





Province of the
EASTERN CAPE
PROVINCIAL TREASURY

Estimates of Provincial Revenue and Expenditure

2016/17

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FOREWORD

The 2015 economic outlook reflects low growth, a weak exchange rate, increased inflation and higher interest rates. This reality is due to a confluence of factors such as low demand for commodities, increased utility prices such as electricity costs and higher food prices, particularly maize, as a result of the severe drought. While some of the difficulties are as a result of weak global economic growth and demand, others have to do with structural weaknesses in the domestic economy. The net result is that economic growth is likely to remain subdued over the medium term.

While the province may have minimal influence over the macro-economic conditions as a result of global economic realities, it is at the micro level, through the activities and projects undertaken on a daily basis, that the growth potential of the province can be unlocked.

As the province's 2016 budget continues to be compiled within the constraints of minimal fiscal space, in which cost containment measures will be vociferously implemented with increased management and monitoring thereof. As a key driver of provincial expenditure, measures to contain the wage bill will be undertaken and the rationalisation of public entities that no longer add value to the growth agenda will be undertaken in earnest.

On the revenue side, continued focus will be paid to increasing own revenue generation through the implementation of systems and processes instituted in key revenue generating departments and entities such as Health, Transport and DEDEAT.

The province has bold plans and will undertake steps to unlock the economic potential of the economy thereby increasing the employment opportunities. This will be achieved by unblocking the binding constraints that hold our province back from realising its full potential. Such plans are to resuscitate Industrialisation through upgrading of industrial parks in province, revitalisation of townships, leveraging government procurement to benefit local enterprises, the implementation of the Integrated Wild Coast Development strategy, positioning the Industrial Development Zones for increased investment, support to the Automotive Sector and implementation of the provincial youth development strategy after proper assessment.

Furthermore, the province will deliver on its agricultural development strategy as a critical economic game changer at the backdrop of the current drought challenge. This will see greater support provided to smallholder farmers that have the necessary capacity and will commercialise through the production of high value, labour intensive agricultural commodities linked to available markets, with potential to stimulate agro-industry development.

As part of Operation Phakisa, with the natural endowment of our coastline, the implementation of the ocean economy will be accelerated to further increase the economic output of the province.

Our socio-economic infrastructure programme will continue through, amongst others, the delivery of water and sanitation infrastructure, the electrification of households, improving the provincial road network, particularly rural access roads that link our people to key points of service delivery, as well as increased support to district municipalities.

All these initiatives, in particular infrastructure delivery will ensure that the vision of a prosperous province is not derailed in any way. The administration remains steadfast in its promise to create a better life for all.

A handwritten signature in black ink, appearing to be 'S. Somyo', with a long horizontal stroke extending to the left.

Honourable Sakhumzi Somyo

MEC FOR FINANCE

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ABBREVIATIONS AND ACRONYMS

ANA	Annual National Assessment	IMF	International Monetary Fund
CAPEX	Capital Expenditure	LED	Local Economic Development
CASP	Comprehensive Agricultural Support Programme	LTSM	Learner Teacher Support Material
CDC	Coega Development Corporation	MDG	Millennium Development Goal
CoE	Compensation of Employees	MEC	Member of Executive Council
COGTA	Cooperative Governance and Traditional Affairs	MTBPS	Medium Term Budget Policy Statement
DFI	Development Finance Institute	MTEC	Medium-Term Expenditure Committee
DoE	Department of Education	MTEF	Medium-Term Expenditure Framework
DoH	Department of Health	MTSF	Medium-Term Strategic Framework
DoT	Department of Transport	MVLF	Motor Vehicle Licence Fees
DEDEAT	Department of Economic Development, Environment Affairs and Tourism	NDP	National Development Plan
DPSA	Department of Public Service Administration	NHI	National Health Insurance
DRDAR	Department of Rural Development and Agrarian Reform	NHLS	National Health Laboratory Services
DRDLR	Department of Rural Development and Land Reform	NSNP	National School Nutrition Programme
DRPW	Department of Roads and Public Works	NT	National Treasury
DSD	Department of Social Development	OPRE	Overview of Provincial Revenue and Expenditure
DSRAC	Department of Sport, Recreation, Arts and Culture	OTP	Office of the Premier
Dti	Department of Trade and Industry	PCMT	Provincial Coordinating and Monitoring Team
DWA	Department of Water Affairs	PDP	Provincial Development Plan
EC	Eastern Cape	PES	Provincial Equitable Share
ECD	Early Childhood Development	PHC	Primary Health Care
ECDC	Eastern Cape Development Corporation	PICC	Presidential Infrastructure Coordinating Committee
ECRDA	Eastern Cape Rural Development Agency	PIDS	Provincial Industrial Development Strategy
ECSECC	Eastern Cape Socio-Economic Consultative Council	P-MTSF	Provincial Medium Term Strategic Framework
ELIDZ	East London Industrial Development Zone	PT	Provincial Treasury
EPRE	Estimates of Provincial Revenue and Expenditure	RED	Rural Enterprise Development
EPWP	Expanded Public Works Programme	SANRAL	South African National Roads Agency Ltd
ES	Equitable Share	SCM	Supply Chain Management
FET	Further Education and Training	SEZ	Special Economic Zone
FY	Financial Year	SIP	Strategic Integrated Project
GDP	Gross Domestic Product	SOE	State Owned Enterprise
GHS	General Household Survey	Stats SA	Statistics South Africa
IDC	Industrial Development Corporation	SMME	Small Medium and Micro Enterprise
IDMS	Infrastructure Delivery Management System	TVET	Technical Vocational Education and Training
IDZ	Industrial Development Zones	WiL	Work Integrated Learning
		WHO	World Health Organisation

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EXECUTIVE SUMMARY

Given the constrained fiscal environment, the province will ensure that the limited available funds are directed towards core functions and services, while projects and programmes that have not delivered any significant socio-economic impact will be ceased. Key over the medium term is fiscal sustainability and job creation through economic growth.

The Overview on Provincial Revenue and Expenditure (OPRE) provides a summary review of the provincial 2016 budget. Chapter 1 provides details on the socio-economic context within which the budget is framed as well as providing policy proposals that informed allocations and expenditure over the medium term. Chapter 2 provides details of the budget strategy as well as the aggregate financial position of the provincial revenue fund. The chapter outlines key provincial projects and programmes towards which expenditure will be allocated, aligned to national and provincial priorities. It further provides information on provincial fiscal policy. Chapter 3, the Receipts chapter, provides information on the provincial Equitable Share and Conditional Grant allocations from national, as well as the projections for own revenue generation, as a key lever to increase provincial financial resources. Chapter 4 outlines the provincial performance with regard to Infrastructure delivery as well as strategies to be adopted and/or strengthened for improvement to be realised. Chapter 5 provides an overview of provincial payments within a historical context for the past financial year to date, as well as outlining the allocations for the 2016 financial year.

Fiscal sustainability and allocative efficacy will be ensured through finding efficiencies in departmental baselines and eliminating wasteful and consumption expenditure. For this reason, R2.093 million has been cut from the provincial Equitable Share allocation. Greater alignment in expenditure will be towards the priorities of both the National and Provincial Development plans. These include plans focusing on improved education and health outcomes, economic growth, job creation, rural development, poverty reduction, capital investment in both developmental and economic infrastructure as well as on improving municipal functioning.

In order to grow the economy and boost employment creation the province has prioritised improvements to the provincial road network, particularly rural access roads that link social facilities such as hospitals, clinics, schools and tourism facilities to communities, as well as linking farm and non-farm activities in strategic rural locations.

Increasing agricultural production on a commercial scale is a key priority over the medium term, as a stimulus for development of the agro-industry. The agricultural strategy is to target the production of high value, labour-intensive agricultural commodities, with increased support to smallholder farmers with the capacity and will to commercialise, particularly those beneficiaries of the land reform programme. Scaling up of the Rural Enterprise Development (RED) hubs feeds into the agro-processing strategy.

The province will seek to develop new enterprises that have the ability to contribute to growth and job creation, in new sectors such as the renewable energy and maritime sectors. Skills development in the maritime sector will be enhanced through the establishment of 2 provincial schools, namely, George Randall and Ngwenyathi High that will pilot subjects in Maritime Economics and Nautical Sciences.

The revitalisation of provincial industrial parks in Queenstown (Queensdustria) and Mthatha (Vulindlela) will provide impetus to the reindustrialisation strategy, as well as support to township entrepreneurs and enterprises. The transition of the Industrial Development Zones (IDZs) to Special Economic Zones will facilitate the development of regional economic nodes, with local clustered linkages (both supply and demand).

The 2016 provincial fiscal framework provides for a total fiscal envelope of R222.670 billion. This includes transfers from national government amounting to R218.840 billion and provincial own receipts amounting to R3.830 billion. The table below indicates provincial receipts of R69.485 billion, with Provincial Equitable Share (PES) and Conditional Grants increasing by 5.8 per cent and 9.1 per cent respectively in 2016/17 when compared to the 2015/16 revised estimate.

The 2016/17 budget increases by 5.6 per cent to R69.590 billion from the 2015/16 revised estimate of R65.874 billion. Over the 2016 medium term, the budget grows at an annual average rate of 5.6 per cent from the 2015/16 revised estimate to R77.376 billion in 2018/19.

SUMMARY OF ACTUAL AND BUDGETED PAYMENTS BY DEPARTMENT

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	Budget Growth rate		
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium Term Estimates			2015/16 - 2016/17	2016/17 - 2017/18	2017/18 - 2018/19
Education	25 185 436	26 779 366	26 957 826	29 438 370	29 691 506	29 259 707	31 002 644	32 957 740	34 829 837	6.0	6.3	5.7
Health	15 602 512	17 048 255	17 549 854	18 495 913	19 023 701	18 925 601	20 244 339	21 476 552	22 831 656	7.0	6.1	6.3
Social Development	1 739 533	1 928 811	2 134 236	2 230 784	2 261 694	2 246 295	2 383 626	2 607 528	2 806 811	6.1	9.4	7.6
Office Of The Premier	415 931	465 515	450 686	458 919	711 672	703 344	585 519	497 802	519 106	(16.8)	(15.0)	4.3
Provincial Legislature	407 040	443 009	442 663	436 766	474 229	486 983	481 930	496 619	526 012	(1.0)	3.0	5.9
Roads And Public Works	3 803 772	3 851 944	3 781 954	4 251 304	4 381 431	4 535 162	4 459 193	4 671 943	4 948 025	(1.7)	4.8	5.9
Cooperative Governance And Traditional Affairs	788 228	1 001 539	872 093	957 661	935 802	949 790	1 010 156	1 012 238	963 254	6.4	0.2	(4.8)
Rural Development And Agrarian Reform	1 617 094	1 731 203	1 852 768	1 975 606	1 982 682	1 971 217	2 209 319	2 157 378	2 266 652	12.1	(2.4)	5.1
Economic Development, Environmental Affairs And Tourism	807 407	1 353 816	1 134 358	1 181 858	1 241 920	1 204 076	1 147 490	1 310 328	1 386 856	(4.7)	14.2	5.8
Transport	1 452 471	1 517 152	1 689 901	1 650 285	1 713 937	1 712 926	1 750 698	1 847 452	1 961 776	2.2	5.5	6.2
Human Settlements	2 279 062	2 827 992	2 719 830	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)	20.7	1.4
Provincial Treasury	312 469	327 825	324 052	738 492	714 932	578 175	1 034 013	445 824	406 708	78.8	(56.9)	(8.8)
Sports, Recreation, Arts And Culture	647 479	727 359	755 781	796 918	816 291	811 804	843 698	893 825	953 444	3.9	5.9	6.7
Safety And Liaison	62 207	69 316	83 058	83 969	86 992	86 806	89 273	93 134	99 362	2.8	4.3	6.7
Total	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6	5.3	5.6
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected to s22(1) of the PFMA]												
	(1 583)	(696)	(1 156)	(367)	(367)	(379)	(386)	(405)	(428)	1.8	4.9	5.8
Total	55 119 058	60 072 406	60 747 903	64 994 412	66 440 705	65 874 281	69 590 547	73 304 174	77 376 037	5.6	5.3	5.6

Source: Provincial Treasury Database 2016/17

The social sector, which includes the departments of Health, Education and Social Development taking up the largest share of the budget in 2016/17 whereby Education is R31.002 billion, Health is R20.244 billion and Social Development is R2.383 billion. Priority will also be on Roads and Public Works, Human Settlements and Rural Development and Agrarian Reform with budgets of R4.459 billion, R2.349 billion and R2.209 billion, respectively to support infrastructure development, provision of human settlements and agriculture development and processing.

SUMMARY OF ACTUAL AND BUDGETED PAYMENTS BY ECONOMIC CLASSIFICATION

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	Budget Growth rate		
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium Term Estimates			2015/16 - 2016/17	2016/17 - 2017/18	2017/18 - 2018/19
Current payments	45 442 695	48 308 754	49 905 039	52 945 139	53 865 235	53 459 178	56 768 149	60 395 127	64 014 924	6.2	6.4	6.0
Compensation of employees	35 390 604	37 582 302	39 582 393	42 478 338	42 266 624	42 027 475	45 261 513	48 518 415	51 100 975	7.7	7.2	5.3
Goods and services	10 047 601	10 720 781	10 319 485	10 466 801	11 598 611	11 427 828	11 506 636	11 876 711	12 913 949	0.7	3.2	8.7
Interest and rent on land	4 489	5 671	3 161	-	-	3 874	-	-	-	(100.0)	-	-
Transfers and subsidies	6 501 618	8 172 334	7 603 242	7 662 539	8 128 573	8 382 851	8 170 164	8 232 330	8 563 035	(2.5)	0.8	4.0
Provinces and municipalities	262 050	455 350	330 123	588 659	657 480	603 029	587 307	411 381	382 315	(2.6)	(30.0)	(7.1)
Departmental agencies and accounts	727 635	1 306 597	995 470	1 241 686	1 187 443	1 132 260	1 455 208	965 623	1 022 013	28.5	(33.6)	5.8
Higher education institutions	103 465	96 299	30 791	44 632	37 962	37 962	23 320	27 148	28 723	(38.6)	16.4	5.8
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	368 569	432 895	493 339	474 869	685 219	669 759	595 402	525 730	553 615	(11.1)	(11.7)	5.3
Non-profit institutions	2 486 301	2 737 039	2 572 101	2 837 501	2 837 785	3 009 083	2 917 803	3 307 178	3 535 796	(3.0)	13.3	6.9
Households	2 553 599	3 142 154	3 181 418	2 475 192	2 722 684	2 930 758	2 591 125	2 995 270	3 040 573	(11.6)	15.6	1.5
Payments for capital assets	3 039 016	3 517 162	3 217 959	4 367 102	4 427 265	4 012 626	4 632 621	4 677 122	4 796 587	15.5	1.0	2.6
Buildings and other fixed structures	2 403 018	2 590 582	2 519 909	3 506 137	3 590 159	3 187 034	3 581 718	3 720 373	3 784 881	12.4	3.9	1.7
Machinery and equipment	617 799	908 665	681 378	834 555	804 143	793 909	1 002 473	920 333	963 097	26.3	(8.2)	4.6
Heritage assets	-	2 080	596	1 150	1 150	497	-	264	279	(100.0)	-	5.9
Specialised military assets	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	3 741	4 136	6 095	15 810	12 990	11 390	31 285	20 034	33 196	174.7	(36.0)	65.7
Land and sub-soil assets	4 517	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	9 940	11 699	9 981	9 449	18 822	19 796	17 144	16 119	17 054	(13.4)	(6.0)	5.8
Payments for financial assets	137 313	74 853	22 819	20 000	20 000	20 005	20 000	-	-	(0.0)	(100.0)	-
Total economic classification	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6	5.3	5.6
LESS:												
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected (to s22(1) of the PFMA)]	(1 583)	(696)	(1 156)	(367)	(367)	(379)	(386)	(405)	(428)	1.8	4.9	5.8
Total	55 119 058	60 072 406	60 747 903	64 994 412	66 440 705	65 874 281	69 590 547	73 304 174	77 376 037	5.6	5.3	5.6

Source: Provincial Treasury Database 2016/17

The table above shows the summary of provincial payments and estimates by economic classification from 2012/13 to 2018/19. In 2016/17, the bulk of the budget is allocated under current payments at R56.784 billion.

In 2016/17, the Compensation of Employees budget grows by 7.7 per cent to R45.261 billion which is mainly due to the Improvement of Condition of Services (ICS) provision and the employment of critical staff especially under the OSD category by departments.

Goods and Services increases by 0.7 per cent to R11.506 billion in 2016/17, which is mainly due to the provincial reprioritisation in departments. However, during this process the core items were protected.

In 2016/17, overall Transfers and Subsidies decline by 2.5 per cent to R8.170 billion. There is only an increase in Transfers to Departmental Agencies and Accounts by 28.5 per cent to R1.455 billion and is mainly under Provincial Treasury due to the rescheduling of municipal social infrastructure projects from 2017/18 to 2016/17.

Payments for Capital Assets budget grows by 15.5 per cent to R4.632 billion due to the provision made for infrastructure delivery of schools, hospitals, clinics and roads.

The provision for Payments for Financial Assets in 2016/17 is the last financial year for the repayment of the unauthorised expenditure of previous years by the Department of Rural Development and Agrarian Reform.

In the context of the prevailing tight fiscal framework, baseline reprioritisation of compensation of employees and non-core goods and services items was implemented in order to ensure the adequate funding of key service delivery programmes when the provincial budget was considered for the 2016 MTEF.

Going forward the centralisation of Persal in Provincial Treasury will be driven as well as actively participating in the Provincial Coordinating Monitoring Team (PCMT) when considering the filling of posts by departments.

Summary of Provincial Receipts

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change from 2015/16
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
R'000										
Provincial receipts										
Transfer receipts from national	55 924 690	59 216 919	61 497 997	64 372 141	64 829 626	64 257 192	68 303 751	73 030 257	77 612 066	6.3
Equitable share	47 213 291	49 878 387	51 738 115	54 311 819	54 866 979	54 866 979	58 060 456	61 969 363	65 844 586	5.8
Conditional grants	8 711 399	9 338 532	9 759 882	10 060 322	9 962 647	9 390 213	10 243 295	11 060 894	11 767 480	9.1
Provincial own source receipts	1 100 679	1 281 188	1 587 020	1 090 615	1 104 064	1 320 147	1 182 222	1 290 264	1 358 088	(10.4)
Total provincial receipts	57 025 369	60 498 107	63 085 017	65 462 756	65 933 690	65 577 339	69 485 973	74 320 521	78 970 154	6.0
Provincial payments										
Current payments	45 442 695	48 308 754	49 905 039	52 945 139	53 865 235	53 459 178	56 768 149	60 395 127	64 014 924	6.2
Transfers and subsidies	6 501 618	8 172 334	7 603 242	7 662 539	8 128 573	8 382 851	8 170 164	8 232 330	8 563 035	(2.5)
Payments for capital assets	3 039 016	3 517 162	3 217 959	4 367 102	4 427 265	4 012 626	4 632 621	4 677 122	4 798 508	15.5
Payments for financial assets	137 313	74 853	22 819	20 000	20 000	20 005	20 000	-	-	(0.0)
<i>Of which: Unallocated contingency reserve</i>										
Total provincial payments	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 466	5.6
Surplus/(deficit) before financing	1 904 728	425 005	2 335 957	467 977	(507 382)	(297 321)	(104 960)	1 015 941	1 593 688	(64.7)
Financing										
Provincial roll-overs	44491	38310	58366		247 816	247 816				(100.0)
National roll-overs	217 744	104 891	19 073		271 921	271 921				(100.0)
Other	295 606	1 641 829	289 580	763 347	1 232 419	1 232 419	2 268 841	955 015	256 754	84.1
Surplus/(deficit) after financing	2 418 078	2 210 035	2 702 976	1 231 324	1 244 774	1 454 835	2 163 880	1 970 956	1 850 442	48.7

Source: EC Provincial Treasury Database, 2016

Over the medium term, the province will ensure that own revenue increases, as a critical instrument in creating improved fiscal space for economic growth initiatives. Provincial own receipts is projected to increase from R1.182 billion in 2016/17 to R1.358 billion in 2018/19, mainly due to higher projected collections from the key revenue generating departments

With respect to improving the provincial performance in infrastructure delivery, Provincial Treasury has introduced a “Strategic Framework to Improve Infrastructure Service Delivery” that proposes strong actions to guide decision-makers. The strategic framework aims to release client department’s management of infrastructure such that they are able to focus on their core business whilst providing guidance on the requirements for the relevant sector norms and standards and service level plans. The Rapid Response Team under Office of the Premier (OTP) will be established as an interim and independent vehicle to drive the co-ordination, planning and implementation of the Strategic Infrastructure Framework, including addressing project blockages to speed up delivery across the overall value chain. An amount of R16 million has been allocated to the OTP to support the establishment of the Rapid Response Team.



SECTION A: OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE (OPRE)

1 SOCIO-ECONOMIC OUTLOOK AND POLICY

1.1 Introduction

Based on projections by the International Monetary Fund (IMF), global economic developments are expected to remain subdued for the coming medium term. Global economic growth is expected to average 3.4 per cent in 2016. Economies with strong links to the world economy, particularly those heavily reliant on traded commodities and manufactured exports, a category that includes South Africa (SA) and the Eastern Cape (EC), will be most negatively affected. Growth across developed and emerging economies will remain low while employment creation is to remain sluggish.

As a consequence of low global demand for commodities, South African mines have been forced to retrench numerous workers. In the period September 2014 – 2015, the sector has retrenched a total of 21 000 employees. This negative development impacts the EC province directly, as most of these people move back to the province, after having migrated in search of work on the mines. This exacerbates challenging social conditions, through escalated unemployment levels, increasing the demand for social grants and government services in the region.

As is common with all economic growth slowdowns, the current low growth environment will be temporal with growth set to resume in the not too distant future. The strength of any eventual recovery will, however, be dependent upon policies that government adopts today.

Improving the underlying long-term growth and employment potential of the domestic economy will remain the main priority of government. At the very least, this will have to entail government investing sensibly towards achieving better universal outcomes in human capital and skills development, improving public infrastructure delivery, and promoting a conducive economic environment that nurtures private investment and fosters the competitiveness of local industries.

1.2 Economic Indicators

Global Economic Growth

Over the medium-term, the outlook for the South African economy, including the provincial economy, will continue to be influenced by key developments globally. Particularly, weak demand in selected advanced and key emerging economies will constrain global trade in tradeables (agriculture, mining and manufacturing) further limiting foreign direct investment flows and price growth of various commodities.

Recent forecasts by the International Monetary Fund (IMF) have revised down global growth expectations with the world economy set to expand by 3.4 per cent in 2016, marginally increasing to 3.6 per cent in 2017. Over the same period economic growth in emerging markets and developing economies will be substantially lower than previously anticipated with growth expected to pick up slightly from 4 per cent in 2015 (its lowest level since the 2008/09 recession) to 4.3 and 4.7 per cent in 2016 and 2017 (Table 1.1 below).

TABLE 1.1 GLOBAL ECONOMIC OUTLOOK

Latest IMF projections	Estimates	Projections	
	2015	2016	2017
World Output	3,1	3,4	3,6
Advanced Economies	1,9	2,1	2,1
US	2,5	2,6	2,6
Euro Area	1,5	1,7	1,7
UK	2,2	2,2	2,2
Other Advanced Economies	2,1	2,4	2,8
Emerging Market and Developing Economies	4,0	4,3	4,7
China	6,9	6,3	6,0
India	7,3	7,5	7,5
Brazil	(3,8)	(3,5)	-
Sub-Saharan Africa	3,5	4,0	4,7
Nigeria	3,0	4,1	4,2
South Africa ¹	1,3	0,9	1,7

Source: IMF World Economic Outlook, January 2016 Update
National Treasury Review, 2016

For South Africa, growth in 2015 is estimated at 1.3 per cent and is expected to decline to 0.9 per cent in 2016, rising to 1.7 per cent and 2.4 per cent in the two outer years (*National Treasury Review 2016*).

Key components of the downside risks affecting growth particularly for emerging economies relate to:

- A sharper-than expected slowdown in the Chinese economy, which is negatively affecting global trade and depressing commodity prices.
- The tightening of global financing conditions causing capital flight from emerging economies and the strengthening of the United States (US) dollar which affects the exchange rate.

National Economic Growth

From recent quarters mining and manufacturing have been the two sectors most severely affected by weak global demand (Table 1.2 below).

TABLE 1.2 SA ECONOMIC SECTOR GROWTH TRENDS, 2013 -2015

Percentage	2013 Year	2014					2015		
		Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Agriculture, forestry and fishing	1,5	4,8	5,6	9,5	7,5	5,6	(18,0)	(19,7)	(12,6)
Mining and quarrying	4,0	(22,8)	(3,0)	3,9	15,2	(1,6)	10,2	(6,4)	(9,8)
Manufacturing	0,7	(6,4)	(4,0)	(1,0)	9,5	0,0	(2,4)	(6,3)	6,2
Electricity, gas and water	(0,6)	0,4	2,0	0,8	3,1	0,0	2,5	(7,5)	(8,0)
Construction	2,7	3,7	2,1	2,2	3,5	2,9	2,0	0,8	0,5
Wholesale, retail and motor trade; catering and accommodation	1,9	1,5	(0,2)	3,4	(0,3)	1,3	2,7	(0,6)	2,5
Transport, storage and communication	2,0	1,4	3,9	2,2	2,9	2,3	1,2	0,2	0,1
Finance, real estate and business services	3,0	1,4	1,2	2,4	3,5	2,2	3,3	2,6	2,8
General government services	3,1	2,3	3,9	2,2	1,2	3,0	(0,8)	0,6	1,2
Personal services	1,8	1,5	1,5	1,3	0,8	1,4	0,9	1,3	1,7
GDP at market prices	2,2	(1,5)	0,5	2,1	4,2	1,5	1,4	(1,3)	0,7

Source: Stats SA GDP Q3 2015

Throughout most of 2015 agricultural production remained under severe pressure due to the sustained drought and dry weather conditions in various parts of the country that have affected mainly maize, sugar cane and sunflower crop production. It has been estimated that the quarterly consecutive declines in the agricultural output in 2015 will reduce aggregate national output by at least 0.4 percentage points for the year, resulting in thousands of retrenchments. Owing to the continuing effects of drought conditions, agricultural production for the 2015/16 planting season is expected remain low.

Output for the national mining sector declined in quarters 2 and 3 of 2015 due to low production levels for platinum, diamonds, iron and manganese ore. Global oversupply of iron ore coupled with sluggish demand and high operational costs were the main factors behind the reduction in iron ore production. Total employment in mining declined by about 21 000 between September 2014 and September 2015 (QES StatsSA). Approximately 2 000 of those laid-off workers had since returned to the Eastern Cape by end of September 2015 (QLFS StatsSA 2015).

