

***"IT'S YOUR BUDGET THROUGH BELT TIGHTENING, REPRIORITISATION FOR BETTER SERVICE DELIVERY"***

***"IT'S YOUR BUDGET THROUGH BELT TIGHTENING, REPRIORITISATION FOR BETTER SERVICE DELIVERY"***



Province of the  
**EASTERN CAPE**  
PROVINCIAL TREASURY

HOME OF  
**LEGENDS**



## MEC for Finance

Hon. Sakhumzi Somyo

The budget process is a consultative process between National Treasury, the Ministers' Committee on the Budget and Cabinet, the Budget Council, sector departments, Provincial Treasuries, and the respective Provincial Executives Councils which culminates in the allocation of resources to departments that in turn compile the budget to be tabled and passed by Legislature before expenditure can take place in departments.

The budget is also the financial expression of national, provincial and local government policy priorities.

It is a spending plan used to allocate resources to accomplish the strategic priorities and objectives of the provincial government.

The strategic focus of the 2015 Medium Term Expenditure Framework (MTEF) will be on education, health, rural development and land reform, the fight against crime and corruption, and creation of jobs.

In addition, government has started with the implementation of the National Development Plan (NDP) which is aimed at eliminating poverty and reducing inequality, with a focus on lowering the costs of living and doing business, creating more jobs and making economic growth more inclusive.

The plan ensures a firm focus on investing in strategic economic infrastructure that unlocks economic opportunities and creates jobs whilst also attending to the much needed social infrastructure that ensures our communities are able to access the necessary amenities with ease.

The Eastern Cape Provincial Government continues to improve social cohesion; growing the economy; accelerating the provision of water, sanitation, alternative sources of energy and providing local government that is responsive, efficient and effective to our communities.

The Eastern Cape Provincial Government finances its budget through National Transfers (Provincial Equitable Share and Conditional Grants) and Provincial Own Receipts.

The projected receipts for the 2015/16 financial year are **R65.462 billion**. This amount is projected to grow to **R72.201 billion** in 2017/18. The 2015/16 provincial receipts consist of:

- Equitable Share of **R54.311 billion** which accounts for **83 per cent** of provincial receipts,
- Conditional Grants of **R10.060 billion** which accounts for **15.4 per cent**, and
- The Provincial Own Receipts of **R1.090 billion** which accounts for **1.7 per cent**.

The equitable share shows a growth of 4.9 per cent, moving from an adjusted budget of **R51.760 billion** in 2014/15 to **R54.311 billion** in 2015/16. The conditional grants increase by 5.6 per cent, moving from an adjusted budget of **R9.523 billion** in 2014/15 to **R10.060 billion** in 2015/16.

Provincial Own Receipts augment national transfers to the province. This type of revenue constitutes the smallest portion of the total receipts, but remains significant.

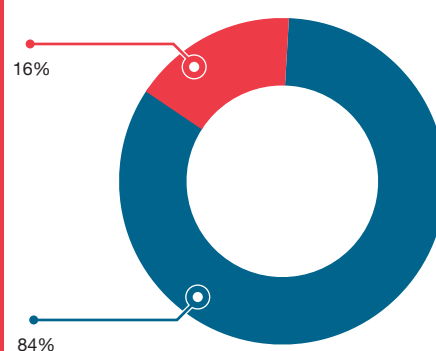
To this extent, over the 2015 MTEF, Provincial Treasury will work tirelessly with all departments to optimise own revenue generation and collection.

In the 2013 MTEF, the Eastern Cape provincial equitable share budget was reduced by **R5.144 billion** due to the impact of Census 2011 and **R727.139 million** due to national cuts 1 %, 2 % and 3%. In the 2014 MTEF the province lost **R819.597 million** due to the phasing in of the Equitable share formula. Equitable

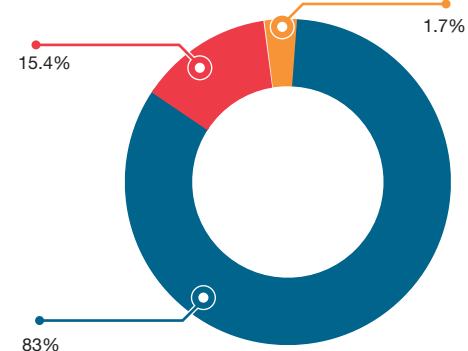
share further decreases over the 2015 MTEF by **R65.432 million** due to data updates and the phase-in of the equitable share formula while **R930.168 million** was cut from the provincial baseline of the 2015 MTEF to mitigate the risk of fiscal instability.

