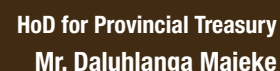


***"FISCAL CONSOLIDATION, JOB CREATION, SOCIAL PROTECTION AND INCLUSIVE GROWTH"***



The strategic focus of the 2016 MTEF will be on improvement in education outcomes, health, creation of jobs through the rapid implementation of socio-economic infrastructure, agricultural development, intensification of the fight against crime and corruption and Compensation of Employees cost containment. Furthermore, the Eastern Cape Provincial Government will continue to improve social cohesion; growing the economy and improve the delivery of basic services to our people.

A donut chart illustrating the frequency of internet usage. The chart is divided into three segments: a large dark blue segment representing 'Daily' at 83.6%, a red segment representing 'Weekly' at 14.7%, and a small orange segment representing 'Monthly' at 1.7%. Each segment is connected to its corresponding label and percentage by a thin line.

Frequency	Percentage
Daily	83.6%
Weekly	14.7%
Monthly	1.7%

The equitable share further decreases over the 2016 MTEF by **R211.108 million** in 2016/17, **R815.250 million** in 2017/18 and **R1.066 billion** in 2018/19 totalling to **R2.093 billion** due to the budget cuts effected as a result of fiscal framework which has rapidly grown tighter with pressure to fund new priorities (i.e. zero fee increase in Higher Learning Institutions, BRICS Bank capitalisation, contingency provisions for drought relief, higher debt servicing costs due to depreciation of the rand and other contingency liabilities).

This guide to the 2016/17 Eastern Cape Provincial Budget is published by the Eastern Cape Provincial Treasury to keep people of the Eastern Cape Province informed of how the Provincial Government is responding to the needs of the people. Any suggestions to improve this publication or comments are welcome and should be addressed to The Accounting Officer and Head of Department: Eastern Cape Provincial Treasury, Private Bag X0029, BHISHO, 5605, e-mail: [budgetoffice@ectreasury.gov.za](mailto:budgetoffice@ectreasury.gov.za).



The 2016 MTEF is guided by the following key principles:

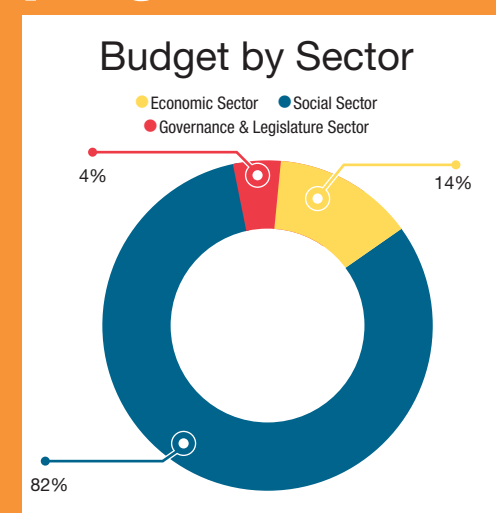
- Allocating resources in line with 14 National Outcomes, national and provincial priorities with a particular emphasis on education, health, fight against crime and corruption, agricultural development, creation of job opportunities and containment of the wage bill;
- Specific funding for key socio-economic infrastructure, drought relief and programmes aligned to the priorities; and
- Reprioritisation, shifting expenditure away from consumption to service delivery items, improvement of efficiency and effectiveness of public spending to enhance service delivery.

Funding to sustain and enhance poverty alleviation programmes of Provincial Government will be implemented through the 3 sectors (Economic, Social and Governance), with Provincial Legislature providing overall performance oversight.

