559	1 820 253	56.04	1 920 668	2 070 211
Category B	765 019	669 819	792 106	1 009 949	1 040 820	1 040 820	754 130	( 27.54)	779 644	842 279
Category C	22 471	10 152	5 888	1 908	4 361	4 361	1 870	( 57.12)	1 873	1 877
Unallocated				13 039			6 500		69 698	77 124
Total departmental transfers to local government	1 556 923	1 498 043	1 864 232	2 179 180	2 211 740	2 211 740	2 582 753	16.77	2 771 883	2 991 491

In 2014/15, the allocation to municipalities is set to increase by 16.8 per cent or R371 million on its 2013/14 revised estimate of R2.212 billion to R2.583 billion. In the outer years of the MTEF, the municipal allocations is projected to increase by 7.3 per cent to R2.772 billion in 2015/16 and by 7.9 per cent to R2.991 billion in 2016/17.

The allocations relate mainly to assist and support municipalities with funding to provide human settlements, personal primary health care services in the Metro; various social upliftment programmes and initiatives, construct and maintain particular roads and support to improve public transport and strengthen governance.

In 2014/15, the Category A municipality (City of Cape Town) increases by 56 per cent to R1.820 billion from the revised estimate of R1.167 billion in 2013/14. This is mainly as a result of a substantial increase and earmarked funding allocation to the City of Cape Town for Human Settlements in anticipation of Level 3 housing accreditation scheduled for 1 July 2014. It is anticipated that, from 1 July 2015, funding will flow directly from the national department to the City of Cape Town. Conversely, the allocation to Category B municipalities decreases by R286.7 million (or 27.5 per cent) from a revised estimate of R1.041 billion in 2013/14 to R754.1 million in 2014/15. The allocations to Category C municipalities decrease by 57.1 per cent from R4.361 million in 2013/14 to R1.870 million in 2014/15.

In terms of the spread amongst the different categories of municipalities, the bulk of these funds in 2014/15 will be transferred to the City of Cape Town (70.5 per cent), followed by Category B municipalities (29.2 per cent) and the remainder to Category C municipalities.

## **Conclusion**

In the Western Cape, where there is a huge need but limited resources, it is imperative to make well-informed and justifiable investment decisions that will promote inclusive economic growth and improve socio-economic outcomes.

The spatial and sectoral distribution of the Province's budget is based on the current socio-economic realities, policies and strategies that confront the Province and municipalities.

The bulk of the Provincial Government's budget is allocated to the social and economic sectors. It highlights the Province's determination to promote inclusive economic growth, reduce poverty, crime and other social ills and improve the quality of education and health.





# 6

## Summary of Aggregates

The overall budget summary of the key provincial revenue and expenditure components of the 2014 MTEF is provided in Table 6.1 below.

In 2014/15 transfer receipts from National (equitable share and conditional grants) increase by R3.614 billion or 8.62 per cent from the 2013/14 revised estimate. National transfers anticipates to grow at an annual average rate of 6.64 per cent over the 2014 MTEF from R41.934 billion in the 2013/14 revised estimate to R50.850 billion in 2016/17.

*Over the 2014 MTEF the National transfers anticipates growth of 6.64 per cent*

Over the 2014 MTEF Provincial own receipts will decrease at an average of 0.94 per cent from R2.212 billion in the 2013/14 revised estimate to R2.150 billion in 2016/17. Financing provided for over the 2014 MTEF is as a result of withdrawals from the Asset Finance Reserve and the Provincial Revenue Fund (PRF) mainly for Infrastructure related projects and, amongst others, the WCG Broadband Initiative respectively.

In 2014/15, the total provincial payments and provisions increase by 8.82 per cent or R3.902 billion to R48.157 billion from the 2013/14 revised estimate of R44.254 billion. The majority of the increase is on current payments with a 9.41 per cent or R3.089 billion increase observed. In addition to this, the total provincial payments and provisions over the 2014 MTEF, are set to increase at an annual average rate of 6.65 per cent from R44.254 billion in the 2013/14 revised estimate to R53.689 billion in 2016/17.

*Over the 2014 MTEF Provincial payments and provisions set to grow by 6.65 per cent*

Chapter 2 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 2014 MTEF.

**Table 6.1 Provincial budget summary**

R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- piation 2013/14	Adjusted appro- piation 2013/14	Revised estimate 2013/14	% Change from Revised estimate 2013/14	2014/15	2015/16	2016/17
<b>Provincial receipts</b>										
Transfer receipts from national	32 536 439	35 349 580	37 904 302	41 763 540	41 934 424	41 934 424	45 548 739	8.62	48 827 890	50 850 312
Equitable share	24 455 824	27 052 442	29 119 423	32 174 547	32 272 116	32 272 116	35 631 310	10.41	38 430 982	41 195 947
Conditional grants	8 080 615	8 297 138	8 784 879	9 588 993	9 662 308	9 662 308	9 917 429	2.64	10 396 908	9 654 365
Financing	498 626	326 837	877 436	64 370	381 094	381 094	468 135	22.84	980 806	689 333
Asset Finance Reserve	215 864	273 749	377 405		175 711	175 711	294 092	67.37	681 472	478 777
Provincial Revenue Fund	282 762	53 088	500 031	64 370	205 383	205 383	174 043	( 15.26)	299 334	210 556
Provincial own receipts	2 067 681	2 228 649	2 326 385	2 077 791	2 050 912	2 212 058	2 139 999	( 3.26)	2 170 624	2 149 705
<b>Total provincial receipts</b>	35 102 746	37 905 066	41 108 123	43 905 701	44 366 430	44 527 576	48 156 873	8.15	51 979 320	53 689 350
<b>Provincial payments and provision</b>										
Provincial Payments	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 379
Current payments	24 884 730	27 254 158	29 693 182	32 833 014	32 887 808	32 809 858	35 898 602	9.41	38 701 132	40 405 403
Transfers and subsidies	6 199 273	6 368 214	6 883 344	7 190 874	7 326 810	7 362 173	8 342 912	13.32	8 513 864	9 147 138
Payments for capital assets	2 924 935	3 288 964	3 345 846	3 638 950	3 812 626	3 787 748	3 652 849	( 3.56)	4 449 923	3 716 357
Payments for financial assets	22 106	7 789	25 867	7 325	19 927	23 717	4 963	( 79.07)	5 215	5 481
Provincial provisions	28 605	30 147	250 458	235 538	270 889	270 888	257 547	( 4.93)	309 185	414 971
Direct charge	28 605	30 147	31 506	33 535	33 535	33 535	35 546	6.00	37 185	39 155
Contingency reserve			212 173	50 000	40 852	40 852	150 000	267.18	200 000	300 000
Net internal financing			6 779	152 003	196 502	196 501	72 001	( 63.36)	72 000	75 816
<b>Total provincial payments and provisions</b>	34 059 649	36 949 272	40 198 697	43 905 701	44 318 060	44 254 384	48 156 873	8.82	51 979 320	53 689 350
<b>Surplus (Deficit)</b>	1 043 097	955 794	909 426		48 369	273 191	( 100.00)			