Manufacturing production declined in the first half of 2015 due to sluggish demand from China and the slow growth in domestic durables expenditure. Within manufacturing only the subsectors related to food and beverages, textiles and clothing, petroleum and chemical products and electrical machinery recorded production increases in quarter 3 of 2015. Consistent with low production levels across major subsectors of manufacturing, overall excess capacity increased in the third quarter of 2015.

Economic activity in construction and more specifically civil construction remained subdued in 2015 tapering off by quarter 3 due to late awarding of construction projects by various public corporations and the general government sector.

Real Domestic Expenditure

In addition to the external downside risks the domestic economy has been buffeted by domestic shocks emanating from low consumer and business confidence levels and a negative inflation outlook that will likely prompt further hikes in future interest rates. Structural constraints emanating from inadequate investments in economic infrastructure (logistics, ports, and energy) will also need to be addressed.

Household consumption expanded moderately at an average rate of 0.9 per cent in the first three quarters of 2015 (Table 1.3 below). The contraction in household expenditure was mainly concentrated in durables and non-durables while real expenditure on services increased marginally by end of quarter 3.

TABLE 1.3: REAL DOMESTIC EXPENDITURE

Calendar year	2014	2015			Annual estimates
		Q1	Q2	Q3	
<i>Percentage change</i>					
Final household consumption	1.4	1.5	0.7	0.5	1.4
Gross fixed capital formation	(0.4)	(0.4)	1.8	1.0	1.1
Real GDP growth	1.5	1.8	(1.3)	0.7	1.3

Source: National Treasury Review 2016

Growth in fixed private sector investment remains weak. After contracting by 3.4 per cent in 2014, the decline in private sector investment moderated to an average growth rate of 0.1 per cent in the first three quarters of 2015.

A positive development has been the noticeable increase in investment for new capacity in the telecommunications and renewable energy sectors, of which the Eastern Cape has been a significant beneficiary. Since 2014, general government and to some extent public corporations have contributed the most in gross fixed capital formation for the country.

Unemployment

The subdued economic conditions have translated into weaker domestic labour market outcomes with the national unemployment rate remaining relatively high at 25.5 per cent (compared to 29.2 for EC) by the end of quarter 3 in 2015. Young adults aged 25-34 are the most adversely affected. High unemployment

and differences in labour incomes continue to be the main drivers of low consumer demand and the continued persistence of income inequality in the country.

Impact on Government Revenue

The net implication of weaker than anticipated economic growth as outlined above, has translated into decreased government revenue. The downward revision of GDP, shortfalls in revenue and weaker exchange rate have led to an upward revision of the debt-to-GDP ratio. This ratio is expected to stabilise in the years ahead as a result of continued restraint in expenditure growth and improvements in the budget balance. Net government debt is projected to stabilise at 46.2 per cent of GDP in 2017/18.

Eastern Cape Socio-Economic Outlook

Limited growth spillovers from domestic and global economies have constrained levels of economic activity in the province. Based on StatsSA data, last reported in 2014, provincial economic growth was estimated at 1.1 per cent in 2013 which was considerably lower than the national average of 2.2 per cent (Table 1.4 below).

Sectors that account for sizable shares of provincial economic activity, besides government services, include wholesaling, finance and manufacturing.

TABLE 1.4: REGIONAL VALUE ADDED BY INDUSTRY / SECTOR (% OF TOTAL)

Industry	2005	2008	2011	2013
Primary Industries	1,8	2,4	1,9	1,7
Agriculture, forestry and fishing	1,7	2,0	1,6	1,5
Mining and quarrying	0,2	0,4	0,3	0,3
Secondary Industries	19,6	19,3	17,3	17,3
Manufacturing	16,6	14,6	12,1	11,0
Electricity, gas and water	0,9	0,9	1,9	2,0
Construction	2,1	3,8	3,3	4,2
Tertiary industries	67,7	68,2	71,0	70,7
Wholesale, retail and motor trade; catering and accommodation	13,2	15,4	16,4	18,6
Transport, storage and communication	9,1	9,0	8,3	8,5
Finance, real estate and business services	19,4	18,4	17,7	16,9
Personal services	7,4	6,9	6,9	6,6
General government services	18,5	18,5	21,7	20,1
GDPR at market prices	100,0	100,0	100,0	100,0

Source: Stats SA GDP 2014 Q3 Release

Despite possessing distinct comparative advantages for the production of various agricultural products (due to conducive climatic conditions and a sizable number of agricultural households), the provincial agricultural sector is yet to produce to its maximum potential. Currently the sector contributes less than 2 per cent of the provincial GDP.

Government initiatives to grow the sector towards full inclusiveness and commercialisation for small and emerging farmers are currently being vigorously pursued including various proposals to developing comprehensive agricultural statistics in collaboration with Statistics South Africa for the province. Over the medium term, the province will execute its agricultural development strategy aimed at scaling-up production on a commercial basis based on market access and value-chain penetration. The aim is to leverage primary production as a platform for reindustrialisation through agro-processing.

The provincial manufacturing industry, which is largely dominated by the auto and auto components manufacturers, has been performing below potential with limited employment absorption capacity. For the past 5 years (2010 – 2015) average annual output growth for the sector has been about 0.7 per cent while its employment declined by almost 12 per cent over the same period (Table 1.5 below).

One way of boosting the regional manufacturing sector, will be through the provincial Industrial Development Zones, as catalysts for increased investment. Attractive investment incentives are provided for through the Special Economic Zone (SEZ) Act. Further investment measures include the upgrading of the provincial industrial parks, leveraging government procurement to boost local enterprises as well as supporting manufacturing companies that are in distress. On-going interventions in skills development will further strengthen the regional manufacturing sector.

Construction and financial services have been the only two other significant private sector industries that have managed to record increases in employment in recent quarters. The expansion of the construction sector, in particular, largely reflects the sustained improvement in built-infrastructure delivery in the province.

Employment in government and community services has increased appreciably over the same period. This development, however, has led to the government wage bill reaching unsustainable levels. Given the constrained fiscus, and related expenditure reduction, employment creation by the government sector will be seriously curtailed over the medium term.

As espoused in the NDP, small enterprises will be the engine of growth and employment creation into the future. It is for this reason, that the province will focus support on the informal sector, particularly on township enterprises, as a way of bringing them into the formal economy, as well as to grow employment creation.

Furthermore, through provincial road upgrades by the South African National Roads Agency Limited, additional provincial direct and indirect jobs will be created with resultant skills development.

TABLE 1.5: EMPLOYMENT BY SECTOR / INDUSTRY (THOUSANDS)

Sector / industry	2010	2012	2014	2015	% increase
Agriculture	77.1	58.8	87.8	88.5	14.7
Mining	1.5	1.4	.	1.6	8.9
Manufacturing	152.0	153.6	130.5	133.8	(11.9)
Utilities	3.9	5.0	7.6	5.9	52.5
Construction	117.9	138.1	149.4	174.9	48.3
Trade	320.7	295.7	298.7	269.5	(16.0)
Transport	66.7	66.3	85.3	57.8	(13.4)
Finance	99.1	116.8	115.3	133.0	34.2
Community and social services	321.4	342.9	388.1	391.9	21.9
Private households	119.8	110.6	114.5	115.2	(3.8)

Source: StatsSA Quarterly Labour Force Survey, Q3 2015

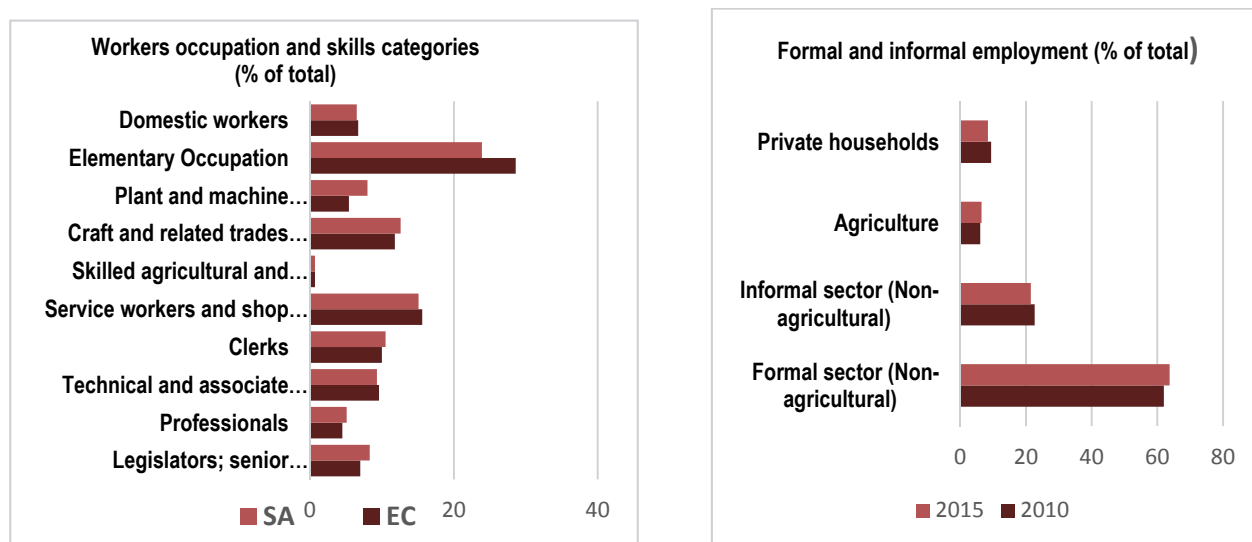
Eastern Cape Unemployment

The official unemployment rate for the EC province was estimated to be 29.2 per cent by the end of quarter 3 of 2015, higher than the national average of 25.5 per cent. By the end of quarter 3 of 2015 a total of 1.37 million people were employed in the province, largely unchanged when compared to the same quarter of 2014, but slightly higher (6 000 more workers) when compared to quarter 2 of 2015.

Low human capital and skill levels within the province has marginalised or excluded the majority of working age people from gaining and maintaining good jobs. This is evident from the high proportion of workers within the province that are employed in elementary occupational categories (elementary occupation, services, and craft related trades workers).

As part of the social safety net, and in an endeavour to increase the employability of the province's people through improved skills levels, a total of 47 500 job opportunities were created in the province through the Expanded Public Works Programme (EPWP), while a further 37 346 jobs were created through community works programmes, with women being the largest beneficiaries in 2015/16.

FIGURE 1.1: WORKER OCCUPATIONAL CATEGORIES AND INFORMALITY



Source: StatsSA, Quarterly Labour Force Survey, Q3 2015

Moving forward some of the challenges the programme will have to deal with in order to improve effectiveness will include:

- Maintaining a better balance between work opportunity headcounts and other outcomes indicators, such as:
 - Full time employment equivalents,
 - Post-participation outcomes for beneficiaries – focusing on adequate skills transfer and development of emerging contractors
 - Evaluating value for money in the assets and services provided,
 - Asses the programme impact on communities.
- Addressing the general reluctance by private construction sector towards labour intensive methods,
- Promoting equal partnership and participation in development with no more top-down “service delivery” model where government provides for passive citizens.

Furthermore, just more than 20 per cent of the 1.37 million workers in the province have been employed within the non-agricultural informal sector. In the past this sector has received minimal government attention in terms of jobs creation support and sustaining people's economic livelihoods. Given its size and potential for absorbing many of the unskilled and other retrenched workers the government's view of this sector will need to be revised.

All of these interventions will necessitate the refining and development of monitoring, reporting and evaluation capacities within the provincial government.

1.3 Risks to Economic Outlook

The following risk factors will prove significant in determining the medium-term outlook for the provincial economy:

- Output levels across industrial sectors, particularly the auto and components sector still suffering from weak domestic and global demand.
- Low business confidence levels affecting fixed investment in key manufacturing sub-sector industries for the province.
- Household demand and confidence levels, the main component of short-to-medium term growth, might be held back by prolonged weakness of the labour market.
- Weak commodity prices affecting mining production and consequently the employment of migrant workers from the Eastern Cape.
- Agricultural sector that is likely to continue contracting due to persistent drought and low global demand.
- Sustained weakening of the local currency (the rand) that has since filtered into local prices and pushed up costs for key imported intermediate goods.

1.4 EC Development Indicators

Demographic Profile

According to Statistics South Africa (StatsSA) the total number of people in the EC is estimated to be 6.92 million in 2015, an equivalent of 12.6 per cent of the national total. Between 2001 and 2011 population growth for the EC averaged 1.15 per cent annually, one of the lowest growth rates in the country and this has mainly been due to the continuing outward migration of working age people from the provinces.

Between 2006 and 2011, it is reported that approximately 241 339 people, mostly males in their working ages, left the province. For the period 2011 -2016 an additional 243 118 is expected to leave mainly in search of better work opportunities. By contrast for the same period (2011 – 2016) approximately 189 175 are expected to relocate to the Eastern Cape.

TABLE 1.6: POPULATION GROWTH AND SHARES

	Total population	% share	Average annual growth (%)	
			2002 - 2011	2011 - 2015
Eastern Cape	6 916 185	12,6	1,04	1,42
Free State	2 817 941	5,1	0,42	0,69
Gauteng	13 200 349	24,0	1,87	1,98
KwaZulu-Natal	10 919 077	19,9	1,36	1,66
Limpopo	5 726 792	10,4	1,25	1,56
Mpumalanga	4 283 888	7,8	1,49	1,58
Northern Cape	1 185 628	2,2	0,86	0,90
North West	3 706 962	6,7	1,44	1,48
Western Cape	6 200 098	11,3	1,66	1,70
South Africa	54 956 920	100,0	1,41	1,61

Source: Stats SA Mid-year Population Estimates 2015

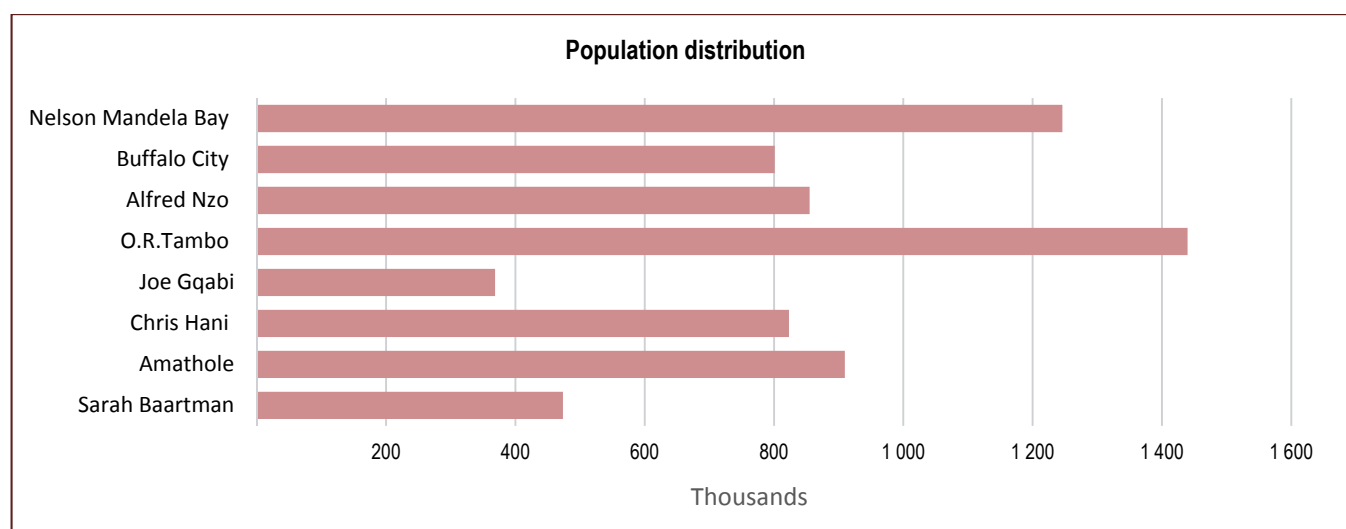
In terms of spatial distribution the majority (65.1 percent) of people in the province reside in pre-dominantly rural areas, with the most populous district being O.R. Tambo with 21 per cent (or 1.36 million) of the total population; whilst Joe Gqabi contains the least number with 5 per cent (or about 350 thousand) of the total (Figure 1.1 below).

An increasing trend towards urbanisation has however also been evident with a growing proportion of the provincial population becoming more urbanised.

In terms of the average age the provincial population is relatively young, estimated at just below 27 years (*StatsSA 2015*), while the median age is within the range 20 - 24 years, lower than the national median age estimated to be between 25 - 29 years. It is for this reason that a provincial youth development strategy needs to be implemented, after feasibility and business plan assessments have been completed.

The provincial vision of broader rural development underpinned by agricultural development as a way of creating jobs and entrepreneurial opportunity, is anchored around the fact that most of the provincial population resides in rural areas, with outward migration particularly by the youth in search of employment.

FIGURE 1.2: POPULATION DISTRIBUTION PER DISTRICT



Source: 2015 Mid-year Population Estimates, Stats SA

In line with an evolving demographic profile administrative planning and service delivery processes in the province will need to be periodically reviewed, more so in light of the possible future reductions in fiscal transfers from national government to the province due to slow population growth. Furthermore, rising urbanisation levels within the province will require more public infrastructure investment and maintenance for some of the sprawling urban areas while the costs associated with servicing sparsely populated regions will still remain.

Health Indicators

According to the World Health Organisation (WHO) the determinants of health have both economic and social origins. Social factors with strong links to health outcomes include access to basic education (particularly for mothers), early childhood development (ECD); employment, income and food security, access to housing and sanitation. Furthermore, access to quality preventative primary health care services especially for women and children is important (WHO, 2008).

For the EC, mortality and causes of death reports indicate that communicable and non-communicable diseases (tuberculosis, HIV/Aids, cardiovascular disease, hypertension and diabetes), and road accidents continue to be amongst the leading causes of adult death in the province. Deaths from HIV/Aids alone were reported at 5.4 per cent of total deaths in the province in 2013. However, it should be noted that tuberculosis, influenza and pneumonia are all HIV-related opportunistic illnesses.

Child mortality levels within the province, although declining in recent years, remain high. The province has consequently missed various child-health related Millennium Development Goal (MDG) targets by end of 2015.

By the end of 2011 adult life expectancy in the EC was relatively low and estimated at 53 and 55 years for men and women respectively. However, since 2010 there have been steady improvements in life expectancy rising to 55.3 and 57.8 years for males and females. At such levels the province is, nevertheless, still well below the target of 70 years as set by the National Development Plan (NDP), and also below current national averages of 63.4 years for males and 71 years for females.

With over 80 per cent of the provincial population without access to medical insurance, the burden of disease will continue to exert considerable pressure on the provincial public health sector resources.

Given some of the challenges in health development, it is imperative that service delivery within provincial health institutions improves, as well as the quality of health infrastructure. The NHI pilot project in the OR Tambo region will go a long way in ensuring equity and improvements in health delivery standards in the region.

Quality Basic Education

A profile of the levels of academic qualifications of the EC population indicates that only 29 per cent of the population most of which are located in urban areas, are in possession of a qualification equaling or beyond the matric level. Ten per cent of the population has *no schooling*, whilst the remaining proportion (60 per cent) has up to secondary schooling (Stats SA GHS 2014).

Matric / Grade 12, which is often viewed as a basic requirement for entry into formal employment can also provide the necessary foundation for skills development and training. In 2015, the provincial matric pass rate decreased from 65.7 per cent in 2014 to 56.8 per cent, the lowest for the past 5-year period. Added to the low matric pass rate there is the continuing challenge of the high dropout rates between grades 10 and 11, at rates of between 20 and 31 per cent. Such low rates of education retention and attainment are likely to further suppress levels of socio-economic development in the province.

1.5 Policy Imperatives

Notwithstanding the current economic challenges, most of which will prove to be transitory, the provincial government will remain steadfastly committed to promoting future shared growth and development.

A key component of provincial policy and budget strategy for the 2016 MTEF will entail supporting the provincial economy and service delivery through sustainable growth in government spending while ensuring greater accountability for public expenditure.

Government interventions will focus on:

- Promoting the development of local small to medium and micro enterprises (SMMEs) and other key role players in the informal economy.
- Emphasising the localisation of supplier content as a way of re-industrialising and boosting local economies while developing local manufacturing capacity.
- Gearing and positioning the provincial economy for export-led manufacturing growth within the two provincial special economic zones (SEZ).
- Supporting new industries (e.g. renewable energy and gas) for diversifying the existing industrial base and further expanding existing industries with significant potential for future growth and employment creation.

- Improving rural livelihoods through enhanced agriculture production, agri-business and agri-parks development.
- Improving and strengthening the planning and delivery of provincial infrastructure targeting education, health and rural access roads, with further support for local government in the provision of adequate basic services.
- Developing human capital and worker skills through delivering better outcomes in basic education, primary health, and sustainable human settlements delivery, including other social services.
- In line with Operation Phakisa, improve the Ocean Economy through the Wild Coast Development strategy.

2. MEDIUM TERM BUDGET STRATEGY AND AGGREGATES

2.1 Introduction

The key social and economic challenges that the Eastern Cape (EC) budget responds to, have been outlined in the previous chapter. As indicated, the economic period ahead is forecast to be one of weak economic growth, globally, nationally and regionally. Given the economic challenges and its impact on the fiscus, a unified provincial response becomes even more critical.

The Budget Strategy over the medium term is:

- Alignment of expenditure to the priorities of the National and the Provincial Development Plans.
- Curtailing wasteful and consumption driven spending, while maintaining core / essential service delivery.
- Targeting areas that can drive higher inclusive economic growth and job creation.
- The main focus over the 2016 medium term is to grow the economy through targeted infrastructure delivery, scaling-up agricultural production on a commercial basis,
- Improving infrastructure delivery through the establishment of a Rapid Response Team.
- Increasing own revenue generation.
- Curtailing the provincial wage bill by dealing with PILIR cases, centralisation of PERSAL, strengthening the structure of the Provincial Coordinating Monitoring Team (PCMT), and reconsidering the filling of posts that have been vacant for extended periods, freezing the recruitment of administrative officials, undertaking quarterly analysis of personnel numbers and CoE expenditure within departments.
- Rationalising Public Entities that no longer add value to the provincial developmental agenda and those where duplicate functions have been identified.
- Stringent implementation of the provincial cost containment measures.
- Centralised procurement and the establishment of the e-tender portal enforcing transparency and reference prices.
- Ensuring efficient and effective service delivery at district municipal level through the provision of on-going support in targeted regions.

The province continues also, to develop innovative approaches in the areas of social infrastructure provision, as well as the upgrading of rural access roads. The budget allocates resources to these priority areas that support the EC government's vision of ensuring a developing, prosperous province conducive to investment and growth, as well as in delivering on both the National Development Plan (NDP) as well as the Provincial Development Plan (PDP).

In line with these objectives, the respective departmental spending plans reflect these commitments. The 2016 EC budget provides for total expenditure amounting to R69.590 billion in 2016/17, R73.304 billion in 2017/18 and R77.376 billion in 2018/19, with an annual average increase of 5.6 per cent.

Given the limited resources, a strong emphasis needs to be placed on partnerships and the establishment of an integrated approach in the delivery of services and expenditure of the related budget. These partnerships include initiatives with various private and public sector role-players such as businesses, communities, and other spheres of government as key stakeholders in development.

2.2 Budget Policy Priorities

A key focus of provincial fiscal policy over the 2016 medium term will be to give greater impetus to raising the level of regional economic growth through improved capital investment (infrastructure development), supporting enterprise development, promoting primary agriculture production on a commercial scale, agro-industry development, improving own revenue generation, ensuring efficient and effective service delivery at district municipal level through the provision of on-going support in targeted regions, and working to ensure that the 2 metropolitan municipalities become the engines of growth.

A set of government policy priorities have guided the formulation of the provincial budget allocations for the 2016 Medium Term Expenditure Framework (MTEF). These policy principles were highlighted in the 2015 provincial Medium Term Budget Policy Statement (MTBPS) and are outlined below:

- Economic and Social Infrastructure Delivery;
- Inclusive Rural Economy;
- Inclusive Economic Growth and Employment Creation;
- Improving Provincial Education and Health Outcomes; and
- Building an efficient, effective and development-oriented public service.

These policy principles respond to the challenges of low economic growth, high unemployment and socio-economic challenges, with full alignment to the strategic goals of the National Development Plan (NDP), Provincial Development Plan (PDP) and the Provincial Medium Term Strategic Framework (P-MTSF).

The province has identified a set of high impact, focused interventions that seek to grow the regional economy. These interventions will see the scaling-up of commercial primary agricultural production as a stimulus to increased food security, job creation and industrialisation through agro-processing, as well as interventions to improve the scale of integrated infrastructure planning and execution.

These high impact priority interventions seek to tackle intractable provincial challenges that act as constraining factors to growth and development. These priorities are currently being developed into focused initiatives and projects that will open up new opportunities that serve to grow the region's economy in an innovative and bold way. Business and detailed action plans for each of these priorities are expected to be completed early in the 2016 Financial Year (FY).

Given the tight fiscal envelope, high impact interventions will also be undertaken in dealing with the provincial wage bill, so as to avoid potentially crowding out funds required for core service delivery.

2.3 Aligning Provincial Budgets to Achieve Government's Prescribed Outcomes

2.3.1 Economic and Social Infrastructure Delivery

Improving Infrastructure Delivery Capacity

While some provincial departments performed well, it can be said that overall infrastructure sector departments have under-performed and delayed infrastructure delivery in the 2015/16 financial year. This

under-performance has not only manifested in shortcomings in physical delivery and expenditure performance, but also poor performance in general on corporate governance issues with resulting poor audits.

This poor provincial performance in infrastructure service delivery requires a paradigm shift as well as strong leadership to ensure that this level of performance is not repeated into the 2016 financial year and beyond.

Over the medium term, the introduction of the Strategic Framework for Improved Infrastructure Service Delivery will be rolled-out. This framework proposes decisive actions to guide decision-makers, ensuring that decisions are quickly translated into policy and institutional governance structures.

Furthermore, Provincial Treasury (PT) in conjunction with the Office of the Premier (OTP) will intervene in ensuring that delivery takes place within the required timeframe and to the required quality and cost levels.

Key strategies include a focus on norms and standards and service level plans, the establishment of a provincial Rapid Response Team located within the OTP as an interim and independent vehicle to drive the co-ordination, planning and implementation of the Strategic Framework, including addressing project blockages to speed up delivery across the overall value chain.

Social Infrastructure Delivery

During the 2016 financial year, seven districts within the province have been prioritised for the delivery of electrification and water reticulation infrastructure. These include the districts of Ntabankulu, Mbizana, Intsika Yethu, Mbashe, Matatiele, King Sabata Dalindyebo and Elundini, which will benefit a total of 6 750 households. This project will be coordinated through the Office of the Premier. The districts of Ntabankulu and Umzimvubu will also be provided with sub-stations. R90.8 million is being allocated by the Office of the Premier during 2016 for this intervention.

The department of Human Settlements will focus on the provision of basic sanitation to households that do not have access to sanitation, as well as exploring renewable energy options to speed up the provision of basic services like electricity and sanitation in already completed projects.

