

**Western Cape Government
Provincial Treasury**

Budget

**Overview of Provincial Revenue
and Expenditure**

2016

Provincial Treasury
Business Information and Data Management
Private Bag X9165
7 Wale Street
Cape Town
tel: +27 21 483 5618 **fax:** +27 21 483 6601
www.westerncape.gov.za

Afrikaans and isiXhosa versions of this publication are available on request.
Email: Paul.Pienaar@westerncape.gov.za

PR18/2016
ISBN 978-0-621-44278-6

Foreword

The 2016 Budget is set within the context of rising fiscal pressure and a constrained economic environment. The Western Cape 2016 Budget focuses on establishing a stable fiscal base while giving effect to the policy imperatives of the Province.

Through the application of the key fiscal policy principles set by the Western Cape Government (WCG), a strengthened approach toward fiscal consolidation, continued fiscal discipline and allocative efficiency was developed. This approach underpins the theme of the 2016 Budget which is to establish a *Budget for Growth*. This focus affirms the WCG's alignment to the National Development Plan (NDP) 2030, the delivery on the 2014 – 2019 Provincial Strategic Plan (PSP) and commits to smart, sustainable and inclusive growth.

The budget allocates resources to high policy priority areas as identified in the 2014 - 2019 Provincial Strategic Plan (PSP) and the seven related Game Changers, which collectively have the potential to be catalysts for major improvements in the lives of citizens and create a better future for younger generations. These Game Changers include:

- Achieving Energy Security
- Expanding vocational skills and training in the Province
- Delivering High Speed Broadband across the Province
- Rolling out e-Learning at schools
- Expanding After School activities
- Tackling Alcohol Abuse
- Pioneering a major 'live-and-work' development that integrates communities

In aggregate, the 2016 Budget provides for total expenditure amounting to R55.048 billion in 2016/17, R58.117 billion in 2017/18 and R61.402 billion in 2018/19. The 2016 Western Cape Budget remains committed to building an "Open, Opportunity Society for All" and establishing a responsive budget which creates public value.



DR IH MEYER

MINISTER OF FINANCE

DATE: 3 MARCH 2016

Contents

Chapter 1	Socio-economic context and outlook	1
Chapter 2	Provincial Revenue	21
Chapter 3	Budget Policy Priorities	35
Chapter 4	Public Infrastructure investment in the Western Cape	61
Chapter 5	Spatial distribution of provincial expenditure	79
Chapter 6	Budget by economic classification	93
Chapter 7	Summary of budget aggregates	103
Annexure	Additional Tables	109
Glossary		133

Tables

Table 1.1	Global economic outlook, 2015 - 2017	3
Table 1.2	South African macroeconomic forecast for selected variables, 2015 - 2017	6
Table 1.3	Western Cape economic growth forecast per sector: 2015 - 2017 and 2015 - 2020 average growth forecast	10
Table 1.4	Labour market trends, 2014Q3 to 2015Q3	14
Table 1.5	Western Cape learner enrolment, 2012 - 2015	18
Table 1.6	Western Cape systemic test results, 2014 - 2015	18
Table 2.1	Summary of Provincial Receipts	23
Table 2.2	Summary of PES data updates and Provincial Share	24
Table 2.3	Summary of conditional grants by vote and grant	26
Table 2.4	Summary of own revenue components	30
Table 2.5	Summary of Provincial Own Receipts	31
Table 2.6	Western Cape own receipts by source 2015/16 - 2018/19	32
Table 3.1	Summary of provincial payments and estimates by vote	60
Table 4.1	Summary of provincial infrastructure payments and estimates	62
Table 4.2	Summary of infrastructure spend per category	65
Table 4.3	Summary of Human Settlements Development Grant payments per region	73
Table 4.4	Summary of departmental public private partnership projects	75
Table 5.1	Provincial payments and estimates by district and local municipalities	80
Table 5.2	Summary of provincial payments and estimates per sector by district and local municipality	85
Table 5.3	Summary of provincial transfers to local government by category	91
Table 6.1	Summary of provincial payments and estimates by economic classification	94
Table 6.2	Summary of personnel numbers and cost by vote	97
Table 6.3	Summary of provincial payments on training by vote	98
Table 6.4	Summary of departmental transfers to public entities and business enterprises by transferring vote	100
Table 7.1	Provincial budget summary	104

Figures

Figure 1.1	South African real GDP growth and business confidence, 2000 - 2015	5
Figure 1.2	Western Cape and South African economic growth performance, 2004 - 2014	9
Figure 1.3	Western Cape employment, unemployment and unemployment rate, 2010Q3 – 2015Q3	12
Figure 1.4	Western Cape population by district and age cohort, 2015	15
Figure 1.5	Leading causes of premature mortality, 2009 - 2013	16
Figure 5.1	Provincial payment percentages, Metro and Districts (R'000)	81
Figure 5.2	Provincial payment percentages, Cape Winelands District (R'000)	82
Figure 5.3	Provincial payment percentages, Eden District (R'000)	82
Figure 5.4	Provincial payment percentages, West Coast District (R'000)	83
Figure 5.5	Provincial payment percentages, Overberg District (R'000)	83
Figure 5.6	Provincial payment percentages, Central Karoo District (R'000)	84
Figure 5.7	2016/17 Infrastructure spend, Cape Town Metro (R'000)	86
Figure 5.8	2016/17 Infrastructure spend, Cape Winelands District (R'000)	87
Figure 5.9	2016/17 Infrastructure spend, Eden District (R'000)	88
Figure 5.10	2016/17 Infrastructure spend, West Coast District (R'000)	88
Figure 5.11	2016/17 Infrastructure spend, Overberg District (R'000)	89
Figure 5.12	2016/17 Infrastructure spend, Central Karoo District (R'000)	89
Figure 5.13	2016/17 Infrastructure spend, Cross-district projects (R'000)	90
Figure 7.1	Social Sector Budget Summary, 2016/17	105
Figure 7.2	Economic Sector Budget Summary, 2016/17	106
Figure 7.3	Governance and Administration Sector Budget Summary, 2016/17	107

Annexure

Table A.1	Conditional grants: Information relating to Chapter 2	109
Table A.2	Details of total provincial own receipts: Information relating to Chapter 2	111
Table A.3	Details of provincial payments and estimates by economic classification: Information relating to Chapter 6	113
Table A.4	Summary of provincial infrastructure payments and estimates by vote: Information relating to Chapter 4	117
Table A.4.1	Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 4	118
Table A.4.2	Summary of provincial infrastructure payments and estimates by source of funding: Information relating to Chapter 4	121
Table A.5	Information on training: Relating to Chapter 6	122
Table A.6	Transfers to local government by category and municipality: Information relating to Chapter 5	123
Table A.7	Summary of provincial payments and estimates by policy area	124
Table A.8	Payments: Summary by policy area	125
Table A.9	Details of provincial payments and estimates by policy area	127
Table A.10	Summary of Expanded Public Works Programme (EPWP) payments and estimates	131

Acronyms

AET	Adult Education and Training
AHR	Alcohol Harms Reduction
ART	Anti-Retroviral Treatment
BAS	Basic Accounting System
BCI	Business Confidence Index
BER	Bureau for Economic Research
BLM	Better Living Model
CAA	Chartered Accountants Academy
CASP	Comprehensive Agriculture Support Programme
CBD	Central Business District
CCS	Compulsory Community Service
CDC	Community Day Centres
CIDB	Construction Industry Development Board
CoE	Compensation of Employees
CPF	Community Police Forum
CPI	Consumer Price Index
CSIP	Community Safety Improvement Partnership
CTICC	Cape Town International Convention Centre
CWP	Community Work Programme
ECD	Early Childhood Development
EIG	Education Infrastructure Grant
EPWP	Expanded Public Works Programme
FET	Further Education and Training
GBS	General Budget Support
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GGHH	Global Green and Healthy Hospitals
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
HSDG	Human Settlements Development Grant
ICT	Information Communication Technology
IDZ	Industrial Development Zone
IFMS	Integrated Financial Management System
IMF	International Monetary Fund
LAN	Local Area Network
LOGIS	Logistical Information System
LPM	Limited Payout Machines
LTSM	Learner and Teacher Support Material

MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MGRO	Municipal Governance Review and Outlook
MOD	Mass Opportunity Development
MTEF	Medium Term Expenditure Framework
MVL	Motor Vehicle Licence Fees
NDP	National Development Plan
NGO	Non-Governmental Organisation
NHI	National Health Insurance
NHW	Neighbourhood Watch
PERSAL	Personnel and Salary Administration System
PES	Provincial Equitable Share
PPPs	Public Private Partnerships
PRMG	Provincial Road Maintenance Grant
PSDF	Provincial Spatial Development Framework
PSG	Provincial Strategic Goal
PSP	Provincial Strategic Plan
RAF	Road Accident Fund
RMB	Rand Merchant Bank
RSEP	Regional Socio-Economic Project
SACENDU	South African Community Epidemiology Network on Drug Use
SAICA	South African Institute of Chartered Accountants
SAPS	South African Police Service
SARB	South African Reserve Bank
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SIBG	School Infrastructure Backlogs Grant
Stats SA	Statistics South Africa
TB	Tuberculosis
US	United States
VPUU	Violence Prevention through Urban Upgrading
WCED	Western Cape Education Department
WCGGGI	Western Cape Government Good Governance Index
WCG	Western Cape Government
WCIDMS	Western Cape Infrastructure Delivery Management System
WCLA	Western Cape Liquor Authority
WoW	Western Cape on Wellness
YLL	Years of Life Lost

1

Socio-economic context and outlook

In Summary

- Global and national economic growth was revised downwards mainly due to a slowdown in China and the low international commodity prices and is forecast to grow by 3.4 and 0.8 per cent for 2016, respectively.
- National economic developments include accelerating inflation, increasing interest rates, weakening rand exchange rate, depressed commodity prices and persistent drought conditions.
- The Western Cape economic growth was revised downwards in line with the global and national economic growth and is forecast to grow at 1 per cent in 2016.
- The implications of the weaker economic outlook implies a constrained fiscal outlook requiring a faster pace of fiscal consolidation while ensuring policies that support inclusive economic growth and job creation.
- National Treasury forecasts the national economy to improve gradually to 1.7 per cent in 2017.

Introduction

Since the tabling of the Western Cape 2015 Budget and 2016 - 2019 Medium Term Budget Policy Statement, the economic outlook has deteriorated even further. The economic outlook anticipates persistent and protracted low economic growth for South Africa and consequently for the Western Cape over the medium term.

Globally, the slowdown in the Chinese economy will continue to depress commodity prices and affect the revenues of commodity exporting countries, including South Africa. Nationally, the economy is experiencing muted consumer spending affected by accelerating inflation, increasing interest rates and the significant weakening of the rand exchange rate. Investment spending is expected to be under pressure due to falling business confidence, threat of a ratings downgrade and anaemic growth.

The Western Cape economy tracks the performance of the national economy as the Province experience the same structural challenges. Should the current drought conditions persist and become worse than expected, the Western Cape will be disproportionately affected due to the closely linked agriculture and agri-processing sector within the Province.

However, despite the deteriorated economic environment, the economic outlook presents opportunities for the Western Cape, such as growth in the tourism sector due to the weaker rand exchange rate.

Macroeconomic outlook¹

Global economic outlook

Global growth slowed to 3.1 per cent in 2015, down from 3.4 per cent in 2014

According to the International Monetary Fund (IMF), the global economy grew by 3.1 per cent in 2015, down from 3.4 per cent in 2014. Growth in emerging economies slowed for a fifth consecutive year to 4.0 per cent, while economic growth in advanced economies accelerated marginally from 1.8 to 1.9 per cent.

The economic recovery in the United States (US) remained on track through 2015 and, in December, the US Federal Reserve Bank raised the US policy interest rate for the first time since 2006. However, recent data releases suggest that the US economy may be slowing once again. The manufacturing sector, in particular, is under pressure as the stronger dollar weighs on export demand. This means that the pace of further policy interest rate hikes will likely remain gradual, especially if the US economic growth disappoints.

Growth in the Eurozone accelerated from 0.9 per cent in 2014 to 1.5 per cent in 2015. This was despite a slight slowdown in the region's largest economy. Economic growth in Germany slowed to 1.5 per cent from 1.6 per cent in 2014, but is expected to pick up to 1.7 per cent in 2016 and 2017, respectively (Table 1.1) – matching the expected growth rate for the common currency region.

¹ Economic data and information as at 10 February 2016.

Chinese real GDP growth slowed further to 6.9 per cent in 2015, down from 7.3 per cent in 2014. While growth is moderating, the balance is shifting towards consumption-led growth which should be more sustainable over the long run. However, the rebalancing has resulted in significant excess capacity in the Chinese secondary sector (industrial and construction). This, in turn, has weighed heavily on demand for industrial commodities leading to sharply lower international prices. This does not bode well for commodity-exporting economies, including South Africa.

Chinese economy shifting to consumption led growth

Sustained lower oil and commodity prices also weigh heavily on the growth performance of sub-Saharan Africa. The region is expected to only see a gradual pick-up in growth in 2016 and 2017. With the exception of India, other leading emerging markets are also set to remain under pressure in the short term. In particular, the deep recessions in Brazil and Russia are set to continue in 2016.

Deep recessions in Brazil and Russia set to continue in 2016

Overall, the IMF's outlook for advanced economies is for improved growth in 2016 and 2017. This is due to better prospects for the Eurozone while growth in the US is expected to be more or less unchanged (Table 1.1). Coupled with stronger growth in developing economies, global growth should improve to 3.4 per cent in 2016, before accelerating further to 3.6 per cent in 2017.

Table 1.1 Global economic outlook, 2015 - 2017

	2015e	2016f	2017f		2015e	2016f	2017f
World output	3.1	3.4	3.6				
Advanced economies	1.9	2.1	2.1	Developing economies	4.0	4.3	4.7
US	2.5	2.6	2.6	Brazil	-3.8	-3.5	0.0
Japan	0.6	1.0	0.3	Russia	-3.7	-1.0	1.0
Eurozone	1.5	1.7	1.7	India	7.3	7.5	7.5
Germany	1.5	1.7	1.7	China	6.9	6.3	6.0
France	1.1	1.3	1.5	Sub-Saharan Africa	3.5	4.0	4.7
UK	2.2	2.2	2.2	Nigeria	3	4.1	4.2

e denotes estimate; f denotes forecast

Source: IMF, World Economic Outlook – January 2015

Lower global commodity prices, particularly oil, mean that the inflation outlook remains soft. Even core inflation rates (which exclude energy and food prices) remain well below target in advanced economies. In emerging markets, however, there is upward price pressure in those economies that are faced with a significantly depreciated currency.

Developing economies facing upward price pressures

Monetary policy divergence between the US Federal Reserve Bank on the one side (raising interest rates) and the European Central Bank and Bank of Japan on the other (lowering interest rates), is expected to remain a feature through at least 2016 and perhaps even longer. This is an important driver of the major international currency developments, with the US dollar gaining against most currencies as it is becoming more attractive to invest in the US due to higher real interest rates relative to other countries.

National economic outlook

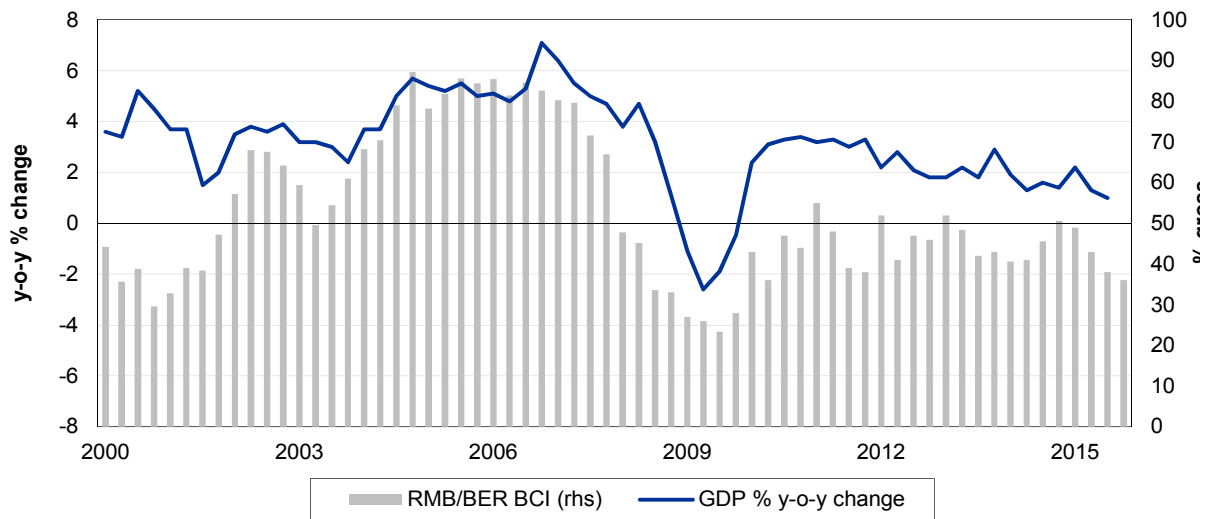
After contracting by 1.3 per cent² in the second quarter of 2015, the economy registered growth of 0.7 per cent in the third quarter of 2015. On an annual basis, growth slowed to just 1.2 per cent from 1.6 per cent in the second quarter of 2015.

The recovery was mainly driven by the secondary sector, where growth rebounded to 3.3 per cent from a 5.1 per cent decline in the second quarter of 2015. Value added in the tertiary sector also accelerated to 1.9 per cent, as all the tertiary subsectors performed better (except the transport subsector). The main drag on growth was the primary sector, which plunged by 10.4 per cent after a 9.5 per cent decline in the second quarter. Agriculture suffered a third consecutive steep fall as the drought continues to spread and the mining sector is faced with a lower commodity price environment.

The Rand Merchant Bank/Bureau for Economic Research (RMB/BER) Business Confidence Index (BCI) slumped to 36 points in the fourth quarter, which means that more than six out of ten business people were dissatisfied with prevailing business conditions (Figure 1.1).

*Agriculture sector
severely affected by the
drought*

² Unless stated otherwise, all the figures in this section are quarter-on-quarter, seasonally adjusted and annualised.

Figure 1.1 South African real GDP growth and business confidence, 2000 - 2015

Source: Statistics South Africa, BER

Consumer spending showed some resilience in 2015 relative to 2014. This was despite a higher prime interest rate and low levels of consumer confidence. Competitive retail pricing and the more than 10 per cent decline in the petrol price, supported real disposable income growth and household spending. Nonetheless, momentum in household consumer spending growth slowed to only 0.2 per cent in the third quarter of 2015 from 0.6 per cent in the first.

Private sector fixed investment fell by 0.1 per cent in the third quarter of 2015 amid low business confidence, ample spare capacity and weak business sector profit growth. As such, overall real fixed investment grew by only 0.1 per cent.

After weakening for a fourth consecutive year in 2015, the rand remained on the back foot in early 2016. The rand weakness has mainly been a function of the stronger US dollar, weak commodity prices and investor concern about the outlook for emerging markets. In this environment, South Africa's poor growth performance, policy uncertainty and the twin budget and current account deficits made the country a less attractive investment destination. The weaker rand exchange rate also contributed to higher consumer inflation, as measured by the Consumer Price Index (CPI). Inflation moved steadily higher through 2015 and rose from 3.9 per cent year-on-year in February to 5.2 per cent in December.

The weaker rand contributed to higher inflation in 2015

After a tumultuous end to 2015, which included the worsening drought contributing to a difficult operating environment for agriculture and the sharp depreciation of the rand exchange rate, 2016 is set to be a particularly tough year for the South African economy.

*SA forecast to grow by
0.8 per cent for 2016 and
1.5 per cent for 2017*

Anaemic economic growth of less than one per cent is anticipated for 2016 and 2017. The Bureau for Economic Research (BER) forecast economic growth of 0.8 per cent for 2016 before marginally improving to 1.5 per cent in 2017 (Table 1.2). The National Treasury is slightly more optimistic as it anticipates economic growth being 0.1 and 0.2 percentage points higher than the BER forecast for 2016 and 2017, respectively. The National Treasury forecast economic growth of 0.9 per cent in 2016, improving gradually to 1.7 per cent in 2017.

The consumer inflation outlook has also deteriorated significantly. Inflation is expected to accelerate to 6.9 per cent during 2016 and, at 6.6 per cent, it will remain well outside the upper inflation target range during 2017. On the policy front, the deterioration in the inflation outlook required the South African Reserve Bank (SARB) to hike the repurchase policy interest rate by 50 basis points to 6.75 per cent in January 2016. The extent and timing of future rate hikes depend, among other factors, on currency movements and inflation expectations going forward.

Table 1.2 South African macroeconomic forecast for selected variables, 2015 - 2017

	2015e	2016f	2017f
Final household consumption expenditure	1.5	0.4	0.8
Government consumption expenditure	0.7	-0.3	0.4
Gross fixed capital formation	0.9	-1.1	1.1
Real GDE	0.3	-0.1	1.0
Total exports	9.6	4.2	4.1
Total imports	5.8	1.5	2.8
Real GDP	1.3	0.8	1.5
Inflation (annual averages)			
CPI (Headline)	4.6	6.9	6.6
PPI (All items)	3.6	6.8	6.1
Exchange rates (annual averages)			
R/US\$	12.77	16.86	16.61
R/Euro	14.15	18.21	18.19
R/Pound sterling	19.50	24.58	25.75

Source: BER, e denotes estimate; f denotes forecast

Despite the higher interest rate, as well as the scaling back of expectations for the pace of the US interest rate hikes, the rand is expected to continue to weaken against major international currencies. The rand is expected to average materially weaker at R16.86/\$ in 2016, before recovering somewhat to R16.61/\$ by the end of 2017. The improved performance in 2017 assumes an upturn in global trade and investment, improved policy certainty, recovering consumer and business confidence and greater energy security, which will support stronger growth.

Higher than previously expected inflation and interest rates will add to the difficulties faced by the consumer, such as weak job creation and slower bank credit extension. As a result, real consumer spending growth is expected to slow to 0.4 per cent in 2016, with a marginal improvement to 0.8 per cent in 2017 (Table 1.2). This compares to the long-term average growth rate of 3.5 per cent per year.

SA consumers face higher inflation and interest rates in 2016

Government capital expenditure will remain under pressure as spending shifts to fund current expenditure (such as public sector wages and possible drought relief). Investment by public corporations is likely to pick up, driven by Transnet's rail infrastructure roll-out and Eskom's power generation programme, amongst others. However, private businesses would require sustained signs of improved domestic growth and less economic policy gridlock before they commit capital to long-term projects. Given that private sector investment makes up the majority of total fixed investment, the overall outlook remains bleak. Gross fixed capital formation is expected to decline by 1.1 per cent in 2016. An improved performance from all the major sub-components is expected to result in mild positive total growth of around 1.1 per cent in 2017 (Table 1.2).

Capital formation expected to decline in 2016

As a result, gross domestic expenditure (GDE) – the broadest measure of internal demand – is projected to contract by 0.1 per cent in 2016. Net exports are forecast to contribute positively due to the weaker rand exchange rate that not only support exports, but also results in a slowdown in real import growth.

Developments in the Western Cape economy

WC growth moderated to 2.3 per cent in 2013, from 2.7 per cent in 2012

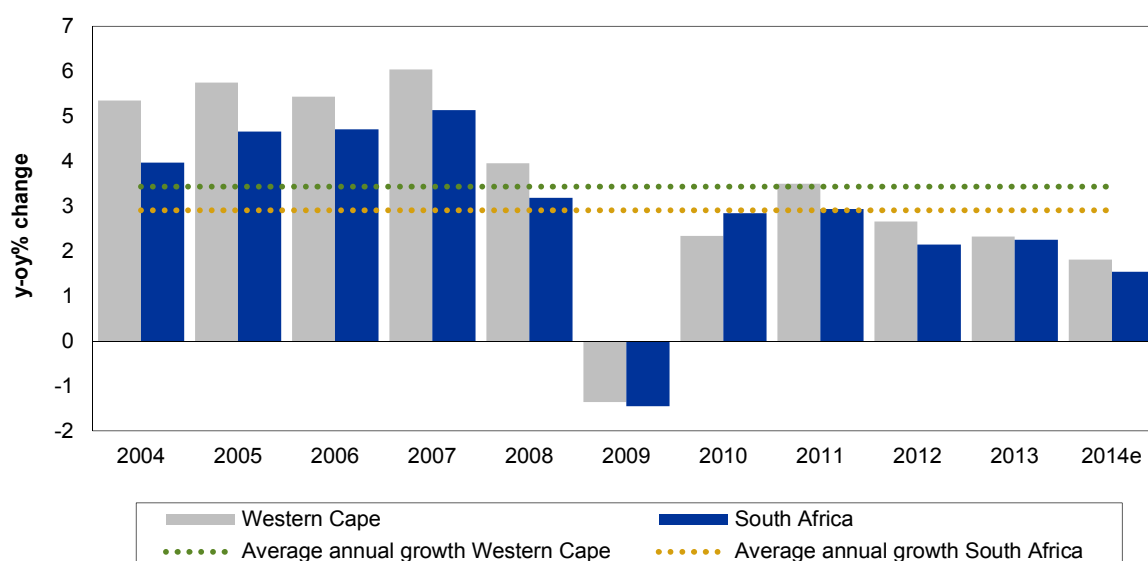
Economic growth³ in the Western Cape moderated to 2.3 per cent in 2013, from 2.7 per cent year-on-year in 2012⁴. This was on par with the growth rate recorded by the national economy. Despite growing at the same rate as the national economy in 2013, the nature of growth in terms of sectoral contributions was different. Most notably, the Province received a bigger boost to growth from the services industry. The fastest growing sector in the Western Cape was the government sector (4.1 per cent year-on-year), while the biggest positive contribution was made by the finance, insurance, real estate and business services sector. This sector grew by 3.2 per cent year-on-year and added 0.9 percentage points to growth. The only sector to contract (both in the Western Cape and the national economy) was the electricity, gas and water sector.

It is estimated that growth slowed further to 1.8 per cent year-on-year in 2014 (slightly higher than the national economy's 1.5 per cent growth). The moderation in 2014 was mainly driven by weaker growth in the tertiary industry (74 per cent of the regional economy in 2013) and a contraction in the smaller mining and quarrying, and electricity, gas and water sectors.

The Western Cape economy has managed to grow marginally faster than the national economy for the most part of the last decade. However, the margin by which the Province outperformed has narrowed in recent years. On average, the Western Cape grew by 3.4 per cent year-on-year between 2004 and 2014 compared to the national 2.9 per cent (Figure 1.2).

³ At basic prices.

⁴ Provincial GDP figures are released with an almost two-year lag. The 2013 figure is the most recent official figure available.

Figure 1.2 Western Cape and South African economic growth performance, 2004 - 2014

Source: Statistics South Africa, BER/Quantec; e denotes estimate

Western Cape economic outlook

Going forward, the Western Cape is forecast to continue to outperform the national economy. The Western Cape is forecast to marginally expand by 1.0 per cent in 2016, improving gradually to 1.8 per cent in 2017.

WC forecast to grow by 1 per cent in 2016 and by 1.8 per cent in 2017

On average, the provincial economy is forecast to expand by 2.2 per cent year-on-year from 2015 to 2020 (Table 1.3). This is 0.3 percentage points higher than the expected growth rate for the national economy.

WC average growth forecast of 2.2 per cent from 2015 to 2020

The construction sector is anticipated to record the fastest growth rate, on average, between 2015 and 2020 (3.5 per cent year-on-year), closely followed by the finance, insurance, real estate and business services sector at 3.3 per cent. Given that the latter is the biggest sector in the provincial economy (30 per cent in 2013), the sector will also make the largest contribution to overall growth. The agriculture, forestry and fishing sector is expected to, on average, contract by 1.4 per cent year-on-year, but this is mainly due to sharp declines in 2015 and 2016, amid a severe drought. In the wholesale and retail trade, catering and accommodation sector, the expected slowdown in the trade sub-sector is outbalanced by an anticipated pick-up in the catering and accommodation sub-sector. The latter is driven by an expected increase in foreign tourism as the weak rand exchange rate makes the Western Cape an attractive and affordable holiday destination.

Table 1.3 Western Cape economic growth forecast per sector: 2015 - 2017 and 2015 - 2020 average growth forecast

Description	2015f	2016f	2017f	Average growth 2015 - 2020
Agriculture, forestry and fishing	-7.9	-12.1	3.1	-1.4
Mining and quarrying	4.7	-1.0	0.8	1.0
Manufacturing	0.3	1.4	1.9	1.7
Electricity, gas and water	-1.0	1.0	2.0	1.4
Construction	2.9	2.2	3.2	3.5
Wholesale and retail trade; catering and accommodation	1.6	1.3	1.3	2.2
Transport, storage and communication	1.5	1.1	1.7	2.4
Finance, insurance, real estate and business services	3.1	2.4	2.4	3.3
Community, social and personal services	1.2	0.7	1.2	1.6
General government services	1.4	0.8	0.5	1.1
All industries at basic prices	1.4	1.0	1.8	2.2

f denotes forecast

Source: BER/Quantec research

Implications of the Western Cape outlook and the opportunities it presents

Key risk is a sharper slowdown in the Chinese economy

A key risk to the global growth outlook is the ability of China to manage with the strain associated with the rebalancing process and whether authorities are able to prevent a more sharper growth slowdown (a so-called hard landing). Should growth slow faster than expected, this would weigh on South African economic growth due to even lower demand for its commodity exports. The Western Cape will, to some extent, be shielded from the direct impact due to its export profile.

More positively, a slower pace of monetary policy tightening in the US could see the rand gain some ground. This could alleviate some of the upward pressure on inflation, which should boost consumer spending. In contrast, any factors that weigh on consumer spending (such as higher-than-expected inflation or increased interest rates) will impact the Western Cape economy more severely due to the services-orientated nature of the region.

Domestic risks are largely tilted to the downside

Domestic risks are largely tilted to the downside (in other words, likely to result in lower growth than forecast if these risks materialise or worsen). These include structural challenges such as the high unemployment and the large current account deficit, domestic economic policy uncertainty and intensifying pressure on government fiscal revenue. The sustainability of the latter, along with weakening economic growth, is the main concern of international rating agencies. A downgrade to junk status in South Africa's sovereign debt rating will have major implications for the currency and local financial markets.

The impact of the current drought is reflected in the economic forecast for the Western Cape and national economy, but should drought conditions persist and turn out worse than currently projected, this could affect the Western Cape disproportionately. This is not only due to the direct impact on the agricultural sector itself, but also on the closely linked agri-processing and broader manufacturing sector, which could result in broad-based weaker production and job losses.