# Annexure

## Additional Tables

**Table 1 Conditional grants: Information relating to Chapter 3**

Vote and grant R'000	2010/11			2011/12			2012/13			2013/14			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	2014/15	2015/16	2016/17
<b>Vote 4: Community Safety</b>				543	543	543	800	800	661	3 242	3 242	3 242	<b>3 970</b>		
Social Sector EPWP Incentive Grant for Provinces				543	543	543	800	800	661	3 242	3 242	3 242	<b>3 970</b>		
<b>Vote 5: Education</b>	893 572	894 103	889 501	1 176 991	1 190 413	1 187 187	1 323 569	1 337 749	1 320 879	1 627 355	1 639 728	1 639 728	<b>1 252 083</b>	1 427 623	787 764
Education Infrastructure Grant	255 062	255 062	255 062	385 039	385 039	385 039	431 397	431 397	431 397	960 465	960 465	960 465	<b>485 024</b>	662 859	
Dinaledi Schools Grant				6 720	6 720	6 684	9 571	9 571	4 585	10 096	13 366	13 366	<b>10 673</b>	11 164	11 756
HIV and Aids (Life Skills Education) Grant	15 392	15 392	14 440	16 388	16 388	14 088	17 416	17 416	16 552	17 637	18 501	18 501	<b>17 077</b>	20 297	19 666
Further Education and Training Colleges Grant	446 512	447 043	446 971	527 117	534 671	534 659	584 213	597 589	597 523	351 437	353 097	353 097	<b>377 913</b>	404 802	427 123
National School Nutrition Programme Grant	173 318	173 318	169 775	227 433	230 906	230 041	244 784	245 588	236 669	260 538	265 103	265 103	<b>282 486</b>	299 435	315 305
Technical Secondary Schools Recapitalisation Grant	3 288	3 288	3 253	8 619	8 619	8 610	11 264	11 264	9 250	11 884	13 898	13 898	<b>12 597</b>	13 214	13 914
Social Sector EPWP Incentive Grant for Provinces				5 675	8 070	8 066	23 924	23 924	23 903	12 298	12 298	12 298	<b>13 354</b>		
Expanded Public Works Programme Integrated Grant for Provinces							1 000	1 000	1 000	3 000	3 000	3 000	<b>2 564</b>		
Occupational Specific Dispensation for Education Sector Therapists													<b>50 395</b>	15 852	
<b>Vote 6: Health</b>	3 481 521	3 575 203	3 587 695	3 718 253	3 738 100	3 723 418	3 996 984	4 013 603	3 946 396	4 417 564	4 485 180	4 485 180	<b>4 719 898</b>	4 964 358	4 630 948
National Tertiary Services Grant	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	2 400 714	2 400 714	<b>2 537 554</b>	2 654 281	2 794 958
Health Facility Revitalisation Grant										629 786	694 949	694 949	<b>639 786</b>	645 200	
<i>of which the following is allocated to:</i>															
<i>Health Infrastructure component</i>	131 529	174 035	195 904	119 179	126 780	123 957	131 411	134 234	129 259	122 296	127 271	127 271			
<i>Hospital Revitalisation component</i>	580 554	623 328	614 071	481 501	490 758	482 429	496 085	504 414	444 226	493 526	553 714	553 714			
<i>Nursing Colleges and Schools component</i>							10 320	10 320	9 892	13 964	13 964	13 964			
Health Professions Training and Development Grant	384 711	384 711	384 711	407 794	407 794	407 794	428 120	428 120	428 120	451 667	451 667	451 667	<b>478 767</b>	500 790	527 332
National Health Insurance Grant							11 500	11 500	9 885	4 850	7 303	7 303	<b>7 000</b>	7 396	7 788
Comprehensive HIV and Aids Grant	554 054	555 054	554 971	660 614	660 614	660 578	738 080	738 080	738 079	927 547	927 547	927 547	<b>1 051 794</b>	1 156 691	1 300 870
Forensic Pathology Services Grant	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				<b>2 580</b>		
Expanded Public Works Programme Integrated Grant for Provinces							1 000	1 000	1 000	3 000	3 000	3 000	<b>2 417</b>		
<b>Vote 7: Social Development</b>				4 704	4 704	4 704							<b>2 580</b>		
Social Sector EPWP Incentive Grant for Provinces				4 704	4 704	4 704							<b>2 580</b>		
<b>Vote 8: Human Settlements</b>	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	1 962 237	1 962 237	<b>1 918 778</b>	2 044 191	2 271 408
Human Settlements Development Grant	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	1 959 237	1 959 237	<b>1 914 936</b>	2 044 191	2 271 408
<i>of which:</i>															
City of Cape Town										733 484	733 484	733 484	<b>1 350 467</b>	<b>1 442 814</b>	<b>1 605 936</b>
Expanded Public Works Programme Integrated Grant for Provinces	500	500	500							3 000	3 000	3 000	<b>3 842</b>		

**Table 1 Conditional Grants: Information relating to Chapter 3 (continued)**

Vote and grant R'000	2010/11			2011/12			2012/13			2013/14			Medium-term estimate		
	Adjusted appro- pation	Actual transfer	Audited outcome	Main appro- pation	Adjusted appro- pation	Audited outcome	Main appro- pation	Adjusted appro- pation	Audited outcome	Main appro- pation	Adjusted appro- pation	Revised estimate	2014/15	2015/16	2016/17
<b>Vote 9: Environmental Affairs and Development Planning</b>				6 000	6 000	6 000	1 000	1 000	1 000	550	550	550	2 748		
Expanded Public Works Programme Integrated Grant for Provinces				6 000	6 000	6 000	1 000	1 000	1 000	550	550	550	2 748		
<b>Vote 10: Transport and Public Works</b>	1 244 725	1 533 405	1 429 961	1 381 264	1 467 621	1 507 068	1 503 732	1 503 761	1 536 120	1 322 388	1 279 447	1 279 447	1 473 691	1 564 700	1 589 937
Provincial Roads Maintenance Grant	408 254	408 254	408 254	411 141	411 141	411 141	478 895	478 895	476 258	573 237	520 797	520 797	685 849	749 854	732 333
Devolution of Property Rate Funds Grant	181 351	283 041	264 700	291 281	309 622	346 346	319 501	319 530	358 889		5 141	5 141			
Disaster Management Grant: Transport		186 490	124 605		61 885	61 885									
Expanded Public Works Programme Integrated Grant for Provinces	22 718	23 218		12 587	18 718	21 441	9 099	9 099	4 736	14 971	19 329	19 329	8 477		
Public Transport Operations Grant	632 402	632 402	632 402	666 255	666 255	666 255	696 237	696 237	696 237	734 180	734 180	734 180	779 365	814 846	857 604
<b>Vote 11: Agriculture</b>	90 334	142 979	142 841	133 812	133 812	133 812	154 003	154 003	153 923	164 379	165 896	165 896	353 007	171 214	136 615
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3 270	3 270	3 270	3 466	3 466	3 466	7 740	7 740	7 741	7 233	7 233	7 233	4 070	4 128	4 329
Comprehensive Agriculture Support Programme Grant	63 064	63 064	63 064	82 346	82 346	82 346	91 863	91 863	91 777	104 859	106 376	106 376	292 336	110 714	91 700
Provincial Infrastructure															
Disaster Management Grant: Agriculture		52 645	52 507												
Ilima/Letsema Projects Grant	24 000	24 000	24 000	48 000	48 000	48 000	50 400	50 400	50 400	51 737	51 737	51 737	54 353	56 372	40 586
Expanded Public Works Programme Integrated Grant for Provinces							4 000	4 000	4 005	550	550	550	2 248		
<b>Vote 13: Cultural Affairs and Sport</b>	90 170	90 170	90 080	95 658	95 658	95 561	101 773	101 773	100 720	124 544	126 028	126 028	190 674	224 822	237 693
Mass Participation and Sport Development Grant	40 532	40 532	40 442	42 964	42 964	42 867	44 644	44 644	44 494	55 570	55 570	55 570	58 711	61 353	64 420
Community Library Services Grant	49 638	49 638	49 638	48 694	48 694	48 694	56 129	56 129	55 226	67 058	68 542	68 542	126 347	163 469	173 273
Expanded Public Works Programme Integrated Grant for Provinces				4 000	4 000	4 000	1 000	1 000	1 000	550	550	550	2 224		
Social Sector EPWP Incentive Grant for Provinces										1 366	1 366	1 366	3 392		
<b>Total Conditional grants</b>	7 669 665	8 189 081	8 080 615	8 156 070	8 275 696	8 297 138	8 809 041	8 837 869	8 784 879	9 588 993	9 662 308	9 662 308	9 917 429	10 396 908	9 654 365

Note 1: The National Department of Health has taken the decision to combine the 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.

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

Note 3: Allocations earmarked for flood repair:

The allocations above include the following earmarked for repair of flood damage:

Comprehensive Agricultural Support Programme Grant  
Education Infrastructure Grant  
Human Settlements Development Grant  
Provincial Roads Maintenance Grant

	2014/15	2015/16
	276 427	63 393
Comprehensive Agricultural Support Programme Grant	183 942	4 804
Education Infrastructure Grant	679	516
Human Settlements Development Grant	4 858	3 692
Provincial Roads Maintenance Grant	86 948	54 381