The Equitable share formula is informed by principles that support predictability and stability, responsiveness to changing needs, fairness to provinces, robustness and sustainability, as well as transparency.

● Equitable Share    ● Conditional Grants



● Own Revenue Receipts    ● Equitable Share    ● Conditional Grants



This guide to the 2015/16 Eastern Cape Provincial Budget is published by the Eastern Cape Provincial Treasury to keep people of the Eastern Cape Province informed of how the Provincial Government is responding to the needs of the people. Any suggestions to improve this publication or comments are welcome and should be addressed to The Accounting Officer and Head of Department: Eastern Cape Provincial Treasury, Private Bag X0029, BHISHO, 5605. Email: [budgetoffice@ectreasury.gov.za](mailto:budgetoffice@ectreasury.gov.za)



The 2015 MTEF is guided by the following key principles:

- Allocating resources in line with national and provincial priorities with a particular emphasis on education, health, fight against crime and corruption, rural development and land reform and creation of decent jobs;
- Specific funding for key social and economic infrastructure, sanitation, water and programmes aligned to the priorities; and
- Reprioritisation, shifting expenditure away from consumption to capital creation, improvement of efficiency and effectiveness of public spending to improve service delivery.

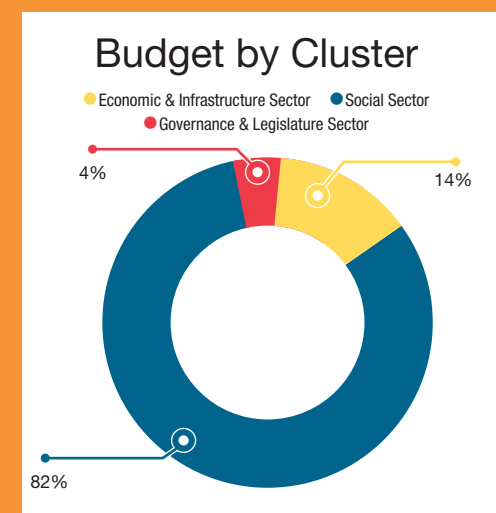
Funding to sustain and maintain Poverty alleviation programmes of the Provincial Government will be implemented through the 3 clusters (Economic Cluster, Social Cluster and Governance Cluster), with Provincial Legislature providing overall oversight.

The total projected expenditure for the Province in 2015/16 is **R64.994 billion** representing an increase of **R3.097 billion** or **5.1 per cent** compared with the adjusted budget of **R61.897 billion** in 2014/15.

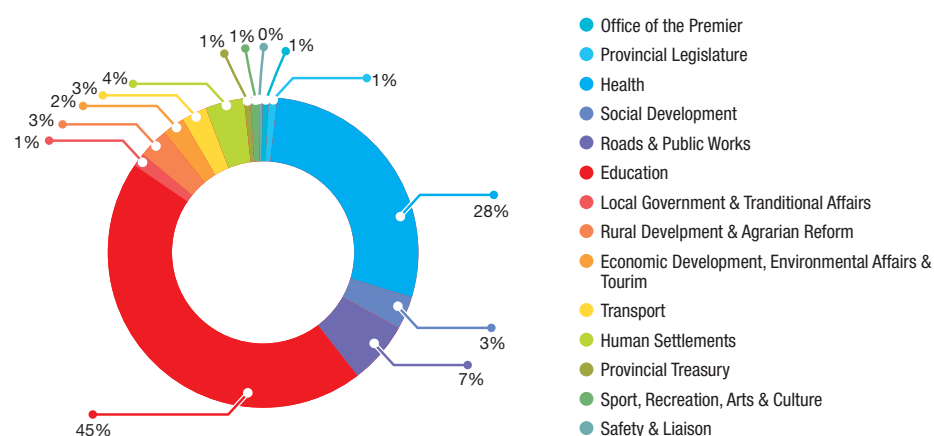
The budget is expected to increase to **R71.207 billion** by 2017/18. Over the 2015 MTEF, there is an annual average growth rate of **4.8 per cent** from the 2014/15 adjusted budget to **R71.207 billion** in 2017/18.