Drought conditions will affect the WC disproportionately

The economic outlook presents opportunities for the Western Cape. The weakening of the rand exchange rate will give the tourism sector a boost as the Province will be relatively cheaper compared to other holiday destinations.

Labour market dynamics

National employment

The recently released Statistics South Africa Quarterly Labour Force Survey, reflects that the national labour market had 16 million individuals employed but with 5.1 million individuals unemployed in the last quarter of 2015 with an unemployment rate of 24.5 per cent.

SA unemployment rate at 24.5 per cent in fourth quarter of 2015

Nationally, employment increased by 2.4 per cent between the first and third quarters of 2015⁵, to reach almost 15.9 million individuals (Table 1.4). Unemployment also appears to have decreased. The 2.1 per cent decline in narrow unemployment is not statistically significant, but expanded unemployment is estimated to have fallen by 3.6 per cent over the period to just over 7.6 million. This decline was driven by a significant fall (7.0 per cent) in the number of discouraged work seekers (the non-searching unemployed). (Consequently, the national expanded unemployment rate fell by 1.3 percentage points to 32.5 per cent in the third quarter of 2015.) Nationally, narrow labour force participation rates are significantly lower than those observed in the Western Cape, although the gap is substantially narrowed when using the expanded labour force.

SA employment up from first to third quarter 2015

⁵ The 2015 fourth quarter QLFS micro data was not available at the time of print.

The labour market data therefore suggests an improvement in the national labour market performance over the period - employment growth was relatively robust, while unemployment and discouragement declined. Although the potential exists that seasonal factors may be driving at least some of these changes observed during the first nine months of 2015.

Western Cape employment

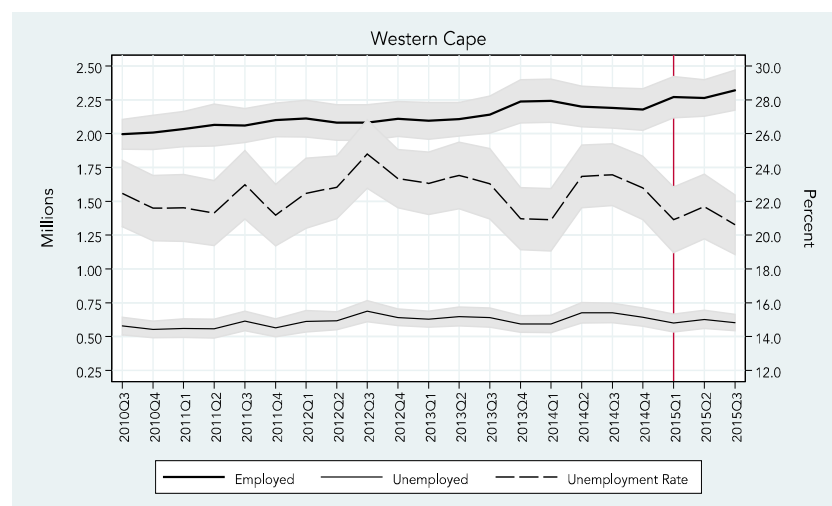
WC unemployment rate at 19.4 per cent in fourth quarter of 2015

In the fourth quarter of 2015, the Western Cape had 2.3 million individuals employed with 571 000 unemployed with an unemployment rate of 19.4 per cent, according to Statistics South Africa Quarterly Labour Force Survey.

WC employment marginally up from first to third quarter of 2015

Approximately 2.3 million individuals in the Western Cape were employed in the third quarter of 2015, marginally up from the first quarter (Table 1.4). Narrow unemployment fluctuated at just over 600 000 individuals during the period, while there were roughly 50 000 unemployed individuals who were not actively seeking employment. In the Western Cape, just over two-thirds of the working age individuals participates in the labour force. The narrow labour force participation rate was 67.6 per cent in the third quarter of 2015 and including the non-searching unemployed within the labour force raises participation rates to 68.8 per cent.

Figure 1.3 Western Cape employment, unemployment and unemployment rate, 2010Q3 – 2015Q3



Note: Bands represent 95 per cent confidence intervals. The vertical line marks the introduction of the 2013 master sample, based on Census 2011 data.

Source: Own calculations, Quarterly Labour Force Surveys 2010Q3 - 2015Q3 (Statistics South Africa 2010 - 2015)

The difficult labour market conditions in the aftermath of the global financial crisis are clearly evident. Nationally, employment has been growing gradually, but is only estimated to have achieved pre-recession levels in 2013 and the economy has since added 800 000 jobs. In the Western Cape, employment has remained within a narrow range around 2.1 million jobs, although the 2015 data suggests that this may be changing.

Nationally, the narrow unemployment rate has risen somewhat over the period, although the more recent data suggests that this trend may have begun reversing. In the Western Cape, the data reveals that the unemployment rate has generally remained between 20 per cent and 24 per cent since at least the third quarter of 2010. The more recent data suggests that the unemployment rate in the Province may be declining too.

Youth unemployment

Unemployment remains one of the major challenges, particularly so as it remains concentrated amongst the youth. In 2015, nearly two-thirds (65.3 per cent) of the unemployed in South Africa were aged 15 to 34 years, while this group accounted for only 46.4 per cent of the narrow labour force. In 2015, it is estimated that approximately 3.5 million youth are unemployed in South Africa, of which roughly 10 per cent (357 000) are located within the Western Cape. The national youth unemployment rate (using the narrow definition of unemployment) was 35.8 per cent in 2015, compared with 30.0 per cent in the Western Cape; in both instances, these rates are higher than the corresponding overall expanded unemployment rate.

Unemployment remains concentrated amongst the youth

Youth unemployment is, however, not a phenomenon that is unique to South Africa. Rather, many countries around the world are grappling with the issue. There are various factors that contribute to youth unemployment, including - but not limited to - continued poor economic growth and the country's capital-intensive and skills-biased growth path, which has resulted in insufficient demand for labour generally; inadequate output of skills from the education and training system alongside doubts over educational quality on the part of employers; a lack of networks to help youth find work, as well as limited mobility to seek or keep work that is distant from their homes; risk aversion on the part of employers, who have relatively little information on the productivity of young workers; and barriers to entry in the informal sector.

Table 1.4 Labour market trends, 2014Q3 to 2015Q3

	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	Change (2015Q1 - 2015Q3)	
						Absolute	Relative
Western Cape							
Aggregates (thousands)							
Working age population	4 235	4 263	4 276	4 293	4 327	51	1.2
Employment	2 190	2 179	2 271	2 263	2 321	51	2.2
Narrow unemployment	675	643	600	627	603	3	0.4
Narrow labour force	2 865	2 822	2 871	2 890	2 924	53	1.9
Expanded unemployment	715	665	643	678	654	11	1.7
Expanded labour force	2 905	2 844	2 914	2 941	2 976	62	2.1
Non-searching unemployed	40	22	43	51	51	8	19.6
Rates (per cent)							
Narrow unemployment	23.6	22.8	20.9	21.7	20.6	-0.3	
Expanded unemployment	24.6	23.4	22.1	23.0	22.0	-0.1	
Narrow LFPR	67.6	66.2	67.2	67.3	67.6	0.4	
Expanded LFPR	68.6	66.7	68.2	68.5	68.8	0.6	
South Africa							
Aggregates (thousands)							
Working age population	35 729	35 896	36 063	36 224	36 416	352	1.0
Employment	15 157	15 363	15 498	15 685	15 876	378	2.4 †
Narrow unemployment	5 152	4 909	5 536	5 231	5 420	-116	-2.1
Narrow labour force	20 308	20 272	21 034	20 917	21 296	262	1.2
Expanded unemployment	7 667	7 313	7 933	7 666	7 649	-284	-3.6 †
Expanded labour force	22 824	22 676	23 431	23 352	23 525	94	0.4
Non-searching unemployed	2 515	2 404	2 397	2 435	2 229	-168	-7.0 †
Rates (per cent)							
Narrow unemployment	25.4	24.2	26.3	25.0	25.5	-0.9	
Expanded unemployment	33.6	32.2	33.9	32.8	32.5	-1.3 *	
Narrow LFPR	56.8	56.5	58.3	57.7	58.5	0.2	
Expanded LFPR	63.9	63.2	65.0	64.5	64.6	-0.4	

- Notes: 1. Statistically significant changes between 2015Q1 and 2015Q3 are denoted by an asterisk (*) at the 95 per cent level of confidence and by a dagger (†) at the 90 per cent level of confidence.
2. Statistics South Africa implemented a new master sample in 2015Q1. For this reason, estimates for 2014Q3 are not directly comparable with those of 2015Q3. Comparisons between 2014Q3 and 2015Q3 (not reported here) reveal statistically significant changes in the Western Cape in the narrow unemployment rate at the 95 per cent confidence level, and in employment and the expanded unemployment rate at the 90 per cent level. In South Africa, changes over this period are statistically significant at the 95 per cent level for employment, narrow unemployment, the narrow labour force, the expanded labour force, non-searching unemployed and the narrow LFPR, and at the 90 per cent level for the expanded unemployment rate. No other changes over the period were found to be statistically significant.

Source: Own calculations, Quarterly Labour Force Surveys 2014Q3 - 2015Q3 (Statistics South Africa 2014, 2015)

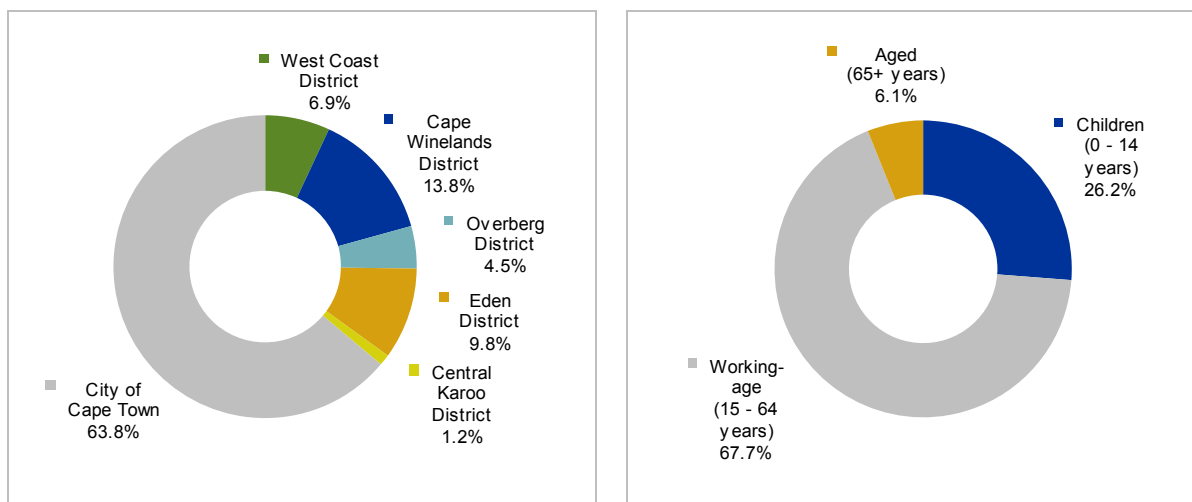
Socio-economic profile of the Western Cape

Population dynamics

According to the Statistics South Africa 2015 Mid-year population estimates, South Africa has a total population of 54.9 million individuals, of which the Western Cape comprises 11.3 per cent with 6.2 million individuals. For the period 2002 - 2015, the relative population share of the Province has been marginally increasing from 11.0 per cent in 2002; which can be mainly ascribed to in-migration. The majority of the population in the Province reside in the City of Cape Town (63.8 per cent), followed by the Cape Winelands District (13.8 per cent) and then Eden District (9.8 per cent). The Central Karoo District is the least populous region with 73 712 people or 1.2 per cent.

WC had 6.2 million citizens in 2015

Figure 1.4 Western Cape population by district and age cohort, 2015



Source: Statistics South Africa, Mid-year population estimates, 2015

As depicted in Figure 1.4, the majority of the provincial population is within the working age cohort, i.e. those between 15 - 64 years (67.7 per cent), followed by children between 0 - 14 years (26.2 per cent) and then by the elderly 65 years and older (6.1 per cent).

Inequality trends

In 2014, the Human Development Index (HDI) ranged between 0.63 in the Central Karoo District and 0.72 in the City of Cape Town. The West Coast, Overberg and Eden districts shared the same HDI value at 0.67. For the same year, the Gini Coefficient ranged between 0.57 and 0.62. The City of Cape Town (0.62) had the highest level of income inequality within the Province;

In 2014, Cape Town had the highest income inequality in the Province

while the West Coast (0.58) and Central Karoo (0.57) districts had relatively less income inequality.

Health

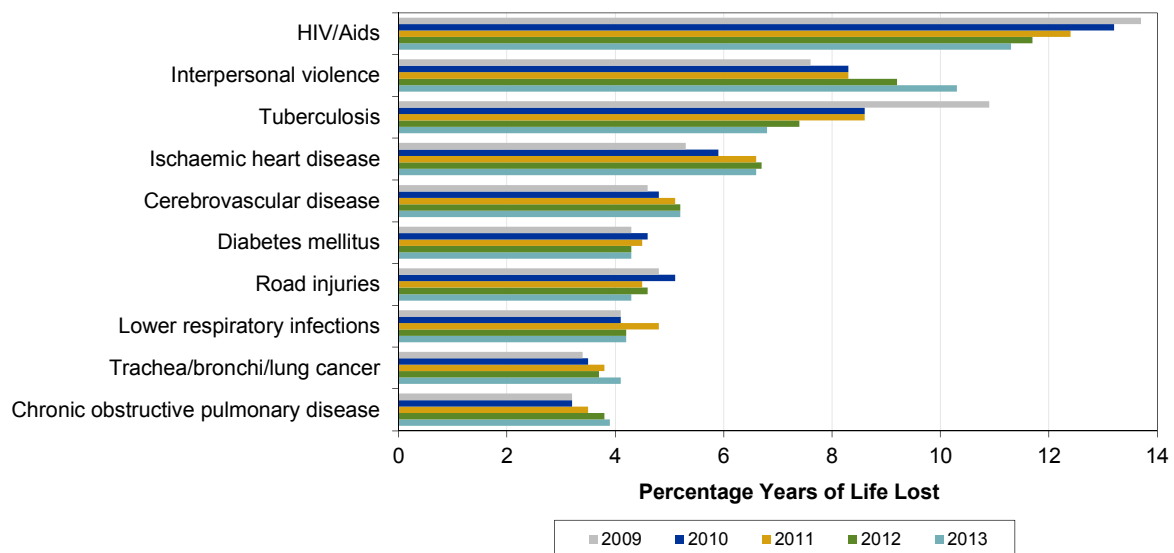
Life expectancy is highest amongst the Western Cape population. Between 2011 and 2016, the average life expectancy at birth for males is 63.7 years and 66.0 years for females within the Province⁶.

A steady decline in infant and under-5 years mortality rates have been observed over the past several years due to decreases in HIV/AIDS and diarrheal deaths. The slight increase in mortality rates has however been observed in 2013, and may be attributed to under-registration of births for that year.

In 2013, the leading cause of premature mortality (years of life lost or YLL) in the Province was HIV/AIDS followed by interpersonal violence and tuberculosis (TB) (Figure 1.5). Notably, while the proportion of YLL due to HIV/AIDS and TB has declined since 2009, the proportion has increased for interpersonal violence. Interpersonal violence was the leading cause of injury-related deaths in 2013, particularly amongst young men aged 15 to 35 years, and accounted for over half of all violent injury deaths in that year.

HIV/AIDS was the leading cause of premature mortality in 2013

Figure 1.5 Leading causes of premature mortality, 2009 - 2013



Source: Western Cape Department of Health

⁶ Statistics South Africa; mid-year population estimates (2015).

The proportion of people in the Province living with HIV has increased from 3.8 per cent in 2009 to 5.2 per cent in 2012⁷. The prevalence of HIV is expected to increase over time with improved anti-retroviral treatment (ART) coverage. Similarly, antenatal HIV prevalence is estimated to have increased from 16.8 per cent in 2009 to 18.6 per cent in 2014, and is expected to increase over time with improved ART coverage. Notably, the HIV mother-to-child-transmission rate has continued to decline in the Province from 1.9 per cent in 2013/14 to 1.4 per cent in 2014/15.

The TB incidence has declined in the Province from 830 new cases per 100 000 in 2011/12 to 745 per 100 000 in 2013/14. The incidence of drug resistant TB has however increased, with 1 919 patients starting treatment in 2013/14 compared to 1 647 in 2011/12. Treatment success remains poor at only 37 per cent, with a third of patients defaulting treatment.

Non-communicable diseases accounted for the largest proportion of deaths in the Western Cape in 2013, and for almost half of all premature mortality. The prevalence of non-communicable diseases, such as hypertension and diabetes, continues to increase. Hypertension prevalence increased from 14.5 per 100 000 in 1998 to 30.0 by 2012, while diabetes prevalence increased from 4.1 to 11.0 over the same period. The burden of non-communicable disease is expected to worsen given the prevalence of risk factors amongst the Western Cape population.

The burden of non-communicable disease is expected to worsen in the Province

Education

A key factor influencing the planning and provision of education in the Western Cape is the rate of increase in learner numbers. With the exception of special needs schools, learner numbers have increased across all school sectors, while immigration to the Province remains a significant contributor to enrolment numbers and pressure on resources.

⁷ Shisana, O, Rehle, T, Simbayi LC, Zuma, K, Jooste, S, Zungu N, Labadarios, D, Onoya, D et al. (2014) South African National HIV Prevalence, Incidence and Behaviour Survey, 2012. Cape Town, HSRC Press.

Table 1.5 Western Cape learner enrolment, 2012 - 2015

Sector	2012	2013	2014	2015	Difference 2012 - 2015
Grade R in PO Schools	58 953	59 565	63 492	64 648	5 695
Grade 1 – 7 in PO schools	592 033	603 430	617 424	639 197	47 164
Grade 8 – 12 in PO Schools	342 959	343 616	346 017	344 906	1 947
Special Needs' Schools	19 470	19 627	18 7021	18 777	-693

Source: Western Cape Education Department; Draft Annual Performance Plan, 2016/17

WC had the highest retention rates than SA in 2015

Improvements across key education indicators are evident. The Western Cape achieved the highest retention rate in South Africa: 66.8 per cent in 2015, up from 63.8 per cent in 2014. In 2015, the Western Cape Education Department (WCED) achieved an 84.7 per cent National Senior Certificate pass rate, which is up from the 82.2 per cent achieved in 2014. Of the 45 496 learners who wrote the exams, 41.7 per cent achieved passes which allowed them to enter for a Bachelor's degree study programme. A total of 12 397 learners passed Mathematics with an improved pass rate of 74.9 per cent and the 2015 pass rate for Physical Science was recorded at 73.3 per cent.

Since 2009 there has been a 10 – 15 per cent increase in pass rates across Quintile 1 - 3

The improvements are particularly evident in schools serving disadvantaged communities. Since 2009, there has been a 10 – 15 per cent increase in pass rates across Quintile 1 – 3 schools. Pass rates now average over 70 per cent in schools attended by learners who come from the poorest backgrounds.

Table 1.6 Western Cape systemic test results, 2014 - 2015

	Grade 3				Grade 6				Grade 9			
	2014		2015		2014		2015		2014		2015	
	Math	Lang	Math	Lang	Math	Lang	Math	Lang	Math	Lang	Math	Lang
Pass %	54	42.4	57.6	42.4	30.4	37.9	37.7	36.8	14.9	47.6	22.2	53

Source: Western Cape Education Department; Draft Annual Performance Plan, 2016/17

For the past 13 years the quality of education has been tracked via the programme of systemic testing of Grades 3, 6 and 9 in Language and Mathematics. In 2011, the WCED increased the level of cognitive challenge in the language tests in order to set new minimum benchmarks for the Province. Specifically, longer and more complex texts were included in the tests, in order to make the test items comparable with items used in international tests at these levels. The pass rate is 50 per cent. Between 2014 and 2015, the test scores show improvements across all grades and in both subjects, with the exception of Grade 6 language which showcases a marginal dip and Grade 3 language which remained steady (Table 1.6).

Crime and substance abuse

The impact of crime on society is far reaching and not only results in monetary loss but also a decline in the quality of living. The effects of crime on society includes feelings of fear that disrupts the population's sense of unity, the breakdown of social associations due to the avoidance of certain public places, an unwillingness to go out at night and damage to the image of the community. The perception of a community as crime ridden can deter people from going there and induce residents to move away. This has an adverse impact on the economy.

According to the Victims of Crime Survey 2014/15, the Western Cape had the highest percentage of households who thought that crime was committed because of drug-related needs (85.7 per cent). Furthermore, drug-related crime has increased from 70 588 cases reported in 2010/11 to 88 731 cases reported in 2014/15, an increase of 25.7 per cent over the period.

The incidence of gang violence is of particular concern to the Western Cape. The impact of gang violence on communities was captured by the Western Cape Provincial Police Commissioner. He noted that gang violence is one of the biggest contributing factors to the high murder and attempted murder rates in the Province, adding that 18 per cent of the murders were gang-related.

Gang violence biggest contributing factor to high murder and attempted murder rates

According to the most recent South African Community Epidemiology Network on Drug Use (SACENDU) report (November 2015), methamphetamine (35 per cent) and cannabis (22 per cent) are the primary drugs of abuse amongst patients admitted into treatment centres in the Province. Amongst individuals under the age of 20 years old, cannabis (75 per cent) is the primary drug of abuse. In the Western Cape, poly-substance⁸ abuse remains high at 51 per cent for patients admitted in treatment centres. Overall, according to the SACENDU report, a relatively high proportion of patients in substance abuse treatment centres were also suffering from mental health problems.

Poly-substance abuse remains high in the WC

⁸ Poly-substance abuse is the use of three or more groups of addictive substances over a period of 12 months.

Conclusion

The policy implications of the economic outlook emphasises the need for smart growth, sustainable growth and inclusive growth which requires policies to remove constraints to economic growth and that creates an environment conducive to investment. The WCG policies captures the importance of structural transformation and socio-economic development by encouraging competition, addressing infrastructure gaps, streamlining regulations, improving education and skills, and increasing regional trade in goods and services.

The further deteriorated economic environment has adversely affected government's fiscal resources over the medium term requiring a faster pace of fiscal consolidation and reprioritisation of fiscal resources towards policy priorities that meets the Western Cape's socio-economic development goals of reducing high unemployment, poverty and inequality amongst its citizens.

The WCG is responsive to the socio-economic challenges faced by the Province by committing to inclusive growth - growing the economy and creating jobs - by ensuring fiscal stability and by reprioritisation of resources towards improving outcomes related to education, health and social challenges such as crime and substance abuse; thereby ensuring a progressive impact on economic development.

2

Provincial Revenue

In Summary

- The 2016 MTEF expenditure ceiling has been lowered when compared to the 2015 MTBPS in response to the deterioration in the economic environment, threats of an investment downgrade by rating agencies, a worsening public debt outlook and in an effort to reduce the budget deficit.
- The commitment to fiscal consolidation will be achieved through targeted efforts to reduce inefficiencies in the system, especially non-core spending, while protecting service delivery. The two outer years focus on reducing the growth in compensation budgets.
- The Provincial Equitable Share and selected Conditional Grants grow over the 2016 MTEF, however, the rate of growth in allocations has declined.
- The limited scope within the national envelope has highlighted the importance of Domestic Resource Mobilisation initiatives in order to stabilise the provincial fiscal envelope.

Introduction

Since the tabling of the National 2015 Medium Term Budget Policy Statement, economic growth forecasts for 2016 have been revised downwards to below 1 per cent by both the International Monetary Fund and the National Treasury. Growth prospects for 2017 will remain under pressure resulting in a decline in revenue projections. Government continues to remain committed to reducing the budget deficit and spiralling debt service costs, meeting assurances given to fund new National priorities while maintaining government expenditure within income ceilings.

Nationally, the expenditure ceiling has been reduced by R25 billion over the 2016 MTEF compared with the 2015 MTBPS estimates. For the Western Cape this translates into a downward revision of approximately R1.5 billion over the 2016 MTEF compared to the 2015 MTEF. As a result the Provincial Equitable Share (PES) and selected conditional grants will increase at a slower pace than previously projected. The Western Cape Government (WCG) has strengthened its approach towards fiscal consolidation, which aims to deliver frontline services whilst maintaining fiscal stability. Given the Province's limited own revenue raising potential, fiscal consolidation entails reducing

expenditure to remain within the revised expenditure ceiling. Particular emphasis will be placed on the management of personnel by adjusting human resource plans significantly. The management of personnel budgets are key to ensuring sustainable budgets.

Furthermore, the Province has taken the position to create a conservative fiscal base over the 2016 MTEF to deal with the anticipated deterioration of the economic environment and its concomitant impact on the overall provincial fiscal envelope.

Sources of Provincial Revenue

The WCG finances its provincial expenditure via three sources, i.e. national transfers (comprised of the PES and conditional grants); Provincial Own Receipts (made up of taxes and fees/user charges) and provincial reserves.

The total provincial revenue envelope relative to the 2015/16 Adjusted Appropriation, in nominal terms increases by R2.922 billion in 2016/17, R3.603 billion in 2017/18, and R3.248 billion in 2018/19. National transfers comprise the bulk of total Provincial receipts at 94.3 per cent over the MTEF. Own receipts and financing respectively contribute 4.3 and 1.3 per cent to the total Provincial receipts over the period.

Transfers from National Government (i.e. PES and conditional grants) increase by R2.635 billion or 5.36 per cent from the Adjusted Appropriation of R49.176 billion in 2015/16 to R51.811 billion in 2016/17, and is estimated to grow to R55.971 billion in 2017/18 and R59.352 billion in 2018/19, at an average annual growth rate of 6.5 per cent over the 2016 MTEF, marginally above the anticipated CPI of 6.3 per cent over the same period.

Funding from provincial reserves amounts to R2.395 billion over the 2016 MTEF.

PES comprises an increasing share of the Fiscal Envelope

Table 2.1 Summary of Provincial Receipts

Receipts R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
Transfer receipts from National	37 269 859	40 951 593	45 660 902	48 749 087	49 175 951	49 175 951	51 810 982	55 971 212	59 351 585
Equitable share	29 082 503	31 881 140	35 591 517	38 241 666	38 579 593	38 579 593	41 062 437	44 418 086	47 007 952
Conditional grants	8 187 356	9 070 453	10 069 385	10 507 421	10 596 358	10 596 358	10 748 545	11 553 126	12 343 633
Financing	877 436	381 094	748 367	852 550	883 534	883 534	1 259 859	691 719	443 354
Asset Finance Reserve	377 405	175 711	366 092	355 389	290 389	290 389	361 250	578 610	300 000
Provincial Revenue Fund	500 031	205 383	378 487	497 161	593 145	593 145	898 609	113 109	143 354
Provincial Revenue Fund (Direct charge)					3 788	3 788			
National receipts and financing	38 147 295	41 332 687	46 409 269	49 601 637	50 059 485	50 059 485	53 070 841	56 662 931	59 794 939
Provincial own receipts									
Tax receipts	1 415 018	1 564 886	1 776 238	1 661 037	1 671 037	1 725 733	1 737 763	1 796 526	1 900 724
Sales of goods and services other than capital assets	554 768	561 245	591 804	498 538	498 064	530 931	524 564	530 800	538 275
Transfers received	161 836	158 859	302 075	170 389	151 948	147 868	78 538	20 842	20 844
Fines, penalties and forfeits	4 812	5 890	7 798	3 136	3 753	4 918	5 305	5 716	6 028
Interest, dividends and rent on land	6 478	6 937	10 165	55 411	55 393	70 418	58 036	60 305	63 375
Sales of capital assets	7 230	6 043	120 874	21	21	2 096	1	1	1
Financial transactions in assets and liabilities	176 243	162 976	140 010	86 112	94 587	100 291	88 747	89 561	90 558
Provincial own receipts	2 326 385	2 466 836	2 948 964	2 474 644	2 474 803	2 582 255	2 492 954	2 503 750	2 619 805
Total provincial receipts	40 473 680	43 799 523	49 358 233	52 076 281	52 534 288	52 641 740	55 563 795	59 166 681	62 414 744
Transfers from National	92.08%	93.50%	92.51%	93.61%	93.61%	93.42%	93.25%	94.60%	95.09%
Equitable share	71.86%	72.79%	72.11%	73.43%	73.44%	73.29%	73.90%	75.07%	75.32%
Conditional grants	20.23%	20.71%	20.40%	20.18%	20.17%	20.13%	19.34%	19.53%	19.78%
Own receipts	5.75%	5.63%	5.97%	4.75%	4.71%	4.91%	4.49%	4.23%	4.20%
Asset Financing Reserve	0.93%	0.40%	0.74%	0.68%	0.55%	0.55%	0.65%	0.98%	0.48%
PRF Financing	1.24%	0.47%	0.77%	0.95%	1.14%	1.13%	1.62%	0.19%	0.23%
Total	100.00%	100.00%	99.99%	100.00%	100.01%	100.01%	100.00%	100.00%	100.00%

Provincial Equitable Share

The PES provides for a formula based approach, largely driven by population data, to unconditionally transfer funds to provinces. The formula is designed to divide the national revenue in an appropriate, efficient, transparent and unbiased manner.

To ensure that the formula remains responsive to population and service delivery changes, and is reflective of inter-provincial changes, the data used in the formula are updated on an annual basis. Table 2.2 summarises the data sources used to update the formula as well as their impact on the Province's share of the PES. To ensure continuity in funding allocations and to cushion provinces against significant changes to the Provincial Equitable Share as a result of data updates, changes to the Provincial Equitable Share are phased in over a three year MTEF period.

Data updates see the Western Cape's share of the PES reduce to 10.02 per cent

The Western Cape's overall share of the PES declines marginally by 0.04 per cent to 10.02 per cent, largely driven by data updates affecting the health, economic activity, basic and poverty components. Key data updates include declines in Primary Health Care visits; Western Cape's share of economic activity based on Regional Gross Domestic Product; Western Cape's relative share of the total population and Western Cape's relative share of the national population defined as poor i.e. persons who fall in national income quintiles 1 and 2. Minor upward revisions have been made to the Western Cape's share of the Education component as a result of increased school enrolment numbers.