N2 Wild Coast Road

Construction on sections of the N2 Wild Coast road will commence in 2016 linking East London with Durban in KwaZulu-Natal. The N2 Wild Coast Road is part of the 18 strategic integrated projects (south-eastern node and corridor development) overseen by the Presidential Infrastructure Coordinating Committee (PICC). It amounts to 96km of road and will include nine major bridges and three inter-change bridges. The project also includes two mega-bridges across the Msikaba and Mtentu river gorges.

Construction of the multi-billion rand road, is set to create more than 6 700 direct jobs, as well as participate in skills development programmes. It provides a good opportunity for provincial economic growth in the Wild Coast.

Revitalisation of Port St. Johns

Over the medium term, a total of R162-million will be spent on reviving the town of Port St Johns on the Wild Coast. This intervention will see a major infrastructure development programme that will deal with:

- Storm water infrastructure – R22 million;
- Access roads – R48 million;
- Electrification of the town – R37 million; and

- Sewerage R55 million.

Bulk Water Infrastructure Projects

The provincial department of Cooperative Governance and Traditional Affairs (COGTA) in conjunction with the national department of Water Affairs (DWA) have identified twenty bulk water infrastructure projects across the province. These projects will serve to decrease the provincial infrastructure backlogs.

Provincial Road Infrastructure

The South African National Roads Agency (SANRAL), has to date spent about R3.5 billion on road construction within the province, with the largest initiative being the R942 million project on the R61 between Mzamba and Magusheni in Mbizana.

SANRAL will spend a further R5 billion on improving the provinces road infrastructure over the 2016 financial year.

Roads earmarked for phase two construction in 2016 are:

- Road DR08029 on the Wild Coast Meander from Mthombo to Isilimela Hospital.
- The N2 to Siphethu Hospital;
- The N10 between Nanaga and Middelburg;
- The R63 between Tsitsikamma and Port Elizabeth; and
- The R61 between Magusheni and Mzamba.

Phase one construction will start on the following roads:

- The R334 in Motherwell, Port Elizabeth; and
- The road between Mthatha and Brooks Nek.

A total of R70 million will be spent on road infrastructure in Mbashe alone, as part of the provincial intervention.

East London Port

Technical designs and specifications have been finalised for the planned capital investment for the refurbishment of the East London Port. Construction will commence after the approval by Transnet's executive committee. This development will enable larger ships to dock at the East London harbour providing an impetus for increased imports and export driven growth particularly by automotive assemblers within the city and OEM's located in the ELIDZ, impacting positively on growth and job creation.

Expanding access to Communication Technology

As a critical enabler for socio-economic development, the broadband rollout in O.R. Tambo district will see 1 400 sites connected over three years. There are also priority facilities needing to be connected outside OR Tambo such as referral hospitals. The OTP, together with the Eastern Cape Socio-Economic Consultative Council (ECSECC) are in the process of developing a costed plan for the provincial broadband rollout.

2.3.2 Inclusive Rural Economy

Commercialisation of Primary Agriculture

The province has prioritised the commercialisation of primary agriculture as one of the catalytic projects that will lead to the transformation of rural economies. Through scaling-up of primary production on a

commercial basis, a platform will be provided for regional industrialisation through the stimulation of off-farm industrial development (agro-industry).

Investment in non-farm economic activities will also be stimulated due to the primary sector's strong backward and forward linkages.

Rural economic growth and development will increase rural employment and in so doing alleviate the plight of the poor, who mostly reside in rural areas of the EC.

The agricultural development strategy entails production of high value agricultural commodities, in which the province has the ability to compete, as well as for which existing markets are available. Other key criteria in the selection of these priority agricultural commodities is the availability of smallholder farmers with access to critical factors of production such as land, the potential of the commodity to contribute to economic growth through the availability of both domestic and export markets, as well as the labour intensity thereof.

Critical to the success of the strategy will be the targeting of smallholder farmers that have the will and capacity to grow into commercial production. If the province is to capitalise on the backward and forward linkages related to each commodity group, the entire agricultural value-chain has to be exploited, with the most value-add occurring in the secondary phase of agro-processing.

To this end, continued support will be provided to the Rural Enterprise Development (RED) hubs, to stimulate the development of agro-processing potential.

The strategy will be realised through a collaborative approach between all stakeholders in the province, both public and private, such as the various agricultural agencies, universities and agricultural colleges to assist with the necessary research and knowledge capability. Particularly, it will be driven by the provincial departments of Rural Development and Agrarian Reform (DRDAR) in conjunction with the department of Economic Development, Environmental Affairs and Tourism. (DEDEAT)

Farmers in identified areas of Port St Johns have been engaged and mobilised to produce vegetables on about 150 hectares of arable land, in the forthcoming financial year. Furthermore, provision has been made over the 2016/17 financial year, for support to the irrigation schemes (Zanyokwe 300 hectares, Blue Crane Route 186 hectares, Ncora 700 hectares and Qamata 900 hectares). This will see the upgrading of infrastructure, with the view to intensify high value crops and fodder production.

Over the medium term, the provincial department of Rural Development and Agrarian Reform (DRDAR) will invest in excess of R141 million on agricultural infrastructure, in furtherance of the development of the sector.

Agri-Parks

The national Department of Rural Development and Land Reform (DRDLR) in partnership with the EC DRDAR, plans to establish Mega Agri-Parks in Alfred Nzo, OR Tambo, Chris Hani, Sarah Baartman, Amathole and Joe Gqabi district municipalities. Business plans for each of the Agri-parks have been developed and will be executed over the medium term.

Subsequent to the President's pronouncement, the province will continue increasing primary production in support of the Agri-park hubs in Lambasi, Ncorha, Sundays River Valley, Butterworth, Matatiele and Sterkspruit-Senqu.

Port St Johns has been identified as one of the vegetable producing hubs which will ultimately support the Kei Fresh produce market.

Replication of the WipHold agricultural development partnership with Centane communities in the production of over 2 000 hectares of maize, will see similar partnerships with other interested private and non-governmental stakeholders such as Masizane, Land Bank and other funding institutions being concluded.

Drought Relief

The province has not been left unscathed by the recent drought affecting large parts of the country, with the districts of Joe Gqabi, Alfred Nzo, Chris Hani, OR Tambo and Amathole being the worst affected. Severe losses in both livestock and crops have been reported. The effects of the drought will continue to negatively affect the agricultural sector in the 2016/17 financial year. R95 million has been allocated to support local farmers.

As part of its mitigation strategy, the DRDAR will continue to support the affected farmers with feed and water. The department will also continue with its drought mitigation program by upscaling fodder production at Qamata, Blue Crane, Cradock, HARCOP and Keiskammahoek through the establishment of fodder banks.

On the downside, the drought relief efforts do divert much needed revenue away from development. This calls for improved forward planning on the part of the province so as to better predict and cater for these occurrences, as well as careful monitoring and management of relief efforts.

Rural Access Roads

As mentioned earlier, the R5 billion injection into provincial road infrastructure will benefit many rural access roads, with the upgrading of access roads that lead to health, education and tourism facilities, as well as farm roads that link farmers to markets.

2.3.3 Inclusive Economic Growth and Employment Creation

Re-industrialising the Province

Linked to the national priority of revitalising old industrial parks, a key provincial priority is to revitalise those within the province. These industrial parks can serve as catalysts for broader economic and industrial development within their respective host regions (townships and rural areas) and thus contribute to economic growth, diversification of economic activity, attracting investments and related job creation.

In the initial phase, the upgrades will target mainly security infrastructure upgrade, fencing, street lighting, top structures and critical electricity requirements. Medium term interventions will include engineering designs and construction of new and existing roads, bulk water supply and sewage treatment plants (industrial effluent control); upgrading electricity infrastructure, and building new top structures in line with the expansion programme of the Parks.

Longer term (phase 4) interventions entail the development of sustainable industrial clusters in the parks, with masterplans integrated into municipal spatial plans.

The provincial industrial parks to benefit immediately with Phase 1 upgrades are Queendustria (Lukanji Municipality) at a value of R22.5 million and Vulindlela Heights (King Sabata Municipality) at a value of R22.7 million. All upgrades will be linked to investment pipelines.

The provincial department of Economic Development, Environmental Affairs and Tourism (DEDEAT), and relevant national (dti) and municipal stakeholders will continue to work together towards the implementation of support towards the other industrial parks, such as those in Dimbaza and Wilsonia.

Local Economic Development (Buy EC Campaign)

A priority of the provincial administration is the leveraging of government procurement to drive enterprise development and overall re-industrialisation.

The Buy Eastern Cape Campaign (BECC) initiative is deemed as a special vehicle to drive the improvement of spending on EC based manufacturing enterprises and associated service-related sectors.

The Provincial Treasury (PT) in conjunction with DEDEAT will, over the forthcoming financial year, develop a provincial framework outlining the mechanisms and levers to increase the opportunities for local businesses to benefit from provincial government procurement. The short to medium term strategy is to ensure that 50 per cent of government procurement accrues to local Small Medium and Micro Enterprises (SMMEs) and co-operatives, with the proviso that quality and cost are not compromised.

Key sectors and potential commodities identified that could be leveraged through procurement to enhance local production in the province, are:

- Textiles and Clothing (Protective clothing and linen);
- Construction / Build (Construction materials namely: cement; bricks; roof tiles; fencing; wire; wooden poles and plant hire);
- Medical supplies / Medicines;
- Furniture (School Furniture);
- Stationary (Learner Teacher Support Materials - LTSM) including stationary and paper;
- Automotive (Fleet services); and
- Food (School nutrition and hospital food).

All of the above procurement opportunities will be investigated further to ensure availability of productive capability in the province and additionally to ensure whether any specifications are to be reviewed for each of these tenders to favour local manufactures, as well as whether any risk relating to quality of products and services will be eminent which could negatively impact the service delivery of respective provincial departments.

PT will continue to contribute towards building provincial supplier capacity through the hosting of provincial supplier days.

Support to EC Companies in Distress

DEDEAT is responsible to support provincial “Companies in Distress”. Prioritised companies are those operating in sectors targeted within the Provincial Industrial Development Strategy (PIDS), as well as those deemed to have strategic importance for the provincial economy through ensuring retention of the current industrial base, and if not supported will be forced to close or shed jobs.

Support to these companies takes the form of:

- A Training Layoff Scheme – Administered by the Centre for Conciliation, Mediation and Arbitration (CCMA);
- Risk and Development funding – Administered by Eastern Cape Development Corporation (ECDC) and Industrial Development Corporation (IDC); and
- Job Stimulus Grant Funding – Administered by ECDC.

Tourism

Tourism will continue to be prioritised as a key sector to boost the economy. Given the current favourable currency exchange rate, the tourism sector has to capitalise on this opportunity to lure more foreign visitors to our shores, and in so doing contribute towards economic growth and development, as well as enterprise development and job creation.

As part of the rural access roads intervention, the province has prioritised roads that lead to tourism resorts and facilities.

The EC is the first province to have developed a Tourism Statistical Framework which includes a Tourism Barometer that will assist in the development of recommendations towards policy and institutional arrangements for the tourism sector within the region.

Energy Security

The province continues to work with the national Department of Energy to address grid capacity needs to secure current and future renewable energy investments. The Dedisa Peaking Power Plant in Port Elizabeth is now fully operational, providing a boost to energy security and lowering the chances of load shedding.

The province is also in the process of developing a nuclear energy optimisation framework that will outline how the province will capitalise and benefit from any future nuclear energy investments within the province.

Industrial Development Zone (IDZ) Transition to Special Economic Zones (SEZ)

As per the SEZ Act of 2013, the provincial IDZs have a period of 3 years in which to transition into fully-fledged SEZs. Despite the provision of the 3 year window period the Act has already enforced certain funding arrangements on the IDZs, for example the co-funding of Capital Expenditure (CAPEX) projects.

The province has established a policy paper that will guide the transition phase of the IDZs.

Furthermore, whilst awaiting the release of the SEZ Regulations, the next steps for the province are:

- Plan preparation:
 - Frame IDZ/SEZ within the broader industrialisation mandate.
 - Clarify issues of legal compliance with the Act (what is the existing legal scope).
- Plan development:
 - Investigate business models for different scenarios (engage with private sector).
 - Spell out the funding commitments based upon the business model.
- Plan implantation:

- Implement towards a revitalised IDZ programme.

The Ocean Economy

- *Port Upgrades*

Transnet National Ports Authority's (TNPA) multimillion rand upgrades to the Port of Port Elizabeth represent the first realisation of government's Operation Phakisa and a positive step towards a thriving boat building and marine maintenance industry for the city. With the ocean economy a critical driving force of Operation Phakisa, R186 million upgrades to the port's lead-in jetties and boat maintenance repair areas has been undertaken. The first phase which started in 2015 has not only created jobs but also initiated a long-term boost into the economy of Port Elizabeth. The work will continue until 2017.

The first phase which will be commissioned for operation in June 2016 saw the construction of a modernised boat maintenance repair area. The second phase entails a project that involves the complete refurbishment of the 1 200-ton lead-in jetties which will be ready by mid-2017.

The upgrade will be a huge asset to the ever growing fishing industry in the region, as well as providing a dry platform facility for the repair and maintenance of boats as well as a docking bay.

Eighty direct jobs have already been created through the project, along with a much greater number of indirect employment opportunities, and the local spend would amount to approximately R80-million by the end of the project.

The provincial boatbuilding and ship repair working group aims to support the following focus areas and projects in Operation Phakisa's Marine Transport and Manufacturing (MTM) lab:

- Create a supporting funding model;
- Maintain and refurbish existing port facilities;
- Unlock investment in port facilities;
- Implement strategic projects in East London;
- Public Procurement and Localisation Programme; and
- Preferential Procurement in the African Maritime Charter.

Aquaculture Development Zones (ADZ)

Coega IDZ has commenced with the development of an Aquaculture Development Zone (ADZ). Based on the feasibility study that was undertaken, the aquaculture cluster has an estimated investment value of close to R2 billion with the potential to unlock 5 600 jobs. A total of 440 ha within the zone are earmarked for this development. The ADZ will provide space for Abalone, finfish, seaweed and Tilapia farming as well as Aquaponics (combination of fish farming with vegetable production). The ELIDZ have earmarked 30 hectares for the development of an ADZ with the potential to unlock about 2 000 direct jobs. The zone has secured two more investments for 2016.

These initiatives have an estimated value of R2 billion with the potential to create at least 6 500 jobs.

Agro-Industry Investment and Development

The East London Industrial Development Zone (ELIDZ) has identified the development of an Agro-Industrial Park for location in Berlin. The project has a potential of strengthening various commodity value chains, whilst also facilitating downstream investment in the region.

The benefits of the Agro-Industrial Park include:

- The provision of a platform for further beneficiation of primary produce;
- Facilitation of vertical integration of various commodity farmers;

- Strengthening value chain development in the region; and
- Reducing production costs for agro-processors by improving efficiency and productivity through shared infrastructure, and smart energy and waste management systems.

Cheese export expansion plans are afoot by the Coega Dairy and Cheese plant that will see cheese exports increasing by 60 per cent, with further plans to increase milk exports by at least 200 per cent.

Both the Coega and the East London IDZ will continue to work to create alignment between all government departments and institutions involved in agriculture.

Support to the Informal Economy (Township Enterprises and Co-operatives)

DEDEAT will undertake the development of a coherent strategy to develop the township economic sector together with nurturing the skills needed to stimulate the local economy.

The provincial programme will entail:

- Mapping township businesses and demographic profiles to enable policy specific interventions and identify areas in which to pilot the programme.
- Developing a package of support for township entrepreneurs including a review of existing initiatives such as; facilitating access to markets; skills development; procurement opportunities and the formation of business associations.
- Promoting entrepreneurship and involvement in more productive activities as a way of enabling township SMME's to participate in opportunities available in value chains across the sectors of the economy.
- Creating an enabling environment for township entrepreneurs to actively participate in infrastructure development projects particularly those driven through the Strategic Integrated Projects (SIPs) (6, 7 and 11).
- Encouraging inclusive economic growth by encouraging business linkages with big businesses and protecting small businesses against exploitation.

Skills Development

Over the past financial year the province undertook a number of skills development initiatives throughout the province, aimed at developing skills within sectors such as Tourism, Manufacturing (tool making) and Maritime.

Pilot maritime high schools have been identified namely George Randall and Ngwenyathi High starting in the 2016 academic year. They are offering subjects in Maritime Economics and Nautical Sciences. Added to this, Technical Vocational Education and Training (TVET) colleges have been approached to develop post school courses in the maritime sector. Short-term skills programmes and Work Integrated Learning (WIL) initiatives will be embarked upon to enable youths to enroll in learnerships, apprenticeships, internships and short courses.

To this end, partnerships are planned with the Ports of East London, Port Elizabeth and Ngqura to establish technical colleges for the maritime sector. Furthermore, the Maritime Industry will be approached to open their workplaces for Work Integrated Learning.

Through the re-opening of the Tsolo Agriculture and Rural Development Institute (TARDI), the province will experience an increase in agricultural skills development. Over the past financial year, the college saw the enrolment of 139 students pursuing an Animal Health Diploma. Most of these students were supported with a bursary.

Work will continue around areas of SMME development. Of particular interest is the integration of programmes such as sustainable energy projects that have huge potential to unlock employment and develop SMMEs and cooperatives. DEDEAT will partner with external stakeholders such as Mercedes Benz who have established an academy to enhance technical skills for young people, as well as with other partners such as the Development Bank of South Africa (DBSA) jobs fund to incubate businesses that increase their economic footprint in the province.

The provincial department of Social Development (DSD) will continue to prioritise the development and empowerment of provincial youth which seeks to enhance their participation in entrepreneurship development initiatives. These youth development programmes focus on youth development structures, National Youth Service Programme (NYS), skills development, entrepreneurship development and youth mobilisation. The department continues to strengthen and increase the number of women participating in these empowerment programmes. Over the forthcoming medium term, the department plans to empower 4 492 women through women empowerment programmes.

The department of Human Settlements, in partnership with the National Home Builders Registration Council (NHBRC), National Youth Development Agency (NYDA) and Further Education and Training (FET) Colleges, will continue to roll out its youth build programmes throughout the province in an effort to skill and equip unemployed youth with built-environment skills, enabling these individuals to become artisans.

Encouraging Entrepreneurship and Enterprise Development

A provincial integrated Small Medium and Micro Enterprise (SMME) development strategy has been developed to guide the support and growth of the local SMME sector, with a multi-sectoral forum established to deal with the reduction of red tape. The concept of “one stop shop” has been piloted in the Joe Gqabi district for the support of the local SMME’s and cooperatives.

The institutional support provided to cooperatives through the Coega Development Corporation (CDC) has seen a total of 37 cooperatives supported in the Chris Hani district through Leadership and Governance training, business skills and mentorship.

The total numbers of SMMEs supported are spread across all provincial regions and the nature of support is mainly business development services that include business planning, marketing materials, training, feasibility study, access to markets. The main sectors supported include creative industry, retail, services, tourism, agro processing, green industries and manufacturing.

A sector focused SMME support programme has been implemented focusing on the renewable energy programme through the Eastern Cape Development Corporation (ECDC).

With the focus being on the development of rural communities, cooperative enterprises targeted and supported through the Imvaba Fund are mostly from Chris Hani, Joe Gqabi and O.R Tambo districts. The main sectors supported are Manufacturing and Agriculture.

Provision of Safe Public Transport and Improved Citizen Mobility

The provincial department of Transport (DoT) have made progress in the improvement of access to public transport for rural residents through the purchase of new buses for AB350 and Mayibuye Transport Corporation (MTC). AB350 has increased the total fleet to 142 buses, which significantly closes the huge gap of access to social services by provincial rural communities. The new bus services benefit the Matatiele, Sterkspruit, Ngqeleni and Mount Frere areas.

The DoT will continue with extensive negotiations and engagements with the public transport industry, with a view to increasing the servicing of inter-town routes, by 2017/18. The department will also address the empowerment and transformation of the public transport operators towards the implementation of the Provincial Integrated Public Transport Master Plan.

The department will ensure an improved provincial road safety profile through the completion and rollout of the provincial strategy on road safety. Part of the strategy is to ensure that all motor vehicles are registered and licenced.

2.3.4 Improving Provincial Health Outcomes.

Despite the minimal growth in the provincial budget for Health, all non-negotiables continue to be protected. Non-negotiables include; funding for the National Health Laboratory Services (NHLS), Agency and outsourced service; patient food; medical supplies; medicine; property payments and maintenance.

Primary Health Care (PHC)

The revitalisation of PHC in preparation for the implementation of the National Health Insurance (NHI) programme is a key priority of the provincial Department of Health (DoH). In furtherance of this objective, the DoH will strengthen the implementation of PHC through the District Clinical Specialist Teams, increasing the number of Ward Based Outreach Teams to 413 by end of 2016/17, and also increasing the number of households visits to 611 239 by the end of the next financial year.

National Health Insurance (NHI) Pilot Site

Over the medium term, the department will strengthen the NHI pilot in the OR Tambo District, and replicating selected NHI components in other districts of the province.

Improved Quality of Care

Improving the quality of care in provincial facilities will ensure an improved patient experience and reduce the potential risk of medico-legal cases. For the 2016/17 financial year allocations of R9.968 billion has been made for District Health Services and R3.320 billion towards Provincial Hospital Services.

Preventing and reducing the disease burden

The department will continue with its implementation of its HIV Counselling and Testing turn-around strategy in order to improve the HIV testing coverage in the province.

As a way of tackling the social determinants of health, of which poverty is a key driver, the department will strengthen integration and multi-sectoral collaboration as a mitigation strategy in the reduction of poverty in the 16 identified poverty sites across the province, and other areas where the scourge of poverty is rampant.

Strengthening of the Health and Information Systems

Over the medium term, the department will improve its health management information systems, which will include the introduction of electronic patient registration systems and electronic patient records, especially in the OR Tambo NHI district, and the Alfred Nzo District.

Emergency Medical Services

The department will focus on EMS in order to address the sub optimal availability of ambulances and emergency personnel particularly in rural areas. This will go a long way in improving response times in both urban and rural areas. An allocation of R1.120 billion for 2016/17 has been dedicated to EMS.

2.3.5 Improving Provincial Educational Outcomes

Ensuring quality education and improved Literacy and Numeracy Outcomes

The provincial Department of Education (DoE) has accelerated the implementation of its National Strategy on Learner Attainment in schools and districts with an increased focus on teacher development in schools that performed below the norm of 50 per cent in the Annual National Assessments and 60 per cent in the National Senior Certificate examinations.

Continuing Professional Teacher Development is seen as key to the improvement of the quality of education in the province. To this end greater emphasis will be placed on the enhancement of Mathematical and English skills amongst the General Education and Training lead teachers and subject advisors, as a key foundation for further learning in these subjects.

Learner Retention

Key strategies in ensuring learner retention and increased access to education within the province is through such policies as the “No Fee Policy”, National School Nutrition and Scholar Transport programmes. A total of 1 599 046 learners in the province continuing to benefit from the “No Fee Policy”, while 1 755 664 learners benefit from the National School Nutrition Programme in Quintile 1 to 3 schools (including Grade R and targeted Special Schools), through daily servings of quality nutritious meals.

A substantial allocation is made towards ensuring that provincial learners continue to benefit from the provision of scholar transport.

Early Childhood Development (ECD) and Grade R

On-going support by way of education and training will be prioritised and provided to educators responsible for the provision of quality Early Childhood Development (ECD) and Grade R practitioners.

Further to this, the department will continue to train Pre-Grade R practitioners in all registered sites, on the content of the National Curriculum Framework (Birth to four years) as well as monitoring the implementation through the inter-departmental officials at both provincial and district levels.

2.3.6 Building an efficient, effective and development-oriented public service

Improved Municipal Functioning

The province, through the Local Government Coordination Framework coordinated by OTP, has developed a Memorandum of Understanding to guide co-ordination of support provided to municipalities. A nucleus for coordination of local government support has been established consisting of the provincial departments of the Office of the Premier, Cooperative Governance and Traditional Affairs, Provincial Treasury and the South African Local Government Agency, with 16 municipalities being earmarked for support.

COGTA will implement the Back to Basic approach in all 45 provincial municipalities and will specifically prioritise certain key municipalities to receive intensive support on all the B2B key performance areas. This will also entail the building of capacity in municipalities and ensuring that competent and qualified people are appointed at senior management level.

Provincial Treasury will continue to support municipalities to ensure sound and sustainable financial management and governance, including accelerated social infrastructure delivery that will enhance economic development in the province. Ongoing technical financial management support and

implementation of municipal Standard Chart of Accounts (mSCOA) reform by July 2017 and improvement on infrastructure spending and delivery will continue to be provided to municipalities to enhance accessibility to basic services.

Interventions within Provincial Departments

Through the Provincial Audit Intervention Plan, PT will continue to co-ordinate audit improvement by assisting provincial departments in the development of audit improvement plans.

The province will also take steps to strengthen skills, enhance morale, clarify lines of accountability and build an ethos of public service. The actions required are vital for creating a professional ethos of public service founded on a strong developmental commitment.

Governance in Public Entity Oversight

Through improved oversight of public entities, real efficiencies will be realised, particularly within Development Finance Institutions (DFIs) operating in the province.

The introduction by National Treasury of a new uniform and streamlined system of collecting, storing, consolidating and analysing in-year financial and non-financial information will provide an essential system for efficient public financial management within public entities. It will also enable the development of a uniform system of governance for all public entities including a formal and official guide regulating the appointment of board members in public entities, standardisation of board membership fees, executive management remuneration and the alignment of public entities' service delivery models with provincial priorities.

2.4 Fiscal Policy

2.4.1 Containing Growth in the Provincial Wage Bill

Being cognisant of the tight fiscal environment a key requirement over the medium term will be to rebalance the provincial wage bill. The objective of this focus will be to ensure that expenditure on CoE does not crowd out all other expenditure, particularly that on core service delivery.

In furtherance of this objective, the appointment of provincial administrative and executive support staff will be frozen. The province has, however, prioritised the filling of infrastructure related posts as a means of improving infrastructure delivery capacity. Core service delivery will continue to be protected.

The province will furthermore, withdraw the funding of posts that have been vacant for extended periods, with all posts requiring approval by the PCMT. Natural attrition will create space for new appointments but exceptions will be considered for critical positions, with the onus on departments to justify such exceptions.

Centralising the recruitment processes in the provincial administration will be embarked upon as a means to curb the potential CoE over-expenditure risks particularly in the departments of Education and Health.

The province will undertake quarterly analysis of personnel numbers and CoE expenditure within the departments of Health, Education, Rural Development and Social Development. Finally, provincial departments are to conduct a personnel age analysis as a way of identifying officials that are either over the retirement age or who are due for imminent retirement.

As part of improving control environment and financial prudence, PT will centralise the authorisation function on PERSAL for all provincial departments with effect from 1 April 2016.