R' thousand	MTEF estimates			Percentage share of 2015/16 total budget
	2015/16	2016/17	2017/18	
<b>Economic &amp; Infrastructure Sector</b>	<b>9 059 053</b>	<b>9 349 770</b>	<b>9 933 923</b>	<b>13,9%</b>
Economic Development, Environmental Affairs & Tourism	1 181 858	1 150 787	1 319 410	1,8%
Roads & Public Works	4 251 304	4 421 226	4 709 018	6,5%
Transport	1 650 285	1 739 373	1 835 471	2,5%
Rural Development & Agrarian Reform	1 975 606	2 038 384	2 070 024	3,0%
<b>Social Sector</b>	<b>53 343 886</b>	<b>55 690 327</b>	<b>58 376 601</b>	<b>82,1%</b>
Education	29 438 370	30 462 022	31 677 062	45,3%
Health	18 495 913	19 440 889	20 562 952	28,5%
Sports, Recreation, Arts & Culture	796 917	834 909	879 532	1,2%
Social Development	2 230 784	2 347 283	2 464 472	3,4%
Human Settlements	2 297 933	2 518 101	2 701 354	3,5%
Safety & Liaison	83 969	87 123	91 229	0,1%
<b>Governance Sector</b>	<b>2 591 838</b>	<b>2 648 701</b>	<b>2 897 220</b>	<b>4,0%</b>
Provincial Treasury	738 492	759 172	918 773	1,1%
Cooperative Governance & Traditional Affairs	957 661	941 606	987 793	1,5%
Office of the Premier	458 919	485 734	505 356	0,7%
Provincial Legislature	436 766	462 189	485 298	0,7%
<b>Total</b>	<b>64 994 776</b>	<b>67 688 799</b>	<b>71 207 745</b>	<b>100%</b>

**These priorities, which have been integrated into the 14 National Outcomes, are translated into programmes.**



## Provincial Budget 2014/15



A 3D bar chart titled 'Economic classification' showing the distribution of the budget across four categories. The vertical axis is labeled 'Budget percentage' and the horizontal axis is labeled 'Economic classification'. The categories and their percentages are: Compensation of employees (65%), Goods and services (16%), Transfers and subsidies (12%), and Payments for capital assets (7%).

Economic classification	Budget percentage
Compensation of employees	65%
Goods and services	16%
Transfers and subsidies	12%
Payments for capital assets	7%

	2015/16	2016/17	2017/18
<b>R' thousand</b>	<b>Medium-term estimates</b>		
<b>Current payments</b>	<b>52 941 835</b>	<b>55 283 716</b>	<b>58 160 902</b>
Compensation of employees	42 478 336	44 589 569	46 765 552
Goods and services	10 463 499	10 694 147	11 395 350
<b>Transfers and subsidies</b>	<b>7 662 539</b>	<b>7 860 780</b>	<b>8 504 764</b>
<b>Payments for capital assets</b>	<b>4 370 402</b>	<b>4 524 303</b>	<b>4 542 079</b>
<b>Payments for financial assets</b>	<b>20 000</b>	<b>20 000</b>	<b>-</b>
<b>Total economic classification: Eastern Cape Province</b>	<b>64 994 776</b>	<b>67 688 799</b>	<b>71 207 745</b>

Infrastructure Allocations 2015 MTEF	2015/2016	2016/2017	2017/2018
Office of the Premier	2 000	4 378	4 597
Health	1 210 308	1 376 935	1 445 781
Social Development	53 786	56 836	59 678
Roads & Public Works	2 078 948	2 137 104	2 306 038
Education	1 823 877	1 562 003	1 400 000
Cooperative Governance & Traditional Affairs	11 700	11 892	12 544
Provincial Treasury	160 000	70 000	-
Rural Development & Agrarian Reform	137 934	92 339	96 956
Transport	27 500	-	-
Human Settlements	1 962 372	2 167 156	2 332 862
Sports, Recreation, Arts & Culture	64 500	77 416	81 287
Plus: Other Social Infrastructure			
ECDC (Social Infrastructure)	82 394	-	-
COEGA (Social Infrastructure)	185 000	185 000	299 250
<b>Total Infrastructure Budget</b>	<b>7 800 319</b>	<b>7 741 059</b>	<b>8 038 993</b>

Sector	Percentage
Roads & Public Works	26.5%
Education	23.8%
Human Settlements	25%
Health	15.4%
Social Development	7%
COEGA	2.4%
ECDC	1.1%
Sport, Recreation, Arts & Culture	0.8%
Transport	0.4%
Provincial Treasury	2%
Rural Development & Agrarian Reform	1.8%
Cooperative Governance & Traditional Affairs	0.1%

The department aims at resourcing and delivering quality education to Grades R to 12, provision of learner and teacher support material to schools, reducing school infrastructure backlog and implementing Early Childhood Development strategy.