Table 2.2 Summary of PES data updates and Provincial Share

PES component	Key determinants or variables	Data source	Provincial Share 2016 MTEF %	Variance from 2015 MTEF %
Education (48%)	School age cohort	15 - 17 years from Census 2011		
	School enrolment data	2015 data from School Realities Survey, Department of Basic Education	9.03	0.01
Health (27%)	Uses a risk adjusted capitation index based on the Risk Equalisation Fund and output data from public hospitals	2015 Mid-year Population Estimates		
		Medical Aid Insured population data from the 2014 General Household Survey	11.17	-0.07
		Data from the District Health Information System (average of 2013/14 and 2014/15 data)		
Poverty (3%)	Share of households in the lowest two quintiles	2015 Mid-year Population Estimates	6.11	-0.02
		2010/11 Income and Expenditure Survey		
Economic activity (1%)	Provincial share of remuneration	GDPR 2013	13.74	-0.24
Basic (16%)	Provincial share of population	2015 Mid-year Population Estimates	11.29	-0.04
Institutional (5%)	Equal proportions of operational costs for provincial government	Distributed equally and not based on population numbers	11.11	0
Final Share			10.02	-0.04

The structure and weights of each component of the PES formula remain unchanged over the 2016 MTEF.

Provincial Equitable Share transfers to the Western Cape will increase from an Adjusted Appropriation of R38.580 billion in 2015/16 to R41.062 billion in 2016/17, R44.418 billion in 2017/18, and R47.008 billion in 2018/19.

Policy Adjustments to the Provincial Equitable Share

National Treasury's commitment to fiscal consolidation, in which planned expenditure ceilings will be strictly adhered to, has necessitated a downward adjustment of the Western Cape share of the PES by approximately R1.5 billion over the 2016 MTEF.

Fiscal consolidation has resulted in the moderation of PES growth

Cabinet approved a two-step approach to affect the adjustment to the PES. The first round of adjustment is targeted at inefficiencies in the system, especially non-core spending, while trying to protect frontline services. The second round of adjustment is aimed at addressing the rapid and unsustainable growth in the government wage bill and will be implemented as from 2017/18. These measures have been detailed in the national 2016 Budget Review.

At the provincial level fiscal discipline within and across departments will be implemented so that all departments and entities remain within their fiscal ceilings.

Conditional Grants allocations for the 2016 MTEF

Changes have been applied to the provincial conditional grant baselines to maintain the government's expenditure ceiling as well as reprioritising infrastructure-led growth objectives for development.

Table 2.3 Summary of conditional grants by vote and grant

Vote and grant R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
Vote 4: Community Safety	661	3 242	3 970	1 000	1 000	1 000	3 144		
Social Sector EPWP Incentive Grant for Provinces	661	3 242	3 970	1 000	1 000	1 000	3 144		
Vote 5: Education	723 356	1 128 656	1 402 076	1 401 255	1 414 010	1 414 010	1 375 283	1 327 950	1 403 925
Education Infrastructure Grant	431 397	821 831	1 008 579	1 032 237	1 044 992	1 044 992	992 212	944 413	998 143
Maths, Science and Technology Grant				26 535	26 535	26 535	27 841	32 439	34 320
Dinaledi Schools Grant	4 585	11 868	10 673						
Technical Secondary Schools Recapitalisation Grant	9 250	3 717	17 643						
HIV and AIDS (Life Skills Education) Grant	16 552	17 848	17 690	19 631	19 631	19 631	18 728	20 028	21 189
National School Nutrition Programme Grant	236 669	258 328	282 466	299 435	299 435	299 435	315 305	331 070	350 272
Social Sector EPWP Incentive Grant for Provinces	23 903	12 064	13 193	4 747	4 747	4 747	18 677		
Expanded Public Works Programme Integrated Grant for Provinces	1 000	3 000	1 437	2 818	2 818	2 818	2 520		
Occupational Specific Dispensation for Education Sector Therapists Grant			50 395	15 852	15 852	15 852			
Vote 6: Health	3 946 396	4 402 180	4 703 203	5 037 997	5 112 965	5 112 965	5 181 678	5 473 381	5 901 452
National Tertiary Services Grant	2 182 468	2 400 714	2 537 554	2 594 901	2 594 901	2 594 901	2 706 888	2 876 429	3 043 262
Health Facility Revitalisation Grant		613 887	619 755	804 142	871 194	871 194	673 472	582 424	608 921
<i>of which the following is allocated to:</i>									
<i>Health Infrastructure component</i>	129 259	92 131							
<i>Hospital Revitalisation component</i>	444 226	517 814							
<i>Nursing Colleges and Schools component</i>	9 892	3 942							
Health Professions Training and Development Grant	428 120	451 667	478 767	489 689	489 689	489 689	510 716	542 703	574 180
National Health Insurance Grant	9 885	5 365	10 712	7 204	14 862	14 862	17 337		
Comprehensive HIV, AIDS and TB Grant	738 079	927 547	1 051 793	1 138 481	1 138 481	1 138 481	1 267 209	1 471 825	1 655 490
Human Papillomavirus Vaccine Grant									19 599
Social Sector EPWP Incentive Grant for Provinces	3 467		2 526	1 000	1 000	1 000	3 732		
Expanded Public Works Programme Integrated Grant for Provinces	1 000	3 000	2 096	2 580	2 838	2 838	2 324		
Vote 7: Social Development			2 580	1 866	1 866	1 866	9 916	15 274	23 104
Early Childhood Development Grant								15 274	23 104
Social Sector EPWP Incentive Grant for Provinces			2 580	1 866	1 866	1 866	9 916		
Vote 8: Human Settlements	1 725 180	1 962 237	1 938 778	1 978 612	1 978 612	1 978 612	2 004 237	2 460 899	2 620 336
Human Settlements Development Grant	1 725 180	1 959 237	1 934 936	1 975 122	1 975 122	1 975 122	2 000 811	2 460 899	2 620 336
<i>of which</i>									
City of Cape Town		733 484	783 000						
Expanded Public Works Programme Incentive Grant for Provinces		3 000	3 842	3 490	3 490	3 490	3 426		

Table 2.3 Summary of conditional grants by vote and grant (continued)

Vote and grant R'000	Outcome			Main appropriation 2015/16	Adjusted appropriation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
Vote 9: Environmental Affairs and Development Planning	1 000	550	2 748	2 959	2 959	2 959	3 815		
Expanded Public Works Programme Integrated Grant for Provinces	1 000	550	2 748	2 959	2 959	2 959	3 815		
Vote 10: Transport and Public Works	1 536 120	1 281 660	1 472 477	1 663 843	1 665 057	1 665 057	1 716 320	1 802 592	1 896 746
Provincial Roads Maintenance Grant	476 258	520 797	685 849	858 962	858 962	858 962	830 729	879 671	930 698
Devolution of Property Rate Funds Grant	358 889	5 141							
Expanded Public Works Programme Integrated Grant for Provinces	4 736	21 542	7 263	8 301	9 515	9 515	14 691		
Public Transport Operations Grant	696 237	734 180	779 365	796 580	796 580	796 580	870 900	922 921	966 048
Vote 11: Agriculture	153 923	165 896	352 938	202 594	202 594	202 594	220 966	233 431	244 879
Land Care Programme Grant: Poverty Relief and Infrastructure Development	7 741	7 233	4 070	3 933	3 933	3 933	4 106	4 362	4 615
Comprehensive Agriculture Support Programme Grant	91 777	106 376	292 267	147 054	147 054	147 054	164 199	173 720	184 602
Ilima/Letsema Projects Grant	50 400	51 737	54 353	49 607	49 607	49 607	50 593	55 349	55 662
Expanded Public Works Programme Integrated Grant for Provinces	4 005	550	2 248	2 000	2 000	2 000	2 068		
Vote 13: Cultural Affairs and Sport	100 720	126 032	190 615	217 295	217 295	217 295	233 186	239 599	253 192
Mass Participation and Sport Development Grant	44 494	55 570	58 679	55 216	55 216	55 216	62 199	66 025	69 806
Community Library Services Grant	55 226	68 542	126 347	158 469	158 469	158 469	164 162	173 574	183 386
Expanded Public Works Programme Integrated Grant for Provinces	1 000	567	2 224	2 223	2 223	2 223	2 771		
Social Sector EPWP Incentive Grant for Provinces		1 353	3 365	1 387	1 387	1 387	4 054		
Total Conditional Grants	8 187 356	9 070 453	10 069 385	10 507 421	10 596 358	10 596 358	10 748 545	11 553 126	12 343 633

Note: Allocations earmarked for flood repair:

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

Comprehensive Agricultural Support Programme Grant
Provincial Roads Maintenance Grant

2016/17 **2017/18** **2018/19****98 976** **40 000** **-**

40 853 40 000 -

58 123 - -

Education

The School Infrastructure Backlogs Grant (SIBG) will be merged into the Education Infrastructure Grant (EIG) as of 2016/17. The Western Cape receives R992.212 million in 2016/17, R944.413 million in 2017/18 and R998.143 million in 2018/19 for education infrastructure via the EIG.

*School Infrastructure
Backlogs Grant to be
merged into Education
Infrastructure Grant*

The National School Nutrition Programme Grant will continue to grow over the MTEF from R299.435 million in 2015/16 to R350.272 million in 2018/19.

Health

Human papillomavirus component of the indirect national health grant to become a direct grant in 2018/19

The Comprehensive HIV/AIDS and TB Grant allocation for the Province amounts to R1.267 billion in 2016/17. The grant scope has been increased to cover Tuberculosis (TB) screening and treatment. Amounts of R1.472 billion in 2017/18 and R1.655 billion in 2018/19 have been allocated to the Province.

The human papillomavirus component of the indirect national health grant, which was scheduled to end in 2015/16, will now be extended. It will remain an indirect grant for the first two years of the 2016 MTEF period before becoming a direct grant from 2018/19 with a R19.599 million allocation.

National Health Insurance (direct) grant to end in 2016/17

The Health Facility Revitalisation Grant allocation to the Province amounts to R673.472 million in 2016/17, R582.424 million in 2017/18 and R608.921 million in 2018/19.

Two funding streams (direct and indirect) were created in the 2013/14 financial year in preparation for the introduction of a National Health Insurance (NHI) system. In 2016/17, the National Health Insurance (direct grant to provinces) will come to an end due to the reconfiguration in preparation of the National Health Insurance roll-out.

Early Childhood Development grant

A new conditional grant to expand ECD services introduced in 2017/18

A new conditional grant to expand Early Childhood Development (ECD) services and improve basic maintenance of ECD facilities will start in the 2017/18 financial year. This grant will support provinces to expand ECD services whilst broader issues of ECD financing and delivery are being addressed. To this end, the Western Cape Province will receive R38.378 million for the ECD Grant over the 2016 MTEF, starting at R15.274 million in 2017/18 and R23.104 million in 2018/19.

Human Settlements

The Human Settlements Development Grant (HSDG) is allocated R7.082 billion over the 2016 MTEF with R2.001 billion in 2016/17, R2.461 billion in 2017/18 and R2.620 billion in 2018/19.

Transport and Public Works

R1.716 billion in transport infrastructure and related grants has been allocated to the Province for 2016/17. Of this amount slightly more than half, R870.9 million, is in respect of Public Transport Operations Grant, with the balance being for provincial roads maintenance (R830.729 million) and for the

implementation of the Expanded Public Works Programme (EPWP) (R14.691 million).

Agriculture

The Western Cape receives R699.276 million in agriculture grants over the 2016 MTEF.

Agriculture grants total almost R700 million over the 2016 MTEF

The Province receives R522.521 million over the 2016 MTEF in respect of the Comprehensive Agricultural Support Programme (CASP) grant. The impact on the sector, despite aggressive grant spending, has resulted in only marginal reductions in the grant allocation of R17.291 million to the Province over the MTEF. The national Department of Agriculture, Forestry and Fishing has further indicated that schedule 5 (specific purpose grant) is the appropriate scheduling of the CASP Grant from 2016/17 onwards and that a portion of the CASP Grant will be ring-fenced for training and retention of extension officers.

Minor reductions in the Ilima/Letsema projects and the Land Care Programme Grants have also been applied over the 2016 MTEF.

Cultural Affairs and Sport

The Community Libraries Service grant allocation to the Province amounts to R164.162 million in 2016/17, while the Mass Participation and Sports Development amounts to R62.199 million for the same period. Over the MTEF R725.977 million has been allocated to the Province in respect of grants to Cultural Affairs and Sport.

More than R233 million in grants for Community Libraries Services, Mass Participation and EPWP in 2016/17

Provincial Disaster Response and Recovery

Additional funding for the reconstruction of infrastructure damaged by disaster (flooding in the Western Cape Province) is included in the relevant sector conditional grants as ring-fenced allocations as follows:

Additional grant funding for disaster response

- A total amount of R80.835 million over the 2016 MTEF (R40.853 million in 2016/17 and R40 million in 2017/18) are held in reserve within the Comprehensive Agriculture Support Programme Grant to fund disaster damaged agricultural infrastructure.
- R58.123 million is ring-fenced for the 2016/17 financial year within the Provincial Roads Maintenance Grant to address flood damage to road infrastructure in the Western Cape.

Provincial Own Receipts contribute less than 5 per cent to the 2016 MTEF

Provincial Own Receipts

In addition to PES and conditional grant transfers, departments collect 'own revenues' in the form of taxes, levies and duties which assist them in delivering on their respective mandates. The own revenue collected by provincial departments comprise approximately 5 per cent of total revenue.

The largest source of own revenue collected in the Western Cape is motor vehicle license fees which is levied on motorists, and the proceeds are used to maintain and upgrade road infrastructure within the Province. Other examples of own receipts collected include gambling taxes, hospital patient fees, and liquor licence fees.

Provincial own revenue is expected to increase from a 2015/16 adjusted budget of R2.475 billion, to R2.493 billion in 2016/17, R2.504 billion in 2017/18, and R2.620 billion in 2018/19. The annual average growth rate of total own receipts over the 2016 MTEF is projected to be 1.9 per cent.

Table 2.4 portrays some of the major constituents and drivers of own receipts in the Western Cape.

Table 2.4 Summary of own revenue components

Own revenue component	Key determinants or variables
Motor vehicle licence (MVL) fees	Motor vehicle population Motor vehicle licence fee tariffs
Hospital patient fees	Patient numbers Patient fee tariffs and exemptions
Gambling taxes	Gambling tax rates Spend by gamblers (gross gaming revenue)
Other	Transfers received from government and other organisations Sales of goods and services excluding capital assets Financial transactions in assets and liabilities

Motor vehicle licence fees are the largest component of own receipts and is expected to contribute 51.2 per cent to own receipts in 2016/17.

Transfers received is projected to decline from 6.1 per cent of own receipts in 2015/16 to a projected 3.2 per cent of own receipts in 2016/17. The decline in transfers received is due to General Budget Support (GBS) funding, received as aid assistance from the European Union, coming to an end in 2016/17, and Global Fund transfers received ending in 2015/16.

The budget for hospital patient fees were increased by R21.154 million in 2016/17 and is expected to remain relatively unchanged over the 2016 MTEF. Gambling taxes are anticipated to contribute 17.3 per cent to own receipts in 2016/17.

'Other receipts' consists of items such as liquor licence fees, charges by provincial departments for services rendered, and recovery of previous year's expenditure. This item is expected to increase marginally at a year-on-year rate of 1.5 per cent in 2016/17.

Table 2.5 provides a summary of own receipts by department.

Table 2.5 Summary of Provincial Own Receipts

Vote R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
1. Department of the Premier	1 327	4 170	3 584	682	4 416	8 404	1 718	(79.56)	1 754	1 798
2. Provincial Parliament	210	689	299	54	54	212	57	(73.11)	60	64
3. Provincial Treasury	388 973	452 515	523 495	474 856	474 856	474 856	486 029	2.35	493 904	522 550
4. Community Safety	25 311	29 087	44 858	38 824	38 824	38 824	42 595	9.71	30 340	32 099
5. Education	41 881	33 554	34 689	29 106	29 106	29 106	30 648	5.30	32 180	34 046
6. Health	608 404	597 758	618 502	503 696	476 650	501 913	429 473	(14.43)	429 473	429 473
7. Social Development	3 905	3 556	1 806	915	915	1 665	963	(42.16)	1 011	1 070
8. Human Settlements	112 866	89 901	79 149	62 760	62 760	62 760	60 000	(4.40)	60 000	60 000
9. Environmental Affairs and Development Planning	2 495	3 757	9 788	2 050	2 050	2 263	3 500	54.66	3 800	4 000
10. Transport and Public Works	1 105 671	1 217 806	1 548 701	1 294 497	1 309 368	1 378 754	1 365 472	(0.96)	1 421 983	1 504 458
11. Agriculture	28 184	28 914	34 785	25 454	28 201	32 811	26 659	(18.75)	27 313	28 202
12. Economic Development and Tourism	4 747	3 254	10 310	270	6 123	7 867	284	(96.39)	298	315
13. Cultural Affairs and Sport	1 017	1 388	38 327	41 430	41 430	42 740	45 506	6.47	1 581	1 673
14. Local Government	1 394	487	671	50	50	80	50	(37.50)	53	56
Total provincial own receipts	2 326 385	2 466 836	2 948 964	2 474 644	2 474 803	2 582 255	2 492 954	(3.46)	2 503 750	2 619 805

Table 2.6 below depicts total provincial own receipts by sources from 2015/16 to 2018/19. It shows that motor vehicle licence fees, gambling taxes and hospital patient fees are the foremost sources of own receipts over the 2016 MTEF.

Table 2.6 Western Cape own receipts by source 2015/16 - 2018/19

Provincial Department	2015/16	2016/17	2017/18	2018/19
R'000	Adjusted Budget	Medium Term Estimate		
Tax receipts	1 671 037	1 737 763	1 796 526	1 900 724
Casino taxes	403 594	412 267	417 517	441 733
Motor vehicle licences	1 220 443	1 277 065	1 329 156	1 406 247
Horseracing taxes	20 000	20 000	20 000	21 160
Other taxes (Liquor licence fees)	27 000	28 431	29 853	31 584
Sales of goods and services other than capital assets	498 064	524 564	530 800	538 275
Transfers received	151 948	78 538	20 842	20 844
Fines, penalties and forfeits	3 753	5 305	5 716	6 028
Interest, dividends and rent on land	55 393	58 036	60 305	63 375
Sales of capital assets	21	1	1	1
Financial transactions in assets and liabilities	94 587	88 747	89 561	90 558
Total provincial own receipts	2 474 803	2 492 954	2 503 750	2 619 805

Tax Receipts

Motor Vehicle Licence Fees

Motor vehicle licence fees are the largest contributor to Provincial Own revenue

Motor vehicle licence (MVL) fees are expected to increase by an annual average growth rate of 4.8 per cent over the 2016 MTEF. Receipts from MVL fees are expected to increase by R185.804 million from the 2015/16 Adjusted Estimates to the 2018/19 financial year. MVL fees are projected to be R1.277 billion in 2016/17, R1.329 billion in 2017/18, and R1.406 billion in 2018/19.

The increase in motor vehicle licence fees revenue over the 2016 MTEF is based on an expected increase in the Western Cape motor vehicle population.

Casino and Horse Racing Taxes

Casino taxes (including limited pay-out machines (LPMs)) are projected to contribute R1.272 billion to own receipts over the 2016 MTEF. Casino and horse racing taxes together are projected to be R432.267 million in 2016/17, R437.517 million in 2017/18, and R462.893 million in 2018/19.

The horse racing taxes budget is projected to remain unchanged at about R20 million over the 2016 MTEF.

Hospital Patient Fees

Hospital patient fees is the second largest contributor to provincial own receipts in the Western Cape. Hospital patient fees are projected to remain stable at R362.342 million per annum over the 2016 MTEF. Patient fee tariffs are determined and adjusted by the National Department of Health for all provinces using the uniform patient fee schedule. Hospital patient fee revenue consists of payments received from the Road Accident Fund (RAF), medical aid schemes, individuals (categorised into income groups), and state departments. Hospital patient fees are expected to contribute 14.3 per cent to provincial own revenue over the 2016 MTEF.

Hospital Patient fees projected to contribute 14.3 per cent to total own receipts in 2016/17

Other Revenue Sources

Liquor licence fees are collected by the Province from businesses and establishments which sell liquor to the public. Liquor licence fee revenues are expected to increase at an annual average growth rate of 5.4 per cent over the 2016 MTEF from R27 million in 2015/16 to R31.584 million in 2018/19.

Transfers received

Some provincial departments in the Western Cape receive transfers from domestic and international donors for spending on specific projects. Funding from the Global Fund for HIV/AIDS prevention care and treatment is scheduled to end in March 2016. The Department of Health furthermore also receives small amounts of transfers from higher education institutions.

General Budget Support (GBS) funding transferred to the Department of Community Safety, and the Department of Cultural Affairs and Sport is expected to come to an end during the 2016/17 financial year.

Decline in transfers received expected due to the cessation of Global Fund and GBS funding

In sum, total transfers received is expected to decline from R151.948 million in 2015/16 to R20.844 million in 2018/19.

Financial Transactions in Assets and Liabilities

This Standard Chart of Accounts (SCOA) item consists of recovery of previous year's expenditure, loan repayments, and other revenue items. Financial transactions in assets and liabilities are projected to decline by an annual average growth rate of 1.4 per cent from R94.587 million in 2015/16 to R90.558 million in 2018/19.

Financing and Reserve

The Province has budgeted amounts of R1.260 billion in 2016/17, R691.719 million in 2017/18 and R443.354 million in 2018/19 to ameliorate the anticipated further deterioration of the economic environment and its concomitant impact on the overall fiscal envelope available to the Province. These budgeted amounts will be re-allocated on an annual basis, dependant on performance, to deal with the service delivery pressures expected over the latter part of the 2016 MTEF.

Domestic Resource Mobilisation

The recent developments in the national economy have had significant impact on the national and provincial fiscal framework. In an effort to maintain fiscal stability, the Province intends exploring a number of domestic resource mobilisation initiatives. These initiatives include a strategy to further expand the Provincial Fiscal Volatility Reserve to buffer against further uncertainties in the fiscal environment.

The Province is exploring, amongst others to expand the fiscal envelope, initiatives within the gambling environment; identifying additional sources of donor funding; efficiency initiatives to collect MVL and Hospital Fees; and actively reducing debt owed to the provincial government.

Conclusion

The main risks to the provincial fiscal outlook are a further deterioration in economic growth, South African investment rating downgrade, inflationary pressures, rising national debt servicing costs, volatile exchange rate, reduced disposable income and deterioration in the national tax base. If any of these risks were to materialise, government will be required to reprioritise spending and further reduce baseline.

Over the 2016 MTEF the Province will strengthen its focus on domestic resource mobilisation to assist in providing greater fiscal certainty and consolidation.

3

Budget Policy Priorities

In Summary

- 2016 Budget affirms the Western Cape Government's (WCG's) alignment to the National Development Plan (NDP) 2030, while responding to the weakened economic and fiscal outlook and committing to smart, sustainable and inclusive growth.
- Provincial departments and entities continue to reduce waste and inefficiencies in government spending initiatives include limiting the growth in the wage bill by curtailing growth in personnel spending.
- Integrated planning and budgeting approach focus on formulating a responsive budget which drives the provincial policy priorities, responds to the spatial and local context and improves service delivery while creating maximum socio-economic impact.
- The budget policy supports a holistic approach to economic development by prioritising frontline services whilst supporting economic growth.

Introduction

The Western Cape Government (WCG) has continued to strengthen its approach toward fiscal consolidation while aiming to deliver and prioritise frontline services, supporting economic growth and maintaining fiscal stability. Given the current constrained economic and fiscal environment, the aim of the 2016 Budget is to establish a stable fiscal base while giving effect to the policy imperatives of the WCG. This objective has informed the approach to the 2016 Budget.

The theme of the 2016 Budget is a *Budget for Growth*. It affirms the WCGs alignment to the National Development Plan (NDP) 2030, while responding to the weakened economic and fiscal outlook and committing to smart, sustainable and inclusive growth. The 2016 Budget gives effect to the budget policy priorities of the WCG which aim to support a holistic approach to economic development and social progress and creating public value for all, while managing service delivery risks.

This is in-line with the 2016 National Budget for inclusive growth that is informed by several broad principles that flow from the NDP. Inclusive growth, improving the quality of education, infrastructure investment, employment creation, contributing to

building a capable state and partnerships are key priority areas articulated in the National Budget.

The 2016 balanced Budget of the WCG provides for total expenditure by votes amounting to R55.009 billion in 2016/17, R58.076 billion in 2017/18 and R61.358 billion in 2018/19.

Fiscal and Budget Policy Principles

In response to the constrained economic and fiscal environment, the WCG adopted fiscal policy principles for the 2016 Budget namely:

- The Western Cape Government will table a *balanced budget*.
- Continued Fiscal Consolidation, which entails the application of personnel expenditure ceilings or upper limits over the 2016 MTEF. This is a specific strategy to curtail and control personnel expenditure in response to the constrained fiscal envelope and to address fiscal stability.
- Continued Fiscal Discipline within and across Votes to ensure that all departments and entities remain within budget limits and to avoid irregular, fruitless and wasteful expenditure.
- Continued Allocative Efficiency to achieve a balanced allocation of resources that reflects the priorities of government through programme effectiveness on the basis of evidence.

Limiting the growth in the wage bill over the 2016 MTEF

To further ensure that public finances remain sustainable, it is imperative that provincial departments and entities continue to reduce waste and inefficiencies in government spending, including limiting the growth of the wage bill by curtailing growth in personnel spending. This is aligned to the 2016 National Budget and Action Plan to curtail personnel spending through limiting compensation budgets and reinforcing cost containment measures.

As demonstrated and provided for in the Western Cape 2016 - 2019 Medium Term Budget Policy Statement the guiding principles of the budget process are:

- Constitutionalism: The belief system of government, laws and principles according to which a state is governed, controlled or limited by the Constitution.
- Rule of Law: Where individuals are guaranteed rights and where independent institutions protect these rights and limit and disperse political power.
- Game Changers: Are a high impact, sharply focused initiative that tackles an intractable problem or opens up a new opportunity that is important to citizens.
- Provincial Strategic Plan 2014 – 2019: Is the WCG's 5 year strategic plan.
- Whole-of-Society approach: Mobilises resources, knowledge, creativity and concerns of all role-players within given service delivery environments.
- Evidence Based: Evidence based practices uses information and knowledge more effectively, methodically and creatively for policy-making and policy delivery. It is an approach where evidence takes centre stage in the decision making process through promoting accountability.
- Partnerships: Are about different stakeholders pooling resources for a common goal. The public service partners with a variety of role-players including Non-Governmental Organisations (NGOs), Universities, Foundations, international partners and Governments and private business in support of common goals.
- Citizen Centric: Following a citizen centric approach focuses on facilitating citizens' access to government, improving consultation and providing a citizen-centered approach to service delivery.
- Public Value: The aim of creating and recognising public value is to be more responsive to and effective in addressing the issues which are most important to the public.

Budget for Growth

The WCG broadly endorses the thrust of the NDP and continues to be committed to its imperatives through implementation of the PSP 2014 - 2019 and inculcating the theme of Budget for Growth as the premise for the 2016 Budget.

Investing in infrastructure, education, skills development, health, and social welfare

Inclusive growth

To this effect the Province has been consistently investing in infrastructure, education, skills development, health, and social welfare, as these become agents of economic growth by creating conditions favourable to economic development. These investments include the expanding the reach of, access to and quality of education and health, the provision of services to the most vulnerable. Infrastructure led growth and creating an environment conducive to grow are key.

Sustainable use of our provincial spatial assets

Sustainable growth

A key policy adopted by the Provincial Cabinet in support of sustainable growth is the Provincial Spatial Development Framework (PSDF), which advocates the sustainable use of our provincial spatial assets through managing and protecting our biodiversity and ecosystems, safeguarding our coastal and inland water and managing our use of water. The express introduction of spatial planning and development, as espoused by the PSDF, as a key component of the budget process and budget decisions allows for implicit consideration of sustainability within plans and budgets.

Smart growth

It involves improving the performance and quality of education outcomes, strengthening research and promoting innovation and knowledge transfer and the digital society.

Provincial Strategic Plan

The 2016 Budget has been guided by, and supports the implementation of the NDP through the implementation of the PSP. The PSP (2014 – 2019) sets out five Provincial Strategic Goals (PSGs) to deliver on the vision of 'an open-opportunity society for all'. The PSGs translate this vision into practical policies, strategies, programmes and projects. In turn, the PSP assists in realising the objectives of the NDP over the five year term. The WCG has aligned the various areas of work toward the goals set out in the NDP and PSP.

Game Changers

The Game Changers introduce a number of focussed initiatives which catalyse the realisation of the PSGs and collectively have the potential to create major improvements in the lives of citizens and a better future for younger generations.

As a continuation from the previous financial year Game Changers have moved from a conceptual and design phase toward implementation. In this regard, the Energy; Skills; After-Schools; e-Learning; Alcohol Harms Reduction; Better Living Model and Broadband Infrastructure Game Changers have been identified as ready for implementation. The Game Changers have been mainstreamed within the relevant departments for effective implementation.

Game Changers have moved from conceptual and design phase to implementation

- **Energy security**

The Province wants to reduce the Western Cape's electricity demand from Eskom over the next few years. The Province aims to achieve this by encouraging municipalities, businesses and citizens to generate electricity from alternative energy sources and to adopt energy efficiency measures.

- **Vocational and technical skills**

This Game Changer aims to equip our youth with the necessary vocational and technical skills to ensure that there are sufficient, appropriately qualified artisans to meet the needs of priority sectors for economic growth. These include the green economy, oil and gas, ICT, tourism, and agri-processing sectors.

- **Broadband Infrastructure**

Access to high-speed broadband is key to attracting investment, growing the economy and creating jobs. The Western Cape Government will be providing broadband access to approximately 2 000 government sites including schools, health facilities, and libraries over the next few years.

- **e-Learning**

The aim of this Game Changer is to enhance the teaching and learning experience of Western Cape Learners, predominately in Mathematics and Languages, through the use of technology. This will be achieved by rolling out e-Learning in a number of schools across the Province which will result in improved educational outcomes and better prepared learners for the 21st Century.

Rolling out e-Learning in a number of schools across the Province

- **After-school programmes for youth**

This Game Changer builds on the WCG's Mass Participation, Opportunity and Access, Development and Growth (MOD) Programme, which has been rolled out at 180 schools across the Province. This Game Changer significantly expands the opportunities for Western Cape learners to participate in quality after-school activities that contribute towards positive youth development and encompass sport, culture, technology access and homework support.

- **Reducing alcohol-related harms**

Alcohol abuse is the biggest single threat to increasing wellness, safety and reducing social ills in the Province. Focus will be on rolling out interventions in high-risk areas, in partnership with communities. The aim is to reduce access to alcohol, increase access to alternative economic and recreational activities and provide social support services to residents.