**Table 2 Details of total provincial own receipts: Information relating to Chapter 3**

Receipts R'000	Outcome			Main appro- pria- tion 2013/14	Adjusted appro- pria- tion 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
<b>Tax receipts</b>	1 230 722	1 312 930	1 415 018	1 335 990	1 335 990	1 446 426	<b>1 385 111</b>	(4.24)	1 428 751	1 489 453
Casino taxes	296 313	321 750	350 384	287 326	287 326	358 395	<b>299 335</b>	(16.48)	303 594	307 267
Horse racing taxes	26 331	28 853	32 279	20 000	20 000	29 045	<b>20 000</b>	(31.14)	20 000	20 000
Other taxes (Liquor licence fees)	6 427	6 550	24 822	24 000	24 000	23 986	<b>25 000</b>	4.23	27 000	28 431
Motor vehicle licences	901 651	955 777	1 007 533	1 004 664	1 004 664	1 035 000	<b>1 040 776</b>	0.56	1 078 157	1 133 755
<b>Sales of goods and services other than capital assets</b>	451 475	498 190	554 768	448 427	449 594	490 647	<b>471 132</b>	(3.98)	481 665	488 704
Sales of goods and services produced by department (excluding capital assets)	449 569	496 082	552 145	447 640	448 739	489 640	<b>470 383</b>	(3.93)	480 914	487 936
Sales by market establishments	77 440	61 828	66 578	54 259	54 259	60 697	<b>61 096</b>	0.66	69 034	72 583
Administrative fees	28 120	32 174	30 626	23 988	23 988	33 079	<b>23 357</b>	(29.39)	25 228	26 287
Agricultural activities										
Inspection fees	842	768	782	773	773	812	<b>816</b>	0.49	816	816
Licences or permits	19 740	24 466	23 385	18 246	18 246	26 287	<b>18 277</b>	(30.47)	20 148	21 205
Registration	20	37	30	30	30	25	<b>30</b>	20.00	30	32
Request for information	5 595	4 703	3 944	3 738	3 738	3 757	<b>3 033</b>	(19.27)	3 033	3 033
Other	1 923	2 200	2 485	1 201	1 201	2 198	<b>1 201</b>	(45.36)	1 201	1 201
Other sales	344 009	402 080	454 941	369 393	370 492	395 864	<b>385 930</b>	(2.51)	386 652	389 067
of which										
Academic services:	8 511	6 897	6 552	8 398	8 398	8 398	<b>8 448</b>	0.60	8 466	8 916
Registration, tuition & examination fees										
Boarding services	12 416	16 020	16 191	12 567	12 567	12 567	<b>11 618</b>	(7.55)	11 623	11 795
Commission on insurance	10 354	11 337	12 848	10 671	11 275	12 017	<b>10 688</b>	(11.06)	11 020	11 428
External examinations										
Health services										
Hospital fees	283 019	315 103	389 380	306 833	306 833	327 120	<b>323 095</b>	(1.23)	323 095	323 095
Laboratory services	2 513	1 743	1 597	2 813	2 813	2 978	<b>2 813</b>	(5.54)	2 813	2 962
Lost library books										
Miscellaneous capital receipts		4	8							
Parking	14	12	9							
Rental of buildings, equipment and other services	5 022	4 103	222	3 494	3 494	1 121	<b>1 121</b>		1 124	1 183
Sales of goods	2 401	20 936	8 246	768	2 183	7 508	<b>4 629</b>	(38.35)	4 642	4 658
Sales of agricultural products	7 894	8 794	6 947	9 811	12 448	12 448	<b>9 811</b>	(21.18)	9 811	10 331
Sport gatherings	540	592	1 197	884	884	884	<b>890</b>	0.68	909	1 069
Subsidised motor transport										
Tender documentation	1 086	18	29	626	655	920	<b>530</b>	(42.39)	532	561
Trading account surplus										
Tuition fees										
Vehicle repair service	127	138	102	86	86	86	<b>70</b>	(18.60)	70	70
Services rendered	5 866	11 695	6 027	5 375	5 375	5 427	<b>5 048</b>	(6.98)	5 050	5 120
Photocopies and faxes	3 373	3 918	4 539	6 147	2 561	3 031	<b>6 233</b>	105.64	6 517	6 860
Replacement: Security cards	30	33	32	35	35	35	<b>38</b>	8.57	41	43
Other	843	737	1 016	885	885	1 324	<b>898</b>	(32.18)	939	975

**Table 2 Details of total provincial own receipts: Information relating to Chapter 3 (continued)**

Receipts R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- piation 2013/14	Adjusted appro- piation 2013/14	Revised estimate 2013/14	% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	1 906	2 108	2 623	787	855	1 007	749	(25.62)	751	767
<b>Transfers received from</b>	116 036	169 903	161 836	208 482	146 955	139 100	196 548	41.30	169 666	76 670
Other governmental units	3 050	21 333					51 700		51 400	57 700
Higher education institutions	15 926	22 552	21 583	17 618	17 618	17 618	18 969	7.67	18 969	18 969
Foreign governments										
International organisations	97 050	126 018	133 978	190 863	128 564	120 690	125 878	4.30	99 296	
Public corporations and private enterprises	10		6 275		772	792		(100.00)		
Households and non-profit institutions				1	1		1		1	1
<b>Fines, penalties and forfeits</b>	3 158	3 922	4 812	2 375	2 291	4 795	2 611	(45.55)	2 836	2 963
<b>Interest, dividends and rent on land</b>	67 269	6 190	6 478	3 580	7 380	6 380	7 182	12.57	3 802	3 837
Interest	67 212	6 138	6 405	3 427	7 380	6 370	6 982	9.61	3 593	3 617
Dividends	26	15	7	153						
Rent on land	31	37	66			10	200	1900.00	209	220
<b>Sales of capital assets</b>	95 137	1 563	7 230	24	24	2 866	21	(99.27)	21	22
Land and subsoil assets	94 979	1 484	6 978			2 814		(100.00)		
Other capital assets	158	79	252	24	24	52	21	(59.62)	21	22
<b>Financial transactions in assets and liabilities</b>	103 884	235 951	176 243	78 913	108 678	121 844	77 394	(36.48)	83 883	88 055
Arrear wages income										
Loan repayments	43 614	49 675	19 820	18 550	18 550	20 550	18 000	(12.41)	18 000	18 000
Recovery of previous year's expenditure	36 396	155 773	126 176	52 352	67 208	70 762	51 395	(27.37)	57 762	61 428
Staff debt	11 957	15 241	16 468	6 174	18 592	17 839	6 142	(65.57)	6 158	6 564
Stale cheques		16								
Unallocated credits	1 171	2 641	1 480	887	1 136	1 532	887	(42.10)	912	942
Cash surpluses	79	10	2 426	3	3	5	3	(40.00)	3	3
Other	10 667	12 595	9 873	947	3 189	11 156	967	(91.33)	1 048	1 118
<b>Total departmental receipts</b>	2 067 681	2 228 649	2 326 385	2 077 791	2 050 912	2 212 058	2 139 999	(3.26)	2 170 624	2 149 705

**Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4**

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate 2013/14	2014/15	2015/16	2016/17
<b>Current payments</b>	24 884 730	27 254 158	29 693 182	32 833 014	32 887 808	32 809 858	<b>35 898 602</b>	9.41	38 701 132	40 405 403
Compensation of employees	17 963 494	19 837 629	21 613 559	23 837 218	23 722 785	23 669 622	<b>25 980 774</b>	9.76	28 011 066	29 684 650
Salaries and wages	15 768 986	17 376 655	18 936 949	20 909 198	20 809 434	20 787 823	<b>22 807 794</b>	9.72	24 627 637	26 084 951
Social contributions	2 194 508	2 460 974	2 676 610	2 928 020	2 913 351	2 881 798	<b>3 172 980</b>	10.10	3 383 429	3 599 698
Goods and services	6 920 342	7 415 880	8 079 614	8 995 773	9 165 019	9 140 209	<b>9 917 828</b>	8.51	10 690 067	10 720 754
<i>Of which</i>										
Administrative fees	179 374	186 902	198 970	206 616	207 017	206 858	<b>209 501</b>	1.28	219 869	231 522
Advertising	47 102	52 854	61 289	62 685	71 173	79 242	<b>69 668</b>	(12.08)	79 188	83 422
Assets <R5 000	64 434	81 277	99 500	152 015	162 371	126 545	<b>121 845</b>	(3.71)	114 577	123 937
Audit cost: External	79 751	88 803	86 086	90 796	94 745	97 835	<b>99 039</b>	1.23	103 116	107 996
Bursaries: Employees	40 427	29 077	18 022	27 126	20 969	20 599	<b>21 251</b>	3.17	23 315	24 600
Catering: Departmental activities	31 244	36 500	37 435	49 518	49 023	49 854	<b>49 222</b>	(1.27)	51 952	54 961
Communication	117 709	115 605	131 640	131 817	128 832	131 061	<b>126 611</b>	(3.40)	133 614	141 386
Computer services	364 541	382 004	382 425	417 636	464 992	462 254	<b>531 998</b>	15.09	566 559	555 065
Cons/prof: Business and advisory services	305 738	319 920	414 116	480 512	442 465	448 581	<b>652 942</b>	45.56	858 689	562 791
Cons/prof: Infrastructure & planning	30 313	28 257	57 063	62 463	29 979	37 260	<b>16 264</b>	(56.35)	16 553	18 018
Cons/prof: Laboratory services	407 591	423 238	476 037	530 168	524 374	515 933	<b>571 794</b>	10.83	625 981	658 426
Cons/prof: Scientific and										
Contractors	27 151	31 346	29 260	19 715	29 454	29 554	<b>27 421</b>	(7.22)	28 786	30 505
Agency and support/	502 267	536 727	549 678	625 573	720 147	717 143	<b>733 275</b>	2.25	748 756	782 854
Entertainment	576 056	663 179	758 046	720 413	762 552	793 331	<b>816 104</b>	2.87	865 566	910 796
Fleet services (including	1 237	1 383	1 594	3 106	2 925	2 423	<b>2 416</b>	(0.28)	2 470	2 558
Housing	265 198	229 014	214 468	330 076	246 569	217 831	<b>282 699</b>	29.78	298 762	313 629
Inventory: Clothing material and accessories	20	78	32	46	33	33	<b>51</b>	54.55	55	59
Inventory: Farming supplies				80	80	80	<b>131</b>	63.75	138	161
Inventory: Food and food supplies	33 034	40 798	41 502	44 649	44 619	42 377	<b>45 801</b>	8.08	49 196	52 591
Inventory: Fuel, oil and gas	57	61	49	2 329	2 325	95	<b>62</b>	(34.86)	65	70
Inventory: Learner and teacher	234 539	252 140	252 747	334 141	439 857	446 111	<b>377 342</b>	(15.42)	304 383	403 884
Inventory: Materials and supplies	43 804	39 772	42 028	44 120	43 839	44 238	<b>30 701</b>	(30.60)	32 671	34 584
Inventory: Medical supplies	779 139	865 801	912 012	973 049	968 606	977 620	<b>1 085 439</b>	11.03	1 161 497	1 254 434
Inventory: Medicine	786 628	766 748	840 021	858 335	904 560	917 911	<b>980 535</b>	6.82	1 070 110	1 157 847
Medsas inventory interface		24								
Inventory: Other supplies	48 367	55 370	71 159	87 708	99 090	101 475	<b>174 125</b>	71.59	164 878	136 024
Consumable supplies	253 417	257 115	295 691	307 041	303 380	319 016	<b>351 397</b>	10.15	368 158	387 144
Consumable: Stationery, printing & office supplies	108 987	108 137	146 850	145 537	142 438	146 215	<b>152 210</b>	4.10	161 551	171 024
Operating leases	196 238	192 886	221 966	260 155	229 247	227 776	<b>221 284</b>	(2.85)	226 490	242 425
Property payments	934 320	1 098 180	1 109 355	1 356 184	1 352 216	1 303 941	<b>1 472 425</b>	12.92	1 675 095	1 506 065
Transport provided: Departmental activity	148 821	170 525	201 592	208 708	220 841	220 022	<b>225 769</b>	2.61	238 041	251 008
Travel and subsistence	142 542	163 648	179 892	173 994	185 429	196 286	<b>176 469</b>	(10.10)	186 376	191 425
Training and development	84 744	90 725	100 614	101 363	103 647	106 224	<b>107 356</b>	1.07	114 611	121 811
Operating payments	54 847	73 200	107 848	140 288	105 106	92 953	<b>128 589</b>	38.34	138 801	144 190
Venues and facilities	30 636	29 834	32 729	42 888	45 330	39 719	<b>41 391</b>	4.21	44 448	46 994
Rental and hiring		4 752	7 898	4 923	16 789	21 815	<b>14 699</b>	(32.62)	15 728	16 548
Interest and rent on land	894	649	9	23	4	27		(100.00)		
Interest	809	647	8	23	4	27		(100.00)		
Rent on land	85	2	1							

**Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appro- piation 2013/14	Adjusted appro- piation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate 2013/14	2014/15	2015/16	2016/17
<b>Transfers and subsidies to (Current)</b>	6 015 120	6 168 272	4 969 151	5 188 206	5 180 355	5 222 547	<b>6 376 539</b>	22.10	6 405 886	6 803 661
Provinces and municipalities	684 229	798 466	855 610	1 169 337	970 255	972 806	<b>1 487 397</b>	52.90	1 484 135	1 762 603
Provinces	2 597	3 101	2 151	255 438	3 056	3 057	<b>431 920</b>	14028.88	346 740	611 497
Provincial Revenue Funds		86								
Provincial agencies and funds	2 597	3 015	2 151	255 438	3 056	3 057	<b>431 920</b>	14028.88	346 740	611 497
Municipalities	681 632	795 365	853 459	913 899	967 199	969 749	<b>1 055 477</b>	8.84	1 137 395	1 151 106
Municipal bank accounts	679 175	792 352	851 429	912 142	965 451	968 001	<b>1 054 277</b>	8.91	1 135 895	1 149 306
Municipal agencies and funds	2 457	3 013	2 030	1 757	1 748	1 748	<b>1 200</b>	(31.35)	1 500	1 800
Departmental agencies and accounts	286 175	274 110	290 717	308 163	316 046	314 515	<b>332 176</b>	5.62	343 769	366 748
Social security funds	11					13		(100.00)		
Entities receiving transfers	286 164	274 110	290 717	308 163	316 046	314 502	<b>332 176</b>	5.62	343 769	366 748
Western Cape Provincial Development Council	7 500	2 943								
Western Cape Gambling and Racing Board		83	2 411	10 326	5 523	5 523	<b>10 406</b>	88.41	10 488	10 908
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	160 061	193 842	190 685	202 435	206 224	203 755	<b>202 442</b>	(0.64)	210 482	221 800
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation	38 205	35 439	25 000							
Western Cape Trade and Investment Promotion Agency	15 000	14 956	28 982	46 644	54 074	54 074	<b>70 826</b>	30.98	72 275	82 170
Western Cape Cultural Commission	100	150	325	250	250	250	<b>363</b>	45.20	385	446
Western Cape Liquor Board			24 762	30 936	30 936	30 936	<b>32 936</b>	6.46	33 260	33 601
Western Cape Language Committee	150	220	240	210	210	210	<b>221</b>	5.24	235	272
Artscape	135	142	150	669	669	669	<b>168</b>	(74.89)	178	207
Heritage Western Cape	400	1 380	1 452	1 426	1 423	1 423	<b>1 500</b>	5.41	1 590	1 844
SETA	3 042	3 116	3 541	3 825	4 112	4 112	<b>4 334</b>	5.40	4 568	4 805
Government Motor Trading Account	415				300	300		(100.00)		
CSIR										
Western Cape Provincial Youth Commission										
Social Housing Foundation										
Other	61 156	21 839	13 169	11 442	12 325	13 250	<b>8 980</b>	(32.23)	10 308	10 695
Higher education institutions	3 569	8 825	2 324	5 260	5 810	5 611	<b>6 203</b>	10.55	6 957	7 217
Foreign governments and international organisations	85	95	244	138	138	138	<b>144</b>	4.35	150	150
Public corporations and private enterprises	823 576	834 005	858 175	890 273	922 798	923 570	<b>1 129 991</b>	22.35	984 491	994 746
Public corporations	190 463	127 412	112 306	118 831	138 310	138 410	<b>332 600</b>	140.30	156 203	131 121
Subsidies on production		10 958	17 940	18 268	18 268	18 268	<b>19 488</b>	6.68	20 000	20 000
Other transfers	190 463	116 454	94 366	100 563	120 042	120 142	<b>313 112</b>	160.62	136 203	111 121
Private enterprises	633 113	706 593	745 869	771 442	784 488	785 160	<b>797 391</b>	1.56	828 288	863 625
Subsidies on production										
Other transfers	633 113	706 593	745 869	771 442	784 488	785 160	<b>797 391</b>	1.56	828 288	863 625
Non-profit institutions	2 089 693	2 423 773	2 735 582	2 661 958	2 780 070	2 781 403	<b>3 161 456</b>	13.66	3 313 306	3 385 244
Households	2 127 793	1 828 998	226 499	153 077	185 238	224 504	<b>259 172</b>	15.44	273 078	286 953
Social benefits	70 079	70 639	95 672	50 499	62 400	96 317	<b>67 197</b>	(30.23)	71 381	75 095
Other transfers to households	2 057 714	1 758 359	130 827	102 578	122 838	128 187	<b>191 975</b>	49.76	201 697	211 857



**Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Transfers and subsidies to (Capital)	184 153	199 942	1 914 193	2 002 668	2 146 455	2 139 626	1 966 373	(8.10)	2 107 978	2 343 477
Provinces and municipalities	58 559	49 770	119 749	103 852	133 402	123 447	38 228	(69.03)	32 200	34 300
Provinces		3 000								
Provincial Revenue Funds										
Provincial agencies and funds		3 000								
Municipalities	58 559	46 770	119 749	103 852	133 402	123 447	38 228	(69.03)	32 200	34 300
Municipal bank accounts	58 559	46 770	119 749	103 852	133 402	123 447	38 228	(69.03)	32 200	34 300
Municipal agencies and funds										
Departmental agencies and accounts		1 625	17 822	21 472	15 683	18 152	27 761	52.94	29 261	30 812
Social security funds										
Entities receiving transfers		1 625	17 822	21 472	15 683	18 152	27 761	52.94	29 261	30 812
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board			17 781	21 472	15 683	18 152	27 761	52.94	29 261	30 812
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading										
CSIR										
Western Cape Provincial Youth Commission										
Social Housing Foundation										
Other		1 625	41							
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises										
Public corporations										
Subsidies on production										
Other transfers										
Private enterprises										
Subsidies on production										
Other transfers										
Non-profit institutions	121 035	138 774	133 956	35 672	131 432	132 089	51 606	(60.93)	52 395	55 231
Households	4 559	9 773	1 642 666	1 841 672	1 865 938	1 865 938	1 848 778	(0.92)	1 994 122	2 223 134
Social benefits										
Other transfers to households	4 559	9 773	1 642 666	1 841 672	1 865 938	1 865 938	1 848 778	(0.92)	1 994 122	2 223 134

**Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Transfers and subsidies to (Total)	6 199 273	6 368 214	6 883 344	7 190 874	7 326 810	7 362 173	8 342 912	13.32	8 513 864	9 147 138
Provinces and municipalities	742 788	848 236	975 359	1 273 189	1 103 657	1 096 253	1 525 625	39.17	1 516 335	1 796 903
Provinces	2 597	6 101	2 151	255 438	3 056	3 057	431 920	14028.88	346 740	611 497
Provincial Revenue Funds		86								
Provincial agencies and funds	2 597	6 015	2 151	255 438	3 056	3 057	431 920	14028.88	346 740	611 497
Municipalities	740 191	842 135	973 208	1 017 751	1 100 601	1 093 196	1 093 705	0.05	1 169 595	1 185 406
Municipal bank accounts	737 734	839 122	971 178	1 015 994	1 098 853	1 091 448	1 092 505	0.10	1 168 095	1 183 606
Municipal agencies and funds	2 457	3 013	2 030	1 757	1 748	1 748	1 200	(31.35)	1 500	1 800
Departmental agencies and accounts	286 175	275 735	308 539	329 635	331 729	332 667	359 937	8.20	373 030	397 560
Social security funds	11					13		(100.00)		
Entities receiving transfers	286 164	275 735	308 539	329 635	331 729	332 654	359 937	8.20	373 030	397 560
Western Cape Provincial Development Council	7 500	2 943								
Western Cape Gambling and Racing Board		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	160 061	193 842	208 466	223 907	221 907	221 907	230 203	3.74	239 743	252 612
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation	38 205	35 439	25 000							
Western Cape Trade and Investment Promotion Agency	15 000	14 956	28 982	46 644	54 074	54 074	70 826	30.98	72 275	82 170
Western Cape Cultural Commission	100	150	325	250	250	250	363	45.20	385	446
Western Cape Liquor Board			24 762	30 936	30 936	30 936	32 936	6.46	33 260	33 601
Western Cape Language Committee	150	220	240	210	210	210	221	5.24	235	272
Artscape	135	142	150	669	669	669	168	(74.89)	178	207
Heritage Western Cape	400	1 380	1 452	1 426	1 423	1 423	1 500	5.41	1 590	1 844
SETA	3 042	3 116	3 541	3 825	4 112	4 112	4 334	5.40	4 568	4 805
Government Motor Trading	415				300	300		(100.00)		
CSIR										
Western Cape Provincial Youth Commission										
Social Housing Foundation										
Other	61 156	23 464	13 210	11 442	12 325	13 250	8 980	(32.23)	10 308	10 695
Higher education institutions	3 569	8 825	2 324	5 260	5 810	5 611	6 203	10.55	6 957	7 217
Foreign governments and international organisations	85	95	244	138	138	138	144	4.35	150	150
Public corporations and private enterprises	823 576	834 005	858 175	890 273	922 798	923 570	1 129 991	22.35	984 491	994 746
Public corporations	190 463	127 412	112 306	118 831	138 310	138 410	332 600	140.30	156 203	131 121
Subsidies on production		10 958	17 940	18 268	18 268	18 268	19 488	6.68	20 000	20 000
Other transfers	190 463	116 454	94 366	100 563	120 042	120 142	313 112	160.62	136 203	111 121
Private enterprises	633 113	706 593	745 869	771 442	784 488	785 160	797 391	1.56	828 288	863 625
Subsidies on production										
Other transfers	633 113	706 593	745 869	771 442	784 488	785 160	797 391	1.56	828 288	863 625
Non-profit institutions	2 210 728	2 562 547	2 869 538	2 697 630	2 911 502	2 913 492	3 213 062	10.28	3 365 701	3 440 475
Households	2 132 352	1 838 771	1 869 165	1 994 749	2 051 176	2 090 442	2 107 950	0.84	2 267 200	2 510 087
Social benefits	70 079	70 639	95 672	50 499	62 400	96 317	67 197	(30.23)	71 381	75 095
Other transfers to households	2 062 273	1 768 132	1 773 493	1 944 250	1 988 776	1 994 125	2 040 753	2.34	2 195 819	2 434 991

**Table 3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Payments for capital assets	2 924 935	3 288 964	3 345 846	3 638 950	3 812 626	3 787 748	3 652 849	(3.56)	4 449 923	3 716 357
Buildings and other fixed structures	2 464 150	2 676 758	2 751 472	3 132 112	3 072 982	3 041 590	3 049 050	0.25	3 904 123	3 186 445
Buildings	1 098 454	1 167 132	1 185 829	1 717 888	1 579 410	1 552 443	1 187 076	(23.53)	1 503 127	566 926
Other fixed structures	1 365 696	1 509 626	1 565 643	1 414 224	1 493 572	1 489 147	1 861 974	25.04	2 400 996	2 619 519
Machinery and equipment	424 713	584 176	552 973	488 551	659 105	664 923	584 264	(12.13)	527 309	511 382
Transport equipment	60 051	144 155	170 494	50 067	88 730	164 855	188 462	14.32	199 225	208 915
Other machinery and equipment	364 662	440 021	382 479	438 484	570 375	500 068	395 801	(20.85)	328 084	302 467
Heritage assets	35									
Specialised military assets										
Biological assets			24							
Land and subsoil assets	19 219	18 182	30 084	5 100	59 135	58 643	7 080	(87.93)	6 880	6 423
Software and other intangible assets	16 818	9 848	11 293	13 187	21 404	22 592	12 455	(44.87)	11 611	12 107
Of which: "Capitalised Compensation" included in Payments for capital assets	137									
Of which: "Capitalised Goods and services" included in Payments for capital assets	2 049 815	2 094 754	1 578 472	1 463 751	1 707 776	1 707 776	4 870	(99.71)	5 133	5 405
Payments for financial assets	22 106	7 789	25 867	7 325	19 927	23 717	4 963	(79.07)	5 215	5 481
Total economic classification	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 379

Note: The economic classifications as taken up in this Budget are in accordance with **Version 4 of the Standard Chart of Accounts (SCOA)**, which became fully effective from 1 April 2014.

**Table 4 Summary of provincial infrastructure payments and estimates by vote: Information relating to Chapter 4**

Vote R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	543 258	734 177	750 672	1 293 371	1 147 394	1 147 394	855 962	( 25.40)	1 046 338	401 684
6. Health	942 610	806 403	830 782	917 750	968 601	867 353	723 096	( 16.63)	733 392	104 910
7. Social Development							17 000	100.00		
8. Human Settlements										
9. Environmental Affairs and Development Planning							27 761	100.00	29 261	30 812
10. Transport and Public Works	1 850 341	2 059 056	2 218 483	2 333 926	2 428 371	2 428 371	2 971 877	22.38	3 954 968	3 943 187
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
<b>Total provincial infrastructure payments and estimates</b>	3 336 209	3 599 636	3 799 937	4 545 047	4 544 366	4 443 118	4 595 696	3.43	5 763 959	4 480 593

**Table 4.1 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 4**

Category R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
New and replacement assets <sup>Note</sup>	702 698	753 887	687 060	1 387 646	1 069 956	1 053 926	929 786	( 11.78)	1 356 269	271 163
1. Department of the Premier	211 988 432 032   58 678	396 747 340 660   16 480	343 287 291 492   52 281	985 396 345 040   57 210	759 192 252 081   58 683	759 192 236 051   58 683	546 217 161 570   205 612	( 28.05) ( 31.55)   250.38	572 259 237 800   16 618 529 592	13 201    18 820 239 142
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning <sup>a</sup>										
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Upgrades and additions <sup>Note</sup>	841 493	824 026	508 844	507 766	583 603	575 876	649 196	12.73	608 923	642 200
1. Department of the Premier	206 319 94 519   540 655	207 676 112 291   504 059	129 207 127 011   252 626	139 302 70 461   298 003	119 779 97 595   366 229	119 779 89 868   366 229	113 422 60 650   474 724	( 5.31) ( 32.51)   29.62	153 912 34 950   418 961	150 483    491 717
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
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										
Rehabilitation, renovations and refurbishments <sup>Note</sup>	768 580	1 230 890	1 555 168	1 409 671	1 569 330	1 491 839	1 814 838	21.65	2 433 102	2 401 929
1. Department of the Premier	254 479	211 003	35 858 172 717	276 185	385 721	308 230	271 664 17 000	( 11.86) 100.00	208 001	390
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
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										

**Table 4.1 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 4 (continued)**

Category R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
<b>Maintenance and repairs</b> <sup>Note</sup>	911 138	723 905	909 567	1 131 112	1 122 417	1 122 417	1 158 691	3.23	1 329 908	1 125 944
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	85 245	126 555	152 502	168 673	172 673	172 673	196 323	13.70	320 167	238 000
6. Health	130 565	125 759	234 678	190 065	197 197	197 197	226 755	14.99	251 584	101 963
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning							10 974	100.00	11 543	11 992
10. Transport and Public Works	695 328	471 591	522 387	772 374	752 547	752 547	724 639	( 3.71)	746 614	773 989
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
<b>Infrastructure transfer - current</b>	11 720	11 541	50 019	14 501	53 511	53 511	2 500	( 95.33)	2 500	2 500
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education			47 850		51 010	51 010		( 100.00)		
6. Health	9 900	9 773	3	12 000						
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	1 820	1 768	2 166	2 501	2 501	2 501	2 500	( 0.04)	2 500	2 500
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
<b>Infrastructure transfer - capital</b>	79 465	48 470	84 398	70 352	135 862	135 862	40 128	( 70.46)	32 200	34 300
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	39 706	3 199	41 968		44 740	44 740		( 100.00)		
6. Health					26 320	26 320	1 900	( 92.78)		
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	39 759	45 271	42 430	70 352	64 802	64 802	38 228	( 41.01)	32 200	34 300
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

**Table 4.1 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 4 (continued)**

Category R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Other capital projects <sup>Note</sup>	21 115	6 917	4 881	23 999	9 687	9 687	557	( 94.25)	1 057	2 557
1. Department of the Premier	21 115	6 917	4 881	23 999	9 687	9 687	557	( 94.25)	1 057	2 557
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
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	3 336 209	3 599 636	3 799 937	4 545 047	4 544 366	4 443 118	4 595 696	3.43	5 763 959	4 480 593
of which										
Professional fees <sup>b</sup>	191 497	208 829	280 069	660 234	654 825	654 825	838 935	28.12	1 048 566	893 094
1. Department of the Premier	45 362 146 135	52 156 156 673	117 130 162 939	240 303 89 909	217 998 97 594	217 998 97 594	183 922 47 550 2 040	( 15.63) ( 51.28) 100.00	195 833 50 070	39 686 52 724
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
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										

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

Note: Inclusive of Professional fees.