Education is the largest beneficiary of the 2015 MTEF budget (45% of the total budget). An amount of **R29.438 billion** is allocated to Education in 2015/16 and a total amount of **R91.577 billion** is allocated over the 2015 MTEF.

The allocation for 2015/16 is to fund amongst others:

- **Maths, Science and Technology Grant:** an amount of **R45.059 million** is set aside, this grant is the merging of Technical Secondary Schools Recapitalisation and Dinaledi Schools Grant;
- **Education Infrastructure:** an amount of **R1.823 billion** is set aside for Educational Infrastructure within the province;

- **Occupational Specific Dispensation (OSD) for Therapist:** has been allocated **R2.067 million**;
- **National School Nutrition Programme:** an amount of **R1.020 billion** is allocated to the programme to ensure that the School Nutrition Programme is running successfully for learners in Quintile 1 to Quintile 3 from Primary and Secondary Schools;
- **HIV and Aids (Life Skills Education) Grant:** has been allocated an amount of **R37.086 million**;
- **Inclusive Education in Public Special Schools:** an amount of **R582.813 million** is allocated for this function (inclusive of OSD for Therapist); and
- **Universalisation of Grade-R/Early Childhood Development:** this function has been allocated **R598.206 million**.

An amount of **R3 million** is set aside for the Social Sector EPWP Incentive Grant to create 227 job opportunities and an amount of **R2.736 million** is set aside for EPWP Integrated Grant to create 102 job opportunities within the sector.

The department renders accessible, equitable and integrated quality health care services. Health is the second largest beneficiary of the 2015 MTEF budget and receives a total allocation of **R18.496 billion** (28.5% of total budget) in 2015/16 and a total allocation of **R58.499 billion** over the 2015 MTEF. Government remains committed to the provision of quality basic health care services to all. Government's medium term priorities include increasing life expectancy, decreasing maternal and child mortality and combating HIV and AIDS through strengthening the effectiveness of the health system. Funds will be directed to fund the following in 2015/16:

- **Health Infrastructure** – an amount of **R1.210 billion** is allocated for Health infrastructure within the province in 2015/16;
- **Health Facilities Revitalization Grant:** an amount of **R592.073 million** is allocated for the revitalization of health facilities;
- **Comprehensive HIV and AIDS:** R1.577

**billion** is allocated for comprehensive HIV and AIDS programmes;

- **Health Professions and Training Development:** the department is further allocated **R204.430 million** for training and development of health professionals (nurses, doctors etc.);
- **National Health Insurance (NHI):** **R7.204 million** is allocated to upgrade hospitals in preparation for the NHI project;
- **National Tertiary Services:** **R803.770 million** is allocated to fund tertiary hospitals;
- **National Health Laboratory Services:** an amount of **R430.571 million** is allocated for this function; and
- **Medicine:** an amount of **R1.221 billion** is allocated for medicine.

An amount of **R5 million** is set aside for the Social Sector EPWP Incentive Grant to create job opportunities and an amount of **R2.644 million** is set aside for EPWP Integrated Grant to create 70 job opportunities within the sector.

The purpose of the department is to drive economic growth and development, promote provincial tourism, provide consumer protection services and protect natural resources.

An amount of **R1.181 billion** is allocated in 2015/16 and a total amount of **R3.652 billion** is allocated over the 2015 MTEF. The allocation will be addressing the following:

- **Support and strengthening of the environment and conservation function:** a total transfer of **R193.080 million** is availed to Eastern Cape Parks and Tourism Board in 2015/16, and a total amount of **R581.399 million** is allocated over the 2015 MTEF ;
- **Social Infrastructure:** an allocation of **R82.394 million** is availed to ECDC to complete existing projects in 2015/16 and **R185 million** is availed to COEGA in 2015/16 and **R669.250 million** over the 2015 MTEF for the implementation

of the identified social infrastructure projects within the province:

- **Effective business regulations:** an amount of **R43.843 million** is allocated to the Eastern Cape Gambling and Betting Board in 2015/16 with a total of **R136.511 million** allocated over the 2015 MTEF to regulate gambling within the province. An amount of **R41.942 million** has been allocated to Eastern Cape Liquor Board for 2015/16 with a total allocation of **R131.511 million** allocated over the 2015 MTEF to regulate liquor industry within the province; and
- **LRED Fund:** an amount of **R35.264 million** is allocated to support co-operatives within the province in 2015/16

An amount of **R2 million** is allocated for EPWP in the 2015/16 to create 200 job opportunities within the sector.