In line with containing the provincial wage bill, the Provincial Coordinating Monitoring Team (*PCMT*) structure will be strengthened and its mandate will be aligned to the new developments of soliciting savings from CoE through the following interventions commencing in April 2016:

- The Office of the Premier (OTP) constitutes and will oversee the PCMT, the approval structure for Annual Recruitment Plans (ARP's) and recruitment management;
- All recruitment by provincial departments will be authorised at a central point; and
- OTP and Provincial Treasury will establish a one stop centre for centralised recruitment, monitoring Annual Recruitment Plans (ARP), management and monitoring of job adverts, as well as housing the PERSAL system authorisers.

An amount of R15 million has been allocated for human resource planning requirements for the province, in addition to R10.260 million in order to contain the growth of the wage bill.

2.4.2 Rationalising Public Entities

As a further measure to reduce expenditure, the province will begin the process of restructuring and rationalising provincial public entities, particularly those where duplicate mandates are performed or where minimal value for money is realised.

In line with this intervention, a further process will be undertaken to maximise efficiencies; and strengthen governance structures of all provincial entities, for implementation in 2017/18.

A review of salary levels for senior management and non-executive boards within public entities is being undertaken by National Treasury (NT), the outcome of which will be communicated.

2.4.3 Improved Own Revenue Collection

The province will continue to enhance systems, processes and find solutions to maximise own revenue collection particularly within the major own revenue generating departments. Own revenue will continue to be utilised for economic investment projects that are backed-up by sound, sustainable and feasible business plans.

2.4.4 Cost Containment

While core service delivery programme and project expenditure will be protected, all non-core expenditure for items such as travel and subsistence, venues and facilities, entertainment, catering, overseas travel and accommodation will be strictly managed and curtailed.

Provincial Treasury has developed a draft framework for cost containment measures within the province with specific emphasis on wasteful expenditure in Supply Chain Management (SCM). Sector task teams have been formed to streamline the implementation of the strategy and the monitoring thereof under the supervision of the OTP.

Further provincial proposals include extending the replacement period for government fleet vehicles and computer replacement timeframes, with cellphone and landline costs also being re-evaluated.

Transfers to public entities and non-profit institutions will be reduced, particularly to those entities and institutions that have cash reserves and / or are not performing, as the case may be.

2.4.5 Provincial Centralised Procurement

The drive to improve procurement efficiencies through transversal contracts will continue over the 2016 MTEF. In its endeavour to achieve value for money, the PT will continue to monitor the implementation of a Price Index for high-volume-low-value items.

Mandatory use of the e-tender portal will enforce procurement transparency and provide accessible reference prices for a wide range of goods and services.

2.5 The Budget Process

The provincial budget process aims to ensure that resources are allocated to priorities and that government spending remains within sustainable fiscal limits.

The fiscal objectives for the 2016 budget process were:

Promoting allocative efficiency: achieving an allocation of resources that reflects the priorities of government on the basis of evidence of programme effectiveness.

Value for money: providing public services in a way that reduces costs of providing goods and services while maintaining quality, producing more with less and achieving results (economy, efficiency and effectiveness).

Fiscal sustainability: maintaining stability in key government programmes and managing risks in a constrained economic and fiscal environment.

Given limited resources, the province will undertake a coordinated, integrated and strategic approach in government planning, budgeting and delivery for maximum socio-economic impact. Through the budget process, the Provincial Treasury, Policy and Planning within the provincial Office of the Premier, and sector departments, plan, collaborate, negotiate and decide together on a comprehensive plan for spending public resources over the next three fiscal years. This joint planning process is to better integrate provincial priorities into a comprehensive plan for development.

A greater focus on spatial alignment and spatial targeting were specifically highlighted with regard to infrastructure development, as a way of mainstreaming the spatial agenda in the provincial planning and budgeting process.

2.6 Budget Aggregates

TABLE 2.1 PROVINCIAL BUDGET SUMMARY

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R'000										
Provincial receipts										
Transfer receipts from national	55 924 690	59 216 919	61 497 997	64 372 141	64 829 626	64 257 192	68 303 751	73 030 257	77 612 066	6.3
Equitable share	47 213 291	49 878 387	51 738 115	54 311 819	54 866 979	54 866 979	58 060 456	61 969 363	65 844 586	5.8
Conditional grants	8 711 399	9 338 532	9 759 882	10 060 322	9 962 647	9 390 213	10 243 295	11 060 894	11 767 480	9.1
Provincial own source receipts	1 100 679	1 281 188	1 587 020	1 090 615	1 104 064	1 320 147	1 182 222	1 290 264	1 358 088	(10.4)
Total provincial receipts	57 025 369	60 498 107	63 085 017	65 462 756	65 933 690	65 577 339	69 485 973	74 320 521	78 970 154	6.0
Provincial payments										
Current payments	45 442 695	48 308 754	49 905 039	52 945 139	53 865 235	53 459 178	56 768 149	60 395 127	64 014 924	6.2
Transfers and subsidies	6 501 618	8 172 334	7 603 242	7 662 539	8 128 573	8 382 851	8 170 164	8 232 330	8 563 035	(2.5)
Payments for capital assets	3 039 016	3 517 162	3 217 959	4 367 102	4 427 265	4 012 626	4 632 621	4 677 122	4 798 507	15.5
Payments for financial assets	137 313	74 853	22 819	20 000	20 000	20 005	20 000	-	-	(0.0)
Of which: Unallocated contingency reserve										
Total provincial payments	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6
Surplus/(deficit) before financing	1 904 728	425 005	2 335 957	467 977	(507 382)	(297 321)	(104 960)	1 015 941	1 593 689	(64.7)
Financing										
Provincial roll-overs	44491	38310	58366		247 816	247 816				(100.0)
National roll-overs	217 744	104 891	19 073		271 921	271 921				(100.0)
Other	295 606	1 641 829	289 580	763 347	1 232 419	1 232 419	2 268 841	955 015	256 754	84.1
Surplus/(deficit) after financing	2 418 078	2 210 035	2 702 976	1 231 324	1 244 774	1 454 835	2 163 880	1 970 956	1 850 443	48.7

Source: Provincial Treasury Database, 2016/17

2.6.1 Notes on the Equitable Share Allocations

A total of R185.874 billion (R58.060 billion in 2016/17, R61.969 billion in 2017/18 and R65.845 billion in 2018/19) is allocated to the province as Equitable Share (ES) over the 2016 MTEF.

2.7 Financing

The province is tabling a surplus budget over the 2016/17 MTEF. The amounts that remain unallocated during are R2.163 billion in 2016/17; and R1.970 billion in 2017/18 and R1.850 billion in 2018/19.

The surplus will be utilised for economic growth and development initiatives, particularly infrastructure development. The saving indicates a provincial commitment to shifting the composition of expenditure away from consumption towards investment. The funds will be accessed through the submission of sound business plans that meet the said criteria.

It is also important to maintain some buffer against negative economic and fiscal shocks that may arise over the MTEF, particularly in the light of the challenging economic outlook ahead.

2.8 Conclusion

The extent to which the province can sustain plan-led development and evidence based planning over the long term remains a challenge. These assume high levels of strategic and organisation coherence both within and outside government, and active compacts between the provincial government and strategic stakeholders.

Key under-lying pillars that cannot be ignored in achieving provincial priorities are therefore, public sector and private sector partnerships; effective departmental integration in planning and execution; spatial targeting; good governance; and a capable provincial administration.

These will set the province on a path toward enhanced inclusive economic growth, the availability of jobs and improved socio-economic outcomes.

3 RECEIPTS

3.1 Overall Position

The 2016 provincial fiscal framework provides for a total fiscal envelope of R222.776 billion. This includes transfers from national government amounting to R218.946 billion and provincial own receipts amounting to R3.830 billion. Table 3.1 below indicates total provincial receipts of R69.485 billion, with Provincial Equitable Share (PES) and Conditional Grants increasing by 5.8 per cent and 9.1 per cent respectively in 2016/17 when compared to the 2015/16 revised estimate. Provincial own receipts shows a decrease of 10.4 per cent which is attributable to the once-off collections that were not taken into account in the revenue estimation in 2016/17 due to their unpredictability.

TABLE 3.1: SUMMARY OF PROVINCIAL RECEIPTS

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R'000										
Transfer receipts from national										
Equitable share	47 213 291	49 878 387	51 738 115	54 311 819	54 866 979	54 866 979	58 060 456	61 969 363	65 844 586	5.8
Conditional grants	8 711 399	9 338 532	9 759 882	10 060 322	9 962 647	9 390 213	10 243 295	11 060 894	11 767 480	9.1
Total receipts from National	55 924 690	59 216 919	61 497 997	64 372 141	64 829 626	64 257 192	68 303 751	73 030 257	77 612 066	6.3
Tax receipts	491 309	534 163	618 064	695 986	709 434	688 503	769 616	836 677	878 462	11.8
Casino taxes	97 412	100 054	135 894	137 763	142 527	141 793	155 299	172 119	175 359	9.5
Horse racing taxes	20 004	17 872	7 634	7 234	8 473	8 369	9 223	9 223	9 758	10.2
Liquor licences	5 109	5 558	17 562	7 002	14 447	17 711	14 868	14 940	15 807	(16.1)
Motor vehicle licences	368 784	410 679	456 974	543 987	543 987	520 630	590 226	640 395	677 539	13.4
Sales of goods and services other than capital assets	186 902	207 244	240 341	256 137	256 137	248 917	266 694	299 549	316 653	7.1
Transfers received from:	83 355	16 362	2 298	-	-	-	-	-	-	-
Fines, penalties and forfeits	8 308	6 672	5 971	16 160	16 160	10 154	17 448	18 841	19 933	71.8
Interest, dividends and rent on land	213 696	288 470	413 375	91 924	91 924	278 741	94 959	99 720	105 504	(65.9)
Sales of capital assets	2 172	12 845	26 055	209	209	12 647	236	252	266	(98.1)
Financial transactions in assets and liabilities	114 937	215 432	280 916	30 199	30 199	81 185	33 269	35 225	37 269	(59.0)
Total departmental own source receipts	1 100 679	1 281 188	1 587 020	1 090 615	1 104 064	1 320 147	1 182 222	1 290 264	1 358 088	(10.4)
Total Provincial Receipts	57 025 369	60 498 107	63 085 017	65 462 756	65 933 690	65 577 339	69 485 973	74 320 521	78 970 154	6.0

Source: Provincial Treasury Database, 2016/17

Provincial own receipts is projected to increase from R1.182 billion in 2016/17 to R1.358 billion in 2018/19, mainly due to higher projected collections from the key revenue generating departments. The province collects the bulk of the own revenue from *Tax receipts*, which is mainly made up of casino taxes and motor vehicle licence fees. Substantial own revenue is collected against *Sale of goods and services other than capital assets* which includes the cost recoveries and medical scheme collections of patient fees.

3.2 Equitable Share

The Provincial Equitable Share (PES) is the main source of revenue for meeting provincial expenditure responsibilities. The transfers from national government are based on the fair distribution of resources and the formula uses objective data which is informed by the demand of services across provinces. The equitable share allocation includes the annual revision to the PES formula as guided by the data from the Census 2011 school age population, the updated information in respect of 2015 mid-year population estimates, 2015 School Realities Survey (SNAP Survey), the 2013 GDP by region, District Health Information Services for patient load data for the periods 2013/14 and 2014/15, risk adjusted index, insured population from the 2014 General Household Survey, and the 2010 Income and Expenditure Survey.

The phasing in of the equitable share allows for a smooth path to achieve weighted shares by the third year. The EC weighted average share shows this 2016 MTEF path decreasing from 14.1 per cent in 2016/17 to 14.0 per cent in 2018/19 and this has resulted in a marginal increase of R14.363 million. The province has previously seen a reduction of R5.144 billion in the 2013 MTEF, R819 million in the

2014 MTEF and a further R65.432 million over the 2015 MTEF as a result of data updates. The province received a buffer in the 2013 MTEF which was extended to the 2016/17 financial year to absorb some of the financial burden from the reduced equitable share. This means that the fiscal cliff has been moved to the 2017/18 financial year.

The economic growth prospects in the country have remained weak and this has resulted in government facing an extremely tight fiscal environment over the 2016 MTEF. The fiscal framework has rapidly grown tighter with pressure to fund new priorities such as the no-fee increase at tertiary institutions, the BRICS Bank reserve fund, contingency provisions for drought relief and other contingencies. This has resulted in a R2.093 million reduction of the 2015 Medium Term Budget Policy Statement (MTBPS) published baselines to accommodate these pressures.

The provincial equitable share increases was supplemented with additional funding to cater for the higher than budgeted improvement in conditions of service (ICS), while a reduction to the PES is made in respect of the extension of Human Papillomavirus Vaccine (HPV) programme at a national level.

3.3 Conditional Grants

TABLE 3.2: SUMMARY OF CONDITIONAL GRANTS

Department/Grant	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18	2018/19	% change from 2015/16
	Amount Received	Amount Received	Amount Received	Main Appropriation	Adjusted Appropriation	Amount Received	Medium Term Estimates	Medium Term Estimates	Medium Term Estimates	Medium Term Estimates	
Agriculture, Forestry and Fisheries	256 032	275 593	285 725	322 706	314 071	314 071	337 998	356 197	372 939		
Agricultural Disaster Management Grant	-	-	-	-	-	-	-	-	-	-	0
Comprehensive Agricultural Support Programme Grant	197 209	219 055	228 810	261 909	254 399	254 399	263 490	277 511	289 660		4.2
Ilima/Letsema Projects Grant	42 000	43 845	46 062	50 131	49 672	49 672	63 876	67 356	71 263		34.3
Land Care Programme Grant: Poverty Relief and Infrastructure Development	16 823	12 693	10 853	10 666	10 000	10 000	10 632	11 330	12 016		(2.0)
Arts and Culture	78 058	72 492	109 418	143 694	142 976	142 976	149 320	158 417	167 348		2.5
Community Library Services Grant	78 058	72 492	109 418	143 694	142 976	142 976	149 320	158 417	167 348		2.5
Basic Education	1 864 263	2 026 536	2 252 326	2 808 205	2 680 677	2 245 368	2 665 759	2 651 315	2 803 505		17.5
Dinaledi Schools Grant	11 964	12 620	13 342	-	-	-	-	-	-	-	-
Education Infrastructure Grant	883 403	1 010 870	1 177 914	1 703 877	1 594 472	1 168 503	1 505 088	1 432 581	1 514 084		27.2
HIV and Aids (Life Skills Education) Grant	35 252	34 895	37 023	37 086	34 504	31 922	39 591	41 936	44 368		6.1
National School Nutrition Programme Grant	903 644	949 162	984 548	1 020 116	1 013 057	1 013 057	1 074 182	1 127 891	1 193 309		5.3
Occupation Specific Dispensation for Education Sector Therapists Grant	-	-	6 571	2 067	2 058	2 058	-	-	-	-	(100.0)
Technical Secondary Schools Recapitalisation Grant	30 000	18 989	32 928	-	-	-	-	-	-	-	-
Maths, Science and Technology Grant	-	-	-	45 059	36 586	29 828	46 898	48 907	51 744		72.7
Cooperative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-	-	-
Provincial Disaster Grant	-	-	-	-	-	-	-	-	-	-	-
Health	2 611 799	2 773 119	3 041 349	3 184 542	3 169 566	3 168 846	3 433 642	3 705 364	4 090 401		6.5
Comprehensive HIV and Aids Grant	1 060 852	1 273 296	1 449 237	1 577 065	1 569 506	1 569 506	1 755 385	2 032 537	2 293 490		9.9
Forensic Pathology Services Grant	-	-	-	-	-	-	-	-	-	-	-
Health Disaster Response (Cholera) Grant	-	-	-	-	-	-	-	-	-	-	-
Hospital Facility Revitalisation Grant	676 200	562 792	599 231	592 073	592 073	592 073	619 041	555 288	581 083		2.4
of which	-	-	-	-	-	-	-	-	-	-	-
Health infrastructure component	258 862	562 792	599 231	-	-	-	-	-	-	-	-
Hospital Revitalisation component	402 678	-	-	-	-	-	-	-	-	-	-
Nursing Colleges and Schools component	14 660	-	-	-	-	-	-	-	-	-	-
Health Professions Training and Development Grant	177 802	188 560	199 874	204 430	204 430	204 430	213 212	226 566	239 707		13.2
National Tertiary Services Grant	682 445	743 621	786 007	803 770	802 565	802 565	838 458	890 973	942 650		1.5
National Health Insurance Grant	11 500	4 850	7 000	7 204	992	272	7 546	-	-	-	19.8
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	-	-	33 471		-
AFCON	3 000	-	-	-	-	-	-	-	-	-	-
Higher Education and Training	-	-	-	-	-	-	-	-	-	-	-
Further Education and Training College Sector Grant	-	-	-	-	-	-	-	-	-	-	-
Human Settlements	2 008 046	2 523 803	2 392 718	1 962 372	2 062 372	2 062 372	1 991 457	2 460 660	2 477 121		(3.4)
Housing Disaster Relief Grant	-	94 172	94 172	-	-	-	-	-	-	-	(100.0)
Human Settlements Development Grant	2 008 046	2 429 631	2 298 546	1 962 372	2 062 372	2 062 372	1 991 457	2 460 660	2 477 121		1.5
Public Works	283 278	129 305	111 258	86 991	82 780	77 210	98 830	-	-	-	15.4
Devolution of Property Rate Funds Grant to Provinces	200 825	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Incentive Grant for Provinces	59 332	76 577	69 544	75 937	72 575	67 781	77 370	-	-	-	2.5
EDUCATION	-	-	3 115	2 736	2 432	2 128	2 144	-	-	-	(22.0)
HEALTH	1 000	3 000	2 000	2 644	2 632	1 046	3 826	-	-	-	38.8
SOCIAL DEVELOPMENT AND SPECIAL PROGRAMMES	-	-	2 000	2 000	1 028	428	2 000	-	-	-	-
OFFICE OF THE PREMIER	-	-	-	-	-	-	-	-	-	-	-
PROVINCIAL LEGISLATURE	-	-	-	-	-	-	-	-	-	-	-
ROADS AND PUBLIC WORKS	49 694	65 082	46 791	53 607	53 607	53 607	52 848	-	-	-	(1.4)
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	-	-	2 000	2 000	1 933	1 866	2 000	-	-	-	44.1
RURAL DEVELOPMENT AND AGRARIAN REFORM	4 000	550	2 681	2 188	1 993	1 798	2 000	-	-	-	(8.6)
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM	1 000	550	2 102	2 000	1 370	169	2 026	-	-	-	1.3
TRANSPORT	2 638	3 845	4 099	4 142	4 083	4 083	5 661	-	-	-	36.7
HUMAN SETTLEMENTS	-	3 000	2 654	2 607	1 484	702	2 865	-	-	-	9.9
PROVINCIAL PLANNING AND TREASURY	-	-	-	-	-	-	-	-	-	-	-
SPORT, RECREATION, ARTS AND CULTURE	1 000	550	2 102	2 013	2 013	1 954	2 000	-	-	-	(3.3)
SAFETY AND LIAISON	-	-	-	-	-	-	-	-	-	-	-
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	23 121	52 728	41 714	11 054	10 205	9 429	21 460	-	-	-	112.5
EDUCATION	1 000	3 000	2 580	3 000	2 546	2 092	10 160	-	-	-	251.6
HEALTH	13 780	41 565	31 242	5 000	4 994	4 988	4 200	-	-	-	(6.0)
SOCIAL DEVELOPMENT AND SPECIAL PROGRAMMES	6 708	6 862	2 580	1 000	1 000	1 000	3 500	-	-	-	251.4
OFFICE OF THE PREMIER	-	-	-	-	-	-	-	-	-	-	-
PROVINCIAL LEGISLATURE	-	-	-	-	-	-	-	-	-	-	-
ROADS AND PUBLIC WORKS	-	-	-	-	-	-	-	-	-	-	-
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	-	-	-	-	-	-	-	-	-	-	-
RURAL DEVELOPMENT AND AGRARIAN REFORM	-	-	-	-	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM	-	-	-	-	-	-	-	-	-	-	-
TRANSPORT	-	-	-	-	-	-	-	-	-	-	-
HUMAN SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	-
PROVINCIAL PLANNING AND TREASURY	-	-	-	-	-	-	-	-	-	-	-
SPORT, RECREATION, ARTS AND CULTURE	1 633	1 301	2 732	1 000	1 000	1 000	1 800	-	-	-	83.7
SAFETY AND LIAISON	-	-	2 580	1 054	665	349	1 800	-	-	-	135.6
Social Development	-	-	12 632	2 000	2 000	326	-	70 558	104 402		(100.0)
Substance Abuse Treatment Grant	-	-	12 632	2 000	2 000	326	-	14 236	17 708		(100.0)
Early Childhood Development Grant	-	-	-	-	-	-	-	56 322	86 694		-
Sport and Recreation South Africa	65 472	61 334	64 895	61 066	60 563	58 131	68 347	71 923	75 901		10.7
Mass Participation and Sport Development Grant	65 472	61 334	64 895	61 066	60 563	58 131	68 347	71 923	75 901		10.7
Transport	1 544 451	1 476 350	1 489 561	1 488 746	1 447 642	1 320 914	1 497 942	1 586 460	1 675 863		(8.6)
Gautrain Rapid Rail Link Grant	-	-	-	-	-	-	-	-	-	-	-
Provincial Roads Maintenance Grant	1 369 985	1 292 390	1 294 279	1 289 151	1 248 047	1 121 319	1 279 725	1 355 208	1 433 805		(11.1)
Public Transport Operations Grant	174 466	183 960	195 282	199 595	199 595	199 595	218 217	231 252	242 058		9.3
Total National Conditional Grants	8 711 399	9 338 532	9 759 882	10 060 322	9 962 647	9 390 214	10 243 295	11 060 894	11 767 480		4.5

Source: Provincial Treasury Database, 2016/17

Table 3.2 above shows the conditional grants received by the province over a 7 year period, with allocations growing from R8.711 billion in 2012/13 to R11.767 billion in 2018/19. The 2015/16 Adjustment Estimates have been reduced due to the off-setting of the unspent grants from the 2014/15 financial year

against the 2015/16 allocations of the respective grants as per the requirements of the 2015 Division of Revenue Act.

The funding of new priorities has also meant that the baseline allocations of conditional grants had to be reduced. These reductions are not proportionally applied across all grants but rather in such a manner that protects essential service delivery programmes. The conditional grants that address key social services have been protected as much possible, while the baselines of the *National School Nutrition Programme (NSNP)* Grant and the *Extended Public Works Programme (EPWP)* grants were left unchanged.

3.3.1 Changes to provincial conditional grants

The *Comprehensive Agriculture Support Programme Grant (CASP)* is reduced by R24.227 million from the original baseline, over the MTEF due to a change in the management and operation of the grant to ensure better performance. The decrease of the *CASP* grant will assist the national Department of Agriculture, Forestry and Fisheries (DAFF) with capacitation to improve the monitoring of grants and the performance of the sector.

The *Education Infrastructure Grant (EIG)*, which is a direct infrastructure grant, and the *School Infrastructure Backlogs Grant (SIBG)*, an indirect grant, will be merged into the *EIG*. The *SIBG* will remain unallocated within the *EIG* in 2017/18 and 2018/19 to allow for these funds to be used to complete *SIBG* projects currently contracted.

The newly configured *Comprehensive HIV, AIDS and TB grant* increases by R185.340 million from the original baseline, over the MTEF, however, the grant also benefits from funding to extend Anti-Retroviral Treatment (ART) coverage and the TB scope now included in the grant.

The *Human Settlements Development Grant (HSDG)* was reduced by R38.948 million from the original baseline, as it has been identified that some capital expenditure can be postponed without negatively affecting delivery in the sector.

The Provincial Disaster Grant at a national level is not initially allocated to provinces but the grant allows for an immediate/ in-year release of funds after a disaster is declared, without the need for the transfers to be gazetted first.

The introduction of a National Health Insurance (NHI) system has resulted in the creation of two funding streams (direct and indirect) for this purpose. The *National Health Insurance (direct) grant* to provinces will cease in 2016/17 as it is deemed that efficient NHI preparedness can be achieved from a more targeted approach. To this end, the National Health Grant is reconfigured over the MTEF to meet this objective.

3.4 Total Provincial Own Receipts

TABLE 3.3: PROVINCIAL OWN RECEIPTS PER DEPARTMENT

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R'000										
Education	44 864	68 998	95 568	65 360	65 360	86 309	68 628	72 059	76 239	(20.5)
Health	114 438	124 409	181 847	156 740	156 740	159 979	165 559	174 876	185 020	3.5
Social Development	8 268	12 060	6 614	2 168	2 168	3 357	2 298	2 436	2 577	(31.5)
Office Of The Premier	525	2 555	481	264	264	488	277	323	342	(43.2)
Provincial Legislature	1 583	696	1 156	367	367	379	386	405	428	1.8
Roads And Public Works	14 756	32 101	31 894	25 111	25 111	28 820	24 720	43 908	46 194	(14.2)
Cooperative Governance And Traditional Affairs	1 847	2 374	2 827	1 939	1 939	1 660	2 055	2 178	2 304	23.8
Rural Development And Agrarian Reform	90 187	23 320	10 893	9 050	9 050	7 103	9 585	10 149	10 737	34.9
Economic Development, Environmental Affairs And Tourism	217 311	125 866	261 106	153 701	167 149	191 133	181 323	198 311	203 071	(5.1)
Transport	387 542	599 615	578 427	583 301	583 301	554 407	632 686	686 208	726 008	14.1
Human Settlements	7 880	10 344	8 257	3 422	3 422	12 215	1 046	1 098	1 153	(91.4)
Provincial Treasury	210 521	277 819	406 797	88 147	88 147	272 925	92 554	97 182	102 818	(66.1)
Sports, Recreation, Arts And Culture	917	981	1 097	1 006	1 006	1 318	1 063	1 087	1 150	(19.3)
Safety And Liaison	40	50	56	39	39	54	42	44	47	(22.2)
Total departmental own source receipts	1 100 679	1 281 188	1 587 020	1 090 615	1 104 064	1 320 147	1 182 222	1 290 264	1 358 088	(10.4)

Source: Provincial Treasury Database, 2016/17

Table 3.4 above shows that provincial own receipts is projected to increase from R1.182 billion in the 2016/17 to R1.358 billion in 2018/19, mainly due to higher projected collections from the major revenue generating departments. The improvement in projected own revenue is informed by the provincial revenue generation strategy. The once-off collections will augment the estimated revenue and are not included over the MTEF period due to their unpredictability for estimation. These items include interest earned, sale of capital assets and once-off recoveries of surpluses surrendered by public entities.

The **Department of Transport** is contributing R632.686 million in 2016/17, which is the bulk of the provincial own revenue collected from motor vehicle license fees (MVLF). This revenue source is based on the vehicle population and individual tariffs per category based on vehicle tare weight. The higher MVLF tariffs should remain at the same level due to the standardisation of MVLF and the province is closing the tariff gap with higher charging provinces. MVLF tariffs are at a higher level for categories exceeding 3 500 kg in an effort to limit the enforcement of overloading of the province's roads. The revenue collections from fines, penalties and forfeits source will increase significantly over the MTEF from the enactment of the Administrative Adjudication of Road Traffic Offences (AARTO) Act which allows for fines that are issuing by provincial traffic officers to accrue to the department.