- **Better Living Model**

Currently, there is a shortage of well located affordable houses close to employment and economic opportunities in the Province. The Better Living Model Game Changer is focused on creating an integrated, affordable, residentially-led, mixed-use development close to the Cape Town Central Business District (CBD).

Funding Provincial Game Changers

The approach to the funding of the Game Changers included the application of a focussed financing criteria. This criteria reviewed the extent to which the Game Changers have been institutionalised within departments, the extent of reprioritisation of Game Changers within departmental budgets, the credibility of additional budget requests, the ability to demonstrate impact and value for money and finally the overall readiness to spend.

The Game Changer budgets over the 2016 MTEF include (i) allocations which departments mainstreamed and/or reprioritised and (ii) additional budget allocations made where further reprioritisation by departments were not possible. The overview of the estimated Game Changer budgets are as follows (excluding allocations provided for in previous financial years, where applicable):

Game Changer	Additional Game Changer allocation 2016 - 2017 R'000	Department Budget 2016 - 2017 R'000	Total Game Changer Budget 2016 - 2017 R'000	MTEF 2016 R'000
Energy	4 309	13 759	18 068	53 005
Skills	2 500	98 344	100 844	273 294
After schools	19 059	131 114	150 173	419 494
e-Learning	0	307 000	307 000	757 518
Alcohol	6 387	12 194	18 582	56 181
Better Living Model	0	17 735	17 735	41 718
Total	32 255	580 146	612 402	1 601 210

The 2016 Budget Process

The provincial budget requires extensive consultation between the Province and National Government and within the Province between departments and entities. The budget is a funding commitment in support of the Provincial Strategic Plan 2014 - 2019 and various departmental plans that will deliver on the policies, goals and objectives of government. While crafting the budget, the process aims to ensure that resources are allocated to priorities and that government spending remains within sustainable fiscal limits.

The 2016 Budget delivers on the policies, goals and objectives of government

The fiscal policy principles were the departure point in considering the 2016 Budget allocations. Given the constrained economic and fiscal environment, the WCG has strengthened its approach towards fiscal consolidation. The 2016 Budget allocations aim to deliver services while maintaining fiscal stability. Thorough consultation, mutual co-operation and focused engagements with relevant stakeholders through existing budget structures were thus paramount in finalising the 2016 Budget.

The 2016 Budget supports a holistic approach to economic development and social progress, while managing service delivery risks through reserves for contingencies, prioritising infrastructure led growth and supporting infrastructure development, and partnering as a key response to budget constraints.

The 2016 budget process followed an integrated planning and budgeting approach

Integrated approach to planning and budgeting

The WCG has committed itself to embedding good governance and integrated service delivery as part of giving effect to PSG 5: “Embed good governance and integrated service delivery through partnerships and spatial alignment”. A key element of this PSG includes promoting and institutionalising the practice of Integrated Management. The integrated approach has steadily developed since the 2016-2019 Medium Term Budget Policy Statement. As part of Integrated Management, the 2016 Budget process followed an integrated planning and budgeting approach, which supports the implementation of the NDP, the PSP and the related Game Changers. This approach focused on formulating a responsive budget which drives the provincial policy priorities, responds to the spatial and local context and improves service delivery while creating maximum socio-economic impact.

Medium term provincial budget policy priorities

Provincial Strategic Goal 1: Create opportunities for growth and jobs

Project Khulisa

Project Khulisa continues to focus on productive and enabling sectors that contribute to the regions competitive advantage and/or have the potential to be catalytic in growing the economy. The three identified sectors are as follows:

- Tourism which focuses on boosting awareness in key markets and sectors, improving accessibility to Cape Town and regions and boosting attractiveness through competitive product offerings and compelling packaging;
- Agri-processing which will invest in growing the Western Cape's share of the global Halaal market, doubling the value of wine and brandy exports to China and Angola and increasing local capacity to process agricultural goods for the domestic and international market; and
- Oil and gas which will drive infrastructure, skills and enterprise development as well as marketing coordination and promoting the ease of doing business. The Province is pursuing its focus on the oceans economy through the investment in rig repair and maintenance in Saldanha Bay. This was highlighted as Operation Phakisa in the 2016 National Budget Speech.

In addition, five key enablers of growth and job creation will continue to be prioritised including ease of doing business, skills, water, energy and broadband.

Ease of doing business

The WCG will continue to focus on the ease of doing business in the Province, with red tape as a primary inhibitor. The Red Tape sub-programme in the Department of Economic Development and Tourism (DEDAT) has been allocated R16.049 million in 2016/17, R16.618 million in 2017/18 and R17.825 million in 2018/19. To date, the Red Tape Reduction Unit situated in the DEDAT has instituted a business helpline with an overall success rate of 85 per cent. Plans are in place to expand this service to 13 municipalities in order to streamline the approval of building plans and programmes. In addition, the Red Tape Reduction Unit will be undertaking a project to determine the cost to the economy of red tape in Project Khulisa sectors.

Determining the cost to the economy of red tape in Project Khulisa sectors

Further areas of work include a stock-take of all businesses facing legislative issues, with a view to design interventions that could improve the regulatory environment. A study on developing a culture of entrepreneurship, entrepreneurial thinking and sustainable procurement will also be conducted. In addition, local government will be supported with business process improvement initiatives to reduce cost and improve municipal services to business.

Skills development

The Province will continue to focus on skills development to match demand for appropriate skills, thereby enhancing regional competitiveness. During the 2016/17 financial year, 250 artisan and 310 semi-skilled candidates will be trained.

A key focus area will be to align skills based initiatives with the skills needs and requirements of Project Khulisa sectors. Additional focus areas include artisan development; innovative, creative and design capabilities; financial, business outsourcing and digital economy skills; continuous assessment and re-assessment of the skills gap; systemic interventions to improve the science, technology, engineering and maths qualifications; developing an entrepreneurial skills set, particularly aimed at young people; and placement of young people in work places to address the challenges of experiential learning. The DEDAT has allocated R63.242 million in 2016/17, R62.239 million in 2017/18 and R70.834 million in 2018/19 toward skills development initiatives.

Aligning skills based initiatives with skills needs and requirements of Project Khulisa sectors

In addition, skills development in the Technical and Vocational Education and Training Sector has been identified as a Game Changer.

Agriculture

According to the Department of Agriculture (DoA) the severe drought currently experienced in the Western Cape could possibly lead to a 10 per cent drop in agricultural production, with wheat production affected more severely. Additional impacts of the drought could include trade losses, food price increases and a decrease in economic activity. The drought has emphasised the importance of promoting sustainable agricultural practices.

Farmers will be supported to deal with challenges of climate change

Initiatives to improve the efficiency of water usage will include the SmartAgri project where farmers will be supported to deal with the challenges of climate change. Furthermore, the Department's research and development will continue to focus on increased agricultural production and novel, climate smart and sustainability supporting technologies and solutions in plant and animal sciences.

The DoA will continue its knowledge development and education initiative towards developing and emerging farmers. An added focus is on the revitalisation of extension services, upgrading of qualifications and improving the technical knowledge of staff. This will be done in collaboration with commodity partners. Further expansion is planned for developing skilled human resources, with the commencement of the Compulsory Community Service (CCS) programme. This Programme requires newly qualified veterinarians to perform community service for twelve months. The Western Cape received an allocation of 19 CCS vets who will be deployed in different categories.

The DoA will strengthen its contribution to a more equitable economy by improving its rural development model based on an evaluation process initiated in the previous financial year (2015/16). It will further continue its support of training and development through funding strategic agri-worker projects. This includes the provincial wide Farm Worker Household Census findings, where stakeholders will be empowered with information to address the actual needs of farm employees.

Green Economy

The Green Economy focuses on four strategic themes that include energy security and price stability; resource efficiency; Better Living Models; and leadership and coordination. Plans include, Smart Grids and Liquified Natural Gas; the Atlantis Special Economic Zone; Western Cape Industrial Symbiosis Programme; Waste Economy Business Case Development; Water Business Case and Water decision-making Tool and the 110% Green initiative. Agricultural projects include the FruitLook real-time web application, the water-wise and biodiversity awareness campaigns and the clearing of alien vegetation. Environmental projects focus on amongst others the implementation of the Berg River Improvement Plan; exploring investment opportunities related to ecosystem services through the Provincial Biodiversity Economy Strategy and the CapeNature Investment Case for income generation potential of protected areas in the Western Cape. R72.753 million has been allocated over the 2016 MTEF for Green Economy initiatives.

R72.753 million allocated over 2016 MTEF for Green Economy Initiatives

The Energy Security Game Changer aims to have enough power for growth in the Western Cape that is sustainable and low carbon. Key levers for this Game Changer includes enhanced uptake of rooftop PV and Solar Water Heaters; reduction in energy usage in public and private buildings; economic growth that is unconstrained by electricity disruptions; and a diversified energy mix.

Strategic catalytic infrastructure and initiatives

The WCG will continue to invest in key catalytic economic infrastructure to enable on-going economic activity and growth, which underpin increased economic benefits. Toward this objective, R349.351 million has been allocated over the 2016 MTEF. Initiatives that will continue in 2016/17 include the Saldanha Bay Industrial Development Zone and complementary West Coast Industrial Plan, Improved Air Access, Cape Health Technology Park and the Cape Town International Convention Centre (CTICC) expansion. Further detail on infrastructure investment is provided in Chapter 4: Public Infrastructure investment in the Western Cape.

Provincial Strategic Goal 2: Improve education outcomes and opportunities for youth development

Creating opportunities for all through improved education outcomes

The Department of Education (WCED) has been allocated R19.247 billion in 2016/17, R20.289 billion in 2017/18 and R21.471 billion in 2018/19 with the objective of creating opportunities for all through improved education outcomes. In support of this goal, the WCED will continue to focus on its previously identified priority interventions which will further drive the areas of language and mathematics, accountability, poverty and crime, faster response time, infrastructure and on school management and leadership. These priority interventions include:

- *Excellent administration boosted by online services* which aims to reduce the administration load of schools and to ensure accurate, efficient and cost-effective provision of resources and services to schools.
- *A five year teacher development plan (2015 – 2019)* which provides a clear framework and plan for pre-service training for new entrants to the teaching profession and in-service for existing teachers.
- *Provincial curriculum management strategies* aim to improve academic performance of all Grade R – 12 learners through developing the knowledge and pedagogic practices of curriculum officials, heads of department and teachers; supporting the provision of Learner and Teacher Support Materials (LTSM) and continuously reflecting on and evaluating practices, plans and progress.
- *Good school management* will be strengthened through enhanced processes for the recruitment, selection of, and support for, principals, deputy principals and heads of department.
- *Needs-based education provisioning* will provide the resources needed for good teaching and learning to take place. This includes staff, books, equipment, facilities and access to ICT.
- *Social support and a platform for youth development*, which includes the school nutrition programme, fee exemption relief and safe schools interventions, aims to provide a stable learning environment that will keep learners healthy and safe and in school for as long as possible.

- *Support for independent schools that enroll learners from poor communities* will be supported through subsidies, teacher training programmes and school visits.
- *Programme to minimise barriers to learning to provide care and opportunities for learners experiencing barriers to learning or are at risk.* The WCED will work both individually and with other government departments and NGOs to support these learners.
- *Quality Grade R* will focus on improving the quality of learning in Grade R. This will be done through a focus on teacher skills and professional status and on early identification of those who need remedial assistance.
- *Effective infrastructure programme to create an inspiring learning environment* with a focus on building new schools and classrooms, where there is a need for additional accommodation, on replacing schools made of inappropriate materials and on planned maintenance so that more schools and learners benefit from the infrastructure budget.

e-Learning

The e-Learning Game Changer aims to enhance the teaching and learning experience of all Western Cape learners, predominantly in Mathematics and Languages, through the use of technology, as a key priority. This Game Changer requires a combination of the following factors: the creation of an e-Culture in schools, backed by e-Infrastructure; an e-Admin system to run the school, and well-trained e-Teachers using e-Technology and e-Content in their lessons. Investments in high speed broadband connectivity complemented by a well-managed Local Area Network (LAN) to construct technology enhanced smart classrooms in the Western Cape will be undertaken. The shift toward e-Learning aims to expose learners and educators to different teaching methods and materials, expand learning and collaborative opportunities through online platforms, improve retention and improve learner skills applicable to the workplace and tertiary education.

Shift toward e-Learning aims to expose learners and educators to different teaching methods and materials

Early Childhood Development

*Improving the quality of
ECD programmes*

Early Childhood Development (ECD) and Partial Care will remain a priority for the Department of Social Development over the 2016 MTEF. The Department continues to improve the quality of ECD programmes and provide safe environments and nutrition for children. Furthermore, in accordance with the national curriculum for 0 - 4 year olds, exposure to language development ahead of primary school enrolment will be provided. A new national Early Childhood Development Grant will also be introduced in the outer years of the MTEF for the maintenance and upgrade of facilities with allocations of R15.274 million in 2017/18 and R23.104 million in 2018/19.

The WCED supports ECD through improved Pre-grade R education and care of children. This includes the establishment of a special ECD programme for English Language and cognitive development at 100 sites where school readiness is poor. Additionally, a focused pilot project will be implemented which targets Grades R – 3 learners in 105 schools with poor academic results with the aim to strengthen reading in English.

Library Services

*Over 300 public libraries
supported across the
Western Cape*

The Department of Cultural Affairs and Sport will continue to support the Western Cape library services, with over 300 public libraries supported across the Western Cape. Libraries have multiple benefits by being a place for reading, relaxing, learning and building of social capital. Therefore, library services continues to make positive contributions toward improving education outcomes. In addition, libraries form part of the Broadband project, by connecting public buildings to high speed broadband. This is a positive contribution toward smart growth, which aims to strengthen knowledge and innovation. R323.826 million is allocated in 2016/17, R337.022 million in 2017/18 and R355.171 million in 2018/19 toward Library Services.

After School Programme

The WCG will continue to support the MOD Programme. The MOD Programme is an after-school, mass participation programme that provides school-going children with access to various fun-filled, play-based, recreation-based, modified activities on a daily basis. This programme is hosted across the Province, at 181 MOD Centres that are based at either a Primary School or a High School. MOD Centres are mainly based in historically, disadvantaged and underserved areas.

The MOD Year Beyond is a flagship programme and a Premier's priority project enshrined in the Youth Development Strategy and forms the academic leg of the MOD programme. The programme operates in 22 academically under performing schools, with a lighter version offering only e-learning support in Kraaifontein covering 4 schools (total of 26 schools) in 2016.

The MOD programme is the focal point of the After School Game Changer. The Game Changer focusses on building responsible, empowered young adults who are better prepared for life by investing in and providing the required support to after school services through partnerships. The four pillars of the WCGs after schools programme are academic support (including e-learning), life skills, Arts and Culture, and Sport. Future plans include expanding infrastructure by building 5 MOD Clusters – education precincts that will form new centres of positive social activity in communities.

Pillars of After School programme; academic support; life skills; arts and culture and sport

The Department of Social Development contributes to the After School Game Changer through, amongst others, homework support; sporting activity support; life skills education; and guidance and counselling support. The Department of Education contributes by refurbishing equipment and maintenance; provision and maintenance of school halls and sport fields and the provision of meals through the MOD centre feeding scheme.

Key performance targets include expanding the number of learners in no-fee schools with access to after school programmes from 54 000 to 112 000 in 2019 and increasing the number of learners with access to quality programming from 11 000 to 56 000 by 2019.

Youth programmes

The Western Cape Youth Development Strategy forms the basis for youth development in the Province. The strategy articulates that by age 25, youth in the Province are inspired, educated, responsible, independent, healthy and productive citizens with positive personal, family and social relations.

The Department of Social Development will employ interventions for youth focussing on skills development, job linkages and entrepreneurial support. It provides workplace experience and accredited skills training to unemployed people through the Expanded Public Works Programme in collaboration with the Department of Transport and Public Works. Furthermore, the Department of Social Development will work in

Four operational youth cafés in Rocklands, Vangate Mall, George and Oudtshoorn

collaboration with the Department of Local Government to ensure that more individuals are exposed to low skill jobs through the Community Works Programme (CWP).

Youth Cafés are designed to be vibrant, positive spaces where young people are afforded opportunities to access skills development programmes, training workshops, seminars, and entrepreneurial opportunities. Currently, the Province has four operational Youth Cafés in Rocklands, Vangate Mall, George and Oudtshoorn. Over the 2016 MTEF, four additional Youth Cafés will be established in the Province of which two will be located in Nyanga Junction and Vrygrond, respectively.

Provincial Strategic Goal 3: Increase wellness, safety and tackle social ills

Health

One of the key tenets of inclusive growth is promoting the well-being of citizens, so that they may access opportunities that enable both social development and economic growth.

The Department of Health is allocated R19.983 billion in 2016/17, R21.105 billion in 2017/18 and R22.501 billion in 2018/19. Almost 36.5 per cent of the provincial budget has been set aside over the 2016 MTEF toward improving the wellness of Western Cape citizens. By embracing the concept of wellness, the public health system in the Province approaches each citizen's health needs in a person-centered manner. In doing so, not only is ill-health treated, but the factors that cause ill-health are proactively addressed in partnership with other provincial departments and stakeholders.

The focus is on prevention, promotion, quality and efficiency. The preventative interventions will range from upstream interventions that address the broader societal issues to more specific measures to optimise the opportunity of engaging patients and their relatives within the health service. The most important risk factors to be addressed are smoking, alcohol abuse, unhealthy eating, lack of exercise and unsafe sex which account for the majority of chronic illnesses as well as injuries from interpersonal violence and road traffic accidents.

Key strategic interventions over the 2016 MTEF include the re-design of primary healthcare service; a multi-sectoral community based initiative to reduce the harms from alcohol abuse; the first 1 000 days project; the Western Cape on Wellness (WoW) project; and the integrated service delivery model in Drakenstein.

Improving the quality of care is the nub of Healthcare 2030. This will involve improving the clinical and health outcomes as well as improving the patient experience. The Department will redouble its efforts to reduce the waiting times as well as improve the experience of waiting within health facilities. Compliance with the national core standards especially at Primary Healthcare facilities will be enhanced.

To further institutionalise a culture that supports person-centered approach to health care, initiatives to ensure and support resilient, competent, engaged, caring and empowered public healthcare employees will be expanded.

Social development services for the vulnerable

In support of and to give effect to inclusive growth, the Department of Social Development will allocate R6.208 billion over the 2016 MTEF to provide services which enable and empower the poor and vulnerable. Over the next five years, the Department's single biggest goal will be to raise the quality of services required by their legislative mandates, i.e. the Children's Act, the Child Justice Act, the Substance Abuse Act and the Older Persons Act.

Substance abuse

Over the 2016 MTEF, the Department of Social Development has allocated R314.058 million towards substance abuse, prevention and rehabilitation. Over the next five years, the Department will be introducing drug treatment services in all Departmental secure Child and Youth Care Centres providing sentenced youth with the opportunity to break the cycle of drug misuse and abuse. Furthermore, school-based drug treatment programmes will be introduced at ten high risk schools.

Persons with disabilities

Over the 2016 MTEF, the Department of Social Development will continue to promote of the rights, well-being and socio-economic empowerment of persons with disabilities. R464.218 million has been allocated over the 2016 MTEF to support persons with disabilities. Of this amount, R119.660 million has been earmarked, specifically for the educational needs of severe and profoundly disabled children and the expansion of group homes for adults and children with intellectual disabilities and those presenting challenging behaviours.

Increasing Safety

The Department of Community Safety has, in giving effect to the NDP, developed the Community Safety Improvement Partnership (CSIP) which is based on the concept of the 'whole-of-society'. The key outcomes of the CSIP are to promote professional policing through systems of effective oversight, to ensure the safety of all public buildings and spaces and to build viable and sustainable safety partnership. Key stakeholders include the South African Police Service (SAPS), various municipalities, Community Police Forums (CPFs) and Neighbourhood Watch (NHW) structures.

The investment made by the WCG in the Khayelitsha Commission of Inquiry will be further enhanced by working closely with SAPS to give effect to the recommendations made and incorporate the recommendations into safety models being designed throughout the Western Cape as outlined or stipulated in the Western Cape Community Safety Act, 2013.

*Office of the Police
Ombudsman fully
established and
operational*

Central to the Department's police oversight function is the Office of the Police Ombudsman. The Office is fully established and operational, with a strategy of expansion, aligned to the number of complaints received and dealt with.

The Department has been designated by the Provincial Cabinet to lead the Alcohol Harms Reduction (AHR) Game Changer. In partnership with key stakeholders, the focus is on Community Based Interventions to reduce alcohol harms, and influencing alcohol policy. In support of this, the Western Cape Liquor Authority (WCLA), will as from 1 April 2016, be located as an entity under the Department of Community Safety.

In its efforts to establish safety partnerships aimed at increasing safety, the Department initiated the Stabilisation Units within and under the auspice of the City of Cape Town Law Enforcement. As a result of the successful implementation of these Community Stabilisation Units, further resources will be allocated toward the project over the 2016 MTEF i.e. R3 million in 2016/17, R3.5 million 2017/18 and R3.938 million in 2018/19. The Community Stabilisation Units provides for local communities to become involved in building safety through adequate training, equipment and under the day-to-day supervision of the City of Cape Town.

The Department of Transport and Public Works promotes transport safety through the public transport safety implementation programme, Safely Home projects, traffic law enforcement training and public transport law enforcement programmes, amongst others. Over the 2016 MTEF, the Department will strengthen road safety awareness and education campaigns, as well as focus on fatigue management interventions. In addition, the Department will introduce and test in-vehicle enforcement technology that integrates with the roll-out of automatic number plate recognition and average speed enforcement cameras. It will further manage and mitigate any impact on service delivery resulting from litigation and delays relating to the finalisation of contracts for the maintenance and development of eNATIS and the provision of Live Capturing Units at Driving Licence Testing Centres. The development of standard operating procedures for the management of hearings by the Provincial Regulatory Entity will also be promoted.

Strengthening road safety awareness and education programmes

Promoting Arts, Culture and Heritage

An amount of R109.443 million for 2016/17, R107.174 million for 2017/18 and R113.181 million for 2018/19 is allocated to the Cultural Affairs Programme in the Department of Cultural Affairs and Sport. The allocation over the 2016 MTEF is in support of promoting arts, culture and heritage in the Province.

The continued roll-out of programmes and projects that support the development of an inclusive society. This includes those presented by affiliated museums, Heritage Western Cape, Western Cape Provincial Geographical Names Committee and the Western Cape Cultural Commission. In addition, engagement with municipalities and arts and culture structures will continue to promote, preserve and develop arts, culture and heritage.

In support of inclusive growth the WCG continues to employ and up-skill youth through the Expanded Public Works Programme (EPWP). The Department will continue to strengthen EPWP in support of the promotion, preservation and development of arts, culture and heritage. The EPWP funding is targeted across a range of focal areas, namely, arts, culture, museums, heritage, archives and sport.

Provincial Strategic Goal 4: Enable a resilient, sustainable, quality and inclusive living environment

Integrated human settlements

Creating sustainable and integrated human settlements

The WCG facilitates and supports the creation of sustainable and integrated human settlements in the Western Cape, which includes the promotion of social inclusion, economic growth and spatial restructuring.

The Western Cape Department of Human Settlements plans to deliver 105 950 housing opportunities by 2019. Housing projects include: the Southern Corridor project scheduled to deliver a minimum of 51 000; North-Eastern Corridor scheduled to deliver 19 987; Voortrekker Integration Zone scheduled to deliver 1 620; Vlakkeland scheduled to deliver 3 260, Trans Hex scheduled to deliver 7 300; Thembaletu including Syferfontein and Wilderness Heights scheduled to deliver 12 465; Vredenburg Urban regeneration scheduled to deliver 1 400; Louis Fourie scheduled to deliver 3 052; and De Novo scheduled to deliver 2 300 housing opportunities respectively by 2022 when fully completed.

The NDP and the Breaking New Ground documents are important national policies which guide the development of provincial plans and strategies for sustainable human settlements in the Western Cape - both of which stress the need for more integrated, dense, and 'demand' orientated human settlement approaches. The Better Living Model (BLM) Game Changer aims to do this by challenging apartheid spatial patterns. The former Conradie hospital site, has been selected as the first project to introduce the 'Live, Work and Play' concept, near the centre of Cape Town. It is envisaged to be a residentially led, mixed use, mixed income and mixed tenure development will provide a model for other developments in the pipeline. The BLM Game Changer has the potential to be attractive to a diverse community that chooses to live on this well-located site as opposed to a community that is obliged to live there.

Spatial and development planning

The Department of Environmental Affairs and Development Planning has been allocated a budget of R550.964 million for 2016/17, R591.528 million for 2017/18 and R582.535 million for 2018/19. Departmental programmes have been structured to meet the following policy priorities:

- from Municipal Planning focus to Provincial Planning;
- from Land Use Planning to Development Planning; and
- from Planning to Implementation.

The Provincial Spatial Development Framework (PSDF) is a key policy instrument in support of sustainable growth, which aims to coordinate the development and alignment of Provincial spatial assets in an integrated manner between the spheres of government. The Province will continue to strive in protecting biodiversity and ecosystems including safeguarding of coastal and inland water resources while managing the use of water given that the Province is experiencing water scarcity and drought.

Resource use efficiency and sustainability

In terms of the Western Cape State of the Environment Outlook Report (2013), the natural systems, land, inland water, biodiversity, and oceans and coasts are under significant pressure as climate change poses significant bio-physical and economic risks to the Province. The mainstreaming of sustainability, resource-use efficiency and climate change responses into provincial and municipal planning and programmes is therefore a strategic priority.

The Province's additional investment of R30 million over the 2016 MTEF for disaster prevention measures, will assist with additional resources to expand fire-fighting capacity across the Province, Climate Change initiatives and disaster prevention. Key interventions over the medium term for sustainable resource use include climate change response frameworks developed for district municipalities; river and estuarine sites monitored in respect of pollution control; River Improvement Plans to be developed; waste management planning interventions undertaken; and monitoring of ambient air quality.

Additional resources to expand fire-fighting capacity

Regional Socio-economic Project/Violence Prevention through Urban Upgrading project

The Department of Environmental Affairs and Development Planning will continue to focus on the implementation of the Regional Socio-economic Project (RSEP) and the Violence Prevention through Urban Upgrading (VPUU) programme over the 2016 MTEF. The RSEP/VPUU project is the practical application of developmental planning and integrated service delivery.

Urban upgrading projects are pro-poor, community-centered, innovative, inspiring, functional and visible urban upgrading

There are a number of projects included in this programme including Urban Upgrading projects and Social projects. The Urban upgrading projects are pro-poor, community-centered, human scale, innovative, inspiring, functional and visible urban upgrading. The Social projects focus on activities, programmes or facilities for specific groups to address social challenges within communities, for instance early childhood, youth, education, learning, self-improvement, safety, recreation, health, cleanliness, or economic development, with benefits at the neighbourhood scale.

The RSEP/VPUU programme is being implemented according to approved project lists in five partner municipalities, namely Saldanha Bay, Swartland, Breede Valley, Drakenstein and Theewaterskloof, and the City of Cape Town. An allocation of R38.8 million for 2016/17, R64.3 million for 2017/18 and R37.096 million for 2018/19 has been made.

Provincial Strategic Goal 5: Embed good governance and integrated service delivery through partnerships and spatial alignment

A focus on citizen centered services

The co-ordination of external communication and public engagement remains a priority of the WCG. The aim is to ensure that the WCG communicates its goals and service delivery outcomes to the people of the Western Cape through Broadband connectivity. The availing of WCG e-Government channels aims to afford citizens access to online information and services.

Further roll-out of Cape Access Centres

The continued roll-out of the Cape Access Centres is aimed at improving access to information and communication technology (ICT). Increasing digital literacy within the rural areas of the Western Cape remains a key objective. This provides opportunities for the people of the Western Cape to engage with ICT training, e-mail facilities/Internet as well as government

services, products and various online services. The Rural Library Connectivity Project provides internet access to rural communities in the Province. This forms part of the wider Broadband Initiative of the WCG.

The WCG strives to improve broadband access, readiness and up-take for connected citizens. Key initiatives include Public Access Wi-Fi, where citizens can access limited free internet access at hotspots in government buildings throughout the Province. The project intends to support the roll-out of 384 hotspots across the Western Cape with 150 hotspots targeted for the 2016/17 financial year.

The Thusong and Community Development Worker Programmes play a major role in bringing government services to where people live. The Department of Local Government will focus on expanding the Thusong footprint through creating a comprehensive referral system for all government services.

Expanding the Thusong footprint

Optimising WCG Business Processes and System

A specific focus by the Department of the Premier is on improving business process optimisation as part of ensuring a capable and efficient state. Business process design and improvement will continue in the people management functional area to enable human resource professionals to work smarter and deliver services more efficiently and in a consistent and uniform manner. "Service Excellence with People" is a specified outcome contributing directly to efficient, effective and responsive provincial government. A People Management Maturity Model is being developed in order to ensure objective, measurable levels of people management excellence within the Province.

As a custodian of the Provincial transversal financial systems, Provincial Treasury remains committed to the implementation of a single Integrated Financial Management System (IFMS) to replace the existing transversal systems, namely Basic Accounting System (BAS), Personnel and Salary Administration System (PERSAL) and Logistical Information System (LOGIS). Provincial Treasury is at the forefront of advocating the prioritisation of new time-frames from National Treasury for the rollout and implementation of the IFMS in the Western Cape.

Committed to implementing a single Integrated Financial Management System

Strengthening financial and public sector governance

A key objective of Provincial Treasury is to continue to balance public finances and maintain fiscal stability within the current constrained fiscal environment. The emphasis is on appropriate management of fiscal risk, strengthening fiscal consolidation and to enable government to be responsive in dealing with unforeseen and unaffordable expenditure. The Provincial Treasury's policy context is underpinned by a commitment to inclusive and sustainable economic growth, whilst a key principle entailed prioritising frontline services. Provincial Departments and Entities are continuing with measures to contain operational cost and eliminate non-essential expenditure. To improve the efficiency of provincial public entities, the Province will embark on a review of all provincial public entities in order to evaluate their effectiveness and value creation.

The Provincial Treasury has launched its Chartered Accountants Academy (CAA), which provides an avenue for prospective chartered accountants to receive accredited training inside the public sector. The next phase is to develop a training office for these accountants who will undergo a formal South African Institute of Chartered Accountants (SAICA) training programme.

The WCG has resolved to measure the level of good governance in the Province at both a provincial and local level to drive enhanced good governance. The Western Cape Government Good Governance Index (WCGGGI) has been developed to provide a periodic measure of the level of good governance. A key aim of the index is to provide a measure of good governance at both geographical levels which moves away from the traditional emphasis on measuring compliance as a way to determine performance. The feasibility and viability of institutionalising a 'good governance' financial incentive grant, is currently being explored.