**Table 4.2 Summary of provincial infrastructure payments and estimates by source of funding: Information relating to Chapter 4**

	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>R thousand</b>				2013/14	2013/14	2013/14			
<b>Provincial Equitable Share</b>	1 659 828	2 004 472	2 276 181	2 360 588	2 167 115	2 065 867	2 477 487	3 104 574	3 269 483
<b>Conditional grants</b>	1 473 291	1 424 007	1 497 768	2 184 459	2 201 540	2 201 540	1 824 117	2 057 913	732 333
Education Infrastructure Grant	255 062	385 039	431 397	960 465	960 465	960 465	485 024	662 859	
Expanded Public Works Programme (Education)			1 000	3 000	3 000	3 000	2 564		
Health Facility Revitalisation Grant	809 975	606 386	583 377	629 786	694 949	694 949	639 786	645 200	
Expanded Public Works Programme (Health)			1 000	3 000	3 000	3 000	2 417		
Provincial Roads Maintenance Grant	408 254	411 141	476 258	573 237	520 797	520 797	685 849	749 854	732 333
Expanded Public Works Programme (Transport and Public Works)		21 441	4 736	14 971	19 329	19 329	8 477		
<b>Other</b>	203 090	171 157	25 988		175 711	175 711	294 092	601 472	478 777
<b>Total provincial infrastructure payments and estimates</b>	3 336 209	3 599 636	3 799 937	4 545 047	4 544 366	4 443 118	4 595 696	5 763 959	4 480 593



**Table 5 Summary of departmental personnel number and cost: Information relating to Chapter 4**

Description	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
<b>Total for department</b>										
Personnel numbers (head count)	77 582	78 485	79 862	81 748	81 309	81 443	<b>82 586</b>	1.40	83 028	82 962
Personnel cost (R'000)	17 963 494	19 837 629	21 613 559	23 837 217	23 722 785	23 669 622	<b>25 980 774</b>	9.76	28 011 066	29 684 650
<i>of which</i>										
<b>Human resources component</b>										
Personnel numbers (head count)	1 160	1 288	1 225	1 343	1 257	1 270	<b>1 277</b>	0.55	1 278	1 276
Personnel cost (R'000)	220 150	274 324	294 562	325 540	329 811	334 984	<b>365 440</b>	9.09	389 353	413 812
Head count as % of total for department	1.50	1.64	1.53	1.64	1.55	1.56	<b>1.55</b>		1.54	1.54
Personnel cost as % of total for department	1.23	1.38	1.36	1.37	1.39	1.42	<b>1.41</b>		1.39	1.39
<b>Finance component</b>										
Personnel numbers (head count)	1 265	1 427	1 536	1 546	1 547	1 635	<b>1 841</b>	12.60	1 847	1 844
Personnel cost (R'000)	242 880	326 088	362 226	408 152	407 927	419 960	<b>489 993</b>	16.68	536 802	569 711
Head count as % of total for department	1.63	1.82	1.92	1.89	1.90	2.01	<b>2.23</b>		2.22	2.22
Personnel cost as % of total for department	1.35	1.64	1.68	1.71	1.72	1.77	<b>1.89</b>		1.92	1.92
<b>Full time workers</b>										
Personnel numbers (head count)	69 305	70 175	71 764	73 757	73 608	73 876	<b>75 016</b>	1.54	75 457	75 396
Personnel cost (R'000)	15 551 156	17 630 660	19 242 212	21 099 625	20 959 372	21 088 689	<b>23 132 791</b>	9.69	25 013 699	26 494 731
Head count as % of total for department	89.33	89.41	89.86	90.22	90.53	90.71	<b>90.83</b>		90.88	90.88
Personnel cost as % of total for department	86.57	88.87	89.03	88.52	88.35	89.10	<b>89.04</b>		89.30	89.25
<b>Part-time workers</b>										
Personnel numbers (head count)	152	150	508	187	192	297	<b>318</b>	7.07	318	318
Personnel cost (R'000)	32 451	36 879	51 811	52 083	52 122	45 128	<b>55 709</b>	23.45	59 377	63 051
Head count as % of total for department	0.20	0.19	0.64	0.23	0.24	0.36	<b>0.39</b>		0.38	0.38
Personnel cost as % of total for department	0.18	0.19	0.24	0.22	0.22	0.19	<b>0.21</b>		0.21	0.21
<b>Contract workers</b>										
Personnel numbers (head count)	8 125	8 160	7 590	7 804	7 509	7 270	<b>7 252</b>	(0.25)	7 253	7 248
Personnel cost (R'000)	2 379 887	2 170 090	2 319 536	2 685 509	2 711 291	2 535 805	<b>2 792 274</b>	10.11	2 937 990	3 126 868
Head count as % of total for department	10.47	10.40	9.50	9.55	9.24	8.93	<b>8.78</b>		8.74	8.74
Personnel cost as % of total for department	13.25	10.94	10.73	11.27	11.43	10.71	<b>10.75</b>		10.49	10.53

**Table 6 Information on training: Relating to Chapter 4**

Description	Outcome			Main appro- p-riation	Adjusted appro- p-riation	Revised estimate	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Number of staff	77 582	78 485	79 862	81 748	81 309	81 443	82 586	1.40	83 028	82 962
Number of personnel trained	61 549	30 729	30 754	32 828	61 996	31 327	31 651	1.03	32 776	33 835
<i>of which</i>										
Male	22 101	10 981	10 187	10 476	16 056	10 628	10 948	3.01	11 543	12 072
Female	39 448	19 748	20 567	22 352	25 522	20 699	20 703	0.02	21 233	21 763
Number of training opportunities	24 198	25 469	20 515	20 753	20 773	20 773	21 039	1.28	21 093	21 134
<i>of which</i>										
Tertiary	948	914	975	848	848	848	802	(5.42)	808	812
Workshops	715	645	416	562	567	567	811	43.03	832	846
Seminars	411	414	167	364	363	363	357	(1.65)	363	365
Other	22 124	23 496	18 957	18 979	18 995	18 995	19 069	0.39	19 090	19 111
Number of bursaries offered	2 147	5 284	5 086	5 357	4 749	3 864	4 460	15.42	4 281	4 189
Number of interns appointed	1 043	1 103	1 098	1 084	817	998	813	(18.54)	828	836
Number of learnerships appointed	2 321	2 282	425	2 423	2 323	2 323	2 323		2 323	2 323
Number of days spent on training	6 726	6 673	5 939	5 949	6 099	6 099	6 110	0.18	6 121	6 133