The **Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)** is projected to collect substantial own revenue of R181.323 million in 2016/17 from casino taxes through the Eastern Cape Gambling and Betting Board (ECGBB) while enforcement of liquor laws by the Eastern Cape Liquor Board (ECLB) will also contribute to tax receipts. The increase over the MTEF is due to the continued growth in the bingo sector with current operations in East London and Port Elizabeth, as well as the increased demand of horse racing activities and growth from revenue from limited pay out machines monitoring. The ECGBB is projecting to issue a licence for a new casino in the O.R Tambo region for operation in the 2017/18 financial year.

The **Department of Health (DoH)** is projecting to contribute R165.559 million to the 2016/17 revenue estimates and collections are projected to increase further over the MTEF. The department collects revenue mainly from patient fees in respect of cost recovery of services provided to patients. The tariffs for patient fees are informed by tariffs introduced by the National Department of Health and do not have real revenue enhancement potential. The improved revenue collections are mainly at the twelve hospital sites where its electronic billing system is in place and these hospitals represent the highest bed utilisation. Increased collections will continue from the validation of claims and recoveries from the Road Accident Fund (RAF), GEMS and other medical schemes.

The **Department of Roads and Public Works (DPRW)** collects own revenue mainly from rental income from the leasing of state-owned properties which is increasing significantly over the MTEF period. The department has developed its revenue generation strategy which will see revenue increase from efficiencies with the updating of the asset register that currently reflects tariffs charged at various rates. The establishment of capacity to attend to the asset portfolio will first materialise in 2016/17 where after constructive returns will result.

The **Provincial Treasury (PT)** shows significant revenue collections, however, such revenue relates mainly due to unanticipated higher collections of interest earned on positive bank balances and reflected in the Provincial Revenue Fund (PRF) as a result of departments having cash available in their bank accounts. The interest earned is also due to all monies banked including own revenue, unallocated funds, surpluses returned by entities, and interest charges retained.

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

3.4.1 Own Revenue Maximisation

The enhancement of provincial revenue requires the efficient application of the Provincial Revenue Generation Strategy as a way of ensuring that departments implement their revenue plans and tariffs are annually reviewed to adequately inform the MTEF. The departments that are showing the greatest potential to maximise provincial own revenue are the departments of Transport, Health, and Economic Development, Environmental Affairs and Tourism. Each department has to prepare its own detailed revenue strategies based on the high level Provincial Revenue Generation Strategy.

The Department of Transport aims to improve revenue collections by differentiating between Motor Vehicle Licence Fees (MVLFF) tariffs and implementing gazetted new MVLFF tariffs from the beginning of the 2016/17 financial year which will ensure maximum tariff collections. The collections of revenue should be reflective of the data that is provided by the e-NaTIS. Data credibility should allow the opportunity to collect outstanding fees on unregistered vehicles.

The Eastern Cape Liquor Act has been reviewed and the Gambling Act is awaiting parliamentary approval. DEDEAT should assist with processing these legislative documents which will allow for the review of casino fees and liquor licenses and the resultant increase in own revenue.

The Department of Health head office staff is continuing to assist hospitals and medical schemes with processing and reconciliation of claims which results in an increase in own revenue. The department is continuing with a process to automate electronic registrations and billing which will assist with speeding up the processing of claims.

Additional sources of revenue are continuously being explored for their contribution to provincial own revenue even though the extent of such revenue may be minimal. The Department of Roads and Public Works has developed its revenue generation strategy and has implemented the rates for covered parking, uncovered parking and lockup garages at buildings that are occupied by government departments. Revenue from cellular masts and receptor sites is already contributing to the fiscus. In the same way all other departments are required to explore ways to expand their own revenue streams and the minimum requirement is to ensure that the annual review of revenue tariffs is achieved.

3.5 Donor Funding

TABLE 3.4: SUMMARY OF THE DONOR FUNDING RECEIPTS BY DEPARTMENT

Programme	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change
	Audited Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate			from 2015/16
R thousand										
Health	4 115	-	-	-	-	-	-	-	-	-
Economic Development, Environmental Affairs and Tourism	-	600	6 200	21 500	21 500	-	12 700	-	-	100.0
Transport	105	-	41 764	2 159	2 159	2 798	-	-	-	(100.0)
Total	4 220	600	47 964	23 659	23 659	2 798	12 700	-	-	353.9

Source: Provincial Treasury Database, 2016/17

Table 3.4 above shows the summary of donor funding receipts for the province over the period 2012/13 to 2018/19. The donor funding are discussed per receiving department below.

In 2016/17, DEDEAT received donor funding from the European Union (EU), with the R12.700 million to be utilised by the ECDC for the implementation of Ecological Resource management systems. The funds are intended for managing school toilet waste to generate fertiliser and cooking gas for school garden and feeding schemes. Also included is a sustainable rural village project for the Chris Hani District Municipality expansion programme.

The Department of Health received donor funding from the EU which was in respect of asset management under the I-chain project in 2013/14. Funds were also received in respect of the HWSETA for skills Levy related training activities.

The Department of Transport received donor funds from the Transport and Training Authority (TETA) for Mathematics and Science project to assist pupils who want to pursue careers in the transport sector in respect of apprenticeship for diesel mechanics training. The funds that were received from the Public Service Sector Education and Training Authority (PSETA) were in respect of skills development and the Road Traffic Management Corporation (RTMC) funding was in respect of patrol vehicles, speed equipment and road safety education.

3.6 Conclusion

The impact of the national revenue collection potential has underlined the provincial government's role in ensuring that provincial own revenue is maximised. The current level of growth for revenue collection is not sufficient to fund the provincial priorities. The province is committed to succeed with its endeavours to ensure that provincial own revenue generation make a huge positive impact on infrastructure investment that it will be channeled into projects that serve to grow the regional economy, and thereby providing employment opportunities. The focus needs to remain on generating more tax collections which will allow for an improved standard of living.

4. INFRASTRUCTURE

4.1 Introduction

The Eastern Cape (EC) province has and will continue to focus its efforts in ensuring that there is integration, coherence, collaboration and consolidation of the infrastructure plans taking into account that infrastructure acts as the catalyst for improving the socio-economic growth and development of the province.

The practical implementation of the Infrastructure Delivery Management System (IDMS) will ensure that the province has a strong focus on the effective and efficient functioning of infrastructure procurement. Procurement is a core infrastructure delivery function and a key component in the supply chain management system (SCM). The strategic infrastructure procurement and delivery management standard has been developed by National Treasury to support the broader SCM function.

Underlying this standard is the notion that the effective and efficient functioning of the supply chain management system for the procurement and delivery of infrastructure will realise value for money and good-quality service delivery. The strategic infrastructure procurement and delivery management standards moves from the traditional approach of “Design Bid Build” and makes provision for the use of alternative contracting strategies which include Design and Construct, Develop and Construct, Management Contractor, Construction Management and framework agreements. This will result in the elimination of delays on the procurement processes.

4.2 2015/16 Infrastructure Performance:

In order to improve infrastructure performance during the 2015/16 financial year the infrastructure unit housed with Provincial Treasury (PT) continued to exert much needed efforts towards addressing the bottlenecks in the achievement of value for money in delivery of infrastructure as well as providing additional efforts towards addressing the constraints in the prevailing infrastructure delivery model.

Most importantly there has been a step up in the escalation of infrastructure bottlenecks to the various institutional structures in the province on a consistent basis. This also resulted in much improved knowledge sharing and collaboration between provincial government departments (PT, Office of the Premier and Local Government) together with the formal implementing agent for the province (DRPW). The strengthened inter-governmental relations facilitated robust discussions at a senior level which ensured that infrastructure challenges were dealt with in the most effective, efficient and economical way possible. Value for money was also a key focus during the 2015/16 financial year. To this end, PT escalated its monitoring efforts through conducting of quarterly infrastructure site visits which produced detailed reports on projects visited that factored key findings and recommendations which were then escalated to departments for rectification.

One of the key instruments utilised in ensuring a coordinated and integrated approach to infrastructure delivery was the hosting of separate infrastructure Medium Term Expenditure Committee (MTEC) hearings. These hearings resulted in the strengthening of relationships between the provincial and local sphere, the alignment of infrastructure delivery with State owned Enterprises (SOEs) such as ESKOM and national departments (Department of Water Affairs) as well the inclusion of all provincial implementing agents to ensure the most optimal delivery of infrastructure through integration, coherence and consolidation of the infrastructure plans. The hearings also escalated the requirements for the spatial plan in enhancing the location of infrastructure delivery and socio economic performance. This resulted in steps being taken which resulted in the department of Cooperative Governance and Traditional Affairs (COGTA)

prioritising the development of a spatial plan and OTP and PT working closely to obtain collaboration between the departments to spatially enable projects on the Geographic Infrastructure System (GIS) in order to improve integrated planning.

Another area in the improvement of the value for money to allow for the optimal delivery of infrastructure within the boundaries of the limited fiscus is the issuing of two key standards during the 2015/16 financial year. The first standard, which required implementation in the 2015/16 financial year, relates to the requirement for standardised unit costing of schools aligned to a specific costing model and wherein deviations from the cost model had to be escalated to the National Sector Departments for approval. The second standard placed specific emphasis on the improvement of strategic infrastructure procurement and delivery management, thus resulting in the issuing of a standard which is required to be implemented by 1 April 2016. This standard has introduced an alternative procurement and delivery model which emphasises the improvement in value for money such that infrastructure is delivered in the right quantity and quality, and at the right place and time and is financially, economically and technically viable and offers value for money over its life cycle. The new approach was canvassed to stakeholders during the 2015/16 financial year through awareness sessions and will be implemented in the 2016/17 financial year.

Over and above, the unit continued with the institutionalisation of the requirements of the Infrastructure Delivery Management system (IDMS) in the provincial infrastructure value chain. This included robust hands on engagements with the departments such that the province hosted a provincial moderation process and as such was able to comply with the requirements for the national moderation process. The improvement in the quality of infrastructure plans was acknowledged by the National Sector departments and resulted in the province obtaining additional incentive funds for the Department of Health to supplement its infrastructure allocation.

4.3 Infrastructure Challenges

Whilst efforts have been made towards improving infrastructure delivery in the province, the Eastern Cape has been severely affected by under-performing and delayed infrastructure service delivery in 2015/16 from the collective sector departments. This is evidenced in the spending trends as in the 2015/16 financial year, the province spent R5.34 billion or 70.3 percent out of a total adjusted budget of R7.6 billion as at the end of January 2016.

Whilst not all departments have performed poorly, key departments like Education continue to underspend whilst most other departments cannot manage cash flows in accordance to their MTEF allocations with confidence. The lack of an agreed upon infrastructure service delivery model has also contributed directly to the underperformance and lack of integrated infrastructure delivery. This collective under-performance has been an issue for several years, not only with shortcomings in physical delivery and expenditure performance, but also poor performance in general on corporate governance issues and resulting poor audits. This overall poor provincial performance in infrastructure service delivery requires a paradigm shift to how things should be done and strong leadership to ensure that the same disappointments are not repeated from 2016/17 onwards.

4.4 Provincial Strategy to deal with underperformance

For the reasons outlined above, Provincial Treasury has introduced a “Strategic Framework to Improve Infrastructure Delivery that proposes strong actions to guide decision-makers. The mandate for this necessary intervention, draws from the PFMA Chapter 3, section 18 (2) (g) and (i), wherein, Provincial Treasury – “(g) must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or material breach of this Act by a provincial department or a provincial public entity, and, “(i) may do anything further that is necessary to fulfil its responsibilities effectively”.

The strategic framework aims to release client department’s management of infrastructure such that they are able to focus on their core business whilst providing guidance on the requirements for the relevant sector norms and standards and service level plans. This strategic framework cannot be implemented without dedicated resources. For this reason, a Rapid Response Team will be established as an interim and independent vehicle to drive the co-ordination, planning and implementation of the Strategic Framework, including addressing project blockages to speed up delivery across the overall value chain.

An amount of R16 million has been allocated to the OTP to establish support for the electrification programme and the Umzimvubu dam.

The strategic framework aims to release Client Department’s management of infrastructure such that they are able to focus on their core business whilst providing guidance on the requirements for the relevant sector norms and standards and service level plans. This Strategic Framework cannot be implemented without dedicated resources. Hence where the delivery of infrastructure including the value for money is not taking place, intervention will take place through the mini Presidential Infrastructure Coordination Committee (PICC) which comprises of PT, OTP and COGTA. The mini PICC will be supported by a Rapid Response Team and will intervene by taking the necessary steps in ensuring that delivery takes place within the required time, appropriate quality and costs in order to avoid unspent funds.

The RRT will engage the Provincial hierarchal support structures leading to an approval of this initiative by the Executive Authority. The RRT will also brief the Mini PICC to champion the overall implementation of this initiative. RRT will be required to prepare terms of reference, source and co-opt and/or manage the procurement for the necessary resources. Over and above the RRT will also engage Departments and Implementing Agents to unpack this initiative to ensure acceptance; will conduct training sessions in the IDMS and, create awareness of IDMS among Municipalities. The RRT will also outline the ideal organisational structures, resources and responsibilities required to sustain this initiative in the long term and will develop a monitoring and evaluation system for Departments and Implementing Agents

4.5 2016/17 Infrastructure Allocations:

Table 4.1 below reflects that the bulk of the Infrastructure allocations resides with the departments of Roads and Public Works, Human Settlements, Education and Health. These allocations account for 90 per cent of the total infrastructure budget.

TABLE 4.1 – INFRASTRUCTURE PAYMENTS SUMMARY PER DEPARTMENT

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R 000's										
Education	1 024 157	1 559 092	1 100 072	1 823 877	1 686 410	1 177 535	1 714 493	1 462 581	1 514 084	45.6
Health	1 192 168	1 130 157	1 101 815	1 210 308	1 231 769	1 221 268	1 402 776	1 441 348	1 518 534	14.9
Social Development	42 724	41 804	60 018	53 786	64 794	64 740	55 517	58 713	62 118	(14.2)
Office Of The Premier	-	-	9 870	2 000	2 000	2 000	4 600	7 268	11 483	130.0
Provincial Legislature	-	-	-	-	-	-	-	-	-	-
Roads And Public Works	2 463 232	2 419 113	1 676 335	2 078 948	2 176 967	2 330 359	2 159 713	2 275 409	2 439 830	(7.3)
Cooperative Governance And Traditional Affairs	4 107	11 066	25 071	11 700	15 285	15 241	10 004	8 084	4 813	(34.4)
Rural Development And Agrarian Reform	75 635	79 670	74 351	137 934	134 973	106 044	196 695	103 822	104 320	85.5
Economic Development, Environmental Affairs And Tourism	-	-	-	-	-	-	-	-	-	-
Transport	15 861	37 059	154 521	27 500	57 413	63 803	9 100	-	-	(85.7)
Human Settlements	2 002 175	2 523 803	2 392 718	1 962 372	2 062 372	2 062 372	1 991 457	2 460 660	2 477 121	(3.4)
Provincial Treasury	-	-	-	160 000	160 000	102 487	526 600	-	-	413.8
Sports, Recreation, Arts And Culture	35 080	48 701	24 856	64 500	72 833	56 692	43 200	44 240	50 965	(23.8)
Safety And Liaison	-	-	-	-	-	-	-	-	-	-
Total	6 855 139	7 850 465	6 619 627	7 532 924	7 664 816	7 202 541	8 114 154	7 862 125	8 183 269	12.7

Source: Provincial Treasury Database, 2016/17

Social Infrastructure:

The province has prioritized the development of social infrastructure and in this regard the 2016/17 financial year has an allocation of R526.600 million for social infrastructure in Provincial Treasury. This amount includes projects for rural access roads and for the R61 Bypass (KSD), over and above the KSD Electrification and Joe Gabi drought water relief has been prioritized. Social Infrastructure funds have also been allocated to OTP in 2016/17 amounting to R90.8 million is for the provincial hotspots of electrification and water reticulation in Ntabankulu (1150 households), Mbizana (1010 households), Intsika Yethu (1750 households), Mbashe (1000 households), Matatiele (700 households), King Sabatha Dalindyebo (600 households), Elundini (550 households) as well as the sub-stations in Ntabankulu and Umzimvubu in the province.

Table 4.2 below reflects the provincial infrastructure allocation per category. The bulk of the infrastructure allocations reside with the existing assets (which includes maintenance) over the 2016/17 MTEF. The allocations reflect that Departments are prioritising the maintenance of infrastructure projects in line with the IDMS lifecycle costing methodology thus resulting in prolonged lifespan of the assets.

TABLE 4.2- INFRASTRUCTURE PAYMENTS SUMMARY PER CATEGORY

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R 000's										
Payments for infrastructure by category										
Existing infrastructure assets	3 727 259	4 001 194	3 080 762	3 583 047	3 740 525	3 895 835	3 599 289	3 445 201	3 894 899	(7.6)
Maintenance and repair	2 277 443	2 382 787	1 610 531	1 702 180	1 749 722	1 777 766	1 598 828	1 665 702	1 879 845	(10.1)
Upgrades and additions	1 303 606	1 482 479	1 354 163	1 517 613	1 680 401	1 911 492	1 713 539	1 616 479	1 711 633	(10.4)
Refurbishment and rehabilitation	146 210	135 928	116 069	363 254	310 402	206 576	286 922	163 021	303 421	38.9
New infrastructure assets	1 110 205	1 306 468	1 138 647	1 820 506	1 690 919	1 130 847	1 991 808	1 952 264	1 811 249	76.1
Infrastructure transfers	2 017 675	2 542 804	2 400 218	2 129 372	2 233 372	2 175 859	2 523 057	2 464 660	2 477 121	16.0
Infrastructure transfers - Current	15 500	19 001	7 500	7 000	11 000	11 000	5 000	4 000	-	(54.5)
Infrastructure transfers - Capital	2 002 175	2 523 803	2 392 718	2 122 372	2 222 372	2 164 859	2 518 057	2 460 660	2 477 121	16.3
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-	-	-
Total provincial infrastructure	6 855 139	7 850 465	6 619 627	7 532 924	7 664 816	7 202 541	8 114 154	7 862 125	8 183 269	12.7

Source: *Provincial Treasury Database, 2016/17*

Table 4.3 below reflects that the provincial infrastructure allocations are funded by both equitable share and infrastructure grant funding. The percentage of grant allocation as compared to equitable share amounts to 70.7 per cent, 75.6 per cent and 75.2 over the 2016/17 MTEF. It is thus also crucial that infrastructure departments consider the reprioritisation of funding to cater for the allocation of more equitable share to infrastructure. The substantial allocation of grant funding to infrastructure is a risk as non-compliance to the Division of Revenue Act grant conditions will result in the loss of the grant funds to other provinces. It is thus crucial to fast track the implementation of the provincial infrastructure strategy to allow for the improved collaboration, integration and the delivery of infrastructure.

TABLE 4.3 – SUMMARY OF PROVINCIAL INFRASTRUCTURE PAYMENTS AND ESTIMATES PER FUNDING SOURCE

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand									
Provincial Equitable Share	1 666 415	2 192 820	1 351 049	1 763 254	1 739 255	1 728 575	2 379 015	1 916 626	2 032 714
Conditional grants¹	5 188 724	5 657 645	5 268 578	5 769 670	5 925 561	5 473 966	5 735 139	5 945 499	6 150 554
Comprehensive Agricultural Support Grant	75 635	79 670	60 268	102 752	94 214	76 075	102 667	98 993	99 272
Land Care Grant	-	-	-	4 694	8 670	5 880	5 528	4 829	5 048
IGP (Agriculture)	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant	937 140	1 130 962	996 571	1 703 877	1 666 410	1 183 152	1 614 493	1 432 581	1 514 084
Tertiary Secondary Schools	-	7 047	24 484	-	-	-	-	-	-
Health Facility Revitalisation Grant	729 670	568 745	587 428	592 073	603 876	604 495	619 041	555 288	581 083
of which:									
Health Infrastructure Component	302 716	568 745	587 428	592 073	603 876	604 495	619 041	555 288	581 083
Hospital Revitalisation Component	414 560	-	-	-	-	-	-	-	-
Nursing Colleges and Schools component	12 394	-	-	-	-	-	-	-	-
National Tertiary Services Grant	-	-	-	-	-	-	-	-	-
Community Library Service Grant	24 425	36 109	24 055	58 500	66 833	45 842	24 450	37 940	40 141
Provincial Roads Maintenance Grant	1 369 985	1 243 228	1 134 275	1 289 151	1 366 947	1 439 786	1 320 829	1 355 208	1 433 805
Transport Disaster Management Grant	-	-	-	-	-	-	-	-	-
Human Settlements Development Grant	2 002 175	2 523 803	2 392 718	1 962 372	2 062 372	2 062 372	1 991 457	2 460 660	2 477 121
Health EPWP Integrated Grant for Provinces	-	3 000	1 988	2 644	2 632	2 756	3 826	-	-
DRDAR EPWP Integrated Grant for Provinces	-	-	-	-	-	-	-	-	-
Human Settlements Integrated Grant for Provinces	-	-	-	-	-	-	-	-	-
DRPW - Public Works EPWP Integrated Grant for Provinces	49 694	65 081	46 791	53 607	53 607	53 608	52 848	-	-
Housing Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Total provincial infrastructure payments and estimates²	6 855 139	7 850 465	6 619 627	7 532 924	7 664 816	7 202 541	8 114 154	7 862 125	8 183 268

Source: *Provincial Treasury Database 2016/17*

Strategic Infrastructure Projects (SIPs):

As part of developing the Ngqura port as a major trans-shipment hub linking ports in the East, West and Southern Africa with their trading partners; two berths are now complete and were recently launched. This investment is significant as it strengthens the Ngqura terminal's capability to handle larger container vessels, improve efficiencies, vessel turnaround times and customer satisfaction. It also ticks various crucial boxes in our government's developmental agenda while boosting the Eastern Cape's role in the broader economy.

The Umzimvubu Multipurpose development project seeks to stimulate social and economic development in the east of our Province. The feasibility study of the Umzimvubu development is now complete with the environmental authorisation granted subject to one challenge being the contestations of the environmental assessment. However this is now under consideration. The catchment rehabilitation is continuing under the leadership of the Department of Environmental Affairs. The Department of Water and Sanitation is on track with the detailed design of the project. As a Province we are gearing up our communities and local entrepreneurs to provide relevant skills and services during the construction phase of the project.

The vision of having the Mthatha airport as the gateway to the Wild Coast and the liberation heritage is progressively being realised. The Mthatha airport terminal building project is now complete and the airport has been operating in new terminal building from 05 October 2015. The Mthatha airport runway project has been awarded and the runway lights are been implemented. ACSA will operate the Mthatha airport as from the 1st of April 2016.

As a catalyst for regional and economic development, the N2 Wild Coast road project will unlock the tourism and agriculture potential of Port St John's and the logistics linkages in the entire wild coast region. The legal and environmental challenges facing the project are now close to resolution. The detailed design for the two mega bridges is now complete, with construction planned to start in November 2016. Construction in the uncontested part from Mthatha to Ndwalane near Port St John's is progressing well.

With respect to renewable energy, thus far one solar energy and 16 wind energy projects worth R33.7 billion have been awarded to independent power producers in the Eastern Cape under the national procurement programme with 7 fully operational, 4 under construction and 6 about to commence construction. When fully operational, the 17 facilities will generate 1 513MW of electricity and will meet over 80% of the electricity demand of the province when the wind is blowing. Of the 1 513 MW, the 612 MW are already on line. The combined local benefits of the 17 renewable energy projects amounts to just over R12 Billion and are in the form of local community ownership, funds committed for socio-economic development, and funds committed for enterprise development. The Cradock biofuels initiative is ready for construction but is currently waiting for the conclusion of the national Biofuels Regulatory Framework and also securing a Biofuels Supply Agreement with the Department of Energy.

Through collaboration with SANRAL, the Province is continuing to upgrade provincial and national roads within the province. The province has achieved consistent maintenance and improvement of the national roads within our province, in particular N2, N6, N9 and N10. The province also has current and planned upgrading initiatives for R61 from N6 near Queenstown to Ndwalane near Port St John's through Ngcobo and Mthatha; R56 from Elliot to Matatiele through Maclear and Mount Fletcher, R72 from East London to Port Alfred and R63 from Bhisho to Komga. The Province has agreed with the Minister of Transport to hand over additional strategic provincial roads to SANRAL.

The Province is working with relevant national departments and public entities to roll out a massive programme to support our municipalities to address service backlogs and upgrades. This programme

includes sewerage, bulk water and water reticulation, upgrade of water and sanitation infrastructure, building and upgrading electricity distribution network and electricity connections to households. To that effect, a provincial bulk water and reticulation master plan will guide our initiatives for the next ten years. In addition, the Province is complementing the Infrastructure National Electricity Programme of the Department of Energy through allocating R 200 million for household electricity connections.

4.6 Conclusion

The initiatives relating to the establishment and implementation of the infrastructure strategy, Rapid Response Team, implementation of the procurement and delivery management standards and continued institutionalisation of the IDMS will ensure that inroads are made towards improving infrastructure performance in the entire infrastructure value chain. Sector departments will continue to be supported to focus on improving and stabilising infrastructure planning, strengthening monitoring and oversight over Implementing Agents so that value for money is achieved. In addition there will be additional focus on strengthening the collaboration, coordination and integration between the various spheres of government thereby reducing duplication and increasing economies of scale.

5. PAYMENTS

5.1 Overall position

To ensure quality service delivery in the context of the prevailing tight fiscal framework, the following cost containment measures were introduced in the 2016 MTEF:

- While Compensation of Employees (CoE) continues to take up a large share of the provincial budget, measures to contain personnel costs through budget cuts have been introduced and more stringent measures such as the centralisation of recruitment will be implemented to manage the wage bill; and
- Budget reprioritisation was implemented to curtail growth on non-core items and action will be taken to ensure that these items do not grow while core items will be allowed to grow over the MTEF.

After taking the above budget cuts of R2.367 billion over the 2016 MTEF into account the total outlay is R69.590 billion in 2016/17, R73.304 billion in 2017/18 and R77.376 billion in 2018/19.