The finalisation of the Combined Assurance Framework by the Department of the Premier remains a key priority. The focus is on improving assurance coverage as captured within departmental internal control and audit coverage plans. The emphasis will be on the governance components, governance principles and requirements and internal control. In addition, Provincial Forensic Services will intensify the fraud prevention and detection measures through revisiting methodologies and exploring the utilisation of data analytics.

Supporting local government

The Department of Local Government remains committed to municipal service delivery and governance-related support services. This entails reviewing and introducing various best practice governance models which span the ward committee public participation context, including ICT governance. The Department envisages to undertake intellectual development work on behalf of municipalities with their guidance and support. Municipalities face a difficult task in preparing to meet future demand for basic infrastructure and services. Hence the need to continue supporting each district in the Province to develop bulk water and sanitation master plans.

The state of many fire services within the Province, especially outside the metropolitan areas, is a matter of increasing concern. Non-investment, as a result of the difficult financial situation of most district municipalities, has resulted in old and obsolete equipment not being replaced. Investment in order to enhance municipal fire-fighting capability remains a key local government priority.

Enhancing municipal fire-fighting capability

The Provincial Treasury provides support to local government through the Municipal Financial Management Improvement Support Grant. The Grant aims to strengthen financial management within municipalities, with a focus on skills development. Furthermore, the bursary and internship scheme also constitutes a capacity building programme, in which bursars and interns are placed at municipalities in order to enhance current capacity. This programme contributes directly to improving and sustaining good governance within the local government context.

Bursars and interns placed at municipalities to enhance current capacity

With the emphasis on 'clean governance', the Municipal Governance Review and Outlook (MGRO) process aims to directly contribute to good financial governance, through assisting municipalities to improve their state of governance and the maturity of partnerships between provincial and local government. The Provincial Treasury has conducted revenue master classes within the local government space to consider elements of revenue efficiency, adequacy and utilisation to address the current fiscal environment. Early benefits have already materialised in some municipalities.

The Department of Local Government is preparing for and intensifying its support of municipalities both before and after the 2016 elections. Central to this support will be role clarification between the political and the administrative arms of a municipality. Post-election the Department aims to in

conjunction with the Nelson Mandela Bay University, provide a fully accredited councillor training programme. A Helpdesk will also be established to assist municipalities both before and after the 2016 elections.

Budget aggregates

Table 3.1 provides an overview of the expenditure trends since the 2012/13 financial year and estimates over the new MTEF. The provincial budget grows by 5.61 per cent from a revised 2015/16 estimate of R52.084 billion to R55.009 billion in 2016/17. The largest proportion of the 2016/17 budget is allocated to social services which includes Social Development (3.57 per cent), Health (36.33 per cent share) and Education (34.99 per cent share). The balance is allocated to the Economic and Governance sector departments.

Table 3.1 Summary of provincial payments and estimates by vote

Vote R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
1. Department of the Premier	747 165	894 537	1 042 874	1 332 027	1 272 608	1 272 608	1 341 110	5.38	1 420 535	1 522 056
2. Provincial Parliament	91 047	103 122	107 041	117 180	120 408	120 408	130 821	8.65	129 238	133 803
3. Provincial Treasury	162 283	199 967	232 148	262 029	250 377	250 377	260 739	4.14	305 225	321 468
4. Community Safety	191 443	222 196	264 966	270 331	274 130	274 130	292 016	6.52	281 680	298 981
5. Education	13 653 667	15 111 220	16 588 773	17 744 928	17 849 369	17 849 369	19 247 264	7.83	20 289 422	21 470 834
6. Health	14 600 857	15 916 962	17 305 808	18 812 682	19 041 072	18 862 494	19 982 793	5.94	21 104 864	22 500 628
7. Social Development	1 402 227	1 580 143	1 733 842	1 897 985	1 898 929	1 898 929	1 961 438	3.29	2 068 820	2 177 495
8. Human Settlements	1 987 458	2 215 466	2 151 327	2 189 533	2 210 878	2 210 878	2 224 251	0.60	2 692 623	2 862 020
9. Environmental Affairs and Development Planning	376 880	412 199	457 181	502 976	509 476	509 476	550 964	8.14	591 528	582 535
10. Transport and Public Works	4 704 658	5 017 988	5 770 808	6 760 391	6 759 275	6 759 275	6 788 528	0.43	7 052 006	7 227 164
11. Agriculture	555 633	608 862	855 436	742 261	758 208	758 208	787 855	3.91	820 012	867 024
12. Economic Development and Tourism	289 319	336 282	469 906	483 082	405 354	405 354	486 769	20.08	396 306	419 647
13. Cultural Affairs and Sport	390 550	453 573	612 490	706 499	694 433	694 433	736 184	6.01	691 943	730 667
14. Local Government	160 609	172 062	197 479	200 389	218 372	218 372	217 899	(0.22)	231 309	244 120
Total provincial payments and estimates by vote	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442

Conclusion

The Western Cape Government has committed itself to maintain a responsive and sustainable budget which gives effect to the policy imperatives of the Province. This objective is firmly embedded in the theme of the 2016 Budget which is to establish a *Budget for Growth*.

The Game Changers will take the Province a step further in realising the PSP and PSG goals. Further work will be undertaken to ensure impact, particularly with the focus on fiscal consolidation, further cost containment measures and value for money.

4

Public infrastructure investment in the Western Cape

In Summary

- Substantial public investment of R26.7 billion in infrastructure, inclusive of housing delivery and broadband, for the 2016 MTEF seeks to create infrastructure-led growth, as well as employment in construction, operation and maintenance.
- The creation of public value with wide consultations on infrastructure investment (hospitals, schools and roads) as well as maintenance projects (repairs, upgrading and refurbishment) are those with the greatest need.
- The majority of infrastructure related investment is directed towards delivery in Education, Health, Transport and Public Works, Human Settlements delivery and Broadband.
- Increasing of maintenance funding to address backlogs and to align with sector norms and standards.
- A key component of this funding is the R6.4 billion allocated to rehabilitate, renovate and refurbish existing infrastructure (mainly roads), R4.7 billion to maintenance and repairs whilst the Western Cape Government (WCG) is allocating R3.95 billion for new and replacement infrastructure.
- A stronger focus is placed on creating public value in the planning and delivery of infrastructure projects, through improved governance arrangements.

Introduction

Substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy, has been identified as a driver for smart, sustainable and inclusive growth.

Investment in infrastructure includes spending by the provincial government and its public entities; and spending on public private partnerships¹. The projects as contained in the Province's infrastructure budget have been derived from the utilisation of immovable asset management systems and

¹ Spending on public housing is also included. In terms of Standard Chart of Accounts (SCOA), however, housing subsidies are usually defined as transfers to households rather than capital spending.

extensive consultations with role-players to create public value. The budget attempts to respond to the principles outlined in the Province's strategic goals, and aims to provide a platform for innovative and fit-for-purpose facilities and institutions. Some of the innovative concepts being interrogated and piloted at the moment include transit-oriented developments, urban intensification, mixed-use developments, and a range of housing options.

This Chapter provides an update on the status of the Western Cape Government's (WCG's) main infrastructure budgets and highlights investment in both social and economic infrastructure over the 2016 MTEF. Despite current fiscal constraints, infrastructure budgets have been largely protected as public investment in infrastructure is pivotal for improving access to and quality of public services and supporting economic growth.

Trends in public infrastructure spending

Table 4.1 provides a summary of provincial infrastructure payments and estimates for Education, Health, Transport and Public Works as well as Environmental Affairs and Development Planning.

Investment in projects of a built environment nature grew from R3.8 billion in 2012/13 to R6.1 billion in 2018/19.

Table 4.1 Summary of provincial infrastructure payments and estimates

Vote R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate % Change from Revised estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2015/16	2017/18	2018/19
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	750 672	1 054 312	1 439 491	1 427 227	1 439 982	1 439 982	1 454 815	1.03	1 428 014	1 509 793
6. Health	826 960	894 535	712 923	826 287	892 339	836 816	806 502	(3.62)	732 101	767 708
7. Social Development			17 000							
8. Human Settlements										
9. Environmental Affairs and Development Planning	10 743	24 218	29 821	29 048	29 048	29 048	30 311	4.35	31 826	33 672
10. Transport and Public Works	2 218 483	2 399 082	2 984 980	3 707 109	3 611 745	3 611 745	3 713 830	2.83	3 762 678	3 760 595
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates by vote	3 806 858	4 372 147	5 184 215	5 989 671	5 973 114	5 917 591	6 005 458	1.48	5 954 619	6 071 768

Provincial Infrastructure Outlook

- Increased infrastructure investment over the 2016 MTEF period.
- The Western Cape Infrastructure Delivery Management System (WCIDMS) is designed to link to multi-year budgeting approach with a strong focus on outcomes, value for money and the effective and efficient functioning of the entire value chain of infrastructure delivery.
- The Western Cape Departments of Education and Health scored the highest in the country in the performance-based conditional incentive grant system and received R133.309 million and R109.454 million respectively. Incentive grant funding based on performance and an analysis of future commitments.
- WCG will progressively spend more on maintenance to address ageing infrastructure and to maintain existing facilities.
- Rolling out of the broadband solution over the MTEF to ensure savings for the Departments.
- A Governance framework to strengthen the monitoring of the delivery on infrastructure in the Province will be established.

Infrastructure highlights over the 2016 MTEF

The WCG infrastructure programme prioritises existing infrastructure assets, inclusive of maintenance and repairs over the medium term to bolster productivity and growth, and will continue to invest in the following:

- Capital investment of R26.7 billion has the potential to create approximately 104 000 additional employment opportunities over the MTEF²;
- The construction of fixed assets such as hospitals, roads and new schools as well as maintenance projects, repairs, upgrading, refurbishment and additions;
- The Cape Town Central City Regeneration Programme;
- Nature conservation as well as tourism facilities and the hospitality industry;
- The creation of sustainable integrated human settlements with improved settlement functionality, efficiency and resilience, thereby contributing to improved quality of life; and
- Rolling out of the broadband solution to ensure savings for the departments over the MTEF.

² According to the Department of Transport and Public Works 2016/17 APP, for every R1 million spent, four employment opportunities can be created.

Estimates of Provincial Expenditure

Over the 2016 MTEF, approximately R26.7 billion will be invested in education, health, environment, transport and public works infrastructure and housing delivery, with the emphasis on existing infrastructure assets and on eradicating the maintenance infrastructure backlog.

In Education, the investment programme focus will be on completing the construction of new schools and classrooms and on replacing schools constructed with inappropriate materials. Close to R4.4 billion will be spent on school infrastructure over the 2016 MTEF.

The Health infrastructure investment of approximately R2.3 billion over the 2016 MTEF makes provision for new health facilities and the refurbishment, upgrading and maintenance of existing facilities, including health technology.

Roads infrastructure investment (R9.4 billion over the MTEF) aims to preserve surfaced roads, gravel roads and bridges and to prevent the growth in the accumulation of backlogs.

Public Works infrastructure investment of R1.8 billion over the MTEF

Public Works infrastructure investment totalling approximately R1.8 billion over the MTEF, will provide provincial government building infrastructure that promotes integration, accessibility, equity, environmental sensitivity, economic growth and social empowerment.

Environmental Affairs and Development Planning, via CapeNature, intends to spend R95.8 million over the 2016 MTEF mainly on capital infrastructure projects at various nature reserves across the Province.

The Department of Human Settlements intends spending R7.1 billion (Human Settlements Development Grant) over the 2016 MTEF on housing delivery in various municipalities.

Infrastructure nature of investment 2012/13 - 2018/19

Table 4.2 overleaf shows infrastructure spend per category (new and replacement assets; upgrades and additions; rehabilitation, renovations and refurbishments; maintenance and repairs as well as infrastructure transfers, current and capital).

Table 4.2 Summary of infrastructure spend per category

Category R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate % Change from Revised estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2015/16	2017/18	2018/19
New and replacement assets	697 805	908 927	1 242 853	1 244 827	1 080 223	1 073 339	1 079 192	0.55	1 320 958	1 551 116
Existing infrastructure assets	2 969 724	3 210 085	3 869 238	4 681 089	4 789 379	4 740 740	4 822 953	1.73	4 533 611	4 465 152
Upgrades and additions	508 118	474 914	748 136	864 263	780 641	784 219	912 495	16.36	834 090	954 748
Rehabilitation, renovations and refurbishments	1 625 752	1 627 962	1 969 023	2 428 387	2 410 926	2 377 867	2 297 158	(3.39)	2 155 556	1 940 024
Maintenance and repairs	835 854	1 107 209	1 152 079	1 388 439	1 597 812	1 578 654	1 613 300	2.19	1 543 965	1 570 380
Infrastructure transfers	134 448	236 452	72 124	63 755	103 512	103 512	103 313	(0.19)	100 050	55 500
Current	44 550	64 559	2 321	3 000	5 500	5 500	3 500	(36.36)	3 500	3 500
Capital	89 898	171 893	69 803	60 755	98 012	98 012	99 813	1.84	96 550	52 000
Infrastructure payments for financial assets	4 881	16 683								
Infrastructure leases										
Total provincial infrastructure payments and estimates by category	3 806 858	4 372 147	5 184 215	5 989 671	5 973 114	5 917 591	6 005 458	1.48	5 954 619	6 071 768

Note: this table excludes the investment in Human Settlements

Infrastructure investment is estimated to reach R6.0 billion in 2016/17 (excluding investment directed to housing development and broadband). This amount is 1.48 per cent higher when compared to the revised estimate of R5.97 billion in 2015/16.

New and replacement assets

An amount of R3.95 billion of the total 2016 MTEF infrastructure budget, is allocated towards new and replacement assets. Within this category, the largest share is allocated towards Education (R2.6 billion), followed by Transport and Public Works (R780.3 million) and Health (R500.3 million).

Largest share of new and replacement assets budget allocated to Education

Upgrades and additions

Upgrades and additions account for R2.7 billion of the total infrastructure budget over the 2016 MTEF, of which the Department of Transport and Public Works receives R1.98 billion, Education R529.9 million and Health R190.7 million.

Rehabilitation, renovations and refurbishments

An amount of R6.4 billion of the total infrastructure allocation over the 2016 MTEF is assigned to rehabilitation, renovations and refurbishments. Within this category, the largest share is allocated towards Department of Transport and Public Works (R5.7 billion).

Maintenance and repairs

Maintenance spend has been earmarked as a priority area for the Province over the MTEF. Adequate maintenance provisioning has been allocated, including allowances for resourcing and innovation in procurement for maintenance services.

R4.7 billion allocated for maintenance and repairs over the MTEF

Funding for maintenance and repairs over the 2016 MTEF accounts for R4.7 billion of the total infrastructure budget, with the largest portion of maintenance investment directed to the maintenance of road based transport. Funding over the MTEF for maintenance to address ageing facilities in Health and Education have also progressively increased to align with sector maintenance norms and standards.

The provision for road maintenance and repairs accounts for R1.9 billion over the MTEF; followed by Education (R1.2 billion); Health (R922 million) and Public Works (R634.2 million).

Spatial distribution of infrastructure spend

An understanding of the geographical spread of the infrastructure investment footprint enables government to strategically align spending and infrastructure investment to priority needs and objectives. This allows for greater integration and alignment of service delivery and thereby increases the impact of government interventions. Such an understanding contributes to improved infrastructure planning across provincial departments as well as with and within municipalities.

A contributing factor to the complexity in planning is that the population growth experienced within the Province differs from district to district. The most rapid expansion (in percentage terms) is being experienced in the West Coast District with an average of 3 per cent. In comparison, despite only a 2.4 per cent population growth, the City of Cape Town had the fastest growing population (in population numbers) due to net immigration. In contrast, the Central Karoo District experienced the slowest per annum increase in population of 1.5 per cent.

Although not solely reliant on population movements, infrastructure planning and expenditure; in particular, new infrastructure, upgrading and expansion of existing infrastructure; needs to be informed by sustained anticipated population growth trends as well as anticipated regional economic growth.

Thirty four (34) per cent of the total infrastructure investment is directed towards the Cape Metro followed by Cape Winelands (10 per cent) and Eden District municipalities (10 per cent). Investment directed across district municipalities, mainly for maintenance projects, accounts for 16 per cent of total spend.

Roads

The Department of Transport and Public Works intends spending R9.4 billion on transport infrastructure over the 2016 MTEF. The investment aims to upgrade and preserve surfaced roads, gravel roads and bridges to prevent the accumulation of backlogs. The investment also aims to upgrade roads from gravel to surfaced standard, improve constraints of hazardous locations, and to improve safety and thereby reducing road fatalities. The spatial distribution of the intended spend includes, amongst others, approximately R2.7 billion over the 2016 MTEF within the Cape Metro; R2.2 billion within the Cape Winelands; R1.7 billion in West Coast District; R1.3 billion within the Eden District; and R582 million in the Overberg District. An amount of R802 million is intended to be spent across districts.

R9.4 billion for Roads infrastructure over the 2016 MTEF

The WCG has allocated an additional R600 million to the Department over the 2016 MTEF period in support of key roads projects. The additional investment, which will promote economic growth in the Province, will be utilised for the following key projects: Borchers Quarry Interchange on the N2; the addition of a third lane on the N1 at Durban Road Interchange, the upgrade of the Wingfield Interchange on the N1 near Cape Town and improvements in the surrounding municipal road network; and extensions to the road network in support of the Saldanha Bay Industrial Development Zone.

The Department of Transport and Public Works continues its strategy of identifying road construction and maintenance projects through continuously improving its asset management systems.

Public Works

The Department of Transport and Public Works intends spending R1.8 billion on general buildings over the 2016 MTEF. The spatial distribution of the intended spend includes approximately R970 million over the 2016 MTEF within the Cape Metro and R814 million across various districts.

R1.8 billion for general buildings over the MTEF

Enabling infrastructure is delivered by Public Works as the Implementing Agent for the departments of Health, Education

and public entity, CapeNature. The Department is also responsible for the provision of general office accommodation. Major projects include the following:

- The design and development of Artscape Founders Garden;
- New Regional Offices for Department of Health at Karl Bremer;
- Shared Services Centre: South East Metro for Department of Education;
- Upgrade of the examination reprographic centre and Education District Office Central at Alexandria Precinct;
- New Research facility – Elsenburg Agricultural College; and
- Scheduled maintenance directed to various government buildings.

Optimising office space utilisation through the Modernisation Programme

Efforts to optimise office space utilisation across the Province will continue in the form of the Modernisation Programme, in order to align office space allocations with the latest national norms and standards. This programme is expected to improve space utilisation efficiency by up to 40 per cent. Modernisation projects will be executed in Cape Town, George and Mossel Bay. Additionally, office accommodation will be upgraded in Beaufort West, in accordance with the modernisation space norms, to consolidate provincial services in provincially-owned accommodation.

The optimisation of the property portfolio of the Province remains a priority and includes the continuation of the provincial regeneration programme, which has the aim of utilising existing assets as leverage to stimulate growth in the provincial economy.

Education

The Education expenditure will largely concentrate on the maintenance and repair of existing facilities; practically providing for new demand in the Province due to the increase in learner numbers; the expansion of existing facilities to accommodate increased learner numbers; replacement of schools constructed of inappropriate materials; and the adherence to regulations relating to minimum norms and standards.

R4.4 billion to be spent on Education infrastructure over the MTEF

The Department of Education intends spending R4.4 billion on education infrastructure over the 2016 MTEF. The spatial distribution of the intended spend includes, amongst others,

approximately R1.9 billion within the Cape Metro; R403 million within the Cape Winelands; R299 million within the Eden/Central Karoo District; R212 million in the Overberg District; and R149 million in the West Coast District. An amount of R1.5 billion is intended to be spent across districts.

A number of projects are planned to achieve practical completion over the 2016 MTEF. Fifteen projects are planned to reach practical completion in 2016/17 which include eight primary schools and seven secondary schools.

Thirteen schools are planned to reach practical completion in 2017/18 of which two are special schools, six are primary schools and five secondary schools.

In the 2018/19 financial year nineteen projects are expected to reach practical completion. This includes twelve primary schools and seven secondary schools.

The following priority projects are planned for the Western Cape Education Department over the 2016 MTEF:

- Umyezo Wama Aphile Secondary School;
- Zwelethemba High School;
- Concordia Primary School;
- Cherie Botha LSEN (Learners with Special Education Needs);
- Silikamva High School;
- Rusthof LSEN (Learners with Special Education Needs);
- Vredeloof Primary School;
- Kraaifontein High School;
- Avondale Primary School; and
- Disa Road Primary School (Die Bos).

The Department of Education is also positively responding to the call for incorporating sustainable design and operation into its facilities. The Department is designing schools as cost effectively as possible, over the short and long term. Buildings are designed in the most efficient way possible whilst landscaping at schools makes use of indigenous species where possible to reduce maintenance and irrigation requirements.

Boreholes are installed wherever possible, i.e. where water tables allow. The design of buildings incorporates the optimum use of daylight where possible and artificial lighting is used as a backup only. Water restrictors are installed to prevent wastage

due to leaks, and storage tanks are installed where possible to store rain water.

Health

*R2.3 billion to be invested
in Health infrastructure
over the 2016 MTEF*

The Department of Health intends spending R2.3 billion on Health infrastructure over the 2016 MTEF. The spatial distribution of the intended spend includes, amongst others, approximately R867 million within the Cape Metro; R178 million in the West Coast District; R141 million in the Cape Winelands; R63 million in the Eden District; and R41 million in the Overberg District. An amount of R940 million is intended to be spent across districts.

The following major capital projects are planned for over the 2016 MTEF:

- Elsies River: Elsies River Community Health Centre (replacement);
- Blackheath Klienvlei Community Day Centre (upgrade and extensions);
- Gansbaai Clinic (upgrade and additions);
- Ravensmead Community Day Centre (replacement);
- Worcester Avian Park Clinic;
- Observatory Forensic Pathology Laboratory (replacement); and
- Additional 30 beds for the Acute Psychiatric Unit at Khayelitsha, Eerste River, and New Somerset Hospitals.

The following projects are planned to achieve practical completion in 2016/17: Hillside Clinic in Beaufort West; new District Six CDC; replacement of Piketberg Ambulance Station; a new bulk store at Karl Bremer Hospital in Bellville; installation of a new Computerised Axial Tomography (CT) Scan at Khayelitsha Hospital; new Acute Psychiatric Unit at Paarl Hospital; and Worcester Hospital phase 5 upgrade.

The following projects are planned to achieve practical completion in 2017/18: replacement of Prince Alfred Hamlet Clinic; replacement of Wolseley Clinic; replacement of the Napier Clinic; upgrading of and additions to the Emergency Centre at Helderberg Hospital in Somerset West; and phase 2 of the upgrading of and additions to the Emergency Centre at Tygerberg Hospital.

The Health Department is continuing with the roll out of practical examples in support of Provincial Strategic Goal 4:

Enable a resilient, sustainable, quality and inclusive living environment. Initiatives include the following:

- Investigating technologies to convert the treated waste into fuel to supplement the coal as energy source in boilers for the generation of steam;
- Initiated the process of procuring a plant for medical waste treatment at Khayelitsha Hospital;
- Provision of solar energy supply to ensure back-up power at a number of clinics;
- Conversion of water supply at Worcester Hospital from municipal supply to own water supply; and
- All future facilities will be designed in terms of energy efficient requirements.

Existing facilities have been benchmarked to reduce both energy consumption as well as water usage. In order to align with Global Green and Healthy Hospitals (GGHH) 2020 Climate Challenge targets, a 10 per cent reduction in energy consumption overall is required at the Department of Health hospitals by 2020, based on the 2014/15 baseline measurement. The pledge to GGHH 2020 is 15 GWh reductions in overall annual energy consumption by 2020. The annual target for this is 2.9 per cent.

Another indicator being incorporated is the measuring of hospitals utilising more water than the Provincial benchmark. In order to support the more efficient use of both energy and water, a tender has been awarded to install smart meters at hospitals. The smart meter measurements will provide information to effect behaviour change and identification of facilities where additional measurements can be implemented to reduce energy consumption and improve the billing of third parties operating on the Department's properties to optimally recover costs.

The Department of Health hopes that, with all these initiatives and further feasibility studies, they will be on the forefront of leadership in the management of energy efficient hospitals within the South African public sector.

Maintenance of Health infrastructure is identified as a strategic priority for the Department over the 2016 MTEF. Approximately 40 per cent of the 2016/17 infrastructure budget is allocated to the maintenance (scheduled, day-to-day and routine) of Health infrastructure. To facilitate and improve delivery of

maintenance projects, the Department of Transport and Public Works, as Implementing Agent, is preparing a new Framework Agreement that includes main contractors and professional service providers contracted for the delivery of scheduled maintenance projects. Where applicable, maintenance projects will be packaged for cost-effective purposes, in accordance with the principles of the Construction Industry Development Board's construction procurement strategy. Major risks to the maintenance programme include the ever-increasing maintenance backlog due to rising project costs (escalation).

CapeNature

R95.8 million over the 2016 MTEF to be invested by CapeNature

CapeNature intends spending approximately R95.8 million on tourism and nature conservation infrastructure over the 2016 MTEF. The spatial distribution of the intended spend includes amongst others approximately R44.9 million over the 2016 MTEF within the Overberg District; R18.6 million in the Eden District; and R3.5 million in the Cape Winelands District. A total of R28.9 million will be utilised for Minor Maintenance and Administrative expenses relating to infrastructure over the 2016 MTEF.

A total of six capital and maintenance infrastructure projects at various nature reserves are planned to achieve practical completion over the 2016 MTEF. These are: Phase two development at Kogelberg Nature Reserve; tourism development at De Mond Nature Reserve; Keurbooms Nature Reserve; and Limietberg Nature Reserve. This is in line with the objectives of growing the tourism sector to create jobs.

Human Settlements

R7.08 billion invested in Human Settlements infrastructure over the 2016 MTEF

The Department of Human Settlements intends spending R7.08 billion (Human Settlements Development Grant) over the 2016 MTEF on human settlement development. As outlined in Table 4.3 overleaf the MTEF allocations to the various regions include: City of Cape Town, R2.3 billion; West Coast District, R479 million; Cape Winelands District, R918 million; Overberg District, R477 million; Eden District, R931 million; and Central Karoo District, R111 million whilst funds retained by the Department amounts to R1.9 billion.

The Departments' development plans reflect National and Provincial Cabinet's priorities and are aligned to the respective municipal development plans.

Table 4.3 Summary of Human Settlements Development Grant payments per region

Region	2016/17 (R'000)	2017/18 (R'000)	2018/19 (R'000)	2016 MTEF
City of Cape Town	725 118	739 599	839 247	2 303 964
West Coast	124 430	194 000	160 070	478 500
Cape Winelands	213 206	319 129	385 865	918 200
Overberg	152 894	165 330	158 720	476 944
Eden	320 060	289 296	322 000	931 356
Central Karoo	18 862	51 789	40 100	110 751
Total Transfers	1 554 570	1 759 143	1 906 002	5 219 715

The investment programme for the City of Cape Town primarily focuses on the upgrading of informal settlements; the provision of Rental and Affordable Housing; and Breaking New Ground (BNG) housing units for persons forty years and older. Spatially, the focus is on the N2 Gateway Project, as well as the City's Southern Development Corridor. The Southern Corridor Integrated Human Settlement Programme comprises both City and departmental catalytic projects currently in the planning phase, including the in-situ upgrading of eight settlements as well as ten greenfields developments.

The Province is pursuing its focus on the integration nodes mentioned in the 2016 National Budget Speech, such as the N2 Gateway Project.

Outside the Cape Metropolitan area, substantial investments are made in high growth town's including the George, Drakenstein and Breede Valley municipalities. Five of the Department's top 10 priority projects are located in secondary cities. In order to increase the number of housing opportunities delivered, the Department is favouring an incremental housing process where families are settled on enhanced serviced sites and afforded the opportunity to improve their houses over time.

The Department will also investigate the roll-out of solar water heaters as part of its efforts to ensure that the Green Economy Initiative is supported.

Broadband

The WCG Strategy and Implementation Plan for broadband is an integrated strategy across government, citizens and businesses, with the socio-economic objectives of broadband leveraging off the government connectivity. To this end, R1.6 billion will be invested over the 2016 MTEF. This Strategy is in

alignment with the National Development Plan and its Vision 2030 as well as South Africa Connect (South Africa's broadband policy).

The vision is that "Every citizen in every town and village has access to affordable broadband infrastructure and services, has the necessary skills to effectively utilise this infrastructure and is actively utilising this in their day-to-day lives."

Following the signing of the contractual agreements with the State Information Technology Agency (SITA) and Neotel (the appointed service provider) in 2014, significant progress has been made with the implementation of the Broadband project.

Key deliverables thus far are as follows:

- The building of broadband infrastructure (consisting of either wireless or fibre infrastructure) has been completed at over 1 000 sites.
- The broadband service has been activated at over 900 sites with over 700 sites already being in full operation.
- This progress is particularly significant when one considers that these WCG sites at which the broadband service has been activated consists of:
 - 169 corporate sites;
 - 692 schools; and
 - 92 libraries.
- The service consists of a minimum of 10 Mbps and up to 1 Gbps and is underpinned by a corporate grade service level agreement ensuring that all WCG sites receive a high quality of service.
- The infrastructure has been deployed in the various municipalities in the Province with the remainder receiving infrastructure in the 2016/17 financial year.

Further key milestones include the establishment of a separate and distinct Schools Network as well as a Libraries Network.

Leveraging off the broadband capability which has been established, the WCG is also in the process of establishing a managed email and calendaring solution for schools which will be fully established and operational within the next few months. The broadband agenda will have a profound impact on e-learning and the impact will cut across various sectors as introduced in Chapter 3.

Within the corporate environment and leveraging off the broadband investment, the WCG has derived significant savings related to telephony. The WCG is achieving a saving of around 40 per cent on previous telephony charges and will be aggressively rolling out this aspect of the broadband solution to ensure further savings for the Departments over the MTEF.

Public Private Partnership projects

Public Private Partnerships (PPPs) is a key delivery mechanism to harness the combined opportunities from the private sector, while unlocking potential in public sector projects and assets. This section provides an overview of the Province's role in the following existing and potential projects which also contribute to shared value and innovation in service delivery.

Table 4.4 provides a financial overview of current PPP projects. Total PPP projects under implementation amount to R68.3 million in 2016/17, increasing to R78.9 million in 2018/19. In addition, an amount of R21.1 million has been set aside for projects in preparation, registered in terms of Treasury Regulation 16.