The aim of this department is to provide, develop, regulate and facilitate the provision of affordable public transport services in the province and to regulate registration and licensing of all privately and government owned vehicles and to regulate and enforce traffic laws. The department has been allocated an amount of **R1.650 billion** in 2015/16 and a total allocation of **R5.225 billion** over the 2015 MTEF. Funds will be directed to fund the following amongst others in 2015/16:

- **Subsidised Bus Services – R437.805 million** has been set aside in 2015/16 for the provision of affordable bus passenger services through the services of AB350, Algoa Bus Company and Mayibuye Transport Corporation. These services will be extended in 2015/16 through the ongoing roll-out of the 3rd phase of AB350. Over the 2015 MTEF an amount of **R1.377 billion** has been set aside;
- **Scholar Transport Project – R432.818 million** has been set aside to transport 60 000 qualifying learners to the nearest

public schools and an amount of **R1.388 billion** has been set aside over the 2015 MTEF. Priority will continue to be given to those qualifying learners that come from deep rural communities;

- **Community Development/Job creation** – In respect of job creation an amount **R31.576 million** is allocated in 2015/16 for training of emerging contractors and road rangers. This allocation amounts to R90.852 million over the 2015 MTEF; and
- **Mthatha Airport:** an amount of **R25 million** is allocated for the finalisation of the Mthatha Airport during 2015/16.



The primary function of the department is to facilitate housing delivery and infrastructure in an integrated manner. This department receives a total allocation of **R2.297 billion** in 2015/16 and a total allocation of **R7.516 billion** is availed over the 2015 MTEF.

By and large, the major function in the department is driven by a conditional grant and the department receives **R1.962 billion** in conditional grant funding in 2015/16, this allocation increases to **R2.167 billion** in 2016/17 and increases to **R2.332 billion** in the outer year of the 2015 MTEF. With the allocated budget, the department is planning to build 13 100 housing units and rectify 2 311 housing units in 2015/16.

The department has set aside **R500.875 million** in 2015/16 for Rural Interventions for facilitating access to housing opportunities

in rural areas, **R873.076 million** for the Incremental Intervention for facilitating housing opportunities in 2015/16 and **R122.490 million** has been allocated in 2015/16 for provision of social and affordable rental housing

An amount of **R2.607 million** is set aside for EPWP in the 2015/16 to create estimated 200 job opportunities within the sector.



The department is aiming to provide community development and services to individuals, families, groups and communities.

Social welfare services cater for the provision of care and support services to the poor and vulnerable, including measures and projects to help people deal with the effects of poverty and HIV/AIDS.

The department receives a total budget allocation of **R2.230 billion** in 2015/16 and **R7.042 billion** over the 2015 MTEF.

Funds will be directed to fund amongst others the following in 2015/16:

- **Services to Older Persons:** An amount of **R134.491 million** has been allocated to fund 6 603 persons with disabilities accessing Community Based Rehabilitation Services;
- **Services to Persons with Disabilities:** An amount of **R63.970 million** has been allocated to fund 13 665 older persons accessing community based care and support services;
- **Early Childhood Development (ECD):** An amount of **R228.357 million** has been allocated for ECD; to fund 63 100 children accessing funded ECD programmes and 3 240 work opportunities created through ECD programmes in line with EPWP;

- **Child and Youth Care Centres:** An amount of **R95.215 million** has been allocated for Child and Youth Care Centre to fund 1 802 children in need of care and protection placed in funded Child and Youth Care Centres;
- **Victim Empowerment Programme (VEP):** an amount of **R84.669 million** is allocated to fund 12 424 victims of crime and violence in funded VEP service sites;
- **Crime Prevention and Support:** an amount of **R201.723 million** is allocated to fund to fund 30 846 people who must be reached through crime prevention programmes to be implemented in line with Integrated Social Crime Prevention Strategy and assessment of 4 838 children in conflict with the law; and
- **Institutional Capacity Building and Support for NPOs:** an allocation of **R49.199 million** will fund 650 NPOs to benefit from legislative framework compliance sessions and support to Non-Governmental Organization (NGO's).

An amount of **R1 million** is set aside for the Social Sector EPWP Incentive Grant to create 39 job opportunities and an amount of **R2 million** is set aside for EPWP Integrated Grant to create 88 job opportunities.