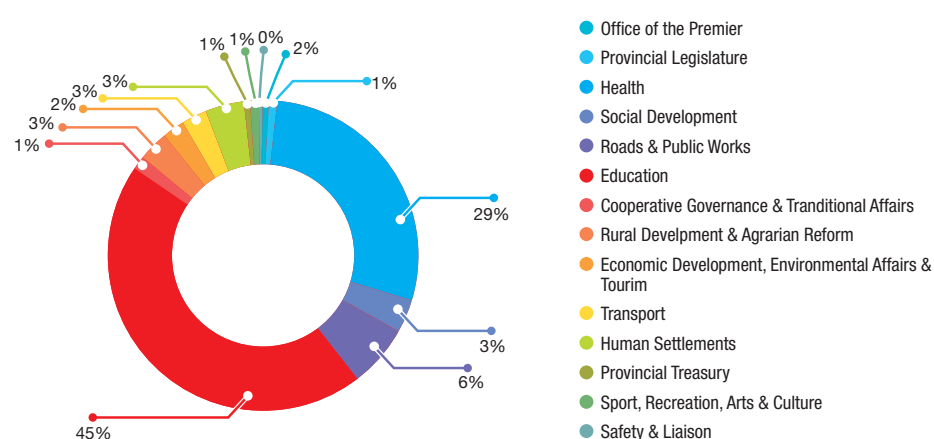
The total projected expenditure for the province in 2016/17 is R69.590 billion representing an increase of 4.7 per cent compared with the adjusted budget of R66.441 billion in 2015/16. The budget is expected to increase to R77.376 billion by 2018/19. The financing of the provincial expenditure has also been supplemented by R105.346 million from the Provincial Revenue Fund in 2016/17.

R' thousand	MTEF estimates			Percentage share of 2016/17 total budget
	2016/17	2017/18	2018/19	
<b>Economic Sector</b>	<b>9 566 700</b>	<b>9 987 101</b>	<b>10 563 309</b>	<b>13,7%</b>
Economic Development, Environmental Affairs & Tourism	1 147 490	1 310 328	1 386 856	1,6%
Roads & Public Works	4 459 193	4 671 943	4 948 025	6,4%
Transport	1 750 698	1 847 452	1 961 776	2,5%
Rural Development & Agrarian Reform	2 209 319	2 157 378	2 266 652	3,2%
<b>Social Sector</b>	<b>56 912 615</b>	<b>60 864 996</b>	<b>64 398 076</b>	<b>81,8%</b>
Education	31 002 644	32 957 740	34 829 837	44,5%
Health	20 244 339	21 476 552	22 831 656	29,1%
Sports, Recreation, Arts & Culture	843 698	893 825	953 444	1,2%
Social Development	2 383 626	2 607 528	2 806 811	3,4%
Human Settlements	2 349 036	2 836 218	2 876 967	3,4%
Safety & Liaison	89 273	93 134	99 362	0,1%
<b>Governance Sector</b>	<b>3 111 618</b>	<b>2 452 483</b>	<b>2 415 080</b>	<b>4,5%</b>
Provincial Treasury	1 034 013	445 824	406 708	1,5%
Cooperative Governance & Traditional Affairs	1 010 156	1 012 238	963 254	1,5%
Office of the Premier	585 519	497 802	519 106	0,8%
<b>Provincial Legislature</b>	<b>481 930</b>	<b>496 619</b>	<b>526 012</b>	<b>0,7%</b>
<b>Total</b>	<b>69 590 933</b>	<b>73 304 579</b>	<b>77 376 465</b>	<b>100%</b>

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



## Provincial Budget 2016/17



Category	Budget percentage
Compensation	65%
Goods & Services	16.6%
Transfers & Subsidies	11.7%
Payment for capital assets	6.7%

	2016/17	2017/18	2018/19
<b>R' thousand</b>	<b>Medium-term estimates</b>		
<b>Current payments</b>	<b>56 768 149</b>	<b>60 395 127</b>	<b>64 014 923</b>
Compensation of employees	45 261 513	48 518 415	51 100 975
Goods and services	11 506 636	11 876 711	12 913 948
<b>Transfers and subsidies</b>	<b>8 170 164</b>	<b>8 232 330</b>	<b>8 563 035</b>
<b>Payments for capital assets</b>	<b>4 632 621</b>	<b>4 677 122</b>	<b>4 798 508</b>
<b>Payments for financial assets</b>	<b>20 000</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>69 590 933</b>	<b>73 304 579</b>	<b>77 376 465</b>