Table 4.4 Summary of departmental public private partnership projects

Project description R'000	Project Unitary Annual Fee at time of contract	Total cost of project			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate				
		Audited	Audited	Audited				% Change from Revised estimate	2016/17	2015/16	2017/18	2018/19
Projects under implementation ^a		51 417	51 850	59 312	60 694	60 716	59 302	64 542	8.84	69 461	74 769	
PPP unitary charge		47 748	50 357	56 739	57 970	57 970	57 083	62 328	9.19	67 189	72 430	
<i>of which</i>												
for the capital portion (principal plus interest)												
for services provided by the operator												
Advisory fees												
Project monitoring cost			3 669	1 493	2 573	2 724	2 746	2 219	2 214	(0.23)	2 272	2 339
Revenue generated (if applicable)												
Contingent liabilities (information)												
Proposed Projects ^b		1 820	10 152	6 648	22 210	21 015	21 149	3 794	(82.06)	3 787	4 089	
Advisory fees			7 053	4 037	19 340	16 946	16 947	250	(98.52)			
Project team costs		1 820	3 099	2 611	2 870	4 069	4 202	3 544	(15.66)	3 787	4 089	
Site acquisition costs												
Capital payment (where applicable)												
Other project costs												
Total Public-Private Partnership projects		53 237	62 002	65 960	82 904	81 731	80 451	68 336	(15.06)	73 248	78 858	

^a Projects signed in terms of Treasury Regulation 16

^b Projects in preparation, registered in terms of Treasury Regulation 16.9

The closed PPP deals in the Province are:

- Toll operation and maintenance of Chapman's Peak Drive;
- Western Cape Rehabilitation Centre and Lentegeur Psychiatric Hospital; and
- De Hoop Nature Reserve's eco-tourism project.

In the Chapman's Peak Drive project, the Department of Transport and Public Works budgets annually for project monitoring costs. The Department of Health budgets and incurs a monthly unitary fee for the facilities management of the Western Cape Rehabilitation Centre and Lentegeur Psychiatric Hospital.

In the CapeNature De Hoop Eco Tourism project, the private party pays a concession fee of R600 000 per annum, escalating at CPI, to CapeNature. CapeNature is also in the process of signing a concession agreement for the Whale Trail II and Lekkerwater PPP's.

The following are potential PPPs at various stages of completion of their feasibility studies and/or procurement processes:

- A possible new office tower block to accommodate the Department of Education;
- The redevelopment of Tygerberg Hospital;
- Prestwich Precinct; and
- Developing the existing Top Yard of the Government Garage in Buitenkant Street, Cape Town as a mixed use precinct.

Conclusion

The provincial infrastructure budget has been prepared in response to the Provincial Strategic Goals, and enables further progress towards closing the infrastructure gap.

The budget has also proactively responded to the current fiscal environment, while still facilitating the necessary levers for growth over the MTEF. The provincial infrastructure role-players have collaboratively formulated a budget which incorporates the Province's considerations for regional sustainability over the long-term, as well as responding to the existing needs of communities.

A delivery governance framework has been developed to strengthen the monitoring and delivery of infrastructure in the Province, as well as to identify and mitigate any key risks within shorter timeframes.

The focus over the MTEF will be to continuously drive innovative practices in the delivery of infrastructure; to concentrate on the lean government approach; to monitor adherence to efficiency gains; and to continue to place the citizen at the centre of budgetary decisions, and in that way, achieve greater public value.

5

Spatial distribution of provincial expenditure

In Summary

- The WCG will spend R37.199 billion within the Cape Town Metro, 67.6 per cent of total provincial expenditure. Cape Winelands District receives the second largest allocation totalling R6.485 billion (11.8 per cent) followed by Eden which receives R4.691 billion (8.5 per cent).
- Districts such as West Coast, Overberg and Central Karoo receives R2.980 billion (5.4 per cent), R1.880 billion (3.4 per cent) and R637.817 million (1.2 per cent), respectively.
- The social sector represents the bulk of the provincial spending amounting to R44.444 billion (80.8 per cent), while the economic sector is allocated R7.479 billion (13.6 per cent) and Governance and administration, R1.951 billion or 3.5 per cent in 2016/17.
- Total transfers from provincial to local governments is R2.4471 billion for 2016/17, of which Cape Town Metro receives 51.6 per cent, followed by Category B municipalities (47.2 per cent) and the remainder for Category C municipalities.

Introduction

This Chapter provides an overview of the spatial and sectoral distribution of the Western Cape Government's Budget. It also unpacks the distribution of the provincial allocations to the various municipalities.

The spatial and sectoral dispersion of the Province's Budget aims to address current socio-economic challenges, policies and strategies that jointly confront the Province and municipalities across the Province.

Provincial payments and estimates by metro, district and local municipalities

Table 5.1 illustrates the spatial distribution of the Western Cape provincial budget over the 2016 MTEF, which is informed by existing socio-economic realities, policies and strategies.

Table 5.1 Provincial payments and estimates by district and local municipalities

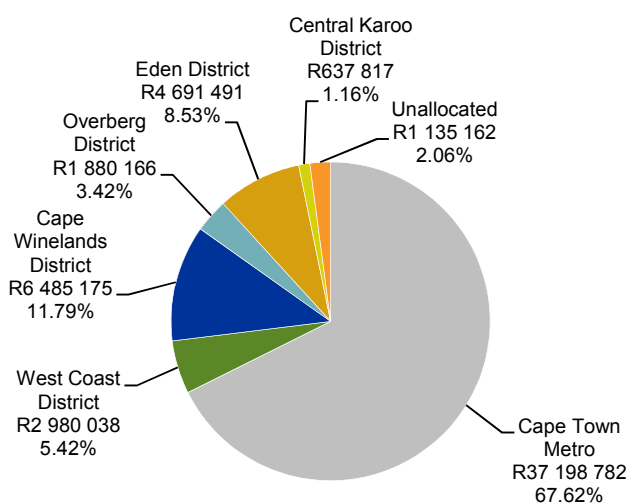
Municipalities R'000	Outcome						Medium-term estimate				
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate	2016/17	2015/16	2017/18	2018/19
Cape Town Metro	27 286 677	29 854 781	33 014 750	35 838 927	35 378 595	35 167 789	37 198 782	5.78	39 042 814	41 447 095	
West Coast Municipalities	1 992 129	2 244 768	2 429 003	2 792 979	2 926 314	2 926 578	2 980 038	1.83	3 156 793	3 398 377	
Matzikama	248 030	261 508	285 638	321 319	345 007	349 312	328 776	(5.88)	374 519	397 912	
Cederberg	319 377	304 966	312 545	291 308	318 740	312 420	344 235	10.18	400 569	454 354	
Bergrivier	160 623	251 644	320 989	423 713	436 917	434 070	414 723	(4.46)	429 623	409 528	
Saldanha Bay	409 344	491 137	466 172	542 025	605 937	616 444	565 210	(8.31)	697 324	820 629	
Swartland	504 895	540 583	522 313	659 933	699 563	700 948	781 791	11.53	697 915	725 629	
Across wards and municipal projects	349 860	394 930	521 346	554 681	520 151	513 385	545 303	6.22	556 843	590 326	
Cape Winelands Municipalities	4 572 895	5 105 180	5 811 776	5 941 226	6 141 813	6 122 293	6 485 175	5.93	6 998 328	7 273 451	
Witzenberg	471 339	452 951	460 596	492 180	534 012	528 814	565 841	7.00	571 814	666 374	
Drakenstein	1 146 706	1 292 538	1 339 830	1 427 667	1 551 134	1 541 322	1 617 143	4.92	1 755 874	1 946 818	
Stellenbosch	1 024 308	1 228 307	1 646 350	1 413 650	1 471 574	1 467 268	1 446 322	(1.43)	1 626 126	1 716 576	
Breede Valley	1 201 309	1 218 327	1 298 294	1 394 483	1 439 193	1 425 935	1 510 927	5.96	1 570 223	1 592 437	
Langeberg	371 373	471 310	542 242	588 742	599 886	610 684	814 893	33.44	912 479	758 154	
Across wards and municipal projects	357 861	441 747	524 464	624 504	546 015	548 271	530 049	(3.32)	561 812	593 092	
Overberg Municipalities	1 402 949	1 688 802	1 825 609	1 798 332	1 887 883	1 904 615	1 880 166	(1.28)	1 894 589	2 055 928	
Theewaterskloof	457 018	517 932	530 373	654 085	679 470	680 819	632 633	(7.08)	624 196	622 624	
Overstrand	365 954	403 849	561 114	490 042	500 803	515 067	443 981	(13.80)	493 288	619 588	
Cape Agulhas	181 128	240 543	182 118	201 481	214 680	213 396	238 500	11.76	214 512	226 525	
Swellendam	164 673	236 320	236 986	230 706	220 034	222 618	253 234	13.75	221 291	230 748	
Across wards and municipal projects	234 177	290 158	315 018	222 018	272 896	272 715	311 818	14.34	341 302	356 444	
Eden Municipalities	3 545 071	3 796 112	4 116 462	4 167 355	4 395 698	4 424 548	4 691 491	6.03	5 008 599	5 182 614	
Kannaland	205 071	194 941	143 418	147 051	173 090	171 445	145 707	(15.01)	145 429	149 055	
Hessequa	184 253	209 478	214 887	268 433	252 241	248 547	328 050	31.99	311 419	270 798	
Mossel Bay	393 332	454 218	524 926	498 624	530 528	524 416	594 756	13.41	621 626	631 165	
George	1 238 858	1 241 909	1 416 995	1 435 852	1 524 553	1 534 165	1 592 340	3.79	1 730 210	1 855 544	
Oudtshoorn	525 129	532 848	569 212	611 125	617 111	616 419	662 286	7.44	823 566	813 733	
Bitou	174 019	215 639	212 826	198 077	220 798	224 252	253 268	12.94	218 864	230 751	
Knysna	310 793	374 168	382 402	373 943	400 936	418 262	443 206	5.96	448 783	475 382	
Across wards and municipal projects	513 616	572 911	651 796	634 250	676 441	687 042	671 878	(2.21)	708 702	756 186	
Central Karoo Municipalities	514 075	554 936	592 479	564 730	614 343	620 245	637 817	2.83	723 226	781 331	
Laingsburg	34 339	42 046	42 452	64 518	65 469	64 065	72 932	13.84	49 901	51 447	
Prince Albert	44 292	78 913	81 175	48 536	57 250	59 587	57 180	(4.04)	123 038	117 480	
Beaufort West	319 062	314 336	322 117	336 651	373 130	377 946	372 063	(1.56)	406 524	459 668	
Across wards and municipal projects	116 382	119 641	146 735	115 025	118 494	118 647	135 642	14.32	143 763	152 736	
Unallocated				918 744	918 244	918 244	1 135 162	23.62	1 251 162	1 219 647	
Total provincial expenditure by district and local municipality	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442	

Note: Unallocated not yet allocated to a specific district.

Total provincial expenditure (by district and local municipality) increases by 5.61 per cent from a revised estimate of R52.084 billion in 2015/16 to R55.009 billion in 2016/17. In the outer years of the MTEF, the increase in the provincial budget expands at a slightly slower rate by 5.58 per cent to R58.076 billion in 2017/18 and by 5.65 per cent to R61.358 billion in 2018/19.

The total provincial budget increases by 5.61 per cent in 2016/17

Figure 5.1 Provincial payment percentages, Metro and Districts (R'000)



Cape Town Metro

The Western Cape Government will in 2016/17 spend R37.199 billion within the Cape Town Metro.

Transfer of R37.199 billion to City of Cape Town Metro in 2016/17

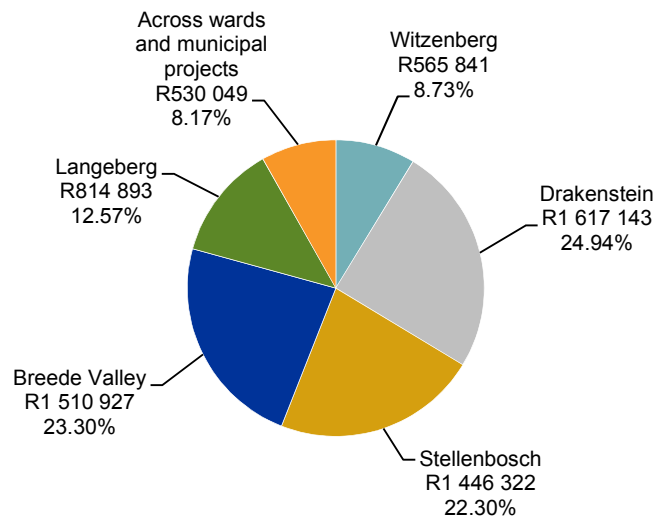
As per Figure 5.1, this allocation represents the bulk (67.62 per cent) of the total provincial expenditure. This mirrors the Cape Town Metro's economic contribution and population size within the Western Cape.

Cape Winelands District

The Cape Winelands District receives R6.485 billion or 11.79 per cent of the provincial expenditure.

Transfer of R6.485 billion to Cape Winelands District in 2016/17

Figure 5.2 Provincial payment percentages, Cape Winelands District (R'000)



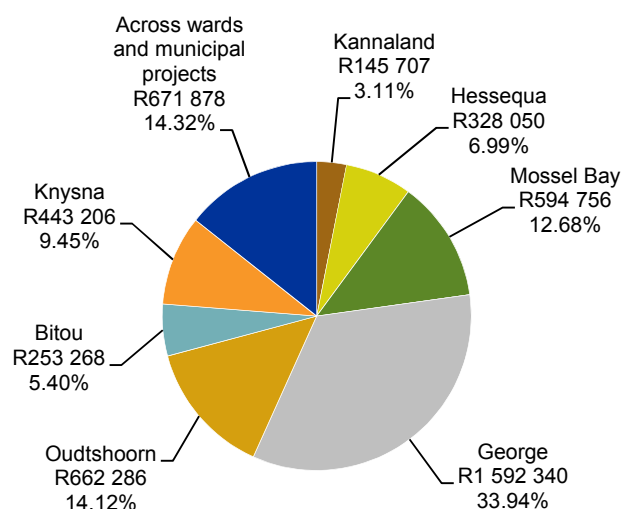
As per Figure 5.2, the majority of the provincial expenditure in the Cape Winelands is divided between Drakenstein, Breede Valley and Stellenbosch, each receiving 24.94 per cent, 23.30 per cent and 22.30 per cent, respectively.

Eden District

Transfer of R4.691 billion to Eden District in 2016/17

The Eden District receives R4.691 billion or 8.53 per cent of the provincial expenditure.

Figure 5.3 Provincial payment percentages, Eden District (R'000)



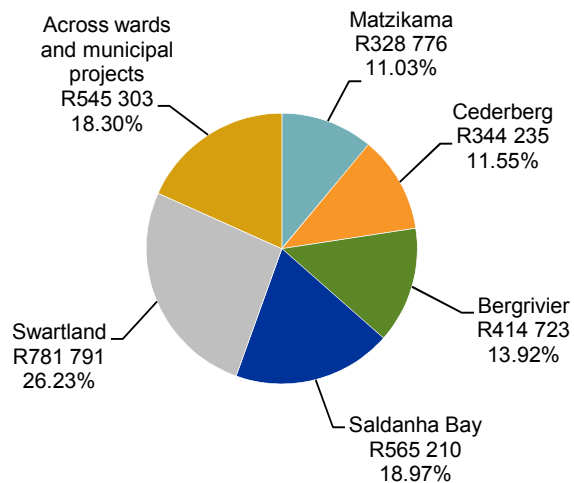
Within Eden District George receives 33.94 per cent followed by Oudtshoorn Municipality (14.12 per cent) and Mossel Bay (12.68 per cent).

West Coast District

As one of the smaller districts in terms of population size, R2.980 billion or 5.42 per cent of the provincial expenditure will occur in the West Coast.

Transfer of R2.980 billion to West Coast District in 2016/17

Figure 5.4 Provincial payment percentages, West Coast District (R'000)



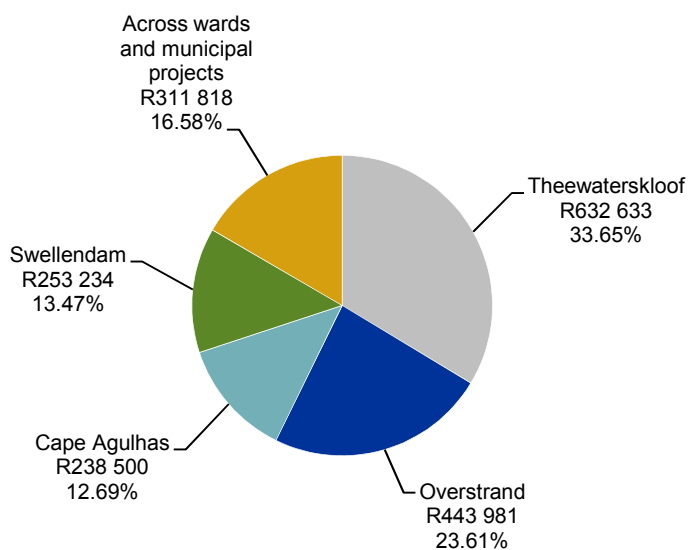
Swartland receives 26.23 per cent of the provincial expenditure followed by Saldanha Bay (18.97 per cent).

Overberg District

The Overberg District receives R1.880 billion or 3.42 per cent of total provincial expenditure in 2016/17.

Transfer of R1.880 billion to Overberg District in 2016/17

Figure 5.5 Provincial payment percentages, Overberg District (R'000)



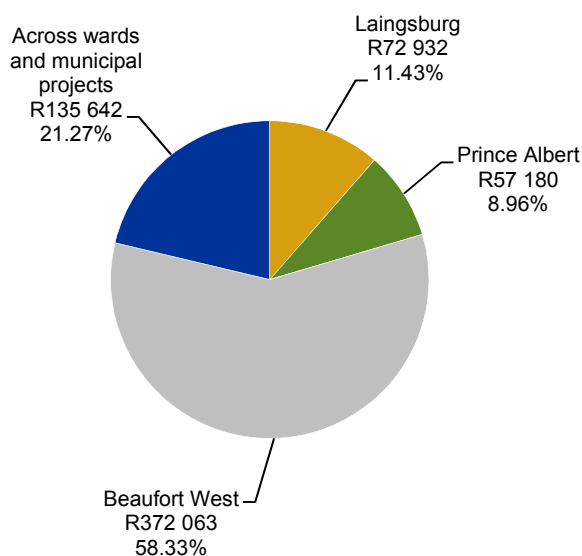
As per Figure 5.5, the Province will spend a total of 33.65 per cent in Theewaterskloof, followed by Overstrand (23.61 per cent).

Central Karoo District

Transfer of R637.817 million to Central Karoo District in 2016/17

The Central Karoo is the smallest district in the Western Cape and subsequently receives a total of R637.817 million or 1.16 per cent of the total provincial expenditure.

Figure 5.6 Provincial payment percentages, Central Karoo District (R'000)



The majority of the Central Karoo allocation is directed towards Beaufort West which receives 58.33 per cent. Laingsburg and Prince Albert respectively receives 11.43 and 8.96 per cent.

Table 5.2 provides a breakdown of the provincial spending according to the different government sectors (i.e. economic, social and governance and administration). The Provincial Government places a high priority on inclusive, sustainable and smart growth.

The largest share of the budget, namely R44.444 billion or 80.8 per cent of the budget will be spent in the social sector

Consequently, to enhance education, health and related social outcomes, the social sector receives the lion's share of the provincial spending amounting to R44.444 billion (or 80.8 per cent) in 2016/17. The allocation to the social sector increases by 6.35 per cent from 2015/16 to 2016/17. A more balanced increase is observed across the regions, except for the Central Karoo District, which allocation is being reduced marginally over the same period.

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

Cluster estimates R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
Economic Sector	5 926 490	6 375 331	7 553 331	7 569 966	7 514 069	7 514 069	7 478 954	(0.47)	7 609 948	7 878 052
Cape Town Metro	3 411 769	3 706 719	4 262 475	4 194 023	4 044 303	4 041 515	4 085 009	1.08	3 868 808	4 088 735
West Coast District	422 183	417 648	506 419	772 373	766 521	766 521	731 469	(4.57)	766 283	858 722
Cape Winelands District	996 765	1 149 910	1 603 876	1 439 523	1 495 128	1 495 128	1 489 592	(0.37)	1 700 945	1 655 315
Overberg District	275 386	406 835	415 308	431 609	415 473	415 473	315 603	(24.04)	247 332	307 197
Eden District	698 894	588 045	676 612	640 597	698 605	701 393	735 387	4.85	876 537	796 231
Central Karoo	121 493	106 174	88 641	91 841	94 039	94 039	121 894	29.62	150 043	171 852
Social Sector	32 226 202	35 499 560	38 657 206	41 621 958	41 968 811	41 790 233	44 443 946	6.35	47 128 094	50 039 296
Cape Town Metro	22 747 839	24 809 652	27 244 933	29 795 719	29 537 146	29 329 128	31 230 850	6.48	33 159 011	35 211 949
West Coast District	1 568 064	1 826 508	1 913 832	2 013 514	2 152 133	2 152 397	2 240 598	4.10	2 382 105	2 530 814
Cape Winelands District	3 553 500	3 930 377	4 171 495	4 465 089	4 609 655	4 590 135	4 956 782	7.99	5 256 435	5 575 019
Overberg District	1 123 941	1 280 220	1 402 657	1 361 598	1 467 008	1 483 740	1 558 892	5.07	1 641 303	1 742 474
Eden District	2 842 215	3 205 121	3 431 456	3 519 153	3 688 869	3 714 931	3 947 420	6.26	4 122 901	4 376 749
Central Karoo	390 643	447 682	492 833	466 885	514 001	519 903	509 404	(2.02)	566 339	602 291
Governance and Administration Sector	1 161 104	1 369 688	1 579 542	1 911 625	1 861 765	1 861 765	1 950 569	4.77	2 086 307	2 221 447
Cape Town Metro	1 127 069	1 338 410	1 507 342	1 849 185	1 797 146	1 797 146	1 882 923	4.77	2 014 995	2 146 410
West Coast District	1 882	612	8 752	7 092	7 660	7 660	7 971	4.06	8 405	8 841
Cape Winelands District	22 630	24 893	36 405	36 614	37 030	37 030	38 801	4.78	40 948	43 117
Overberg District	3 622	1 747	7 644	5 125	5 402	5 402	5 671	4.98	5 954	6 257
Eden District	3 962	2 946	8 394	7 605	8 224	8 224	8 684	5.59	9 161	9 634
Central Karoo	1 939	1 080	11 005	6 004	6 303	6 303	6 519	3.43	6 844	7 188
Unallocated				918 744	918 244	918 244	1 135 162	23.62	1 251 162	1 219 647
Total payments and estimates per sector	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442

Note: Unallocated not yet allocated to a specific district.

The economic sector promotes economic growth and increased employment mainly facilitated through infrastructure-led growth. The sector is allocated R7.479 billion or 13.6 per cent of the provincial budget in 2016/17, decreasing by 0.47 per cent from 2015/16 to 2016/17. The Central Karoo District (29.62 per cent) receives the highest increase over the same period to facilitate inclusive growth. Conversely, a traditionally faster growing economy such as Overberg's economic allocation is being curtailed by 24.04 per cent.

A total of R7.479 billion or 13.6 per cent of the budget will be spent in the economic sector

The governance and administration sector aims to create public value to advance sound governance, integration, partnerships, spatial targeting, active citizenry and enabling a capable state. The sector receives R1.951 billion or 3.6 per cent of the provincial budget, rising by 4.77 per cent from 2015/16 to 2016/17, the highest increase for the different sectors over the period.

A total of R1.951 billion or 3.6 per cent will be spent in the governance and administration sector

Physical infrastructure spend

The core mandate of municipalities is the provision of basic services to ensure a quality and dignified life for all citizens within its borders. A municipality's ability to improve the quality of life of its citizens is; however, largely dependent on the presence and quality of supportive physical and organisational structures and facilities.

There is thus a direct correlation between the extent of infrastructure investment and the improvement of general standards of living through the provision of basic services. Studies have however also established a link between increased basic infrastructure delivery and economic growth. Enhanced economic growth will inversely also result in increased infrastructure investment.

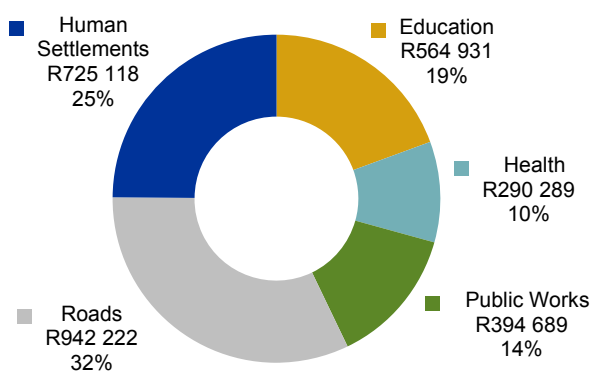
The Western Cape Government's commitment to facilitate economic growth as catalyst for enhanced service delivery is evident from its 2016 MTEF infrastructure investment to the value of R25.045 billion, which will be rolled-out to various local and district municipalities within the Province.

The following figures provides an aggregate of the 2016/17 infrastructure spend components for each of the six regions of the Western Cape.

Cape Town Metro

Total infrastructure spend in the Cape Town Metro amounts to R2.917 billion in 2016/17 of which the largest proportion (R942.222 million) is allocated towards roads projects.

Figure 5.7 2016/17 Infrastructure spend, Cape Town Metro (R'000)



Cape Town Metro infrastructure spend amounts to R2.917 billion in 2016/17

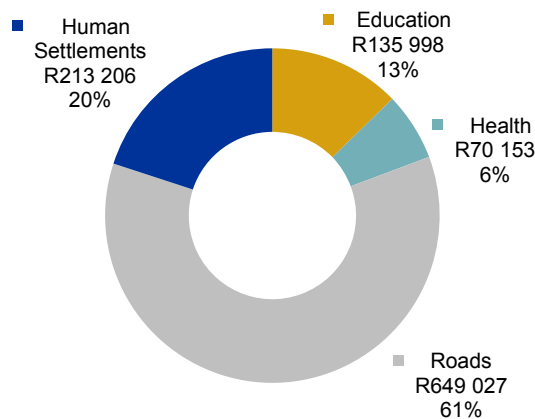
Additional allocations are made towards human settlements (R725.118 million), education (R564.931 million), public works (R394.689 million) and health (R290.289 million).

Cape Winelands District

Total infrastructure spend in Cape Winelands amounts to R1.068 billion in 2016/17 of which the largest proportion (R649.027 million) is allocated towards roads projects.

Cape Winelands District infrastructure spend amounts to R1.068 billion in 2016/17

Figure 5.8 2016/17 Infrastructure spend, Cape Winelands District (R'000)



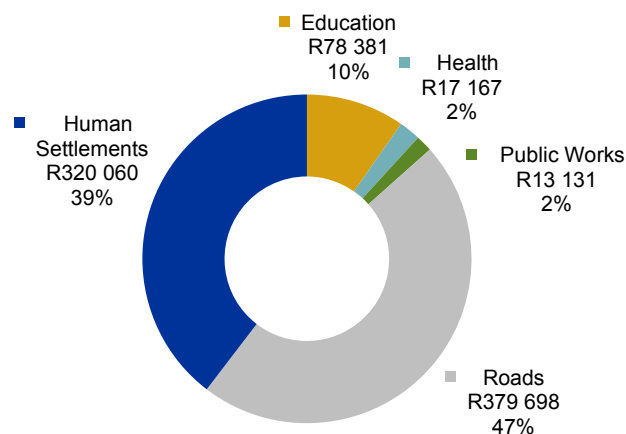
Additional allocations are made towards human settlements (R213.206 million), education (R135.998 million) as well as health (R70.153 million). Allocations towards CapeNature are made in 2017/18.

Eden District

Total infrastructure spend in the Eden District amounts to R808.437 million in 2016/17 of which the largest proportion (R379.698 million) is allocated towards roads projects.

Eden District infrastructure spend amounts to R808.437 million in 2016/17

Figure 5.9 2016/17 Infrastructure spend, Eden District (R'000)



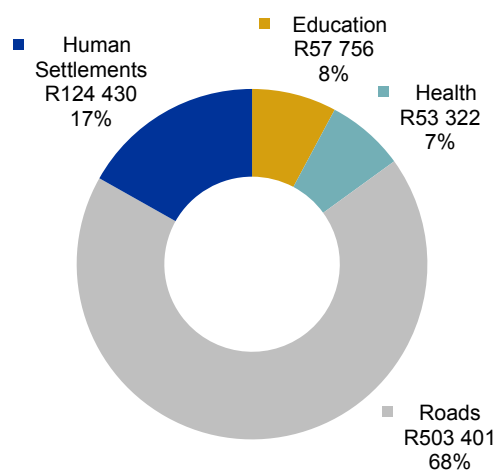
Additional allocations are made towards human settlements (R320.060 million), education (R78.381 million), health (R17.167 million) as well as public works (R13.131 million).

West Coast District

West Coast District infrastructure spend amounts to R738.909 million in 2016/17

Total infrastructure spend in the West Coast District amounts to R738.909 million in 2016/17 of which the largest proportion (R503.401 million) is allocated towards road projects.

Figure 5.10 2016/17 Infrastructure spend, West Coast District (R'000)



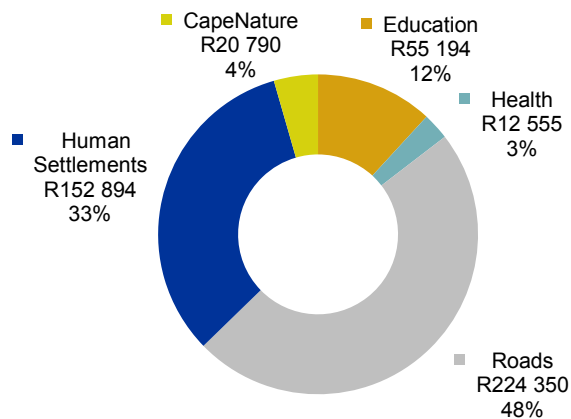
Additional allocations are made towards human settlements (R124.430 million), education (R57.756 million) as well as health (R53.322 million).

Overberg District

Total infrastructure spend in the Overberg District amounts to R465.783 million in 2016/17 of which the largest proportion (R224.350 million) is allocated towards roads projects.