5.2 Payment by Vote

TABLE 5.1: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY VOTE

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change from 2015/16
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium Term Estimates			
Education	25 185 436	26 779 366	26 957 826	29 438 370	29 691 506	29 259 707	31 002 644	32 957 740	34 829 837	6.0
Health	15 602 512	17 048 255	17 549 854	18 495 913	19 023 701	18 925 601	20 244 339	21 476 552	22 831 656	7.0
Social Development	1 739 533	1 928 811	2 134 236	2 230 784	2 261 694	2 246 295	2 383 626	2 607 528	2 806 811	6.1
Office Of The Premier	415 931	465 515	450 686	458 919	711 672	703 344	585 519	497 802	519 106	(16.8)
Provincial Legislature	407 040	443 009	442 663	436 766	474 229	486 983	481 930	496 619	526 012	(1.0)
Roads And Public Works	3 803 772	3 851 944	3 781 954	4 251 304	4 381 431	4 535 162	4 459 193	4 671 943	4 948 025	(1.7)
Cooperative Governance And Traditional Affairs	788 228	1 001 539	872 093	957 661	935 802	949 790	1 010 156	1 012 238	963 254	6.4
Rural Development And Agrarian Reform	1 617 094	1 731 203	1 852 768	1 975 606	1 982 682	1 971 217	2 209 319	2 157 378	2 266 652	12.1
Economic Development, Environmental Affairs And Tourism	807 407	1 353 816	1 134 358	1 181 858	1 241 920	1 204 076	1 147 490	1 310 328	1 386 856	(4.7)
Transport	1 452 471	1 517 152	1 689 901	1 650 285	1 713 937	1 712 926	1 750 698	1 847 452	1 961 776	2.2
Human Settlements	2 279 062	2 827 992	2 719 830	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)
Provincial Treasury	312 469	327 825	324 052	738 492	714 932	578 175	1 034 013	445 824	406 708	78.8
Sports, Recreation, Arts And Culture	647 479	727 359	755 781	796 918	816 291	811 804	843 698	893 825	953 444	3.9
Safety And Liaison	62 207	69 316	83 058	83 969	86 992	86 806	89 273	93 134	99 362	2.8
Total	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6
Less:										
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected into s22(1) of the PFMA]	(1 583)	(696)	(1 156)	(367)	(367)	(379)	(386)	(405)	(428)	1.8
Total	55 119 058	60 072 406	60 747 903	64 994 412	66 440 705	65 874 281	69 590 547	73 304 174	77 376 037	5.6

Source: Provincial Treasury Database 2016/17

Table 5.1 above summarises the provincial payments and estimates by Vote from 2012/13 to 2018/19. Total provincial expenditure increases by 5.6 per cent from the revised estimate of R65.874 billion in 2015/16 to R69.590 billion in 2016/17. Of the total allocation in 2016/17, the primary focus of the province is on Education and Health which receives budgets of R31.002 billion and R20.244 billion, respectively.

5.2.1 Social Cluster

For the 2016/17 financial year, the resource envelope for the cluster amounts to R54.563 billion and it further grows to R61.521 billion in the outer year of the 2016 MTEF.

- The **Department of Education** budget allocation is for the provision of adequate Learner Support Material (LTSM), universalisation on Early Childhood Development (ECD), quality education through the timely provisioning of qualified teachers in line with outcome 1, that of an improved quality of basic education. The department is projecting to spend R98.790 billion over the 2016 MTEF. In 2016/17, the budget grows by 6 per cent to R31.002 billion which is in line with inflation. The department received additional allocations of R70 million in 2016/17 and R30 million in 2017/18 for the building of 4 new

schools hostels and the rationalisation of schools. This should alleviate the burden on scholar transport.

- The **Department of Health** budget allocation is for the improvement of health outcomes including the increased implementation of the National Health Insurance, prevention and reduction of the disease burden and promotion of health in line with outcome 2, “a long and healthy life for all South Africans”. The department is projecting to spend R64.552 billion over the 2016 MTEF. In 2016/17, the budget grows by 7 per cent to R20.244 billion due to the additional allocations of R451.428 million (and R669.035 million over the 2016 MTEF). The allocations are mainly for alleviating cost pressures on medical supplies (R150 million) and National Health Laboratory Services (R85 million) as well as the medical equipment for the commissioning of the Cecilia Makiwane hospital (R115 million). The remaining funds are the carry through costs for the Cuban Programme for 273 medical students (R81.174 million over the 2016 MTEF) and for paramedics staff (R256.819 million over the 2016 MTEF).
- The **Department of Social Development** budget allocation is for addressing social challenges directly linked to poverty in communities which include prevention of substance abuse, child care and protection, care of older persons, crime prevention and support services as well as victim support services in line with the outcome 13, ‘An inclusive and responsive social protection system’. The department is projecting to spend R7.797 billion over the 2016 MTEF. In 2016/17, the budget grows by 6.1 per cent to R2.383 billion. The increase in the budget is due to the additional allocations of R9.818 million in 2016/17 (and R32.725 million over the 2016 MTEF). The allocations are mainly for the security, cleaning and municipal services of the 2 new institutions of Port Elizabeth substance abuse treatment centre and Burgersdorp child and youth care centre (R27.902 million over the 2016 MTEF).
- The **Department of Sport, Recreation, Arts and Culture** budget allocation is for the development of programmes and projects that contribute to the promotion of healthy living and active citizenry in line with national outcome 14, ‘Nation building and social cohesion’. The department is projecting to spend R2.690 billion over the 2016 MTEF. In 2016/17, the budget marginally grows by 3.9 per cent to R843.698 million due to the provincial reprioritisation of department’s budget baseline of R22.031 million. The budget includes an additional allocation of R17.744 million (and R40.135 million over the 2016 MTEF) for the renovation of museums and the improvement of infrastructure and the artefacts at the Albany museum.
- The **Department of Safety and Liaison** budget allocation is for improving safety and security in line with outcome 3, “All people in South Africa are and feel safe”. The department is projecting to spend R281.769 million over the 2016 MTEF. In 2016/17, the budget grows marginally by 2.8 per cent to R89.273 million due to provincial reprioritisation of department’s budget baseline of R3.074 million in 2016/17 (and R9.969 million over the MTEF). The budget includes an additional allocation of R2.496 million (and R8.685 million over the 2016 MTEF) to fulfil the Civilian Secretariat mandate which requires regular monitoring and assessment of the South African Police Service (SAPS).

5.2.2 Economic cluster

For the 2016/17 financial year, the resource envelope for the cluster amounts to R11.915 billion and it further grows to R13.440 billion in the outer year of the 2016 MTEF.

- The **Department of Roads and Public Works** budget is for the upgrading, rehabilitation and maintenance of provincial roads, building maintenance and construction in line with government outcomes of developing and empowering emerging contractors. The department is projecting to spend R14.079 billion over the 2016 MTEF. In 2016/17, the budget decreases by 1.7 per cent to R4.459 billion due to provincial reprioritisation of department’s budget baseline of R101.040 million. The budget includes an additional allocation of R53.545 million in 2016/17 (and R144.043 million over the MTEF) for the shortfall in rates and taxes (based on municipalities 15 per cent increase), Bhisho Office precinct, security management of state assets and land surveying, consolidations and valuations.

- The **Department of Rural Development and Agrarian Reform** budget allocation is for the commercialisation of primary agriculture, development of agricultural infrastructure and the support to the irrigation schemes in line with outcome 7, “Develop vibrant, equitable and sustainable rural communities that contribute to adequate food supply”. The department is projecting to spend R6.633 billion over the 2016 MTEF. In 2016/17, the budget grows by 12.1 per cent to R2.209 billion due to the additional allocation of R235.577 million (and R140 million over the 2016 MTEF) to cater for agricultural production and agro-processing as well as feed supply, fodder production, water carting and storage facilities, fire belts/breaks and boreholes and windmills as part of drought relief.
- The **Department of Economic Development, Environmental Affairs and Tourism** budget allocation is for enterprise, trade and tourism development in line with outcome 4, “Decent employment through inclusive growth”. The department is projecting to spend R3.844 billion over the 2016 MTEF. In 2016/17, the budget decreases by 4.7 per cent to R1.147 billion due to provincial reprioritisation of department’s budget baseline of the budget of R17.803 million (and R77.043 million over the 2015 MTEF). Included in the allocations is additional funding of R7.6 million in 2016/17 (and R12.959 million over the MTEF) for public entities whereby ECPTA is for anti-poaching, ECLB is for additional liquor inspectors and ECGBB is for the upgrading and enhancement of computer equipment.
- The **Department of Transport** budget allocation is for amongst others, the extension of subsidised buses and the transportation of qualifying learners to the nearest public school in line with outcome 6, “Ensure the efficient, competitive and responsive infrastructure network”. The department is projecting to spend R5.559 billion over the 2016 MTEF. In 2016/17, the budget marginally increases by 2.2 per cent to R1.750 billion due to provincial reprioritisation of the department’s baseline of R17.796 million (and R77.043 million over the 2016 MTEF).
- The **Department of Human Settlements** budget is for amongst others, the provision of basic sanitation to households, as well as exploring renewable energy options in line with outcome 8, “Sustainable human settlements and improved quality of household life”. The department is projecting to spend R8.062 billion over the 2016 MTEF. In 2016/17, the budget decreases by 2.2 per cent to R2.349 billion due to the Human Settlement Development Grant allocation decreasing by 3.5 per cent due to projects that have been postponed as well as the provincial reprioritisation of department’s budget baseline of R7.901 million (and R34.141 million over the 2016 MTEF). The budget includes an additional allocation of R6.866 million (and R21.913 million over the 2016 MTEF) for the monitoring and evaluation of the work performed by contractors on projects scattered across the province.

5.2.3 Governance and administration cluster

For the 2016/17 financial year, the proposed resource envelope for the cluster amounts to R3.111 billion and it decreases to R2.415 billion in the outer year of the 2016 MTEF.

- The **Office of the Premier** is projecting to spend R1.602 billion over the 2016 MTEF. In 2016/17, the budget decreases by 16.8 per cent to R585.519 million however, there is additional allocation of R132.060 million in 2016/17 for the provincial hotspots of electrification and water reticulation across identified municipalities as well as managing the study of the Human Resource Planning and Requirements for the province in order to contain the growth of the wage bill.
- The **Provincial Legislature** is projecting to spend R1.504 billion over the 2016 MTEF. In 2016/17, the budget decreases by 1 per cent to R481.929 million due to provincial reprioritisation of department’s baseline of R8.358 million (and R15.057 million over the MTEF). The budget includes the additional allocations of R25.545 million in 2016/17 (and R41.545 million over the MTEF) mainly for the funding of Political, Constituency and Caucus allowance, the full implementation of the Public Participation Model to enhance public participation by the electorate and the initial implementation of the ERP system as the Auditor General has identified the FMPPLA requirements of GRAP as an emerging risk unless the legacy systems (BAS, PERSAL) are replaced with the ERP solution.
- The **Department of Cooperative Governance and Traditional Affairs** is projecting to spend R2.985 billion over the 2016 MTEF. In 2016/17, the budget grows by 6.4 per cent to R1.010 billion due to the

additional allocation of R54.400 million for the funding of water intervention in the Chris Hani District Municipality and the preparation of the local government elections.

- The **Provincial Treasury** is projecting to spend R1.886 billion over the 2016 MTEF. In 2016/17, the budget grows by 78.8 per cent to R1.034 billion due to amongst others, the additional allocation of R325.241 million in 2016/17 for the support of municipal infrastructure projects like rural and access roads

5.3 Payments by Economic Classification

TABLE 5.2: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change from 2015/16
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium Term Estimates			
Current payments	45 442 695	48 308 754	49 905 039	52 945 139	53 865 235	53 459 178	56 768 149	60 395 127	64 014 924	6.2
Compensation of employees	35 390 604	37 582 302	39 582 393	42 478 338	42 266 624	42 027 475	45 261 513	48 518 415	51 100 975	7.7
Goods and services	10 047 601	10 720 781	10 319 485	10 466 801	11 598 611	11 427 828	11 506 636	11 876 711	12 913 949	0.7
Interest and rent on land	4 489	5 671	3 161	-	-	3 874	-	-	-	(100.0)
Transfers and subsidies	6 501 618	8 172 334	7 603 242	7 662 539	8 128 573	8 382 851	8 170 164	8 232 330	8 563 035	(2.5)
Provinces and municipalities	262 050	455 350	330 123	588 659	657 480	603 029	587 307	411 381	382 315	(2.6)
Departmental agencies and accounts	727 635	1 306 597	995 470	1 241 686	1 187 443	1 132 260	1 455 208	965 623	1 022 013	28.5
Higher education institutions	103 465	98 299	30 791	44 632	37 962	37 962	23 320	27 148	28 723	(38.6)
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	368 569	432 895	493 339	474 869	685 219	669 759	595 402	525 730	553 615	(11.1)
Non-profit institutions	2 486 301	2 737 039	2 572 101	2 837 501	2 837 785	3 009 083	2 917 803	3 307 178	3 535 796	(3.0)
Households	2 553 599	3 142 154	3 181 418	2 475 192	2 722 684	2 930 758	2 591 125	2 995 270	3 040 573	(11.6)
Payments for capital assets	3 039 016	3 517 162	3 217 959	4 367 102	4 427 265	4 012 626	4 632 621	4 677 122	4 798 507	15.5
Buildings and other fixed structures	2 403 018	2 590 582	2 519 909	3 506 137	3 590 159	3 187 034	3 581 718	3 720 373	3 784 881	12.4
Machinery and equipment	617 799	908 665	681 378	834 555	804 143	793 909	1 002 473	920 333	963 097	26.3
Heritage assets	-	2 080	596	1 150	1 150	497	-	264	279	(100.0)
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	3 741	4 136	6 095	15 810	12 990	11 390	31 285	20 034	33 196	174.7
Land and sub-soil assets	4 517	-	-	-	-	-	-	-	-	-
Software and other intangible assets	9 940	11 699	9 981	9 449	18 822	19 796	17 144	16 119	17 054	(13.4)
Payments for financial assets	137 313	74 853	22 819	20 000	20 000	20 005	20 000	-	-	(0.0)
Total economic classification	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6
Less:										
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected (to s22(1) of the PFMA)]	(1 583)	(696)	(1 156)	(367)	(367)	(379)	(386)	(405)	(428)	1.8
Total	55 119 058	60 072 406	60 747 903	64 994 412	66 440 705	65 874 281	69 590 547	73 304 174	77 376 037	5.6

Source: Provincial Treasury Database 2016/17

Table 5.2 above shows the summary of provincial payments and estimates by economic classification from 2012/13 to 2018/19. In 2016/17, the budget increases by 5.6 per cent from the 2015/16 revised estimate with the bulk of the budget allocated under current payments at R56.784 billion.

In 2016/17, the Compensation of Employees budget grows by 7.7 per cent to R45.261 billion from the 2015/16 revised estimate of R42.027 billion which is mainly for the Improvement of Condition of Services (ICS) provision and the employment of critical staff especially under the OSD category by departments.

Goods and Services increases by 0.7 per cent to R11.506 billion in 2016/17 from the 2015/16 revised estimate of R11.427 billion, which is mainly due to the provincial reprotisation in departments. However, during this process the core items were protected.

In 2016/17, overall Transfers and Subsidies decline by 2.5 per cent to R8.170 billion from the 2015/16 revised estimate of R8.382 billion. All the line items in this category are affected except for Departmental Agencies and accounts. The increase in the latter by 28.5 per cent to R1.455 billion is mainly under Provincial Treasury due to the rescheduling of municipal social infrastructure projects from 2017/18 to 2016/17.

Payments for Capital Assets budget grows in 2016/17 by 15.5 per cent to R4.632 billion from the 2015/16 revised estimate of R4.012 billion due to the provision made for infrastructure delivery of schools, hospitals, clinics and roads.

The provision for Payments for Financial Assets in 2016/17 is the last financial year for the repayment of the unauthorised expenditure of previous years by the Department of Rural Development and Agrarian Reform.

5.4 Payments by Functional Area

TABLE 5.3: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY FUNCTIONAL AREA

Policy area	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R'000										
General public services	3 357 181	3 860 213	3 745 128	4 342 806	4 753 188	4 664 288	5 054 686	4 440 220	4 532 276	8.4
Public Order and Safety	62 207	69 316	83 058	83 969	86 992	86 806	89 273	93 134	99 362	2.8
Economic Affairs	5 980 599	6 545 805	6 500 328	7 010 498	7 104 735	7 184 651	7 317 234	7 683 101	8 108 747	1.8
Environmental Protection	266 632	285 986	303 019	297 587	298 682	292 734	306 397	316 264	337 366	4.7
Housing and Community Amenities	2 279 062	2 827 992	2 719 830	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)
Health	15 602 512	17 048 255	17 549 854	18 495 913	19 023 701	18 925 601	20 244 339	21 476 552	22 831 656	7.0
Recreation, Culture and Religion	647 479	727 359	755 781	796 918	816 291	811 804	843 698	893 824	953 444	3.9
Education	25 185 436	26 779 366	26 957 826	29 438 370	29 691 506	29 259 707	31 002 644	32 957 740	34 829 837	6.0
Social protection	1 739 533	1 928 811	2 134 236	2 230 784	2 261 694	2 246 295	2 383 626	2 607 528	2 806 811	6.1
Total	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6

Source: Provincial Treasury Database 2016/17

Table 5.3 above shows the summary of provincial payments and estimates for the 2016 MTEF by policy area. The spending increased from R55.120 billion in 2012/13 to the R65.874 billion in the 2015/16 revised estimate. In 2016/17, it is projected to increase by 5.6 per cent to R69.590 billion.

The bulk of the budget in 2016/17 is allocated to the sectors of Education at R31.002 billion and Health at R20.244 billion. Both these sectors are labour intensive and their Compensation of Employees budgets represents 80 per cent for Education and 66.7 per cent for Health in 2016/17. In 2016/17, the Education sector budget will be utilised for ensuring quality education and improved outcomes; school nutrition feeding scheme; supporting “no fee schools”; provision of learner and teacher support material, improving Early Childhood Development particularly Grade R, improving the level and quality of the matric pass rate as well as the re-alignment and rationalisation of schools and the provision and maintenance of education infrastructure.

For the Health sector, the remaining budget will be utilised on HIV/Aids and TB programmes, National Health Insurance (NHI) pilot project, reducing the mortality rate and increasing life expectancy, reducing maternal and child mortality, reducing the burden of disease, strengthening of the public health system and the provision and maintenance of hospital facilities and clinics.

The remaining sectors are responding to the outcomes that are linked to the mandate of the departments in 2016/17. Economic Affairs sector is allocated R7.317 billion which will be utilised to intensify growth in the regional Gross Domestic Product (GDP) and the development of the provincial economy as well as job creation. This will be done through granting extensive support to SMME's, Cooperatives and the informal economic sector, promoting and supporting agriculture as a potential economic game changer for the province; and the delivery of socio-economic infrastructure.

The Housing and Community Amenities sector is allocated R2.349 billion to provide decent human settlements through integrated planning. The General Public Service sector is allocated R5.054 billion to ensure the smooth running of the provincial government and supporting local government while the Social Protection sector is allocated R2.383 billion.

The provincial budget is responsive to the key policy priorities of the province taking into account the allocations made to the various sectors in the tight fiscal framework.

5.5 Transfers

5.5.1 Transfers to Public Entities

The province has 10 provincial public entities listed in Schedule 3 of the Public Finance Management Act 1 of 1999 (PFMA), as amended. Six (6) of these are listed as government non-business entities (Schedule 3C), whilst the other 4 public entities are listed as government business enterprises (Schedule 3D).

Table 5.4 below, indicates the transfers to provincial public entities. The transfers to public entities increased from R738.837 million in 2012/13 to a revised estimate of R945.698 million in 2015/16. This is mainly due to once-off capital allocations provided to MTC, ECDC and CDC. In 2016/17, the transfers to public entities are projected to further decrease by 8.5 per cent to R864.900 million. Over the 2016 MTEF, the transfers to public entities are projected to increase below inflation to R939.930 million by 2018/19.

Public entities directly employ over 2 263 people, generating approximately R1.199 billion from own revenue. Details of transfers to public entities are presented in the relevant *Votes in the Estimates of Provincial Revenue and Expenditure*, and a full report is presented in the publication for public entities.

TABLE 5.4: SUMMARY OF PROVINCIAL TRANSFERS TO PUBLIC ENTITIES BY TRANSFERRING DEPARTMENTS

Department	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change from 2015/16
	Outcome			Main appropriation	Adjusted	Revised estimate	Medium-term estimates			
R'000										
OFFICE OF THE PREMIER	41 966	42 659	48 908	41 737	41 737	41 737	37 011	39 158	41 429	(11.3)
EC Socio-Economic Consultative Council	41 966	42 659	48 908	41 737	41 737	41 737	37 011	39 158	41 429	(11.3)
RURAL DEVELOPMENT AND AGRARIAN REFORM	142 583	194 196	210 779	151 573	151 573	151 573	165 022	159 648	168 327	8.9
EC Appropriate Technology Unit	14 757	18 059	-	-	-	-	-	-	-	
EC Rural Development Agency	127 826	176 137	210 779	151 573	151 573	151 573	165 022	159 648	168 327	8.9
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM	469 954	984 223	663 996	766 479	636 328	636 328	535 440	557 936	591 260	(15.9)
East London Industrial Development Zone Corporation	46 051	114 907	113 792	94 932	94 932	94 932	100 866	106 767	112 959	6.3
Eastern Cape Development Corporation	144 659	507 111	155 535	207 680	207 680	207 680	143 523	152 143	160 967	(30.9)
EC Gambling and Betting Board	35 687	42 687	42 745	43 843	43 843	43 843	48 454	51 072	54 034	10.5
EC Liquor Board	35 131	41 131	42 739	41 942	43 792	43 792	46 392	48 838	51 671	5.9
EC Parks and Tourism Agency	190 426	196 387	207 882	193 081	193 081	193 081	196 205	199 116	211 629	1.6
Coega Development Corporation	18 000	82 000	101 303	185 000	53 000	53 000	-	-	-	(100.0)
TRANSPORT	68 773	102 088	166 726	108 990	108 990	103 969	115 127	118 574	125 451	10.7
Mayibuye Transport Corporation	68 773	102 088	166 726	108 990	108 990	103 969	115 127	118 574	125 451	10.7
SPORT, RECREATION, ARTS AND CULTURE	15 561	11 823	11 823	12 091	12 091	12 091	12 300	12 725	13 463	1.7
EC Arts Council	15 561	11 823	11 823	12 091	12 091	12 091	12 300	12 725	13 463	1.7
Total	738 837	1 334 989	1 102 232	1 080 870	950 719	945 698	864 900	888 041	939 930	(8.5)

Source: Provincial Treasury Database: 2016/17

5.5.2 Transfers to Development Corporations

The province has 4 development corporations [ELIDZ, ECDC, MTC and CDC (a subsidiary of ECDC)], which are listed as government business enterprises in the PFMA. The total transfers to development corporations increased from R277.483 million in 2012/13 to R459.581 million in 2015/16. In 2016/17, these transfers are projected to decrease to R359.825 million. Over the 2016 MTEF, total transfers to development corporations will amount to R776.861 million. A large percentage of this decrease is as a result of R185 million for Social Infrastructure to CDC which was reclassified by DEDEAT under Goods and Services and Payments for Capital Assets.

5.5.3 Transfers to Local Government

The province supports initiatives to strengthen the capacity of municipalities to provide basic services and for them to exercise their powers and perform their constitutionally assigned functions. There are 3 categories of municipalities in terms of the Constitution. Category A refers to metropolitan municipalities in the province, namely the Buffalo City and Nelson Mandela Bay Metros. Category B refers to the local municipalities and Category C refers to the 6 district municipalities in the province.

TABLE 5.5: SUMMARY OF PROVINCIAL TRANSFERS TO LOCAL GOVERNMENT BY CATEGORY

Municipality	2012/13	2013/14	2012/13	2015/16			2016/17	2017/18	2018/19	% change from 2015/16
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
R'000										
Category A	83 176	97 681	101 814	120 497	224 786	235 140	154 200	160 201	169 467	(34.4)
Category B	152 548	329 618	210 086	274 198	265 504	227 418	299 343	182 594	193 185	31.6
Category C	25 320	27 551	18 223	192 964	166 190	139 471	132 764	58 684	9 188	(4.8)
Unallocated	998	100	-	1 000	1 000	1 000	1 000	9 902	10 476	-
Total transfers to municipalities	262 042	454 950	330 123	588 659	657 480	603 029	587 307	411 382	382 316	(2.6)

Source: Provincial Treasury Database 2016/17

Table 5.5 above shows the transfers to local government per category increased from R262.042 million in 2012/13 to the revised estimate of R603.029 million in 2015/16. In 2016/17, the total transfers budget decreases by 2.6 per cent to R587.307 million due to the Department of Economic Development, Environmental Affairs and Tourism transfer of R70 million for the Walmer Project of eradicating the bucket system in Nelson Mandela Bay Municipality being a once off in 2015/16.

In 2016/17, the bulk of the budget is allocated to the Department of Roads and Public Works at R264.962 million for the payment of property rates and taxes for provincial owned properties. Provincial Treasury budget of R140 million is for the drought relief in Joe Gqabi District Municipality and the electrification in terms of sub-stations and distribution in the King Sabata Dalindyebo Local Municipality.

Department of Cooperative Governance and Traditional Affairs budget of R97.106 million is for the water interventions in the Chris Hani District Municipality as well as support for the 2016 Local Government Elections in the various municipalities. Department of Sport, Recreation, Arts and Culture budget of R68.581 million subsidises the running costs of municipal libraries with the aim of reducing illiteracy.

Department of Economic Development, Environmental Affairs and Tourism in partnership with local municipalities will be utilising the budget of R11.051 million to create jobs on environmental sector projects on the EPWP programme.

The Department of Health will continue with the devolution of environmental health to certain municipalities through service level agreements until it is completed at R5.157 million.