**Table 7 Transfers to local government by category and municipality: Information relating to Chapter 5**

Municipalities R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2010/11	2011/12	2012/13				2014/15	2013/14	2015/16	2016/17
Category A	769 433	818 072	1 066 238	1 154 284	1 166 559	1 166 559	1 820 253	56.04	1 920 668	2 070 211
City of Cape Town	769 433	818 072	1 066 238	1 154 284	1 166 559	1 166 559	1 820 253	56.04	1 920 668	2 070 211
Category B	765 019	669 819	792 106	1 009 949	1 040 820	1 040 820	754 130	(27.54)	779 644	842 279
Beaufort West	9 504	4 647	35 448	25 312	26 320	26 320	10 916	(58.53)	9 873	10 224
Bergrivier	16 684	17 251	4 271	11 839	12 922	12 922	27 729	114.59	16 907	15 889
Bitou	56 517	19 873	33 165	83 014	86 871	86 871	72 565	(16.47)	33 352	39 446
Langeberg	23 130	18 031	23 944	26 234	26 702	26 702	16 608	(37.80)	21 594	35 055
Breede Valley	84 075	40 008	49 145	57 125	57 973	57 973	36 274	(37.43)	65 168	69 641
Cape Agulhas	19 627	41 394	44 955	31 592	31 841	31 841	23 314	(26.78)	12 017	4 901
Cederberg	35 430	9 373	32 334	20 572	21 119	21 119	13 124	(37.86)	20 143	26 522
Drakenstein	65 514	64 030	56 189	108 225	91 045	91 045	77 670	(14.69)	55 913	59 057
George	67 136	91 245	100 518	104 648	93 239	93 239	72 501	(22.24)	105 737	115 133
Kannaland	355	8 985	23 162	1 947	12 766	12 766	12 535	(1.81)	17 579	1 917
Knysna	46 828	60 936	49 411	56 345	57 594	57 594	34 488	(40.12)	51 184	56 793
Laingsburg	2 715	1 895	3 598	4 839	6 516	6 516	1 326	(79.65)	1 036	9 636
Hessequa	50 286	31 223	25 503	8 625	16 248	16 248	7 862	(51.61)	13 116	15 112
Matzikama	16 810	15 274	33 670	22 333	24 980	24 980	14 173	(43.26)	34 829	42 129
Mossel Bay	33 665	41 513	34 232	68 381	70 133	70 133	46 171	(34.17)	29 611	26 124
Oudtshoorn	19 513	13 373	23 517	28 191	28 257	28 257	22 304	(21.07)	31 575	31 998
Overstrand	33 302	12 245	22 926	30 272	31 389	31 389	16 110	(48.68)	33 272	32 163
Prince Albert	216	7 027	3 450	19 225	25 602	25 602	20 143	(21.32)	1 497	1 585
Saldanha Bay	31 546	50 731	19 820	47 079	58 146	58 146	41 055	(29.39)	42 733	51 689
Stellenbosch	35 924	22 954	81 459	58 237	53 283	53 283	39 784	(25.33)	70 132	75 427
Swartland	55 862	18 761	13 275	42 860	43 110	43 110	35 566	(17.50)	31 559	26 039
Swellendam	6 833	5 015	12 764	49 969	51 585	51 585	24 804	(51.92)	13 969	15 594
Theewaterskloof	30 243	46 595	40 646	55 605	56 036	56 036	53 911	(3.79)	39 961	51 161
Witzenberg	23 304	27 440	24 704	47 480	57 143	57 143	33 197	(41.91)	26 887	29 044
Category C	22 471	10 152	5 888	1 908	4 361	4 361	1 870	(57.12)	1 873	1 877
Cape Winelands	5 573	2 241	1 848	1 304	1 670	1 670	970	(41.92)	973	977
Central Karoo	5 162	1 480	2 640		887	887		(100.00)		
Eden	3 272	6 172	550	604	1 224	1 224	900	(26.47)	900	900
Overberg	1 325	150	550		100	100		(100.00)		
West Coast	7 139	109	300		480	480		(100.00)		
Unallocated <sup>Note 1</sup>				13 039			6 500		69 698	77 124
Total transfers to local government	1 556 923	1 498 043	1 864 232	2 179 180	2 211 740	2 211 740	2 582 753	16.77	2 771 883	2 991 491
Funds retained by the Department of Human Settlements (not included in the transfers to local government)	838 723	624 460	454 545	362 995	404 904	404 904		(100.00)		
Note 1 Unallocated							2014/15 Allocation (R'000)	2015/16 Allocation (R'000)	2016/17 Allocation (R'000)	
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 2014/15 Adjusted Estimates and future MTEFs.						6 000	7 000	7 371	
Cleanest Town/Greenest Municipality Competition	As part of a national process, the Department annually invites municipalities to participate in the Greenest Municipality Competition. The eventual outcome and announcement of the winners are known during the course of the financial year; hence the municipalities and the prize awards will be included in the annual Adjusted Estimates of Provincial Revenue and Expenditure.						500	500	500	
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	The distribution of the outer year's allocations is dependent on the 20% co-funding by the relevant municipalities. As this has not yet been finalised, provided for in the municipal budgets and approved, it cannot be gazetted and transferred.							23 500	25 000	
Development of Sport and Recreation facilities	The allocation of amounts in the outer years is dependent on municipalities submitting Business Plans. As the Business Plans for the outer years have not been submitted, these amounts cannot be gazetted and transferred.							1 500	1 800	
Library Services (conditional grant)	The allocations indicated in the outer years are provisional amounts subject to confirmed departmental allocations.							37 198	42 453	
Total							6 500	69 698	77 124	

**Table 8 Summary of provincial payments and estimates by policy area**

Policy Area R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
General public services	933 713	1 042 630	1 161 104	1 575 964	1 383 328	1 383 328	1 973 773	42.68	1 988 196	2 292 888
Public order and safety	132 440	138 763	166 418	181 496	193 592	193 592	222 566	14.97	231 690	247 958
Economic affairs	4 683 224	5 137 059	5 574 635	5 845 919	6 091 721	6 080 203	6 988 396	14.94	8 008 810	8 091 768
Environmental protection	299 970	348 467	376 880	421 648	420 392	420 392	454 348	8.08	475 169	500 361
Housing and community amenities	2 165 120	1 834 400	1 987 458	2 148 631	2 215 997	2 215 997	2 115 245	(4.55)	2 252 722	2 491 010
Health	12 344 628	13 387 763	14 600 857	15 871 676	16 029 981	15 977 824	17 338 111	8.51	18 467 212	18 925 168
Recreation, culture and religion	294 023	351 888	390 550	445 309	456 131	456 131	626 010	37.24	707 870	742 683
Education	11 955 743	13 361 153	14 288 110	15 601 918	15 668 785	15 668 785	16 424 944	4.83	17 677 169	18 018 717
Social protection	1 222 183	1 317 002	1 402 227	1 577 602	1 587 244	1 587 244	1 755 933	10.63	1 861 296	1 963 825
Total payments and estimates by policy area	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 378

**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 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
		Transport and Public Works	
	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		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
			5.3	Independent School Subsidies
	Subsidiary Service to Education		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
			7.4	Children and Families
			7.5	Restorative Services

**Table 10 Details of provincial payments and estimates by policy area**

GFS function R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	52 141	58 931	60 268	62 504	70 136	70 136	71 749	75 457	78 850
Provincial Parliament (Vote 2)	74 606	77 741	91 047	102 627	103 281	103 281	108 971	114 433	117 339
<b>Total for Category - Legislative</b>	126 747	136 672	151 315	165 131	173 417	173 417	180 720	189 890	196 189
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	127 500	142 619	162 283	446 205	201 394	201 394	648 298	579 712	857 120
<b>Total for Category - Financial and fiscal affairs</b>	127 500	142 619	162 283	446 205	201 394	201 394	648 298	579 712	857 120
<b>Category - General services</b>									
Department of the Premier (Programme 1.2, 1.3 to 1.5)	568 777	633 514	686 897	791 339	832 969	832 969	956 005	1 018 221	1 028 796
Department of Local Government (Vote 14)	110 689	129 825	160 609	173 289	175 548	175 548	188 750	200 373	210 783
<b>Total for Category - General services</b>	679 466	763 339	847 506	964 628	1 008 517	1 008 517	1 144 755	1 218 594	1 239 579
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	933 713	1 042 630	1 161 104	1 575 964	1 383 328	1 383 328	1 973 773	1 988 196	2 292 888
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Community Safety (Vote 4)	132 440	138 763	166 418	181 496	193 592	193 592	222 566	231 690	247 958
<b>Total for Category - Police services</b>	132 440	138 763	166 418	181 496	193 592	193 592	222 566	231 690	247 958
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	132 440	138 763	166 418	181 496	193 592	193 592	222 566	231 690	247 958
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	171 763	193 266	263 999	340 270	325 413	325 413	453 045	464 242	398 213
Department of Transport and Public Works (Programme 10.2)	884 096	1 058 213	1 257 497	1 282 193	1 459 704	1 459 704	1 499 931	2 028 187	1 831 279
<b>TOTAL FOR FUNCTION - General economic affairs</b>	1 055 859	1 251 479	1 521 496	1 622 463	1 785 117	1 785 117	1 952 976	2 492 429	2 229 492

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

GFS function R'000	Outcome			Main appro- piation 2013/14	Adjusted appro- piation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	483 485	514 559	555 633	610 149	615 318	615 318	859 870	711 615	705 955
<b>Total for Category - Agriculture</b>	483 485	514 559	555 633	610 149	615 318	615 318	859 870	711 615	705 955
<b>Category - Transport</b>									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	3 079 892	3 308 198	3 447 161	3 564 126	3 643 726	3 632 208	4 130 548	4 759 424	5 102 396
<b>Total for Category - Transport</b>	3 079 892	3 308 198	3 447 161	3 564 126	3 643 726	3 632 208	4 130 548	4 759 424	5 102 396
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programme 12.6)	63 988	62 823	50 345	49 181	47 560	47 560	45 002	45 342	53 925
<b>Total for Category - Communication</b>	63 988	62 823	50 345	49 181	47 560	47 560	45 002	45 342	53 925
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	4 683 224	5 137 059	5 574 635	5 845 919	6 091 721	6 080 203	6 988 396	8 008 810	8 091 768
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	299 970	348 467	376 880	421 648	420 392	420 392	454 348	475 169	500 361
<b>Total for Category - Environmental protection</b>	299 970	348 467	376 880	421 648	420 392	420 392	454 348	475 169	500 361
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	299 970	348 467	376 880	421 648	420 392	420 392	454 348	475 169	500 361
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Human Settlements (Vote 8)	2 165 120	1 834 400	1 987 458	2 148 631	2 215 997	2 215 997	2 115 245	2 252 722	2 491 010
<b>Total for Category - Housing Development</b>	2 165 120	1 834 400	1 987 458	2 148 631	2 215 997	2 215 997	2 115 245	2 252 722	2 491 010
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	2 165 120	1 834 400	1 987 458	2 148 631	2 215 997	2 215 997	2 115 245	2 252 722	2 491 010