Overberg District infrastructure spend amounts to R465.783 million in 2016/17

Figure 5.11 2016/17 Infrastructure spend, Overberg District (R'000)



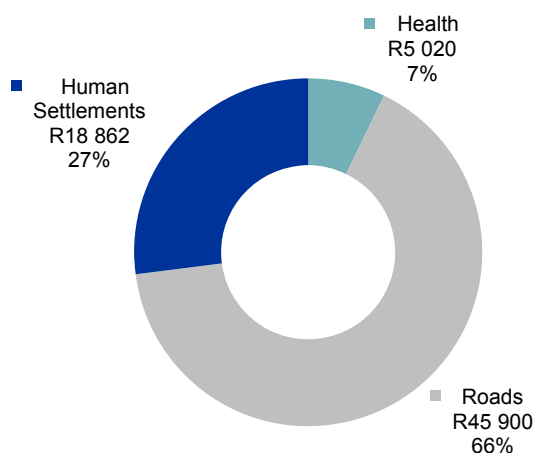
Additional allocations are made towards human settlements (R152.894 million), education (R55.194 million), CapeNature (R20.790 million) as well as health (R12.555 million).

Central Karoo District

Total infrastructure spend in the Central Karoo District amounts to R69.782 million in 2016/17 of which the largest proportion (R45.900 million) is allocated towards roads projects.

Central Karoo District infrastructure spend amounts to R69.782 million in 2016/17

Figure 5.12 2016/17 Infrastructure spend, Central Karoo District (R'000)



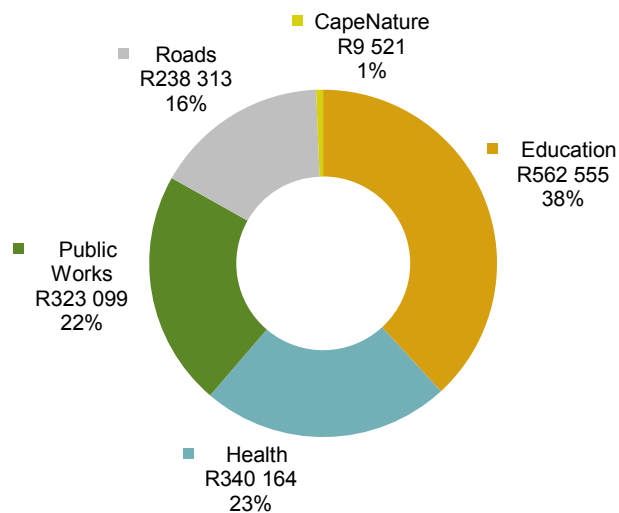
Additional allocations are made towards human settlements (R18.862 million) as well as health (R5.020 million).

Cross-district projects

An amount of R1.474 billion is allocated for cross-district projects in 2016/17

The Western Cape Government will also allocate R1.474 billion towards cross-district infrastructure projects in 2016/17. The largest proportion of this amount is reserved for education, to the value of R562.555 million.

Figure 5.13 2016/17 Infrastructure spend, Cross-district projects (R'000)



Allocations will also be made towards health (R340.164 million), public works (R323.099 million), roads (R238.313 million) as well as CapeNature (R9.521 million).

Provincial transfers to local government

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

The provincial allocations per municipality are outlined in the Local Government Allocations Gazette, tabled together with the 2016 Budget in the Provincial Parliament. The Gazette outlines the indicative allocations per municipality for every allocation to be made by the Province to municipalities from the Province's own funds and the frameworks and allocations to recipient municipalities for each grant over the MTEF period – in both the Provincial and Municipal financial years. This information enables municipalities to improve planning and budgeting and to implement associated programmes over a three year budgeting cycle.

Table 5.3 Summary of provincial transfers to local government by category

Outcome							Medium-term estimate			
Vote transfers R'000	Audited	Audited	Audited	Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
	2012/13	2013/14	2014/15	2015/16	2015/16	2015/16	2016/17	2015/16	2017/18	2018/19
Category A	1 066 238	1 161 376	1 173 964	1 254 179	1 255 058	1 255 058	1 263 018	.63	1 306 622	1 425 631
Category B	792 106	1 053 809	907 348	1 013 301	1 226 122	1 226 122	1 156 436	(5.68)	1 369 536	1 390 749
Category C	5 938	6 537	8 049	1 994	42 088	42 091	826	(98.04)	3 226	3 835
Unallocated				25 331	2 847	2 847	26 458	8 29.33	67 397	85 333
Total departmental transfers to local government	1 864 282	2 221 722	2 089 361	2 294 805	2 526 115	2 526 118	2 446 738	(3.14)	2 746 781	2 905 548

Note: Unallocated not yet allocated to a specific district.

In 2016/17, the allocation to municipalities is set to decrease by 3.14 per cent or R79.380 million on its 2015/16 revised estimate of R2.526 billion to R2.447 billion. In the outer years of the MTEF, the municipal allocations are projected to increase by 12.26 per cent to R2.747 billion in 2017/18 and by 5.78 per cent to R2.906 billion in 2018/19.

Transfers to municipalities amount to R2.447 billion in 2016/17

In 2016/17, the allocation towards the Category A municipality (City of Cape Town) increases marginally to R1.263 billion from the revised estimate of R1.255 billion in 2015/16. The allocation to Category B municipalities decreases by 5.68 per cent from a revised estimate of R1.226 billion in 2015/16 to R1.156 billion in 2016/17. The allocation to Category C municipalities decreases from the revised estimate of R42.091 million in 2015/16 to R826 000 in 2016/17.

Funding reserved under the unallocated portion relate to municipal support initiatives by the Provincial Treasury and the Department of Local Government. These allocations will be made in the 2016 Adjusted Estimates following various engagements between these two departments and municipalities.

In terms of the spread amongst the different categories of municipalities, the bulk of these funds in 2016/17 will be transferred to the City of Cape Town (51.62 per cent), followed by Category B municipalities (47.26 per cent) and the remainder to Category C municipalities.

Conclusion

The Western Cape is faced with significant social and economic challenges and competing priorities whilst having limited resources. The Province ascribes to an evidence based approach to make well-informed and justifiable investment decisions that will advance inclusive, sustainable and smart economic growth and improve socio-economic outcomes.

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

The bulk of the Provincial Government's budget is allocated to the social and economic sectors. It resembles the Province's commitment to advance inclusive economic growth, combat poverty, crime and other social ills and to create public value by improving the quality of life for all citizens in the Province.

6

Budget by economic classification

In Summary

- Compensation of employees is the largest provincial expenditure item in 2016/17 at R29.774 billion.
- Expenditure ceilings have been set for personnel budgets over the 2016 MTEF to improve overall personnel management and to responsibly manage the wage bill.
- Transfers to provincial entities and provincial government business enterprises amount to R617.641 million for the 2016/17 financial year.
- Capital investment for the Province amounts to R4.767 billion for 2016/17.

Introduction

The weakened economic climate, lower projections for revenue collection, increasing service debt costs and pursuit of fiscal stability, has necessitated a review of allocations to the various spheres of government. In response to the change in the fiscal framework, the Western Cape 2016 Budget focuses on establishing a stable fiscal base while giving effect to the policy imperatives of the Province. This, together with mitigating fiscal and ensuring sustainable growth, remains the objective of the 2016 Budget which enables inclusive economic growth.

Through the application of key fiscal principles; the Western Cape Government (WCG) will continue to ensure and restore fiscal consolidation, fiscal discipline, allocative efficiency as well as creating public value. All spending will continue to be directed at enhancing service delivery efficiency and achieving economic, governance and social objectives.

Focus to remain on increased service delivery efficiency

The WCG remains committed to fostering a high employment economy; delivering economic, social and territorial cohesion; as well as being more resource efficient. In addition to this, creating public value allows for the strengthening of governance for the people through continuous improvement in the delivery of public services.

WCG is committed to creating public value

This Chapter discusses the economic classification of consolidated provincial expenditure, including transfers to public entities and expenditure on training. These expenditure items are classified in terms of Government Finance Statistics (GFS 2001), an international standard for classifying government expenditures.

Provincial expenditure

A summary of Provincial Payments and Estimates by Economic Classification are depicted in Table 6.1 below.

Table 6.1 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate % Change from Revised estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2015/16	2017/18	2018/19
Current payments	29 412 257	32 308 689	34 921 195	38 802 434	39 147 140	39 015 640	41 598 368	6.62	43 915 086	46 592 543
Compensation of employees	21 333 887	23 173 411	25 137 117	27 650 701	27 762 668	27 668 158	29 774 065	7.61	31 487 857	33 301 888
Goods and services	8 078 361	9 135 273	9 784 068	11 151 733	11 384 254	11 347 197	11 824 303	4.20	12 427 229	13 290 655
Interest and rent on land	9	5	10		218	285		(100.00)		
Transfers and subsidies to	6 529 826	7 418 124	8 240 887	8 190 946	8 231 540	8 162 998	8 637 937	5.82	9 331 044	9 801 914
Provinces and municipalities	975 359	1 049 617	1 136 257	1 228 947	1 390 241	1 387 413	1 335 773	(3.72)	1 453 212	1 481 020
Departmental agencies and accounts	308 372	337 089	410 593	393 774	401 534	403 345	421 436	4.49	434 883	454 806
Higher education institutions	2 324	5 632	8 863	5 372	5 432	5 462	9 632	76.35	9 893	15 177
Foreign governments and international organisations	244	128	239	150	150	286	165	(42.31)	167	170
Public corporations and private enterprises	858 442	908 208	1 143 003	991 042	1 027 126	1 027 224	1 111 876	8.24	1 178 909	1 225 739
Non-profit institutions	2 516 339	3 014 663	3 400 003	3 370 137	3 196 928	3 196 325	3 545 812	10.93	3 559 247	3 725 416
Households	1 868 746	2 102 787	2 141 929	2 201 524	2 210 129	2 142 943	2 213 243	3.28	2 694 733	2 899 586
Payments for capital assets	3 345 846	3 497 645	4 601 789	5 023 684	4 878 046	4 891 776	4 766 743	(2.56)	4 823 480	4 957 746
Buildings and other fixed structures	2 751 626	2 796 652	3 742 447	4 379 730	4 069 084	4 036 831	4 140 146	2.56	4 172 285	4 302 986
Machinery and equipment	552 819	644 106	776 935	547 875	690 635	735 411	599 244	(18.52)	576 750	603 168
Biological assets	24									
Land and subsoil assets	30 084	44 280	66 498	78 880	103 253	103 256	13 995	(86.45)	61 295	37 913
Software and other intangible assets	11 293	12 607	15 909	17 199	15 074	16 278	13 358	(17.94)	13 150	13 679
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>	1 575 068	1 702 832								
Payments for financial assets	25 867	20 121	26 208	5 229	6 163	13 897	5 583	(59.83)	5 901	6 239
Total economic classification	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442
Direct charge	31 506	31 486	37 627	37 185	37 185	37 185	39 155	5.30	41 113	43 497
Total economic classification (including direct charge)	39 345 302	43 276 065	47 827 706	52 059 478	52 300 074	52 121 496	55 047 786	5.61	58 116 624	61 401 939

The total budget amounts to R55.048 billion inclusive of direct charges. This represents a 5.61 per cent increase from the 2015/16 revised estimate, compared to the 7.59 per cent increase received during the same period in the 2015 Main Budget. This less than significant year-on-year increase follows after reductions to both personnel and non-personnel expenditure.

The total budget is categorised into current payments of R41.598 billion, transfers and subsidies of R8.638 billion, payments for capital assets of R4.767 billion and payments for financial assets of R5.583 million.

Current payments accounts for 75.57 per cent of total payments, and is driven by personnel expenditure or Compensation of employees (CoE) (R29.774 billion) and the purchasing of goods and services (R11.824 billion).

Bulk of Provincial expenditure is current payments (75.57 per cent)

Considering that CoE amounts to 54 per cent of the total provincial payments, together with the current constrained fiscal environment, the focus will be on immediately (2015/16) curtailing personnel expenditure to ensure sustainability over the medium-term. If not managed effectively, the recurring nature of personnel expenditure poses a major risk to sustainability of budgets.

As a strategy to manage personnel expenditure and headcounts; personnel ceiling or upper limits per department have been introduced over the 2016 MTEF.

National Treasury, in its 2016 Budget Review, has outlined a range of measures approved by the National Cabinet to deal with reducing the expenditure ceiling by limiting compensation.

Furthermore, Departments need to focus on creating the most efficient mix of expenditure (personnel, goods and services, transfers and subsidies and capital payments) in delivering services.

Goods and services expenditure includes the purchasing of items such as medicine; medical supplies; Learner and Teacher Support Material (LTSM); travel and subsistence; and consultants and professional services. This expenditure item increases by 4.20 per cent from the 2015/16 revised estimate to the 2016/17 financial year.

Transfers and subsidies, a 15.69 per cent share of the 2016/17 Budget consists mainly of transfers to Non-Profit Institutions (NPIs) and transfers to households.

Payments for capital assets amount to R4.767 billion and comprises mostly of expenditure on buildings and other fixed structures.

Compensation of employees

The weaker than anticipated economic performance required revisions to the fiscal framework which resulted in baseline reductions across departments in the Province. This had a direct impact on the personnel budgets of provinces, which prompted the need to develop various strategies in curtailing the burgeoning wage bill.

One of the key strategies of the 2016 Budget is the setting of upper limits on personnel budgets. This is aimed at improving personnel management by establishing a sustainable level of authorised funded posts and through attrition reduces personnel headcounts if in non-critical areas, over time. Further work will also be conducted to identify an approach aimed at rationalising staff structures and to provide departments with the necessary tools to target the current growth rates in personnel. In this regard a framework will be developed to essentially address recruitment planning and approved post lists; the closing of delayed recruitment processes; decisions around contract employment additional to establishment; and the payment of acting allowances, overtime and performance rewards.

Personnel numbers will have to be tailored to departmental goals

Overall, personnel numbers will have to be tailored to departmental goals; the available overall upper limits for personnel budgets; and appropriately balanced between planned personnel and non-personnel expenditures. To achieve this, as a starting point, Departments will have to maintain the current levels of fiscal reserves; personnel expenditure ceilings; measures to address inefficiencies in the personnel system; and managing personnel (headcounts and quantum).

Compensation of Employees, which is the largest expenditure item for the Province, represents 54 per cent of the total appropriation for the 2016/17 financial year and grows by 7.61 per cent when compared to the revised estimate of 2015/16. It is expected to grow on average by 5.8 per cent over the outer years of the MTEF. This growth merely makes for provision for the multi-year 2015 Wage Agreement and is testament to government's strategy to manage the wage bill and the appropriate skills mix in personnel headcounts. For 2016/17 growth is largely driven by the Departments of Transport

and Public Works and Health. Within Transport and Public Works; it's mainly for the appointment of critical posts for the strengthening of infrastructure capacity. While in Health, it's for strengthening the capacity within District Health and Emergency Medical Services. The aforementioned is demonstrated below in Table 6.2. For 2016/17 the personnel headcount numbers of Health and Transport and Public Works is anticipated to increase with 104 and 169, respectively.

As demonstrated in Table 6.2, the total number of personnel posts are projected to decrease from an estimated 81 751 personnel in 2016/17 to 80 751 in 2017/18 and 80 257 in 2018/19, which translates to a reduction in personnel posts of 1 494. These reductions are mainly found within the Department of Health whereby, over the outer years of the 2016 MTEF, the Department is continuing to curb and control personnel expenditure through the un-funding of non-critical vacant posts. Departments are further encouraged to continue and enhance current efforts which focus on improving efficiency initiatives as well as becoming resource efficient.

Personnel posts projected to reduce by 1 494 for the period 2016/17 to 2018/19

Table 6.2 Summary of personnel numbers and cost by vote

Cost in R million	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 numbers ¹	Costs	growth rate	% Costs of Total
Votes																				
Department of the Premier	1 269	378 098	1 085	400 434	1 299	448 541	1 291		1 291	523 542	1 256	557 165	1 256	598 927	1 257	636 787	(0.9%)	7.0%	100.0%	
Provincial Parliament	88	32 033	97	39 939	97	46 751	104		104	50 142	108	57 302	108	61 034	108	64 533	1.0%	7.0%	100.0%	
Provincial Treasury	273	107 182	322	125 299	318	137 911	304	45	349	152 152	341	165 228	341	180 333	341	191 345	(0.8%)	7.9%	100.0%	
Community Safety	354	88 767	340	98 365	393	108 349	353		353	120 711	380	132 872	375	138 191	375	146 894	2.0%	6.8%	100.0%	
Education	39 137	10 462 699	39 592	11 273 164	39 592	12 132 442	39 878	346	40 224	13 335 176	40 230	14 351 980	40 230	15 270 203	40 230	16 157 008	0.0%	6.6%	100.0%	
Health	30 443	8 436 689	30 984	9 237 938	31 221	10 072 353	31 533		31 533	11 018 948	31 637	11 847 470	30 586	12 413 065	30 054	13 105 107	(1.6%)	5.9%	100.0%	
Social Development	2 031	453 684	2 120	504 500	2 243	571 040	2 195		2 195	627 467	2 209	681 281	2 209	733 844	2 194	783 433	(0.0%)	7.7%	100.0%	
Human Settlements	437	137 325	487	150 320	510	170 543	495		495	178 132	484	189 263	472	200 199	460	210 102	(2.4%)	5.7%	100.0%	
Environmental Affairs and Development Planning	348	122 998	443	142 862	441	153 192	355	62	417	176 144	431	192 625	431	206 317	431	219 290	1.1%	7.6%	100.0%	
Transport and Public Works	2 376	551 011	2 476	589 815	2 347	637 746	2 178	120	2 298	742 411	2 347	798 281	2 347	841 360	2 347	894 610	0.7%	6.4%	100.0%	
Agriculture	941	243 081	925	258 173	914	281 900	987	57	1 044	315 668	1 040	346 896	1 106	370 833	1 170	394 425	3.9%	7.7%	100.0%	
Economic Development and Tourism	209	79 990	219	90 630	229	95 483	256		256	103 531	211	115 580	213	117 576	213	124 267	(5.9%)	6.3%	100.0%	
Cultural Affairs and Sport	613	137 226	666	144 562	648	157 140	643		643	186 068	666	194 958	666	204 353	666	214 750	1.2%	4.9%	100.0%	
Local Government	357	103 104	374	117 410	443	123 726	338	56	394	138 066	411	143 164	411	151 622	411	159 337	1.4%	4.9%	100.0%	
Total ²	78 876	21 333 887	80 130	23 173 411	80 695	25 137 117	80 910	686	81 596	27 668 158	81 751	29 774 065	80 751	31 487 857	80 257	33 301 887	(0.3%)	4.9%	100.0%	
Direct charge against the Provincial Revenue Fund	31	30 872	31	31 486	31	33 839	31		31	36 185	31	37 272	31	39 322	31	41 288			4.5%	39.8%

¹ Personnel numbers includes all filled posts together with those posts additional to the approved establishment.

² Total excludes direct charge.

Expenditure on training

The Western Cape Government is committed to developing the skills capacity of both its existing and prospective employees through bursaries and exposure to the working environment. These training and skills development initiatives are structured in a manner which addresses the current and projected skills shortages in the public sector.

Provincial payments on training per department estimated at R578.775 million

Provincial payments on training per department are estimated at R578.775 million in the 2016/17 financial year as reflected in Table 6.3. This funding will be used to offer a total 29 337 training opportunities, 2 912 bursaries, 867 internships and 2 238 learnerships in 2016/17.

Table 6.3 Summary of provincial payments on training by vote

Vote R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
1. Department of the Premier	4 497	4 515	6 266	7 346	5 932	5 932	6 267	5.65	6 765	6 973
2. Provincial Parliament	339	252	524	789	642	642	1 541	140.03	610	645
3. Provincial Treasury	840	1 256	1 651	2 195	2 188	2 188	2 433	11.20	2 629	2 781
4. Community Safety	614	615	911	1 826	1 139	1 038	1 960	88.82	2 043	2 133
5. Education	130 419	160 063	200 584	206 926	200 875	200 875	146 687	(26.98)	172 886	183 045
6. Health	294 662	285 013	330 521	361 214	362 544	353 205	369 265	4.55	391 924	419 549
7. Social Development	7 165	7 004	4 597	5 277	4 943	4 943	5 190	5.00	5 449	5 723
8. Human Settlements	1 721	645	1 421	1 575	1 575	1 575	1 643	4.32	1 726	1 826
9. Environmental Affairs and Development Planning	1 562	1 224	1 742	3 045	2 218	2 297	2 581	12.36	2 767	2 958
10. Transport and Public Works	30 698	18 129	19 386	24 823	24 660	23 564	26 905	14.18	23 327	24 522
11. Agriculture	4 881	4 864	10 401	9 587	9 587	9 587	7 668	(20.02)	8 108	8 512
12. Economic Development and Tourism	1 658	2 981	1 565	6 922	6 922	6 922	2 971	(57.08)	2 075	2 291
13. Cultural Affairs and Sport	1 792	1 589	3 016	2 463	2 463	2 463	2 588	5.08	2 719	2 876
14. Local Government	845	887	2 018	1 002	2 421	2 301	1 076	(53.24)	1 144	1 203
Total provincial payments on training	481 693	489 037	584 603	634 990	628 109	617 532	578 775	(6.28)	624 172	665 037

Transfers and subsidies

In 2016/17, transfers and subsidies amounts to R8.638 billion signifying an increase of R474.939 million (5.8 per cent) on the 2015/16 revised estimate of R8.163 billion. This increase is mainly observed under NPIs and represents 41 per cent of the total 2016/17 transfers and subsidies allocation. The items itself increases with 10.9 per cent in 2016/17.

41 per cent of transfers and subsidies are allocated to NPIs

Furthermore, transfers to provinces and municipalities which represents 15.45 per cent of the total transfers and subsidies allocation sees a decrease of R51.640 million (3.7 per cent) from the 2015/16 revised estimate of R1.387 billion to R1.336 billion in 2016/17. This is mainly to assist and subsidise municipalities to

provide personal primary health care services; construct and maintain roads; library services; and give municipal support to strengthen governance.

On a departmental level, the transfers and subsidies allocation for Education amounts to R5.393 billion over the medium-term, which is predominantly made towards public and independent schools and Early Childhood Development (ECD). The allocation towards schools is in terms of the Norms and Standards to make provision for Learner Teacher Support Material (LTSM); infrastructure maintenance; and operational needs to section 21 schools. Within ECD, the learner subsidy is similarly made towards schools and registered ECD sites for the purposes of operational costs.

The Department of Social Development transfers funds to various NPIs amounting to R3.290 billion over the 2016 MTEF. This is mainly to assist in the delivery of the Department's mandate. These transfers are for programmes such as ECD and Partial Care; Child Care and Protection; Services to Older persons; Services to Persons with Disabilities; Child and Youth Care Centres; Care and Services to Families; Substance Abuse, Prevention and Rehabilitation; Crime Prevention and Support; Victim Empowerment; and Poverty Alleviation and Sustainable Livelihoods.

Transfers to public entities

The Public Finance Management Act (PFMA) defines a *provincial public entity*, as either a provincial government business enterprise, or a board, commission, company or corporation, which is established in terms of legislation. In addition, it is fully or substantially funded from the Provincial Revenue Fund (PRF) or a tax and is accountable to the Provincial Legislature.

To respond to the constrained economic and fiscal situation, the principles of enhanced efficiency measures and improved personnel and headcount management, also apply to Public entities, Government business enterprises and Entities wholly or partly funded by the WCG. Public entities and provincial government business enterprises supported require a review with the aim of reviewing their mandates and where required, consolidating and/or rationalising these entities and the government funding thereof.

Provincial allocations and transfers from the applicable provincial departments to provincial public entities over the 2016 MTEF is summarised and discussed in this section. Table 6.4 below depicts transfers for the period 2012/13 to 2018/19.

Table 6.4 Summary of departmental transfers to public entities and business enterprises by transferring vote

Public entities (transferring vote) R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
Major Public Entity									
South African Broadcasting Corporation Limited									
Vote 1: Department of the Premier	24	24	29	34	34	34	38	35	36
Industrial Development Corporation of South Africa									
Vote 12: Economic Development and Tourism	2 500	2 500	2 500	1 500	1 500	1 500	571	245	
National public entities:									
South African National Parks (SANPARKS)									
Vote 12: Economic Development and Tourism	7 669	4 500	4 500	3 000	3 000	3 000	1 050	450	
National Research Foundation									
Vote 12: Economic Development and Tourism	855	1 630	1 000	1 000	1 000	1 000	700	700	700
Artscape									
Vote 13: Cultural Affairs and Sport	150	669	168	178	178	178	190	173	183
National Government Business Enterprises:									
Passenger Rail Agency of South Africa (PRASA)									
Vote 10: Transport and Public Works	4 000								
Provincial Government Business Enterprises:									
Casidra SOC Ltd	107 776	133 108	346 568	179 933	210 156	200 499	208 553	221 615	217 643
Vote 11: Agriculture	103 722	127 608	341 568	179 933	210 156	200 499	208 553	221 615	217 643
Vote 12: Economic Development and Tourism	4 054	5 500	5 000						
Western Cape public entities:									
Western Cape Cultural Commission									
Vote 13: Cultural Affairs and Sport	325	250	363	385	385	385	420	383	405
Western Cape Gambling and Racing Board									
Vote 3: Provincial Treasury	2 411	5 523	10 406	10 488	5 244	5 244	9 908	11 486	12 152
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	29 212	58 509	48 474	55 601	57 296	57 296	67 111	70 084	69 619
Vote 1: Department of the Premier	230				500	500			
Vote 11: Agriculture	2 220	1 380	1 739	1 601	1 796	1 796	1 101	1 053	1 095
Vote 12: Economic Development and Tourism	26 762	57 129	46 735	54 000	55 000	55 000	66 010	69 031	68 524
Western Cape Language Committee									
Vote 13: Cultural Affairs and Sport	240	210	221	233	233	233	242	221	233
Western Cape Liquor Authority									
Vote 4: Community Safety	24 762	30 936	38 241	35 035	38 733	38 733	35 517	34 761	36 778
Western Cape Nature Conservation Board	208 566	221 907	246 095	243 974	252 974	253 324	261 717	270 764	285 603
Vote 9: Environmental Affairs and Development Planning	208 466	221 907	246 095	243 974	252 974	252 974	261 717	270 764	285 603
Vote 14: Local Government	100					350			
Western Cape Saldanha IDZ Licencing Company SOC Limited									
Vote 12: Economic Development and Tourism			28 091	28 958	28 958	28 958	29 824	31 316	33 132
Western Cape Destination Marketing Organisation									
Vote 12: Economic Development and Tourism	25 000								
Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure									
Heritage Western Cape	1 452	1 423	3 838	1 590	1 590	1 590	1 800	1 643	1 736
Vote 13: Cultural Affairs and Sport									
Small Enterprise Development Agency (SEDA)									
Vote 12: Economic Development and Tourism	4 500	6 201	2 000						
Total	419 442	467 390	732 494	561 909	601 281	591 974	617 641	643 876	658 220

Table 6.4 reflects that a total of R617.641 million will be transferred in 2016/17 from various provincial departments to mainly, provincial public entities and provincial government business enterprises. These transfers increase by an amount of R25.667 million (4.3 per cent) from the 2015/16 revised estimates of R591.974 million.

A total of R617.641 million will be transferred in 2016/17 to provincial public entities and provincial government business enterprises

The overall year-on-year increase in transfers to public entities is mainly as a result of the increase in transfers to the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro). Wesgro and the Western Cape Saldanha Bay Industrial Development Zone (IDZ) Licencing Company SOC Limited, reports to the Minister of Economic Opportunities, via the Department of Economic Development and Tourism. The allocation to Wesgro increases by an amount of R9.815 million (17.1 per cent) from the 2015/16 revised estimate. This is done mainly to continue promoting trade and investment opportunities for the Western Cape. The Entity is also tasked to ensure that priority is given to the three productive sectors identified by Project Khulisa, which has the most potential to accelerate growth and job creation in the Province by 2020.

For 2016/17, the transfers to Casidra SOC Ltd increases by an amount of R8.054 million (4.0 per cent) from the 2015/16 revised estimate. The budget increase relates to the increase in conditional grant funding to continue supporting the Department of Agriculture with project implementation and state farm management.

The transfer to CapeNature reflects an increase of R8.393 million (3.3 per cent) in 2016/17 from the 2015/16 revised appropriation of R253.324 million. The increase relates to the additional Expanded Public Works Programme (EPWP) funding exclusively for job creation and disaster prevention. Furthermore, it includes additional funding for Biodiversity and Conservation Management; disaster prevention measures; and the management of wild fires, floods and other risks.

In 2016/17, transfers to the Western Cape Gambling and Racing Board (WCGRB), increases by R4.664 million (88.9 per cent) from R5.244 million in the 2015/16 revised estimate. The budget was reduced in the 2015 Adjusted Estimates to build a reserve for infrastructure payments for the WCGRB. Henceforth it has been realigned to the 2015 Main Budget of R10.488 million.

The increased own revenue surplus has been set aside by the WCGRB to be employed for exclusivity replacement financing of the Board in 2016/17.

Payments for capital assets

Capital investment in 2016/17 is R4.767 billion

Table 6.1 shows payments for capital assets in 2016/17 amounting to R4.767 billion.

The bulk of the payments for capital assets is driven by, the Departments of Education, Health and Transport and Public Works, who account for R4.635 billion or 97.23 per cent of the total provincial capital investment allocation in 2016/17.

For this expenditure category, spending is primarily vested within buildings and other fixed structures which relate to infrastructure spending. Building and other fixed structure accounts for 86.85 per cent of the 2016/17 capital assets budget, followed by machinery and equipment with a 12.57 per cent share.

Buildings and other fixed structure anticipates to grow minimally by R103 million (2.56 per cent) in 2016/17, from the 2015/16 revised estimate following reductions to the Province's infrastructure grants.

Machinery and equipment decreases in 2016/17 by R136.167 million (18.52 per cent) from the 2015/16 revised estimate, mainly as a result of internal reprioritisation in the Department of Health.

Further detail on infrastructure has been provided in Chapter 4 given the substantial component it constitutes of total capital spending as well as its vital significance in supporting economic growth.

Conclusion

The current constrained fiscal environment requires continued and deepened commitment by the WCG to be a more resource efficient government. The WCG will remain focused on good governance, fiscal discipline and improved management practices in support of inclusive and sustainable growth.

Included in these strategies will be enhanced in-year monitoring and controlling of personnel expenditure. Furthermore, as well as the targeting of inefficiencies in the system will be targeted, especially in non-core expenditure items, together with intensified service delivery monitoring and reporting.

7

Summary of budget aggregates

This Chapter provides the overall budget summary of the key provincial revenue and expenditure components of the 2016 MTEF Budget, as well as the programme breakdown for each vote. Figures 7.1, 7.2 and 7.3 provides a disaggregation of each votes' budget at programme level for the 2016/17 financial year.