Infrastructure Allocations 2015 MTEF	2016/17	2017/18	2018/19
Office of the Premier	4 600	7 268	11 483
Health	1 402 776	1 441 348	1 518 534
Social Development	55 517	58 713	62 118
Roads & Public Works	2 159 713	2 275 409	2 439 830
Education	1 714 493	1 462 581	1 514 084
Cooperative Governance & Traditional Affairs	10 004	8 084	4 813
Provincial Treasury	526 600	-	-
Rural Development & Agrarian Reform	196 695	103 822	104 320
Transport	9 100	-	-
Human Settlements	1 991 457	2 460 660	2 477 121
Sports, Recreation, Arts & Culture	43 200	44 240	50 965
<b>Total Infrastructure Budget</b>	<b>8 114 154</b>	<b>7 862 125</b>	<b>8 183 269</b>

Sector	Percentage
Roads & Public Works	26.5%
Education	21.1%
Human Settlements	24.5%
Health	17.3%
Sport, Recreation, Arts & Culture	0.8%
Social Development	0.7%
Transport	0.1%
Provincial Treasury	6.5%
Rural Development & Agrarian Reform	2.4%
Cooperative Governance & Traditional Affairs	0.1%

The department aims at resourcing and delivering quality education from Grade R to 12, provision of learner and teacher support material to schools, reducing backlogs in school infrastructure and implementing Early Childhood Development. Education is the largest beneficiary of the 2016 MTEF budget (45% of the total budget). A total amount of **R98.790 billion** has been allocated to Education over the 2016 MTEF, of which **R31.002 billion** is allocated for 2016/17 financial year. The allocation for 2016/17 is to fund amongst other things the following:

- **Maths, Science and Technology Grant:** an amount of **R55.371 million** is set aside to provide support and resources to schools, teachers and learners for the improvement in Maths, Sciences and Technology in selected schools and **R156.022 million** over the 2016 MTEF;
- **Education Infrastructure:** an amount of **R1.714 billion** and is set aside for Educational Infrastructure within the province and this include the building of 4 new school hostels and **R4.691 billion** is allocated over the

- **National Schools Nutrition Programme:** an amount of **R1.074 billion** is allocated to the programme to ensure that the School Nutrition Programme is running successfully for learners in Quintile 1 to Quintile 3 from Primary and Secondary Schools and **R3.395 billion** is allocated over the 2016 MTEF;
- **HIV and Aids (Life Skills Education) Grant:** has been allocated an amount of **R39.591 million** to support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge amongst Learners and Teachers and **R125.895 million** is allocated over the 2016 MTEF;
- **Inclusive Education in Public Special Schools:** an amount of **R690.280 million** is allocated for this function and **R2.211 billion** is allocated over the 2016 MTEF; and
- **Universalisation of Grade-R/Early Childhood Development:** this function has been allocated **R630.961 million** and **R1.994 billion** is allocated over the 2016 MTEF.

The department is aiming to transform our society by building conscious and capable citizens through the provision of integrated social development services with families at the core of social change. Also to empower communities, groups and individuals through their active participation in developmental programmes for improved social functioning and quality of life.