5.6 Personnel Numbers and Costs

TABLE 5.6: PERSONNEL NUMBERS AND COSTS BY DEPARTMENT

	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over MTEF		
	2012/13		2013/14		2014/15		2015/16				2016/17		2017/18		2018/19		2015/16 - 2018/19		
	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Filled posts	Additional posts	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel growth rate	Costs growth rate	% Costs of Total
Education	74 331	20 491 606	75 654	21 412 506	73 179	22 102 614	69 135	32	69 167	23 126 237	73 201	24 800 314	73 946	26 631 062	73 950	28 136 212	2%	7%	55%
Health	48 121	9 827 471	47 162	10 039 250	48 489	11 576 335	48 960	581	49 649	12 523 005	49 242	13 511 327	48 887	14 411 649	50 084	15 043 819	0%	6%	30%
Social Development	3 914	935 662	4 351	1 040 442	4 552	1 200 230	3432	1142	4 574	1 297 797	4 844	1 434 158	4 844	1 557 136	4 844	1 644 000	2%	8%	3%
Office of The Premier	420	169 046	391	184 381	401	193 186	356	16	372	232 692	372	269 991	372	273 381	372	291 026	0%	8%	1%
Provincial Legislature	346	191 604	359	217 407	369	238 720	323	58	381	262 023	409	285 427	454	307 691	454	326 162	6%	8%	1%
Roads and Public Works	6 509	852 963	6 177	897 711	5 676	935 145	2620	2460	5 280	1 037 656	5 467	1 131 945	5 467	1 220 237	5 467	1 303 212	1%	8%	3%
Cooperative Governance and Traditional Affairs	2 977	598 853	3 012	642 331	3 104	682 286	1530	1398	2 928	706 214	2 904	756 386	2 906	815 046	2 906	860 427	0%	7%	2%
Rural Development and Agrarian Reform	3 152	905 688	3 052	959 588	2 944	1 000 458	2920	7	2 927	1 058 413	2 941	1 132 092	2 941	1 207 318	2 941	1 279 359	0%	7%	3%
Economic Development, Environmental Affairs and Tourism	625	182 487	619	194 492	652	214 631	570	30	600	228 850	582	237 973	588	256 535	582	273 094	-1%	6%	1%
Transport	1 593	451 049	1 588	460 552	1 591	476 211	1517	109	1 626	535 513	1 649	572 486	1 649	616 757	1 649	657 304	0%	7%	1%
Human Settlements	562	199 361	509	226 229	625	251 879	555	0	555	281 331	569	305 031	572	328 707	572	350 881	1%	8%	1%
Provincial Treasury	573	234 076	539	244 625	558	255 669	361	93	454	257 352	492	286 946	492	312 993	490	317 653	3%	7%	1%
Sports, Recreation, Arts And Culture	1 146	320 951	1 208	358 508	1 205	395 862	1 200	5	1 205	419 109	1 377	471 877	1 463	508 465	1 463	542 024	6.7%	9.0%	1.0%
Safety and Liaison	124	40 785	131	45 283	145	53 106	154	-	154	60 590	159	66 580	159	71 436	159	75 802	1.1%	7.8%	0.1%
Total	144 393	35 390 604	144 752	37 582 305	143 490	38 576 975	133 841	6 031	139 872	42 027 475	144 208	42 261 514	144 740	48 516 415	145 933	51 100 975	1.4%	6.7%	100.0%

Source: Provincial Treasury Database 2016/17

Table 5.6 above depicts the provincial personnel numbers and costs for the 2016 MTEF period whereby the total number of personnel employed is projected to increase marginally from 144 393 in 2012/13 to 145 933 in 2018/19. The total estimated personnel headcount as at the end of 2016/17 is 144 208 and is mainly due to the Department of Education envisaging employing educators in the supervisory role of deputy-principal and principal.

The total personnel cost grows from R35.390 billion in 2012/13 to the revised estimate of R42.027 billion in 2014/15. In 2016/17, the budget increases to R45.261 billion due to the annual ICS and the employment of critical staff especially OSD related posts.

Compensation of Employees for the province still accounts to 65 per cent of the total budget in 2016/17. Departments were given indicative budgets, which was the ceiling for this item over the 2016 MTEF and cannot be increased without the PT approval. This was done in order to mitigate the rising costs of Compensation of Employees and further measures have been put in place.

The PT will drive the centralization of Persal that will require the Persal System and Salary Controllers to be housed in the PT. This will be done in conjunction with all the departments.

Before any post is advertised, the department must first refer the post to the Provincial Coordinating Monitoring Team (PCMT) for scrutiny and approval with preference given to Occupational Specific Dispensation (OSD) posts.

The PCMT structure will be strengthened and its mandate will be aligned to the new developments of mitigating the rising costs of Compensation of Employees through the following:

- Reviewing the alignment of service delivery models, strategic plans and organogram structures of all departments;
- Gain efficiencies with the organogram review (size of head office, administration staff ratio as well as district and sub-district level)
- Development of a shared service platform in the Office of the Premier for all HR related matters especially the recruitment of OSD related posts;
- Conduct head counts of the employed personnel against the payroll as to eliminate inefficiencies within the system;
- Enforce the processing of Policy and Procedure on Incapacity Leave and Ill-Health Retirement (PILIR) cases by all provincial departments;
- In collaboration with the Department of Public Services and Administration (DPSA), Office of the Premier and PT to develop standardised sector specific organograms for the provincial department;

- Facilitate Persal data clean-up to improve data integrity; and
- Review the level of HR delegations to improve internal controls and processing.

5.7 Payments on Training

TABLE 5.7: PAYMENT ON TRAINING – EC PROVINCE

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change from 2015/16
R 000's	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
Education	122 956	114 973	75 910	115 488	182 092	182 191	137 955	159 311	168 550	(24.3)
Health	119 964	102 924	88 630	80 364	80 364	80 364	80 364	84 382	89 276	-
Social Development	3 327	5 996	6 718	8 741	8 741	13 090	11 194	12 049	11 257	(14.5)
Office of The Premier	1 734	2 863	3 372	2 750	3 362	3 091	3 500	3 618	3 681	13.2
Provincial Legislature	1 401	2 538	2 725	2 735	2 735	2 735	3 002	3 119	3 300	9.8
Roads and Public Works	29 600	29 650	30 720	32 256	32 256	32 256	33 966	35 664	37 732	5.3
Cooperative Governance and Traditional Affairs	1 786	1 798	2 167	1 914	1 914	1 914	2 015	2 116	2 239	5.3
Rural Development and Agrarian Reform	2 421	2 799	5 719	6 551	6 551	4 136	6 551	6 879	7 278	58.4
Economic Development, Environmental Affairs and Tourism	5 133	6 489	5 514	6 554	6 554	6 554	8 566	8 994	9 516	30.7
Transport	10 998	2 907	4 035	7 242	4 409	3 730	7 861	7 043	7 451	110.8
Human Settlements	1 063	1 305	1 581	2 800	2 800	1 730	3 050	3 287	3 509	76.3
Provincial Treasury	2 107	2 192	2 489	3 350	3 442	2 819	3 050	3 227	3 714	8.2
Sports, Recreation, Arts And Culture	7 560	11 880	11 054	12 244	12 485	12 485	6 264	7 441	7 856	(49.8)
Safety and Liaison	394	406	820	679	679	730	638	726	768	(12.6)
Total	310 444	288 720	241 454	283 668	348 384	347 825	307 976	337 856	356 126	(11.5)

Source: Provincial Treasury Database 2016/17

Table 5.7 above shows the payments of training in the past three years and projected payments over the 2016 MTEF. The expenditure increased from R310.444 million in 2012/13 to the R347.825 million revised estimate in 2015/16. In 2016/17, the budget decreases by 11.5 per cent to R307.976 million and increases in the last year of the 2016 MTEF to R356.126 million.

The department contributing mainly to the decrease is Education at 24.3 per cent due to the provision made for the accredited Pre-Grade R and Grade R qualification for ECD practitioners in 2015/16. The department is currently experiencing a challenge to spend the funds in 2015/16 due to the unavailability of institutions of higher learning that offer these qualifications in the province. As a result the training has been deferred to 2016/17.

ANNEXURES TO THE OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Table A1: Details of total provincial Own receipts

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change from 2015/16
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
R'000										
Tax receipts	491 309	534 163	618 064	695 986	709 434	688 503	769 616	836 677	878 462	11.8
Casino taxes	97 412	100 054	135 894	137 763	142 527	141 793	155 299	172 119	175 359	9.5
Horse racing taxes	20 004	17 872	7 634	7 234	8 473	8 369	9 223	9 223	9 758	10.2
Liquor licences	5 109	5 558	17 562	7 002	14 447	17 711	14 868	14 940	15 807	(16.1)
Motor vehicle licences	368 784	410 679	456 974	543 987	543 987	520 630	590 226	640 395	677 539	13.4
Sales of goods and services other than capital assets	186 902	207 244	240 341	256 137	256 137	248 917	266 694	299 549	316 653	7.1
Sales of goods and services produced by department (excl. capital assets)	186 585	206 809	239 768	256 015	256 015	248 547	266 366	299 214	316 299	7.2
Sales by market establishments	10 237	10 851	10 619	13 258	13 258	13 335	10 685	10 764	11 389	(19.9)
Administrative fees	11 817	19 406	17 530	21 548	21 548	28 681	23 227	25 037	26 488	(19.0)
Other sales	164 531	176 552	211 619	221 209	221 209	206 531	232 454	263 413	278 422	12.6
Sales of scrap, waste, arms and other used current goods (excl. capital assets)	317	435	573	122	122	370	328	334	354	(11.4)
Transfers received from:	83 355	16 362	2 298	-	-	-	-	-	-	
Other governmental units (Excl. Equitable share and conditional grants)	83 355	16 112	2 223	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments	-	-	-	-	-	-	-	-	-	
International organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	250	75	-	-	-	-	-	-	
Households and non-profit institutions	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	8 308	6 672	5 971	16 160	16 160	10 154	17 448	18 841	19 933	71.8
Interest, dividends and rent on land	213 696	288 470	413 375	91 924	91 924	278 741	94 959	99 720	105 504	(65.9)
Interest	213 696	288 470	412 269	90 047	90 047	277 392	92 928	97 562	103 221	(66.5)
Dividends	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	1 106	1 877	1 877	1 349	2 031	2 158	2 283	50.6
Sales of capital assets	2 172	12 845	26 055	209	209	12 647	236	252	266	(98.1)
Land and sub-soil assets	-	12 175	24 221	-	-	7 345	-	-	-	(100.0)
Other capital assets	2 172	670	1 834	209	209	5 302	236	252	266	(95.5)
Financial transactions in assets and liabilities	114 937	215 432	280 916	30 199	30 199	81 185	33 269	35 225	37 269	(59.0)
Total departmental own source receipts	1 100 679	1 281 188	1 587 020	1 090 615	1 104 064	1 320 147	1 182 222	1 290 264	1 358 088	(10.4)

Table A2: Details of Information on Conditional Grants

Department/ Grant	PURPOSE	2012/13				2013/14				2014/15				2015/16		2016/17	2017/18	2018/19
		Amount Received	Provincial Rollovers	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriatio n	Adjusted Appropriatio n	Revised Estimates	Medium Term Expenditure Estimates	
Agriculture, Forestry and Fisheries		256 032	3 024	259 056	229 432	275 593	6 293	281 886	275 047	285 725	3 315	289 040	273 036	322 706	322 106	311 186	337 998	372 939
	Agricultural Disaster Management Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive Agricultural Support Programme Grant	To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land restitution and redistribution, and other previously disadvantaged producers who have acquired land through private means and are engaged in value-adding enterprises domestically or involved in export to address damage to infrastructure caused by floods	197 209	1 044	198 253	175 529	219 055	4 571	223 626	216 837	228 810	3 315	232 125	217 246	261 909	261 768	252 760	263 490	289 660
	IlimaliLetsema Projects Grant	42 000	1 980	43 980	38 891	43 845	1 722	45 567	45 518	46 062	-	46 062	45 603	50 131	49 672	47 579	63 876	71 263
Land Care Programme Grant: Poverty Relief and Infrastructure Development	To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.	16 823	-	16 823	15 012	12 693	-	12 693	12 692	10 853	-	10 853	10 187	10 666	10 666	10 847	10 632	12 016
	Arts and Culture	78 058	9 634	87 692	65 702	72 492	10 019	82 511	79 482	109 418	1 898	111 316	95 450	143 694	157 406	145 745	149 320	167 348
Community Library Services Grant	To provide direct access to information and knowledge, contributing to education and self-empowerment.	78 058	9 634	87 692	65 702	72 492	10 019	82 511	79 482	109 418	1 898	111 316	95 450	143 694	157 406	145 745	149 320	167 348
Basic Education		1 864 263	60 018	1 924 281	1 909 033	2 026 536	2 947	2 029 483	2 127 271	2 252 326	-	2 252 326	2 054 215	2 808 205	2 760 930	2 269 437	2 665 759	2 803 505
Dinaledi Schools Grant	To improve the participation and performance of learners in Mathematics and Physical Science in line with National Strategy for Mathematics, Science and Technology Education (NSMSTE).	11 964	-	11 964	11 656	12 620	-	12 620	11 271	13 342	-	13 342	13 313	-	-	-	-	-

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Education Infrastructure Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation to enhance capacity to deliver infrastructure in education, to address damage to infrastructure caused by natural disasters.	883 403	49 374	932 777	937 140	1 010 870	-	1 010 870	1 777 914	-	1 177 914	986 571	1 703 877	1 666 410	1 182 815	1 505 088	1 432 581	1 514 084
HIV and Aids (Life Skills Education) Grant	To support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge, skills and appropriate decision making among learners and educators to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment in school.	35 252	3 434	38 686	38 417	-	34 895	34 895	37 023	-	37 023	35 796	37 086	35 751	37 321	39 591	41 936	44 368
National School Nutrition Programme Grant	To provide a nutritious meal and deworming to all targeted learners.	903 644	4 170	907 814	892 095	-	949 162	943 436	984 548	-	984 548	977 489	1 020 116	1 020 116	1 020 088	1 074 182	1 127 891	1 193 309
Occupation Specific Dispensation for Education Sector Therapists Grant	To augment the baseline compensation budget of the Provincial Education Departments (PEDs) to enable them to comply with the Education Labour Relations Council Collective Agreement 1 of 2012	-	-	-	-	-	-	-	6 571	-	6 571	6 562	2 067	2 067	2 059	-	-	-
Technical Secondary Schools Recapitalisation Grant	To boost the number of industrial related apprenticeship and learnerships in scarce skills	30 000	3 040	33 040	29 725	18 989	2 947	21 936	32 928	-	32 928	24 484	-	-	-	-	-	-
Maths, Science and Technology Grant	To provide resources to learners, teachers and schools for improvements of Maths, Science and Technology teaching and learning in selected public schools to improve the achievement of learner participation and success rates, teacher demand, supply utilisation, development and support, school resourcing and partnerships, consistent with targets set in the Action Plan 2019 and the National Development Plan	-	-	-	-	-	-	-	-	-	-	-	45 059	36 586	27 154	46 898	48 907	51 744
Health		2 611 799	137 896	2 749 695	2 616 654	2 773 119	78 096	2 851 215	3 041 349	12 769	3 054 118	2 980 542	3 184 542	3 243 108	3 223 390	3 433 642	3 705 364	4 090 401
HIV, Aids and TB Grant	To enable the health sector to develop an effective response to HIV/AIDS and TB To support the Department with the PEPFAR transition process.	1 060 852	8 285	1 069 137	1 040 502	1 273 296	26 080	1 299 376	1 449 237	-	1 449 237	1 431 296	1 577 065	1 587 447	1 597 808	1 755 385	2 032 537	2 293 490

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Forensic Pathology Services Grant	Assists with the transfer of medico-legal mortuaries from the South African Police Service to the health sector and to provide comprehensive forensic pathology services for the criminal justice system.						-	-	-	-	-	-	-	-				
	676 200	105 346	781 546	729 670	562 792	6 264	569 056	568 745	599 231	-	599 231	587 428	592 073	603 876	604 495	619 041	555 288	581 083
Health Disaster Response (Cholera) Grant	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in Health, including Health Technology, Organisational Systems and Quality Assurance.						-	-	-	-	-	-	-	-	-	-	-	-
Hospital Facility Revitalisation Grant	177 802	4 291	182 093	178 743	188 560	2 380	190 940	188 435	199 874	1 386	201 260	201 226	204 430	204 430	188 342	213 212	226 566	239 707
Health Professions Training and Development Grant	Support provinces to fund services costs associated with the training of health science trainees on the public service platform						-	-	-	-	-	-	-	-	-	-	-	-
National Health Insurance Grant	11 500	-	11 500	8 094	4 850	2 376	7 226	5 941	7 000	1 049	8 049	1 837	7 204	7 204	6 299	7 546	-	-
National Tertiary Services Grant	682 445	19 974	702 419	657 292	743 621	40 996	784 617	774 091	786 007	10 334	796 341	758 755	803 770	840 151	826 446	838 458	890 973	942 650
Human Papillomavirus Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33 471
AFCON	3 000	-	3 000	2 353	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Human Settlements	2 008 046	-	2 008 046	2 002 175	2 523 803	-	2 523 803	2 523 803	2 392 718	-	2 392 718	2 392 718	1 962 372	2 062 372	2 062 372	1 991 457	2 460 660	2 477 121
Housing Disaster Relief Grant	-	-	-	-	94 172	-	94 172	94 172	94 172	-	94 172	-	-	-	100 000	100 000	134 261	-
Human Settlements Development Grant	2 008 046	-	2 008 046	2 002 175	2 429 631	-	2 429 631	2 429 631	2 298 546	-	2 298 546	2 392 718	1 962 372	2 062 372	1 962 372	1 891 457	2 326 399	2 477 121

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Public Works		283 278	4 473	268 488	285 522	129 305	-	129 305	126 878	111 258	-	109 258	105 025	86 991	86 290	84 346	98 830	-
Devolution of Property Rate Funds Grant to Provinces	To facilitate the transfer of property rates expenditure responsibility to provinces; and to enable provincial accounting officers to be fully accountable for their expenditure and payment of provincial property rates.	200 825	4 473	205 298	203 794	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provides incentives to provinces and municipalities to increase spending on labour-intensive programmes.	59 332	-	40 069	58 338	76 577	-	76 577	75 118	69 544	-	67 544	64 160	75 937	75 236	74 248	78 071	-
EDUCATION		-	-	-	-	-	-	-	-	3 115	-	3 115	2 811	2 736	2 736	2 749	2 144	-
HEALTH		1 000	-	1 000	1 000	3 000	-	3 000	3 000	2 000	-	2 000	1 988	2 644	2 632	2 756	3 826	-
SOCIAL DEVELOPMENT		-	-	-	-	-	-	-	-	2 000	-	2 000	1 028	2 000	2 000	2 000	2 000	-
OFFICE OF THE PREMIER														-	-			
PROVINCIAL LEGISLATURE														-	-			
ROADS AND PUBLIC WORKS		49 694	-	30 431	49 694	65 082	-	65 082	65 081	46 791	-	46 791	46 791	53 607	53 607	53 608	52 848	-
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS		-				-				2 000				2 000	2 000	1 388	2 000	-
RURAL DEVELOPMENT AND AGRARIAN REFORM		4 000	-	4 000	4 000	550	-	550	550	2 681	-	2 681	2 486	2 188	2 188	2 188	2 000	-
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM		1 000	-	1 000	1 000	550	-	550	550	2 102	-	2 102	1 472	2 000	1 370	800	2 026	-
TRANSPORT		2 638	-	2 638	2 628	3 845	-	3 845	3 264	4 099	-	4 099	4 099	4 142	4 083	4 083	5 661	-
HUMAN SETTLEMENTS		-	-	-	-	3 000	-	3 000	2 128	2 654	-	2 654	1 383	2 607	2 607	2 607	2 865	-
SPORTS RECREATION ARTS AND CULTURE		1 000	-	1 000	16	550	-	550	545	2 102	-	2 102	2 102	2 013	2 013	2 069	2 000	-
SAFETY AND LIAISON														-	-			
Social Sector Expanded Public Works Programme		23 121	-	23 121	23 390	52 728	-	52 728	51 760	41 714	-	41 714	40 865	11 054	11 054	10 098	21 460	-

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Incentive Grant for Provinces																																								
EDUCATION	1 000	-	1 000	973	3 000	-	3 000	2 442	2 580	-	2 580	2 126	3 000	3 000	2 890	10 160	-	-	-																					
HEALTH	13 760	-	13 780	13 699	41 565	-	41 565	41 565	31 242	-	31 242	31 236	5 000	5 000	4 468	4 200	-	-	-																					
SOCIAL DEVELOPMENT	6 708	-	6 708	6 708	6 862	-	6 862	6 846	2 580	-	2 580	2 580	1 000	1 000	996	3 500	-	-	-																					
OFFICE OF THE PREMIER													-																											
PROVINCIAL LEGISLATURE													-																											
ROADS AND PUBLIC WORKS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																					
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																					
RURAL DEVELOPMENT AND AGRARIAN REFORM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																					
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																					
TRANSPORT																																								
HUMAN SETTLEMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																					
PROVINCIAL TREASURY																																								
SPORTS, RECREATION ARTS AND CULTURE	1 633	-	1 633	2 010	1 301	-	1 301	907	2 732	-	2 732	2 732	1 000	1 000	980	1 800	-	-	-																					
SAFETY AND LIAISON	-	-	-	-	-	-	-	-	2 580	-	2 580	2 191	1 054	1 054	764	1 800	-	-	-																					
Social Development	-	-	-	-	-	-	-	-	12 632	-	-	-	2 000	2 000	1 483	-	70 558	104 402	-																					
Substance Abuse Treatment Grant	-				-				12 632				2 000	2 000	1 483	-	14 236	17 708																						
Early Childhood Development Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		56 322	86 694																						
Sport and Recreation South Africa	65 472	1 765	67 237	59 318	61 334	7 536	67 821	65 369	64 895	1 091	65 986	65 483	61 066	60 563	61 732	68 347	71 923	75 901																						

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Mass Participation and Sport Development Grant	Promotes mass participation by historically disadvantaged communities in a selected number of developmental sporting activities.	65 472	1 765	67 237	59 318	61 334	7 536	67 821	65 369	64 895	1 091	65 986	65 483	61 066	60 563	61 732	68 347	71 923	75 901
Transport		1 544 451	-	1 544 451	1 544 451	1 476 350	189 554	1 476 350	1 427 184	1 489 561	-	1 489 561	1 329 553	1 488 746	1 566 542	1 639 381	1 497 942	1 586 460	1 675 863
Provincial Roads Maintenance Grant		1 369 985	-	1 369 985	1 369 985	1 292 390	141 554	1 292 390	1 243 228	1 294 279	-	1 294 279	1 134 275	1 289 151	1 366 947	1 439 786	1 279 725	1 355 208	1 433 805
Public Transport Operations Grant	To provide supplementary funding towards public transport services provided by provincial departments of transport.	174 466	-	174 466	174 466	183 960	48 000	183 960	183 956	195 282	-	195 282	195 278	199 595	199 595	199 595	218 217	231 252	242 058
Total National Conditional Grants		8 711 399	216 810	8 908 946	8 712 287	9 338 532	294 445	9 442 374	9 461 538	9 759 882	19 073	9 764 323	9 296 022	10 060 322	10 261 317	9 799 072	10 243 295	11 060 894	11 767 480