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

GFS function R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	321 481	410 028	445 048	523 105	527 865	527 865	631 388	663 787	702 859
<b>Total for Category - Health n.e.c.</b>	321 481	410 028	445 048	523 105	527 865	527 865	631 388	663 787	702 859
<b>Category - Outpatient service</b>									
Department of Health Services (Programme 6.2)	4 367 380	4 875 956	5 509 868	6 036 795	6 042 074	6 051 708	6 757 798	7 250 102	7 697 126
<b>Total for Category - Outpatient service</b>	4 367 380	4 875 956	5 509 868	6 036 795	6 042 074	6 051 708	6 757 798	7 250 102	7 697 126
<b>Category - R &amp; D Health (CS)</b>									
Department of Health Services (Programme 6.6)	241 374	231 451	276 551	263 184	266 184	268 376	314 296	327 459	345 635
<b>Total for Category - R &amp; D Health (CS)</b>	241 374	231 451	276 551	263 184	266 184	268 376	314 296	327 459	345 635
<b>Category - Hospital services</b>									
Department of Health Services (Programmes 6.3 to 6.8, excluding 6.6)	7 414 393	7 870 328	8 369 390	9 048 592	9 193 858	9 129 875	9 634 629	10 225 864	10 179 548
<b>Total for Category - Hospital services</b>	7 414 393	7 870 328	8 369 390	9 048 592	9 193 858	9 129 875	9 634 629	10 225 864	10 179 548
<b>TOTAL FOR FUNCTION - HEALTH</b>	12 344 628	13 387 763	14 600 857	15 871 676	16 029 981	15 977 824	17 338 111	18 467 212	18 925 168
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	78 522	83 158	89 356	104 916	107 681	107 681	159 389	180 715	195 962
<b>Total for Category - Recreation and sporting services</b>	78 522	83 158	89 356	104 916	107 681	107 681	159 389	180 715	195 962
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	215 501	268 730	301 194	340 393	348 450	348 450	466 621	527 155	546 721
<b>Total for Category - Cultural services</b>	215 501	268 730	301 194	340 393	348 450	348 450	466 621	527 155	546 721
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	294 023	351 888	390 550	445 309	456 131	456 131	626 010	707 870	742 683

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

GFS function R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.2.1 and 5.7)	5 536 469	6 086 523	6 572 208	6 954 293	7 008 670	7 008 670	7 477 159	8 202 931	8 624 189
<b>Total for Category - Pre-primary and primary education</b>	5 536 469	6 086 523	6 572 208	6 954 293	7 008 670	7 008 670	7 477 159	8 202 931	8 624 189
<b>Category - Secondary education</b>									
Department of Education (Programme 5.2.2)	3 311 542	3 693 241	3 914 964	4 325 526	4 467 098	4 467 098	4 723 434	4 910 913	5 300 331
<b>Total for Category - Secondary education</b>	3 311 542	3 693 241	3 914 964	4 325 526	4 467 098	4 467 098	4 723 434	4 910 913	5 300 331
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	59 696	63 554	72 697	81 078	84 932	84 932	90 326	95 204	99 355
<b>Total for Category - Subsidiary service to education</b>	59 696	63 554	72 697	81 078	84 932	84 932	90 326	95 204	99 355
<b>Category - Education not definable by level</b>									
Department of Education (Programmes 5.1, 5.2.3, 5.2.4, 5.4, 5.5, 5.6, 5.8 and 5.9)	3 048 036	3 517 835	3 728 241	4 241 021	4 108 085	4 108 085	4 134 025	4 468 121	3 994 842
<b>Total for Category - Education not definable by level</b>	3 048 036	3 517 835	3 728 241	4 241 021	4 108 085	4 108 085	4 134 025	4 468 121	3 994 842
<b>TOTAL FOR FUNCTION - EDUCATION</b>	11 955 743	13 361 153	14 288 110	15 601 918	15 668 785	15 668 785	16 424 944	17 677 169	18 018 717
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	1 222 183	1 317 002	1 402 227	1 577 602	1 587 244	1 587 244	1 755 933	1 861 296	1 963 825
<b>Total for Category - Social security services</b>	1 222 183	1 317 002	1 402 227	1 577 602	1 587 244	1 587 244	1 755 933	1 861 296	1 963 825
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	1 222 183	1 317 002	1 402 227	1 577 602	1 587 244	1 587 244	1 755 933	1 861 296	1 963 825
<b>TOTAL: BY FUNCTION</b>	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	51 670 134	53 274 378

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

Provincial department R'000		Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
		Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
								2014/15	2013/14	2015/16	2016/17
1.	Department of the Premier										
2.	Provincial Parliament										
3.	Provincial Treasury										
4.	Community Safety	10 458	9 625	8 367	21 307	21 307	18 398	20 377	10.76	16 804	18 071
5.	Education	80 028	94 097	125 153	110 230	110 230	110 230	100 153	( 9.14)	104 163	111 262
6.	Health	79 768	84 646	108 861	108 601	108 601	108 601	116 300	7.09	116 424	122 594
7.	Social Development		4 704		4 967	4 967	4 967	7 815	57.34	5 476	5 766
8.	Human Settlements				3 000	3 000	3 000	3 842	28.07		
9.	Environmental Affairs and Development Planning		6 000	1 000	17 658	17 658	17 658	22 260	26.06	20 452	21 536
10.	Transport and Public Works	650 142	774 728	1 112 675	1 013 685	1 032 611	1 032 611	1 438 679	39.32	1 753 320	1 862 463
11.	Agriculture			4 000	550	550	550	2 248	308.73		
12.	Economic Development and Tourism										
13.	Cultural Affairs and Sport		4 000	4 000	8 252	8 252	8 252	13 955	69.11	8 738	9 201
14.	Local Government										
Total EPWP		820 396	977 800	1 364 056	1 288 250	1 307 176	1 304 267	1 725 629	32.31	2 025 377	2 150 893
Financed from:											
	Equitable share	819 345	941 253	1 324 289	678 163	749 529	746 620	1 005 302	34.65	1 275 523	1 418 560
	Conditional Grants	1 051	36 547	39 767	600 793	548 353	548 353	720 327	31.36	749 854	732 333
	Other				9 294	9 294	9 294	( 100.00 )			
Total EPWP		820 396	977 800	1 364 056	1 288 250	1 307 176	1 304 267	1 725 629	32.31	2 025 377	2 150 893



# Glossary

<b>Asset Financing Reserve</b>	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.
<b>Baseline</b>	The initial allocations used during the budget process, derived from the previous year's forward estimates.
<b>Basic prices</b>	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.
<b>Broad unemployment</b>	Includes discouraged employment seekers in the labour force.
<b>Budget policy</b>	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.
<b>Burden of disease</b>	Refers to the nature and drivers of the causes of mortality and morbidity.
<b>Conditional Grants</b>	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
<b>Consumer price inflation (CPI)</b>	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
<b>Countercyclical fiscal policy</b>	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.
<b>Current account (of the balance of payments)</b>	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> .

<b>Discouraged work seekers</b>	Individuals who want to work and are available to work, but who are not actively looking for work.
<b>Division of revenue</b>	The allocation of funds between the spheres of government as required by the Constitution. See <i>also equitable share</i> .
<b>Equitable share</b>	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> .
<b>Financial year</b>	The 12 months according to which companies and organisations budget and account.
<b>Fiscal framework</b>	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.
<b>Fiscal policy</b>	Policy on taxation, spending and borrowing by government.
<b>Fiscal space</b>	The ability of a government's budget to provide additional programme resources without jeopardising fiscal sustainability.
<b>Gross domestic product (GDP)</b>	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.
<b>Headline CPI</b>	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
<b>Industrial development zone</b>	Designated sites linked to an international air or sea port, supported by incentives to encourage investment in export-oriented manufacturing and job creation.
<b>Inflation</b>	An increase in the general level of prices.
<b>Labour absorptive capacity</b>	Quantifies the difference between target employment growth rate and actual employment growth rate.
<b>Labour force</b>	Number of employed and unemployed individuals of working age.

<b>Medium-term expenditure framework (MTEF)</b>	The three-year spending plans of national and provincial governments published at the time of the Budget.
<b>Narrow unemployment rate</b>	Rate of unemployment that does not take into account the discouraged employment seekers from the labour force.
<b>National budget</b>	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.
<b>Provincial own receipts</b>	Refers to taxes/fees and/or user charges, which a provincial department receives.
<b>Public entities</b>	Companies, agencies, funds and accounts that are fully or partly owned by government or public authorities and are regulated by law.
<b>Real consumer spending</b>	Expenditure on goods and services, including salaries, which are used up within a short period of time – usually a year.
<b>Real interest rate</b>	The level of interest after taking account of inflation.
<b>Recession</b>	Decline of Gross Domestic Product for two or more consecutive quarters.
<b>Seasonally adjusted and annualised</b>	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.
<b>Working age population</b>	Individuals aged between 15 and 65.