The department receives a total budget allocation of **R2.383 billion** in 2016/17 and **R7.797 billion** over the 2016 MTEF. Funds will be directed to fund amongst others the following in 2016/17:

- **Services to Older Persons:** An amount of **R150.879 million** has been allocated to fund 1 291 older persons to access residential facilities. It is targeted that 14 647 older persons will access community based care and support services and **R469.447 million** is allocated over the 2016 MTEF;
- **Services to Persons with Disabilities:** An amount of **R72.488 million** has been allocated to fund 4 211 persons with disabilities will access Community Based Rehabilitation Services. There will be 882 persons with disabilities accessing services in funded Protective Workshops and **R229.958 million** over the 2016 MTEF is allocated;
- **ECD and Partial Care:** An amount of **R240.132 million** has been allocated

for ECD and Partial Care; to fund 2 561 ECD Practitioners in registered ECD programmes, 22 355 subsidized children who will access registered ECD programmes and 3 240 work opportunities created through ECD programmes in line with EPWP integrated grant and **R915.287 million** is allocated over 2016 MTEF;

- **Child and Youth Care Centres:** An amount of **R99.504 million** has been allocated for Child and Youth Care Centre to fund 1 345 children in need of care and protection in funded CYC centres and 5 547 children will access services through Isibindi model and **R317.185 million** is allocated over the 2016 MTEF; and
- **Substance abuse, prevention and Rehabilitation:** an amount of **R77.208 million** is allocated to fund 29 844 children 18 years and below who will be reached through substance abuse prevention programmes and 14 032 people (19 years) and above reached through substance abuse prevention programmes. The department will also be operating a new state owned substance abuse treatment in Port Elizabeth and 5 private owned Substance Abuse Treatment Centres and **R277.264 million** is allocated over 2016 MTEF.

Extended Public Works Programme (EPWP) has been allocated an amount of **R98.830 million** to create job opportunities by various departments.

The department has been allocated an amount of **R1.034 billion** in 2016/17 and a total amount of **R1.886 billion** over the 2016 MTEF. Provincial Treasury will continue offering a streamlined and hands-on support programme in collaboration with CoGTA as well as with local municipalities in implementing the social infrastructure projects in the province. The allocation over the 2016 MTEF is to fund amongst other things the following:

The aim of this department is to facilitate, develop, regulate and enhance safe, affordable and reliable multi-modal transport system which is integrated with land uses to ensure improving levels of accessibility and optimal mobility of people and goods in support of socio-economic growth and development in the province. An amount of **R1.750 billion** has been allocated to the department in 2016/17 and a total of **R5.559 billion** over the 2016 MTEF. Funds will be directed to fund the following amongst others over the 2016 MTEF:

- **Subsidised Bus Services – R470.576 million** has been allocated in 2016/17 and a total of **R1.482 billion** over the 2016 MTEF to ensure that people in the most rural areas have access to affordable bus services. Extensive consultations with relevant stakeholders will be done in order to facilitate the extension of services through the implementation of the

- **Scholar Transport Project – R462.951 million** has been set aside to transport 65 000 qualifying learners to the nearest public schools and a total amount of **R1.481 billion** has been set aside over the 2016 MTEF. Priority will continue to be given to those qualifying learners that come from deep rural communities;
- **Traffic Law Enforcement – R277.809 million** has been allocated in 2016/17 and a total of **R891.956 million** over the 2016 MTEF in order to maximise traffic control and law enforcement on the roads; and
- **Job creation – R31.269 million** has been provided for 2016/17 and **R95.572 million** over the 2016 MTEF for the creation of job opportunities in the transportation sector such as the Road ranger and car wash projects.

The primary function of the department is to facilitate human settlement delivery in an integrated manner. This department receives a total allocation of **R2.349 billion** in 2016/17 and a total allocation of **R8.062 billion** is availed over the 2016 MTEF.

The major function in the department is driven by conditional grant and the department receives **R1.991 billion** in conditional grant funding in 2016/17, this allocation increases to **R2.461 billion** in the 2017/18 and R2.477 billion in the outer year of the 2016 MTEF. With the allocated

budget, the department is planning to build 13 180 housing units, install 10 606 service stands and to rectify 1 899 housing units in 2016/17.

The department has set aside **R590.429 million** in 2016/17 for Rural Interventions for facilitating access to housing opportunities in rural areas, **R264.263 million** in the informal settlement development and upgrading in the 2016/17 and **R16.279 million** has been allocated in 2016/17 for provision of social and affordable rental housing.