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% Change from 2015/16
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium Term Estimates			
Education	25 185 436	26 779 366	26 957 826	29 438 370	29 691 506	29 259 707	31 002 644	32 957 740	34 829 837	6.0
Health	15 602 512	17 048 255	17 549 854	18 495 913	19 023 701	18 925 601	20 244 339	21 476 552	22 831 656	7.0
Social Development	1 739 533	1 928 811	2 134 236	2 239 533	2 261 694	2 246 295	2 383 626	2 607 528	2 806 811	6.1
Office Of The Premier	415 931	465 515	450 686	458 919	711 672	703 344	585 519	497 802	519 106	(16.8)
Provincial Legislature	407 040	443 009	442 663	436 766	474 229	486 983	481 930	496 619	526 012	(1.0)
Roads And Public Works	3 803 772	3 851 944	3 781 954	4 251 304	4 381 431	4 535 162	4 459 193	4 671 943	4 948 025	(1.7)
Cooperative Governance And Traditional Affairs	788 228	1 001 539	872 093	957 661	935 802	949 790	1 010 156	1 012 238	963 254	6.4
Rural Development And Agrarian Reform	1 617 094	1 731 203	1 852 768	1 975 606	1 982 682	1 971 217	2 209 319	2 157 378	2 296 652	12.1
Economic Development, Environmental Affairs And Tourism	807 407	1 353 816	1 134 358	1 181 858	1 241 920	1 204 076	1 147 490	1 310 328	1 386 856	(4.7)
Transport	1 452 471	1 517 152	1 689 901	1 650 285	1 713 937	1 712 926	1 750 698	1 847 452	1 961 776	2.2
Human Settlements	2 279 062	2 827 992	2 297 933	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)
Provincial Treasury	312 469	327 825	324 052	738 492	714 932	578 175	1 034 013	454 824	406 708	78.8
Sports, Recreation, Arts And Culture	627 479	727 359	755 781	796 918	816 291	811 804	843 698	893 825	953 444	3.9
Safety And Liaison	647 207	639 316	83 058	83 969	86 992	85 806	89 273	93 134	99 362	2.8
Total	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6
Current payments	45 442 695	48 308 754	49 905 039	52 945 139	53 865 235	53 459 178	56 784 149	60 395 127	64 014 924	6.2
Compensation of employees	35 390 604	37 582 302	39 582 393	42 478 338	42 266 624	42 027 475	45 261 513	48 518 415	51 100 975	7.7
Salaries and wages	30 809 314	34 027 633	34 397 422	36 941 529	36 621 450	36 782 960	39 510 473	42 333 964	44 545 931	7.4
Social contributions	4 581 291	3 554 669	5 184 971	5 536 808	5 645 174	5 244 516	5 751 040	6 184 452	6 555 044	9.7
Goods and services	10 047 601	10 720 781	10 319 485	10 466 801	11 598 611	11 427 828	11 522 636	11 876 711	12 913 949	0.8
Administrative fees	7 585	13 554	18 543	8 034	8 645	10 242	9 131	8 527	9 048	(10.8)
Advertising	46 640	58 013	68 384	43 479	53 513	60 206	51 965	51 411	47 613	(13.7)
Minor assets	106 887	74 372	60 506	146 565	169 383	148 594	129 338	129 019	134 504	(13.0)
Audit cost: External	117 956	119 861	110 281	121 330	122 949	115 076	113 517	116 548	123 118	(1.4)
Bursaries: Employees	73 321	86 057	51 223	89 825	72 952	63 163	70 133	79 555	84 220	11.0
Catering: Departmental activities	87 980	99 252	79 543	68 370	89 713	94 135	77 207	68 419	72 620	(18.0)
Communication (G&S)	279 091	243 940	248 903	219 081	236 117	236 515	219 343	234 996	247 950	(7.3)
Computer services	345 551	271 262	232 093	294 750	304 260	305 884	347 171	342 246	377 239	13.5
Consultants and professional services: Business and advisory services	416 453	322 521	402 079	277 918	465 917	467 501	449 009	379 579	377 743	(4.0)
Consultants and professional services: Infrastructure and planning	149 444	124 518	96 178	122 982	114 369	116 463	187 723	174 488	183 342	61.2
Consultants and professional services: Laboratory services	464 681	634 666	439 486	430 599	428 202	553 995	611 001	667 025	705 812	10.3
Consultants and professional services: Scientific and technological services	-	-	-	-	-	-	0	1	1	-
Consultants and professional services: Legal costs	123 391	126 685	120 291	104 982	124 637	134 164	115 034	104 034	109 190	(14.3)
Contractors	1 463 888	1 496 634	1 193 058	1 431 882	1 526 139	1 547 717	1 419 461	1 280 946	1 483 520	(8.3)
Agency and support / outsourced services	529 241	407 368	667 032	598 955	652 027	586 969	595 302	629 707	629 707	(15.8)
Entertainment	1 501	1 870	780	737	886	914	1 100	1 378	1 437	20.3
Fleet services (including government motor transport)	211 653	344 242	399 183	416 199	424 317	328 539	444 647	528 316	610 700	35.3
Housing	-	-	-	-	-	-	-	5	5	-
Inventory: Clothing material and accessories	-	14 868	6 990	873	997	1 767	1 148	1 186	1 255	(35.1)
Inventory: Farming supplies	25	85 239	142 895	203 429	198 238	189 014	221 629	174 633	149 442	17.3
Inventory: Food and food supplies	144 656	133 685	124 484	155 711	156 545	112 024	143 543	158 957	168 176	28.1
Inventory: Fuel, oil and gas	91 336	66 471	78 319	101 063	104 583	104 879	100 259	105 376	111 488	(4.4)
Inventory: Learner and teacher support material	417 531	586 420	571 187	383 085	656 451	771 615	660 744	705 317	746 226	(14.4)
Inventory: Materials and supplies	51 573	34 510	30 051	35 031	34 454	30 918	39 469	38 526	40 760	27.7
Inventory: Medical supplies	456 719	532 775	538 785	535 195	647 439	559 831	672 063	747 980	801 469	20.0
Inventory: Medicine	1 050 215	1 104 634	1 239 300	1 255 497	1 324 530	1 120 544	1 377 795	1 474 073	1 820 581	23.0
Medas inventory interface	-	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	4 404	54 537	47 897	107 408	218 782	170 155	120 149	126 009	133 060	(29.4)
Consumable supplies	186 098	261 672	163 707	219 260	216 270	192 237	238 854	239 014	249 844	24.2
Consumable: Stationery, printing and office supplies	179 931	152 202	162 067	174 790	218 279	198 665	180 524	182 341	192 849	(9.1)
Operating leases	417 589	431 196	429 438	460 680	448 400	470 206	474 854	519 499	556 814	1.0
Property payments	1 126 575	1 256 557	1 017 554	998 237	1 038 842	1 032 163	1 068 710	1 155 750	1 192 877	3.5
Transport provided: Departmental activity	409 204	406 612	382 069	446 625	437 516	458 776	456 421	500 274	533 688	(0.5)
Travel and subsistence	764 132	770 768	765 125	542 389	689 977	762 965	552 479	533 216	543 720	(27.6)
Training and development	106 143	119 907	138 768	297 333	204 591	184 773	271 055	313 790	330 346	46.7
Operating payments	132 634	116 697	125 313	144 605	126 239	134 895	92 895	92 291	95 287	(31.1)
Venues and facilities	60 789	82 215	52 076	34 528	52 318	62 213	39 565	34 353	35 818	(36.4)
Rental and hiring	22 784	85 000	115 899	15 371	29 806	35 053	15 731	12 331	12 478	(55.1)
Interest and rent on land	4 489	5 671	3 161	-	-	-	3 874	-	-	(100.0)
Interest	4 489	5 294	3 093	-	-	-	3 849	-	-	(100.0)
Rent on land	-	377	68	-	-	-	25	-	-	(100.0)
Transfers and subsidies	6 501 618	8 172 334	7 603 242	7 662 539	8 128 573	8 382 851	8 154 164	8 232 336	8 563 035	(2.7)
Provinces and municipalities	262 050	455 350	330 123	588 659	657 480	603 029	587 307	411 381	382 315	(2.6)
Provinces	7	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	7	-	-	-	-	-	-	-	-	-
Municipalities	262 043	455 350	330 123	588 659	657 480	603 029	587 307	411 381	382 315	(2.6)
Municipal bank accounts	66 132	269 104	94 202	352 524	398 212	345 000	322 345	311 990	86 745	(6.6)
Municipal agencies and funds	195 911	186 246	235 921	236 135	259 268	258 029	264 962	279 391	295 570	2.7
Departmental agencies and accounts	727 635	1 306 597	995 470	1 241 686	1 187 443	1 132 260	1 455 208	965 623	1 022 013	28.5
Social security funds	-	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	727 635	1 306 597	995 470	1 241 686	1 187 443	1 132 260	1 455 208	965 623	1 022 013	28.5
Higher education institutions	103 465	98 299	30 791	44 632	37 962	37 962	23 320	27 148	28 723	(38.6)
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	368 569	432 895	493 339	474 869	685 219	669 759	579 402	525 730	553 615	(13.5)
Public corporations	71 079	102 088	166 726	108 990	318 990	313 969	189 927	118 574	125 451	(39.5)
Subsides on products and production (pc)	-	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	71 079	102 088	166 726	108 990	318 990	313 969	189 927	118 574	125 451	(39.5)
Private enterprises	297 490	330 807	326 613	365 879	366 229	355 790	389 475	407 156	428 164	9.5
Subsides on products and production (pe)	-	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	297 490	330 807	326 613	365 879	366 229	355 790	389 475	407 156	428 164	9.5
Non-profit institutions	2 486 301	2 737 039	2 572 101	2 837 501	2 837 785	3 009 083	2 917 803	3 307 178	3 535 796	(3.0)
Households	2 553 599	3 142 154	3 181 418	2 475 192	2 722 684	2 930 758	2 951 125	2 995 270	3 040 573	(11.6)
Social benefits	196 627	161 851	186 452	137 920	126 898	151 284	127 848	104 776	108 689	(15.5)
Other transfers to households	2 356 972	2 980 303	2 994 966	2 337 272	2 595 786	2 779 474	2 463 277	2 890 493	2 931 884	(11.4)
Payments for capital assets	3 039 016	3 517 162	3 217 959	4 367 102	4 427 265	4 012 626	4 632 621	4 677 122	4 798 507	15.5
Buildings and other fixed structures	2 403 018	2 590 582	2 519 909	3 506 137	3 590 159	3 187 034	3 581 718	3 720 373	3 784 881	12.4
Buildings	1 238 566	881 863	1 423 820	1 163 705	1 348 227	1 084 417	1 083 811	1 281 247	1 345 564	(0.1)
Other fixed structures	1 164 452	1 708 719	1 096 089	2 342 432	2 241 932	2 102 617	2 497 907	2 439 125	2 439 317	18.8
Machinery and equipment	617 799	908 665	681 378	834 555	804 143	793 909	1 002 473	920 333	963 097	26.3
Transport equipment	85 649	189 925	289 928	379 055	317 365	323 481	358 748	408 648	431 194	10.9
Other machinery and equipment	532 150	718 740	391 450	455 500	486 778	470 428	643 725	511 685	531 904	36.8
Heritage assets	-	2 080	596	1 150	1 150	497	-	264	279	(100.0)
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	3 741	4 136	6 095	15 810	12 990	11 390	31 285	20 034	33 196	174.7
Land and sub-soil assets	4 517	-	-	-	-	-	-	-	-	-
Software and other intangible assets	9 940	11 699	9 981	9 449	18 822	19 796	17 144	16 119	17 054	(13.4)
Payments for financial assets	137 313	74 853	22 819	20 000	20 000	20 005	20 000	-	-	(0.0)
Total economic classification	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 934	73 304 579		

Table A4 (a): Payments summary by policy area

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

Table A4 (a): Payments summary by policy area (continued)

Function	Category	Department	Programme
Health	Outpatient services	Health	District Health Services
			Emergency Medical Services
	Research & Development		Health Sciences and Training
	Hospital services		Provincial Hospitals Services
			Central Hospital Services
			Health Care Support Services
	General		Administration
			Health Facilities Management
Recreation, culture and religion	Recreational & sporting services	Sports, recreation, arts & culture	Sports And Recreation
	Cultural services		Cultural Affairs
			Library And Archives Services
	General		Administration
Education	Pre-primary	Education	Early Childhood Development
	Primary & secondary		Public Ordinary School Education
			Independent School Subsidies
			Public Special School Education
	Subsidiary service to education		Administration
			Infrastructure Development
			Examination and Education Related Services
Social protection	Social security services	Social Development	Administration
			Social Welfare Services
			Children and Families
			Restorative Services
			Development and Research

Source: EC Provincial Treasury, 2016

Table A4 (b): Details of payments and estimates by policy area

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change
Policy area	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
R'000										
GENERAL PUBLIC SERVICES	3 357 181	3 860 213	3 745 128	4 342 806	4 753 188	4 664 288	5 054 686	4 440 220	4 532 276	8.4
Executive and Legislature	822 971	908 524	893 349	895 685	1 185 901	1 190 327	1 067 449	994 421	1 045 118	(10.3)
Office of the Premier	415 931	465 515	450 686	458 919	711 672	703 344	585 519	497 802	519 106	(16.8)
Provincial Legislature	407 040	443 009	442 663	436 766	474 229	486 983	481 930	496 619	526 012	(1.0)
Financial and fiscal services	312 469	327 825	324 052	738 492	714 932	578 175	1 034 013	445 824	406 708	78.8
Provincial Treasury	312 469	327 825	324 052	738 492	714 932	578 175	1 034 013	445 824	406 708	78.8
General services	2 221 741	2 623 864	2 527 727	2 708 629	2 852 355	2 895 786	2 953 225	2 999 975	3 080 450	2.0
Public Works	1 433 513	1 622 324	1 655 634	1 750 968	1 916 553	1 945 996	1 943 068	1 987 737	2 117 196	(0.2)
Local Government & Traditional Affairs	788 228	1 001 539	872 093	957 661	935 802	949 790	1 010 156	1 012 238	963 254	6.4
PUBLIC ORDER AND SAFETY	62 207	69 316	83 058	83 969	86 992	86 806	89 273	93 134	99 362	2.8
Police services	62 207	69 316	83 058	83 969	86 992	86 806	89 273	93 134	99 362	2.8
Safety & Liaison	62 207	69 316	83 058	83 969	86 992	86 806	89 273	93 134	99 362	2.8
ECONOMIC AFFAIRS	5 980 599	6 545 805	6 500 328	7 010 498	7 104 735	7 184 651	7 317 234	7 683 101	8 108 747	1.8
General economic affairs	540 775	1 067 830	831 339	884 271	943 238	911 342	841 092	994 064	1 049 490	(7.7)
Economic Development, Environmental Affairs & Tourism	540 775	1 067 830	831 339	884 271	943 238	911 342	841 092	994 064	1 049 490	(7.7)
Agriculture	1 617 094	1 731 203	1 852 768	1 975 606	1 982 682	1 971 217	2 209 319	2 157 378	2 266 652	12.1
Rural Development & Agrarian Reform	1 617 094	1 731 203	1 852 768	1 975 606	1 982 682	1 971 217	2 209 319	2 157 378	2 266 652	12.1
Transport	1 452 471	1 517 152	1 689 901	1 650 285	1 713 937	1 712 926	1 750 698	1 847 452	1 961 776	2.2
Transport	1 452 471	1 517 152	1 689 901	1 650 285	1 713 937	1 712 926	1 750 698	1 847 452	1 961 776	2.2
Roads and Public Works	2 370 259	2 229 620	2 126 320	2 500 336	2 464 878	2 589 166	2 516 125	2 684 206	2 830 829	(2.8)
Transport Infrastructure	2 370 259	2 229 620	2 126 320	2 500 336	2 464 878	2 589 166	2 516 125	2 684 206	2 830 829	(2.8)
ENVIRONMENTAL PROTECTION	266 632	285 986	303 019	297 587	298 682	292 734	306 397	316 264	337 366	4.7
Environmental Protection	266 632	285 986	303 019	297 587	298 682	292 734	306 397	316 264	337 366	4.7
Economic Development, Environmental Affairs & Tourism	266 632	285 986	303 019	297 587	298 682	292 734	306 397	316 264	337 366	4.7
HOUSING AND COMMUNITY AMENITIES	2 279 062	2 827 992	2 719 830	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)
Housing Development	2 279 062	2 827 992	2 719 830	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)
Human Settlements	2 279 062	2 827 992	2 719 830	2 297 933	2 404 283	2 402 774	2 349 036	2 836 218	2 876 967	(2.2)
HEALTH	15 602 512	17 048 255	17 549 854	18 495 913	19 023 701	18 925 601	20 244 339	21 476 552	22 831 656	7.0
Outpatient services	8 573 154	9 472 468	9 790 094	10 310 116	10 592 114	10 468 074	11 089 410	12 031 706	12 884 765	5.9
Research & development	579 964	650 152	726 252	751 910	787 353	740 647	799 467	880 304	923 217	7.9
Hospital services	4 720 495	5 176 129	5 355 234	5 598 092	5 734 750	5 806 562	6 277 724	6 432 330	6 791 665	8.1
General	1 728 899	1 749 506	1 678 274	1 835 795	1 909 484	1 910 319	2 077 738	2 132 212	2 232 010	8.8
RECREATION, CULTURE AND RELIGION	647 479	727 359	755 781	796 918	816 291	811 804	843 698	893 824	953 444	3.9
Recreational and sporting services	156 998	163 978	171 556	166 154	167 066	165 225	176 458	171 437	185 431	6.8
Cultural services	154 000	163 156	167 333	172 928	173 462	175 360	185 093	192 950	204 855	5.6
General	336 481	400 225	416 892	457 836	475 763	471 219	482 147	529 437	563 158	2.3
EDUCATION	25 185 436	26 779 366	26 957 826	29 438 370	29 691 506	29 259 707	31 002 644	32 957 740	34 829 837	6.0
Pre-primary	291 195	308 564	316 647	312 444	450 815	471 527	377 053	399 831	423 021	(20.0)
Primary & secondary	21 912 061	22 841 447	23 348 988	24 932 346	24 868 655	24 970 599	26 303 502	27 988 847	29 647 779	5.3
Subsidiary services to education	1 987 712	2 070 262	2 192 119	2 369 703	2 685 626	2 622 799	2 607 596	3 106 481	3 243 367	(0.6)
Education not definable by level	994 468	1 559 093	1 100 072	1 823 877	1 686 410	1 194 782	1 714 493	1 462 581	1 515 671	43.5
SOCIAL PROTECTION	1 739 533	1 928 811	2 134 236	2 230 784	2 261 694	2 246 295	2 383 626	2 607 528	2 806 811	6.1
Social security services	1 155 889	1 307 152	1 470 594	1 515 878	1 529 290	1 516 896	1 629 079	1 815 389	1 972 078	7.4
Development and research	227 866	256 339	277 814	301 396	310 783	302 476	316 310	333 407	352 745	4.6
General	355 778	365 320	385 828	413 510	421 621	426 924	438 237	458 732	481 988	2.7
TOTAL - All Functions	55 120 641	60 073 102	60 749 059	64 994 779	66 441 072	65 874 660	69 590 933	73 304 579	77 376 465	5.6

Source: EC Provincial Treasury, 2016

Table A.5 Transfers to local government by Category and Municipality

	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change
R 000's	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2015/16
Category A	83 176	97 681	101 814	120 497	224 786	235 140	154 200	160 201	169 467	(34.4)
Buffalo City	26 551	37 911	34 751	53 084	70 198	67 976	61 984	64 333	68 037	(8.8)
Nelson Mandela	56 625	59 770	67 063	67 413	154 588	167 164	92 216	95 868	101 430	(44.8)
Category B	152 548	329 618	210 086	274 198	265 504	227 418	299 343	183 094	193 714	31.6
Camdeboo	5 425	5 633	7 076	5 971	5 964	6 965	6 248	6 480	6 856	(10.3)
Blue Crane Route	4 016	3 614	3 686	3 852	3 986	3 886	4 043	4 130	4 370	4.0
Ikwezi	696	2 676	2 171	1 817	1 803	2 495	5 627	857	907	125.5
Makana	13 081	13 674	13 016	12 547	10 849	10 759	14 616	13 467	14 248	35.8
Ndlambe	4 332	4 235	3 828	4 569	4 627	4 871	7 335	4 771	5 048	50.6
Sundays River Valley	5 167	3 914	3 305	3 585	2 545	2 833	4 767	3 884	4 110	68.3
Baviaans	255	955	944	1 183	942	942	1 280	1 326	1 403	35.8
Kouga	3 738	3 241	3 410	3 724	3 223	3 330	3 851	3 941	4 170	15.6
Koukamma	1 948	2 073	1 359	2 256	1 234	1 220	2 326	2 396	2 535	90.7
Mbashe	361	672	1 376	905	1 484	1 474	2 987	1 019	1 078	102.6
Mnquma	230	2 014	630	4 025	3 965	594	4 238	4 450	4 708	613.4
Great Kei	545	767	880	727	914	484	743	760	804	53.6
Amahlathi	2 291	2 750	4 876	2 633	2 531	2 491	3 579	2 890	3 057	43.7
Ngqushwa	3 889	3 236	5 293	3 654	3 400	3 424	3 987	4 169	4 411	16.4
Nkonkobe	12 467	7 944	11 042	9 249	9 527	9 467	9 369	9 787	10 355	(1.0)
Nxuba	813	1 017	1 155	908	927	3 930	12 338	997	1 055	213.9
Inxuba Yethemba	6 658	6 505	6 436	7 050	6 706	6 671	8 301	7 530	7 966	24.4
Tsolwana	557	762	594	683	606	603	707	1 805	761	17.2
Inkwanca	1 223	2 011	1 528	1 876	1 327	788	2 013	2 084	2 205	155.5
Lukhanji	7 714	9 074	8 828	8 476	7 114	7 069	8 755	8 983	9 504	23.9
Intsika Yethu	2 126	2 562	1 486	2 678	1 652	1 622	3 856	2 984	4 305	137.8
Emalahleni	1 369	1 297	2 942	1 466	1 778	1 745	1 598	1 633	1 728	(8.4)
Engcobo	1 146	1 169	1 095	912	728	725	992	1 009	1 067	36.8
Sakhisizwe	839	898	1 029	1 301	1 317	1 257	2 362	1 411	1 493	87.9
Elundini	880	7 262	10 016	9 698	8 001	7 523	11 271	10 748	11 371	49.8
Senqu	1 205	2 979	4 180	1 418	1 304	1 464	1 730	1 742	1 843	18.2
Maletswai	912	1 111	1 316	1 110	1 462	4 108	16 803	1 199	1 269	309.0
Gariep	4 347	4 118	5 991	2 476	2 919	4 422	12 889	2 666	2 821	191.5
Ngquza Hill	2 062	1 998	2 384	5 629	9 148	10 523	3 253	2 327	2 462	(69.1)
Port St. Johns	3 982	8 292	3 529	1 645	2 672	2 632	2 937	2 008	2 125	11.6
Nyandeni	1 988	4 703	962	2 728	4 304	4 371	2 561	1 594	1 687	(41.4)
Mhlontlo	4 923	5 130	6 638	1 651	5 950	5 904	3 383	1 435	1 518	(42.7)
King Sabata Dalindyebo	37 941	193 605	54 325	154 075	139 450	94 657	114 636	58 327	61 710	21.1
Matatiele	1 331	6 787	17 107	2 267	4 436	5 810	2 957	2 035	2 153	(49.1)
Umtzimvubu	9 421	8 663	5 966	690	1 070	1 070	2 814	837	885	163.0
Mbizana	1 664	1 646	8 052	2 082	3 236	3 036	2 279	2 375	2 513	(24.9)
Ntabankulu	1 006	633	1 636	2 682	2 403	2 253	5 911	3 039	3 215	162.4
Category C	25 314	27 551	18 223	192 964	166 190	139 471	132 764	58 684	9 188	(4.8)
Cacadu District Municipality	-	90	145	-	8 000	8 000	-	-	-	(100.0)
Amatole District Municipality	2 463	2 978	3 125	9 722	9 089	9 089	7 627	5 775	6 110	(16.1)
Chris Hani District Municipality	2 500	9 215	6 959	76 357	39 948	37 102	41 975	-	-	13.1
Joe Gqabi District Municipality	5 425	1 928	1 068	100 912	101 866	79 177	80 000	50 000	-	1.0
O.R. Tambo District Municipality	10 646	8 844	5 064	4 760	5 927	5 735	2 600	2 318	2 453	(54.7)
Alfred Nzo District Municipality	4 280	4 496	1 862	1 214	1 360	368	563	591	625	52.9
Unallocated	998	-	-	1 000	1 000	1 000	1 000	9 402	9 947	-
Total transfers to municipalities	262 036	454 850	330 123	588 659	657 480	603 029	587 307	411 382	382 316	(2.6)

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

R' 000	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% change from 2015/16
	2012/13	2013/14	2014/15				2016/17	2017/18	2018/19	
Category A	14 789 880	13 134 655	13 349 092	14 774 496	15 114 508	14 319 121	15 088 473	15 860 902	16 621 786	5.4
Nelson Mandela Metro	6 170 960	6 882 031	6 722 859	7 199 600	7 457 487	7 360 418	7 820 421	8 211 050	8 593 310	6.2
Buffalo City Metro	8 618 919	6 252 625	6 626 233	7 574 897	7 657 021	6 958 703	7 268 052	7 649 852	8 028 477	4.4
Category B	22 567 082	25 414 490	25 456 320	27 005 234	27 413 971	29 042 932	29 907 274	30 751 003	32 161 604	3.0
Amathlathi	191 118	208 958	210 055	296 658	303 977	289 742	310 859	326 280	338 625	7.3
Baviaans	1330	2 699	4 986	11567	11567	10 927	5 660	5 943	6 287	(48.2)
Blue Crane Route	3 366	5 916	5 705	8 370	8 370	7 111	7 395	7 764	8 214	4.0
Camdeboo	539 307	576 956	589 548	630 218	636 504	643 998	657 887	691 371	722 489	2.2
Elundini	677 045	760 428	761 779	824 562	849 582	855 063	929 262	919 334	962 745	8.7
Emalahleni	654 965	781 028	764 218	822 029	827 283	778 358	879 597	869 345	909 905	13.0
Engcobo	955 901	992 770	1076 617	1 157 966	1 165 099	1 157 498	1 228 908	1 291 022	1 351 639	6.2
Gariep	37 331	39 082	37 826	40 133	40 740	35 038	44 144	35 600	37 121	26.0
Great Kei	2 802	9 392	6 978	7 677	7 677	3 980	4 822	5 063	5 350	21.2
Ikwezi	2 605	3 973	3 581	5 828	5 828	6 758	9 812	5 267	5 573	45.2
Inqutuza	673 576	674 097	1 890 644	578 119	594 325	1 788 408	710 319	687 067	712 388	(60.3)
Inkwanza	1417	3 727	3 926	6 543	6 543	4 898	5 066	5 320	5 628	3.4
Intsika Yethu	908 062	1 099 775	988 767	1 437 719	1 482 519	1 074 982	1 109 797	1 164 657	1 221 673	3.2
Inxuba Yethemba	474 314	521 714	540 747	557 775	562 506	592 346	594 287	623 384	651 988	0.3
King Sabata Dalindyebo	2 992 487	3 536 874	3 434 081	3 596 994	3 646 752	3 813 597	4 212 348	4 270 741	4 456 903	10.5
Koosba	214 874	272 266	255 780	323 413	344 548	343 339	372 951	392 330	407 661	8.6
Koosamma	18 245	18 038	18 826	7 239	7 239	6 230	40 061	6 266	6 630	543.0
Lukhanji	1406 566	1451 118	1491 766	1 691 448	1 713 939	1 649 550	1 763 502	1 853 786	1 933 991	6.9
Makana	354 858	440 447	433 109	447 202	447 202	466 981	465 541	487 138	511 677	(0.3)
Maletswai	156 712	163 448	169 489	176 866	181 660	183 787	213 857	208 593	216 394	16.4
Matatiele	187 537	188 976	205 016	223 745	245 521	247 065	270 173	265 681	275 518	9.4
Mbhashe	1297 063	1412 577	1436 567	2 034 388	2 052 949	1 548 299	1 573 251	1 648 612	1 726 966	16
Mbizana	1094 060	1352 267	1337 380	1073 343	1102 143	1 363 567	1 387 350	1 435 628	1 507 457	17
Mhlonlto	1092 794	1226 781	1236 429	1 284 160	1 294 497	1 272 793	1 388 808	1 435 243	1 501 289	9.1
Mnquma	1514 356	1 665 398	1 610 194	1 398 901	1 409 808	1 683 650	2 023 958	2 126 179	2 226 480	20.2
Ndlambe	5 363	5 839	6 716	8 743	8 743	20 957	12 048	9 862	10 434	(42.5)
Ngqushwa	53 760	59 169	55 129	32 523	32 541	15 891	16 257	17 072	18 046	2.3
Nkonkobe	924 216	978 860	1 001 808	1 096 130	1 117 215	1 077 514	1 185 961	1 186 185	1 239 432	10.1
Ntabankulu	607 271	27 578	15 361	250 620	276 562	79 555	34 430	28 355	29 634	(56.7)
Ngqutuza Hill	-	1537 188	322	-	-	1 202 941	1 437 885	1 508 730	1 584 166	19.5
Nxuba	1652	5 078	5 372	13 026	13 026	15 842	25 273	14 608	15 450	59.5
Nyandeni	1938 789	2 187 509	2 193 955	3 127 459	3 140 352	2 371 806	2 494 302	2 594 969	2 717 535	5.2
Port St Johns	6 455	39 239	41 831	39 208	39 209	53 462	71 570	29 856	314 16	33.9
Qaukeni	1306 773	-	-	-	-	-	-	-	-	-
Sakizizwe	144 138	164 582	156 717	172 759	177 010	158 620	189 677	198 509	206 102	19.6
Senqu	853 563	933 725	963 673	1 019 593	1 026 481	1 044 309	1 105 640	1 142 562	1 195 899	5.9
Sundays River Valley	4 860	7 446	7 482	12 633	12 633	15 900	40 946	9 736	10 287	157.5
Tsolwana	2 746	2 230	2 170	9 676	9 676	4 704	4 976	6 310	5 528	5.8
Umzimkhulu	-	-	-	-	-	-	-	-	-	-
Umzimvubu	1263 808	2 057 345	2 491 769	2 580 000	2 611 747	3 153 464	3 077 695	3 226 733	3 376 606	(2.4)
Unallocated	998	-	-	-	-	-	1000	9 902	10 476	-
Category C	6 807 835	6 869 491	7 543 892	7 425 135	7 432 966	7 397 834	8 036 767	8 407 216	8 591 823	8.6
Alfred Nzo	907 272	831 213	845 377	943 995	947 330	947 789	975 969	1016 660	1021 299	3.0
Amathole	1888 180	2 114 516	2 143 437	2 013 933	2 029 369	2 017 248	2 322 354	2 289 784	2 321 187	15.1
Sarah Baartman	1006 587	1057 426	1050 424	1078 023	1054 022	1052 798	1081 100	1232 548	1231 077	2.7
Chris Hani	1043 855	1090 559	1018 264	1292 299	1299 156	1298 329	1324 992	1445 329	1501 100	2.1
OR Tambo	1172 761	1069 624	1494 113	1209 410	1214 060	1214 500	1336 271	1415 103	1546 523	10.0
Joe Gqabi	744 530	701 339	987 198	881 089	882 644	860 786	990 239	1001 642	964 220	15.0
Unallocated	44 651	4 815	5 080	6 385	6 385	6 385	5 841	6 151	6 507	(8.5)
Whole Province	10 955 844	14 654 467	14 399 755	15 789 915	16 479 626	15 114 773	16 558 419	18 285 458	20 001 252	9.6
Total payments and estimates	55 120 641	60 073 102	60 749 060	64 994 778	66 441 071	65 874 660	69 590 933	73 304 579	77 376 465	5.6



SECTION B: ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE 2015/16