The department renders accessible, equitable and integrated quality health care services. Health is the second largest beneficiary of the 2016 MTEF budget and receives a total allocation of **R20.244 billion** (29% of total budget) in 2016/17 and a total allocation of **R64.552 billion** over the 2016 MTEF. Government remains committed to the provision of quality basic health care services to all. Government's medium term priorities include increasing life expectancy, decreasing maternal and child mortality and combating HIV and AIDS through strengthening the effectiveness of the health system. The allocation for 2016/17 is to fund amongst other things the following:

- **Health Infrastructure:** an amount of **R1.402 billion** is allocated for Health infrastructure within the province in 2016/17 and **R4.363 billion** over the 2016 MTEF;
- **Health Facilities Revitalization Grant:** an amount of **R619.041 million** is allocated for the revitalization of health facilities and **R1.755 billion** over the 2016 MTEF;

- **Comprehensive HIV, AIDS & TB: R1.755 billion** is allocated for comprehensive HIV and AIDS programmes and **R6.081 billion** over the 2016 MTEF;
- **Health Professions and Training Development:** the department is further allocated **R213.212 million** for training and development of health professionals (nurses, doctors etc.) and **R679.485 million** over the 2016 MTEF;
- **National Health Insurance (NHI): R7.546 million** is allocated to upgrade hospitals in preparation for the NHI project;
- **National Tertiary Services: R838.458 million** is allocated to fund tertiary hospitals and **R2.672 billion** over the 2016 MTEF;
- **National Health Laboratory Services:** an amount of **R610.993 million** is allocated for this function and **R1.984 billion** over the 2016 MTEF; and
- **Medicine:** an amount of **R1.345 billion** is allocated for medicine and **R4.568 billion** over the 2016 MTEF.

- **KSD Local Municipality western side electrification** in support of the National Health Insurance (NHI) pilot is allocated **R60 million** in 2016/17;
- **R61 Bypass in the KSD Local Municipality – R70 million** is allocated in 2016/17 for the construction of the R61 Bypass to reduce traffic flow within the Central Business District area in Mthatha;

- **Joe Gqabi District Municipality drought relief** – water projects in the Maletswai and Gariep Local Municipalities is allocated **R80 million** in 2016/17 and **R50 million** in 2017/18; and
- **Identified Rural Access Roads within the Province** – an amount of **R456.600 million** is availed in 2016/17 to do various rural access roads within different municipal areas in the province.



The department aims at providing agricultural and rural development services for sustainable livelihoods. The department is allocated an amount of **R2.209 billion** in 2016/17 and a total of **R6.633 billion** over the 2016 MTEF. The allocation over the 2016 MTEF is to fund amongst other things the following:

- ## Roads and Public Works

The primary role of this department is to lead in the provision of high quality roads and building infrastructure and responsible for managing and leading the implementation of EPWP. The department has been mandated to become a provincial nerve centre for infrastructure planning, coordination and delivery. The department is allocated an amount of **R4.459 billion** in 2016/17 and a total allocation of **R14.079 billion** over the 2016 MTEF. The allocation over the 2016 MTEF is to fund amongst other things the following:

- for client departments in the province; provision of office accommodation to client departments; conduct conditional assessments to state-owned buildings that will bolster maintenance needs required amongst other; payment of Property Rates and Taxes (Devolution of Rates and Taxes); and

- ## Safety and Liaison

The aim of this department is to provide policy direction with regards to safety and security through effective co-ordination of crime prevention initiatives and provincial policing oversight towards a more secure environment. The department has been allocated an amount of **R89.273 million** in 2016/17 and a total allocation of **R281.769 million** over the 2016 MTEF. The allocation for 2016/17 is to fund amongst other things the following:

- **Monitoring and Evaluation:** an amount of **R3.476 million** is allocated for monitoring and evaluation service on police performance and conduct, and assessment of SAPS provincial components; and
- **Safety Promotion:** an amount of **R26.272 million** is allocated to fund the monitoring and evaluation of 72 police stations and for crime prevention campaigns.

Despite the current fiscal constraints the province will continue creating more jobs through the implementation of socio-economic infrastructure, sustainable rural and agricultural development programmes, EPWP and implementing drought relief

projects. Possibilities of implementing all these would depend on

The purpose of the department is to effectively support, monitor and promote developmental municipalities and viable institutions of traditional leadership. The department has been allocated an amount of **R1.010 billion** in 2016/17 and a total amount of **R2.985 billion** is allocated over the 2016 MTEF. The allocation over the 2016 MTEF is to fund amongst other things the following:

- **Local Governance:** an amount of **R295.658 million** is allocated in 2016/2017 and a total amount of **R858.401 million** is allocated over the 2016 MTEF to promote and facilitate viable and sustainable local governance;
- **Traditional Institutions:** an amount of **R299.510 million** is allocated in 2016/2017 and a total amount of

**R922.961 million** is allocated over the 2016 MTEF to promote and facilitate viable and sustainable traditional institutions;

- ## Sports, Recreation, Arts and Culture

The aim of this department is to create, promote and develop sport, recreation, arts and culture for community betterment and enrichment, maximising access, development and excellence at all levels of participation. The department has been allocated an amount of **R843.698 million** in 2016/17 and a total allocation of **R2.690 billion** over the 2016 MTEF. Funds will be directed to fund the following amongst others in 2016/17:

- **Mass Sports and Recreation Participation Programme:** an amount of **R176.458 million** is allocated for this

programme to support the development of school sports and community sport in promotion of social cohesion through sports; and

- ## Economic Development, Environment Affairs & Tourism

The purpose of the department is to drive economic growth and development, promote provincial tourism, provide consumer protection services and protect natural resources. An amount of **R1.147 billion** is allocated in 2016/17 and a total amount of **R3.844 billion** is allocated over the 2016 MTEF. The allocation over the 2016 MTEF is to fund amongst other things the following:

- **Support and strengthening of the environment and conservation function:** a total of **R306.397 million** is availed in 2016/17 and **R960.027 million** over the 2016 MTEF. Included in this is the transfer of **R196.205 million** to Eastern Cape Parks and Tourism Agency in 2016/17, and a total amount of **R606.950 million** is allocated over the 2016 MTEF;

- **Effective business regulations:** an amount of **R48.454 million** is allocated to the Eastern Cape Gambling and Betting Board in 2016/17 with a total of **R153.560 million** allocated over the 2016 MTEF to regulate gambling within the province. An amount of **R46.392 million** has been allocated to Eastern Cape Liquor Board for 2016/17 with a total allocation of **R146.901 million** allocated over the 2016 MTEF to regulate liquor industry within the province; and
- **LRED Fund:** an amount of **R32.226 million** is allocated to support co-operatives within the province in 2016/17 and **R96.036 million** over the 2016 MTEF.

The aim of the department is to lead and coordinate the provincial administration in inclusive, transparent, and accountable governance. The department has been allocated an amount of **R585.519 million** in 2016/17 and a total amount of **R1.602 billion** over the 2016 MTEF. The allocation over the 2016 is to fund amongst other things the following:

- Electrification of provincial hotspots:**  
 an amount of **R90.8 million** is allocated to do electrification in Mbizana, Ntabankulu, Intsika Yethu, Mbashe, Matatiele, King Sabatha Dalindyebo

and Elundini Local Municipalities to speed up the connections to households;

- **Human Resource Planning and Requirement for the Province:** an amount of **R15 million** is allocated in 2016/17 in order to contain the growth of the wage bill in the province; and
- **Technical Rapid Response for Infrastructure:** an amount of **R16 million** is allocated in 2016/17 in response of monitoring the infrastructure projects to be implemented by the province.