The limited scope within the national envelope has highlighted the importance of domestic resource mobilisation in order to stabilise the provincial fiscal envelope.

Transfer receipts from National (equitable share and conditional grants) in 2016/17 are estimated to increase by R2.635 billion or 5.36 per cent from the 2015/16 revised estimate to R51.811 billion in 2016/17 (Table 7.1). Provincial own receipts over the 2016 MTEF anticipates to grow at an annual average rate of 0.40 per cent from R2.582 billion in the 2015/16 revised estimate to R2.620 billion in 2018/19. Total provincial payments and provisions are set to increase by R2.924 billion or 5.61 per cent from R52.084 billion in the 2015/16 revised estimate to R55.009 billion in 2016/17.

Table 7.1 Provincial budget summary

R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appropriation 2015/16	Adjusted appropriation 2015/16	Revised estimate 2015/16	% Change from Revised estimate 2016/17	2015/16	2017/18	2018/19
Provincial receipts										
Transfer receipts from national	37 269 859	40 951 593	45 660 902	48 749 087	49 175 951	49 175 951	51 810 982	5.36	55 971 212	59 351 585
Equitable share	29 082 503	31 881 140	35 591 517	38 241 666	38 579 593	38 579 593	41 062 437	6.44	44 418 086	47 007 952
Conditional grants	8 187 356	9 070 453	10 069 385	10 507 421	10 596 358	10 596 358	10 748 545	1.44	11 553 126	12 343 633
Financing	877 436	381 094	748 367	852 550	883 534	883 534	1 259 859	42.59	691 719	443 354
Asset Finance Reserve	377 405	175 711	366 092	355 389	290 389	290 389	361 250	24.40	578 610	300 000
Provincial Revenue Fund	500 031	205 383	378 487	497 161	593 145	593 145	898 609	51.50	113 109	143 354
Provincial Revenue Fund (Direct charge)			3 788							
Provincial own receipts	2 326 385	2 466 836	2 948 964	2 474 644	2 474 803	2 582 255	2 492 954	(3.46)	2 503 750	2 619 805
Total provincial receipts	40 473 680	43 799 523	49 358 233	52 076 281	52 534 288	52 641 740	55 563 795	5.55	59 166 681	62 414 744
Provincial payments and provisions										
Provincial payments	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442
Current payments	29 412 257	32 308 689	34 921 195	38 802 434	39 147 140	39 015 640	41 598 368	6.62	43 915 086	46 592 543
Transfers and subsidies	6 529 826	7 418 124	8 240 887	8 190 946	8 231 540	8 162 998	8 637 937	5.82	9 331 044	9 801 914
Payments for capital assets	3 345 846	3 497 645	4 601 789	5 023 684	4 878 046	4 891 776	4 766 743	(2.56)	4 823 480	4 957 746
Payments for financial assets	25 867	20 121	26 208	5 229	6 163	13 897	5 583	(59.83)	5 901	6 239
Provincial provisions	31 506	31 486	37 627	53 988	53 988	53 988	555 164	928.31	1 091 170	1 056 302
Direct charge	31 506	31 486	37 627	37 185	37 185	37 185	39 155	5.30	41 113	43 497
Fiscal Stabilisation Reserve									200 000	187 148
Service load pressures Reserve									515 502	489 052
Fiscal Volatility Reserve							442 525		268 624	269 766
Internal control				3 339	3 339	3 339	8 375	150.82	16 931	17 839
RSEP/VPUU				13 464	13 464	13 464	12 293	(8.70)		
Acquisition of property Reserve							52 816		49 000	49 000
Total provincial payments and provisions	39 345 302	43 276 065	47 827 706	52 076 281	52 316 877	52 138 299	55 563 795	6.57	59 166 681	62 414 744
Surplus (Deficit)	1 128 378	523 458	1 530 527		217 411	503 441		(100.00)		

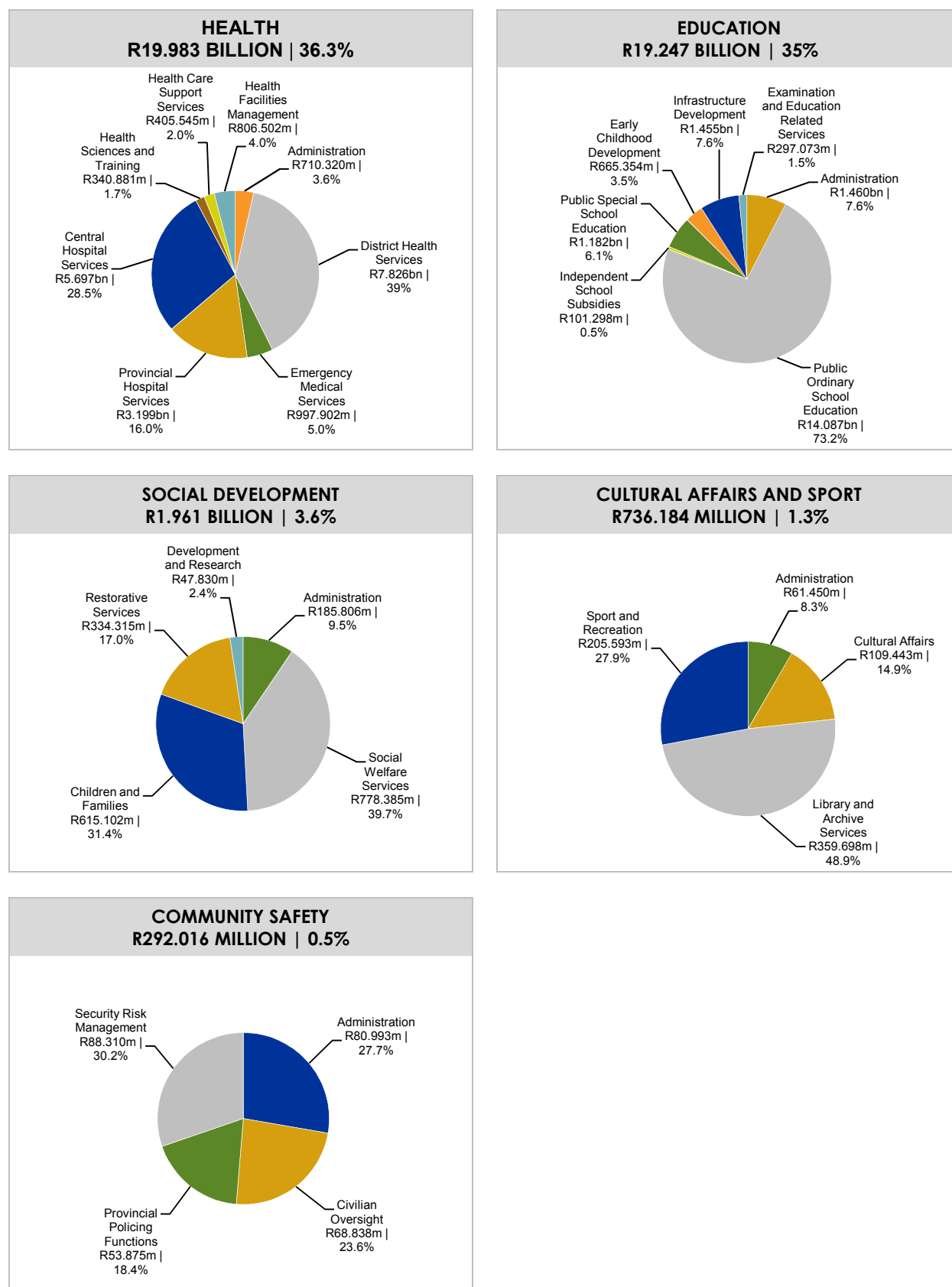
Figure 7.1 Social Sector Budget Summary, 2016/17

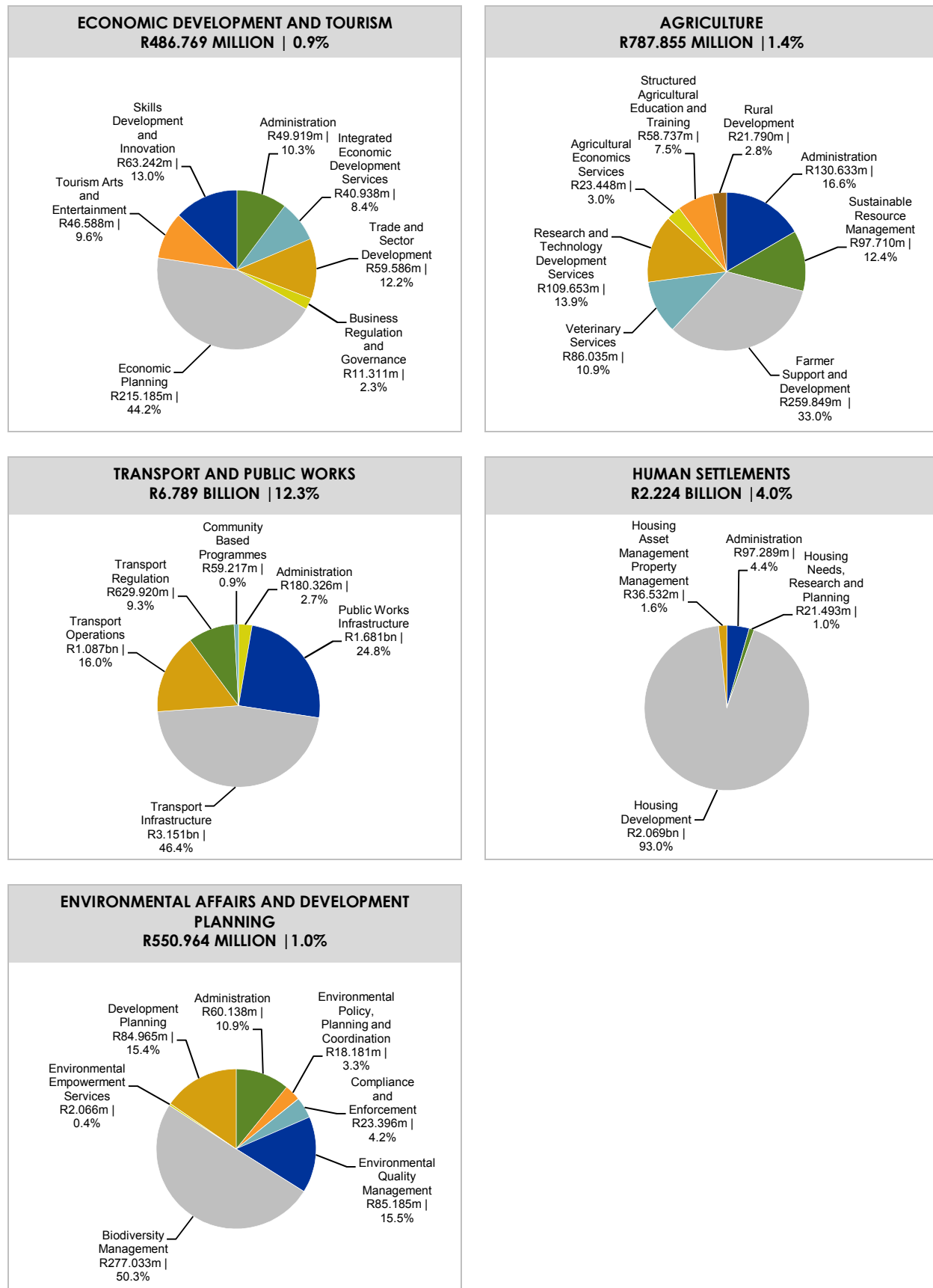
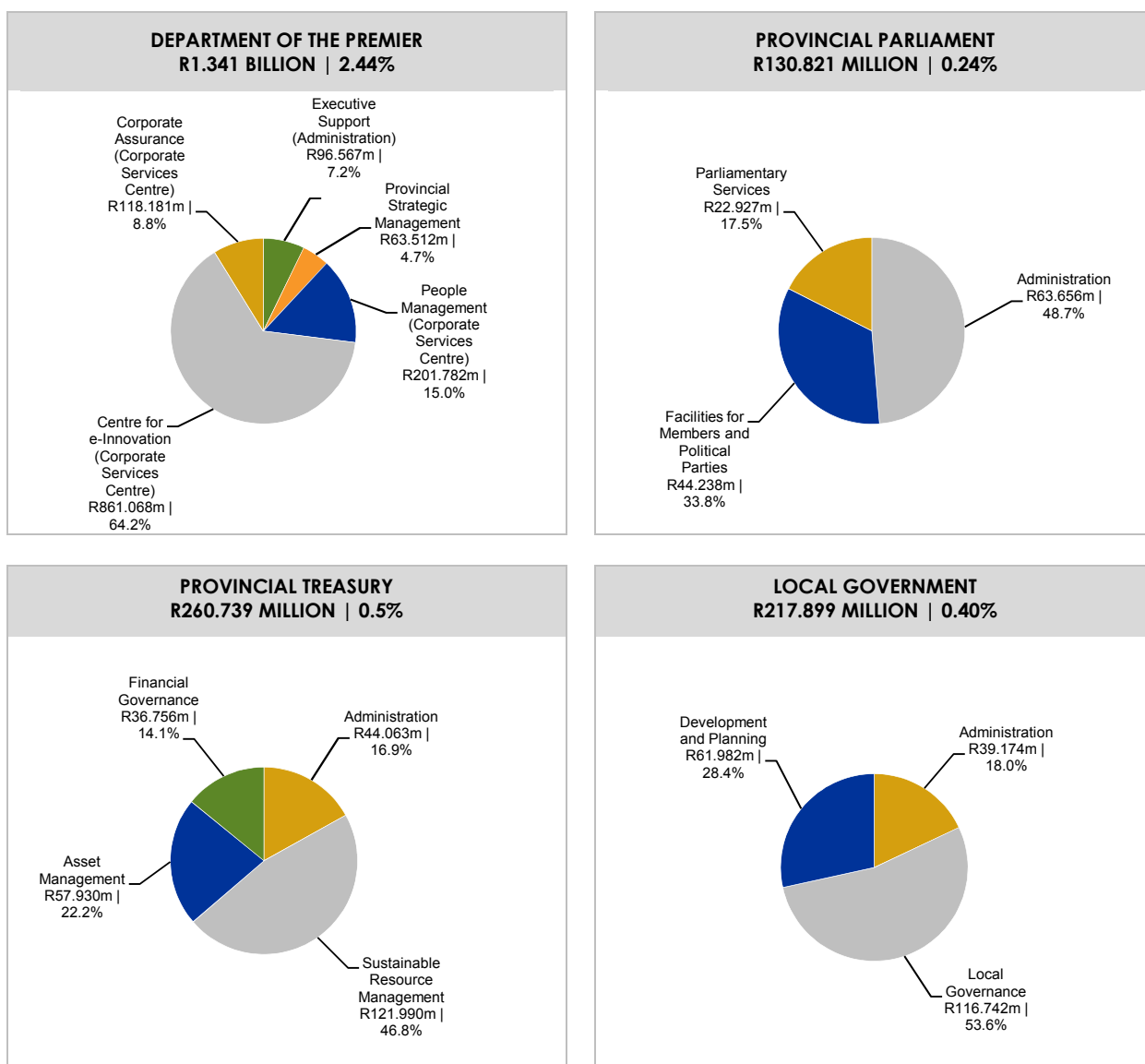
Figure 7.2 Economic Sector Budget Summary, 2016/17


Figure 7.3 Governance and Administration Sector Budget Summary, 2016/17

Annexure

Additional Tables

Table A.1 Conditional grants: Information relating to Chapter 2

Vote and grant R'000	2012/13			2013/14			2014/15			2015/16			Medium-term estimate		
	Main appro- p-riation	Adjusted appro- p-riation	Audited outcome	Main appro- p-riation	Adjusted appro- p-riation	Audited outcome	Main appro- p-riation	Adjusted appro- p-riation	Audited outcome	Main appro- p-riation	Adjusted appro- p-riation	Revised estimate	2016/17	2017/18	2018/19
Vote 4: Community Safety	800	800	661	3 242	3 242	3 242	3 970	3 970	3 970	1 000	1 000	1 000	3 144		
Social Sector EPWP Incentive Grant for Provinces	800	800	661	3 242	3 242	3 242	3 970	3 970	3 970	1 000	1 000	1 000	3 144		
Vote 5: Education	739 356	740 160	723 356	1 275 918	1 286 631	1 128 656	874 170	1 416 180	1 402 076	1 401 255	1 414 010	1 414 010	1 375 283	1 327 950	1 403 925
Education Infrastructure Grant	431 397	431 397	431 397	960 465	960 465	821 831	485 024	1 021 334	1 008 579	1 032 237	1 044 992	1 044 992	992 212	944 413	998 143
Maths, Science and Technology Grant										26 535	26 535	26 535	27 841	32 439	34 320
Dinaledi Schools Grant	9 571	9 571	4 585	10 096	13 366	11 868	10 673	10 673	10 673						
Technical Secondary Schools Recapitalisation Grant	11 264	11 264	9 250	11 884	13 898	3 717	12 597	17 643	17 643						
HIV and AIDS (Life Skills Education) Grant	17 416	17 416	16 552	17 637	18 501	17 848	17 077	17 731	17 690	19 631	19 631	19 631	18 728	20 028	21 189
National School Nutrition Programme Grant	244 784	245 588	236 669	260 538	265 103	258 328	282 486	282 486	282 466	299 435	299 435	299 435	315 305	331 070	350 272
Social Sector EPWP Incentive Grant for Provinces	23 924	23 924	23 903	12 298	12 298	12 064	13 354	13 354	13 193	4 747	4 747	4 747	18 677		
Expanded Public Works Programme Integrated Grant for Provinces	1 000	1 000	1 000	3 000	3 000	3 000	2 564	2 564	1 437	2 818	2 818	2 818	2 520		
Occupational Specific Dispensation for Education Sector Therapists Grant							50 395	50 395	50 395	15 852	15 852	15 852			
Vote 6: Health	3 998 984	4 013 603	3 946 396	4 417 564	4 485 180	4 402 180	4 719 898	4 807 916	4 703 203	5 037 997	5 112 965	5 112 965	5 181 678	5 473 381	5 901 452
National Tertiary Services Grant	2 182 468	2 182 468	2 182 468	2 400 714	2 400 714	2 400 714	2 537 554	2 537 554	2 537 554	2 594 901	2 594 901	2 594 901	2 706 888	2 876 429	3 043 262
Health Facility Revitalisation Grant				629 786	694 949	613 887	639 786	720 848	619 755	804 142	871 194	871 194	673 472	582 424	608 921
<i>of which the following is allocated to:</i>															
Health Infrastructure component	131 411	134 234	129 259	122 296	127 271	92 131									
Hospital Revitalisation component	496 085	504 414	444 226	493 526	553 714	517 814									
Nursing Colleges and Schools component	10 320	10 320	9 892	13 964	13 964	3 942									
Health Professions Training and Development Grant	428 120	428 120	428 120	451 667	451 667	451 667	478 767	478 767	478 767	489 689	489 689	489 689	510 716	542 703	574 180
National Health Insurance Grant	11 500	11 500	9 885	4 850	7 303	5 365	7 000	13 956	10 712	7 204	14 862	14 862	17 337		
Comprehensive HIV, AIDS and TB Grant	738 080	738 080	738 079	927 547	927 547	927 547	1 051 794	1 051 794	1 051 793	1 138 481	1 138 481	1 138 481	1 267 209	1 471 825	1 655 490
Human Papillomavirus Vaccine Grant															19 599
Social Sector EPWP Incentive Grant for Provinces		3 467	3 467				2 580	2 580	2 526	1 000	1 000	1 000	3 732		
Expanded Public Works Programme Integrated Grant for Provinces	1 000	1 000	1 000	3 000	3 000	3 000	2 417	2 417	2 096	2 580	2 838	2 838	2 324		
Vote 7: Social Development							2 580	2 580	2 580	1 866	1 866	1 866	9 916	15 274	23 104
Early Childhood Development Grant														15 274	23 104
Social Sector EPWP Incentive Grant for Provinces							2 580	2 580	2 580	1 866	1 866	1 866	9 916		
Vote 8: Human Settlements	1 725 180	1 725 180	1 725 180	1 928 971	1 962 237	1 962 237	1 918 778	1 938 778	1 938 778	1 978 612	1 978 612	1 978 612	2 004 237	2 460 899	2 620 336
Human Settlements Development Grant	1 725 180	1 725 180	1 725 180	1 925 971	1 959 237	1 959 237	1 914 936	1 934 936	1 934 936	1 975 122	1 975 122	1 975 122	2 000 811	2 460 899	2 620 336
<i>of which:</i>															
City of Cape Town				733 484	733 484	733 484	1 350 467	783 000	783 000						
Expanded Public Works Programme Integrated Grant for Provinces				3 000	3 000	3 000	3 842	3 842	3 842	3 490	3 490	3 490	3 426		

Table A.1 Conditional Grants: Information relating to Chapter 2 (continued)

Vote and grant R'000	2012/13			2013/14			2014/15			2015/16			Medium-term estimate		
	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimate	2016/17	2017/18	2018/19
Vote 9: Environmental Affairs and Development Planning	1 000	1 000	1 000	550	550	550	2 748	2 748	2 748	2 959	2 959	2 959	3 815		
Expanded Public Works Programme Integrated Grant for Provinces	1 000	1 000	1 000	550	550	550	2 748	2 748	2 748	2 959	2 959	2 959	3 815		
Vote 10: Transport and Public Works	1 503 732	1 503 761	1 536 120	1 322 388	1 279 447	1 281 660	1 473 691	1 473 691	1 472 477	1 663 843	1 665 057	1 665 057	1 716 320	1 802 592	1 896 746
Provincial Roads Maintenance Grant	478 895	478 895	476 258	573 237	520 797	520 797	685 849	685 849	685 849	858 962	858 962	858 962	830 729	879 671	930 698
Devolution of Property Rate Funds Grant	319 501	319 530	358 889		5 141	5 141									
Expanded Public Works Programme Integrated Grant for Provinces	9 099	9 099	4 736	14 971	19 329	21 542	8 477	8 477	7 263	8 301	9 515	9 515	14 691		
Public Transport Operations Grant	696 237	696 237	696 237	734 180	734 180	734 180	779 365	779 365	779 365	796 580	796 580	796 580	870 900	922 921	966 048
Vote 11: Agriculture	154 003	154 003	153 923	164 379	165 896	165 896	353 007	353 007	352 938	202 594	202 594	202 594	220 966	233 431	244 879
Land Care Programme Grant: Poverty Relief and Infrastructure Development	7 740	7 740	7 741	7 233	7 233	7 233	4 070	4 070	4 070	3 933	3 933	3 933	4 106	4 362	4 615
Comprehensive Agriculture Support Programme (CASP) Grant	91 863	91 863	91 777	104 859	106 376	106 376	292 336	292 336	292 267	147 054	147 054	147 054	164 199	173 720	184 602
Ilima/Letsema Projects Grant	50 400	50 400	50 400	51 737	51 737	51 737	54 353	54 353	54 353	49 607	49 607	49 607	50 593	55 349	55 662
Expanded Public Works Programme Integrated Grant for Provinces	4 000	4 000	4 005	550	550	550	2 248	2 248	2 248	2 000	2 000	2 000	2 068		
Vote 13: Cultural Affairs and Sport	101 773	101 773	100 720	124 544	126 028	126 032	190 674	190 674	190 615	217 295	217 295	217 295	233 186	239 599	253 192
Mass Participation and Sport Development Grant	44 644	44 644	44 494	55 570	55 570	55 570	58 711	58 711	58 679	55 216	55 216	55 216	62 199	66 025	69 806
Community Library Services Grant	56 129	56 129	55 226	67 058	68 542	68 542	126 347	126 347	126 347	158 469	158 469	158 469	164 162	173 574	183 386
Expanded Public Works Programme Integrated Grant for Provinces	1 000	1 000	1 000	550	550	567	2 224	2 224	2 224	2 223	2 223	2 223	2 771		
Social Sector EPWP Incentive Grant for Provinces				1 366	1 366	1 353	3 392	3 392	3 365	1 387	1 387	1 387	4 054		
Total Conditional grants	8 224 828	8 240 280	8 187 356	9 237 556	9 309 211	9 070 453	9 539 516	10 189 544	10 069 385	10 507 421	10 596 358	10 596 358	10 748 545	11 553 126	12 343 633

Note: Allocations earmarked for flood repair:

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

Comprehensive Agricultural Support Programme Grant
Provincial Roads Maintenance Grant

	2016/17	2017/18	2018/19
	98 976	40 000	-
	40 853	40 000	-
	58 123	-	-

Table A.2 Details of total provincial own receipts: Information relating to Chapter 2

Outcome							Medium-term estimate			
Receipts R'000	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
Tax receipts	1 415 018	1 564 886	1 776 238	1 661 037	1 671 037	1 725 733	1 737 763	0.70	1 796 526	1 900 724
Casino taxes	350 384	408 661	478 819	403 594	403 594	403 594	412 267	2.15	417 517	441 733
Horse racing taxes	32 279	32 469	40 521	20 000	20 000	20 000	20 000		20 000	21 160
Other taxes (Liquor licence fees)	24 822	28 328	27 411	27 000	27 000	27 000	28 431	5.30	29 853	31 584
Motor vehicle licences	1 007 533	1 095 428	1 229 487	1 210 443	1 220 443	1 275 139	1 277 065	0.15	1 329 156	1 406 247
Sales of goods and services other than capital assets	554 768	561 245	591 804	498 538	498 064	530 931	524 564	(1.20)	530 800	538 275
Sales of goods and services produced by department (excluding capital assets)	552 137	559 700	590 259	497 638	497 164	529 923	523 643	(1.19)	529 859	537 311
Sales by market establishments	66 562	66 714	77 157	64 766	64 766	66 099	67 633	2.32	70 847	74 761
Administrative fees	30 626	38 826	45 351	27 129	27 129	32 573	28 801	(11.58)	29 856	31 238
Agricultural activities										
Inspection fees	782	940	961	1 047	1 047	1 047	1 112	6.21	1 112	1 112
Licences or permits	23 385	31 256	35 952	20 667	20 667	25 574	21 737	(15.00)	22 788	24 097
Registration	30	36	51	50	50	50	54	8.00	58	61
Request for information	3 944	3 948	5 807	4 164	4 164	4 701	4 697	(0.09)	4 697	4 697
Other	2 485	2 646	2 580	1 201	1 201	1 201	1 201		1 201	1 271
Other sales	454 949	454 160	467 751	405 743	405 269	431 251	427 209	(0.94)	429 156	431 312
<i>of which</i>										
Academic services: Registration, tuition & examination fees	6 552	6 206	8 987	6 605	8 580	7 475	8 764	17.24	8 927	9 126
Boarding services	16 191	14 571	15 926	12 172	12 172	12 679	12 933	2.00	13 094	13 286
Commission on insurance	12 848	14 446	14 763	13 047	14 281	14 286	14 843	3.90	15 319	15 894
External examinations										
Health services										
Hospital fees	389 380	379 773	393 360	341 188	341 188	357 969	362 342	1.22	362 342	362 342
Laboratory services	1 597	1 824	1 946	1 388	1 388	1 300	1 593	22.54	1 672	1 753
Lost library books										
Miscellaneous capital receipts	8									
Parking	9	10				12		(100.00)		
Rental of buildings, equipment and other services	222	166	83	178	178	1 287	213	(83.45)	243	257
Sales of goods	8 246	8 279	4 690	4 909	4 763	6 423	4 317	(32.79)	4 323	4 330
Sales of agricultural products	6 947	11 598	12 211	10 041	12 788	12 788	11 200	(12.42)	11 898	12 600
Sport gatherings	1 197	1 426		909	909		1 069		1 122	1 187
Subsidised motor transport										
Tender documentation	29	788	695	532	532	32	561	1653.13	589	623
Trading account surplus										
Tuition fees										
Vehicle repair service	102	105	158	95	95	120	101	(15.83)	101	101
Services rendered	6 035	10 121	11 780	7 133	7 133	9 222	8 026	(12.97)	8 218	8 431
Photocopies and faxes	4 539	2 977	314	6 501	217	3 496	229	(93.45)	240	253
Replacement: Security cards	32	32	31	41	41	41	43	4.88	45	48
Other	1 016	1 838	2 807	1 004	1 004	4 121	975	(76.34)	1 023	1 082
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	2 631	1 545	1 545	900	900	1 008	921	(8.63)	940	964

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

Receipts R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- piation 2015/16	Adjusted appro- piation 2015/16	Revised estimate 2015/16	% Change from Revised estimate 2015/16	2016/17	2017/18	2018/19
Transfers received from	161 836	158 859	302 075	170 389	151 948	147 868	78 538	(46.89)	20 842	20 844
Other governmental units			136 311	51 400	56 271	52 097	57 700	10.75		
Higher education institutions	21 583	22 313	24 149	19 672	19 672	19 672	20 813	5.80	20 813	20 813
Foreign governments										
International organisations	133 978	135 754	141 094	99 296	74 894	74 946		(100.00)		
Public corporations and private enterprises	6 275	792	21	20	110	152	24	(84.21)	28	30
Households and non-profit institutions			500	1	1 001	1 001	1	(99.90)	1	1
Fines, penalties and forfeits	4 812	5 890	7 798	3 136	3 753	4 918	5 305	7.87	5 716	6 028
Interest, dividends and rent on land	6 478	6 937	10 165	55 411	55 393	70 418	58 036	(17.58)	60 305	63 375
Interest	6 405	6 891	10 104	55 139	55 121	70 146	57 816	(17.58)	60 074	63 130
Dividends	7	16	16	16	16	16		(100.00)		
Rent on land	66	30	45	256	256	256	220	(14.06)	231	244
Sales of capital assets	7 230	6 043	120 874	21	21	2 096	1	(99.95)	1	1
Land and subsoil assets	6 978	5 959	120 536			1 987		(100.00)		
Other capital assets	252	84	338	21	21	109	1	(99.08)	1	1
Financial transactions in assets and liabilities	176 243	162 976	140 010	86 112	94 587	100 291	88 747	(11.51)	89 561	90 558
Arrear wages income										
Loan repayments	19 820	24 856	33 649	18 000	18 000	18 000	18 000		18 900	19 289
Recovery of previous year's expenditure	126 261	81 427	79 949	58 144	57 296	51 136	54 669	6.91	54 053	54 009
Staff debt	16 468	16 577	18 924	6 440	9 463	6 478	9 946	53.54	10 369	10 887
Stale cheques										
Unallocated credits	1 480	4 294	5 167	2 477	3 421	7 876	5 535	(29.72)	5 615	5 712
Cash surpluses	2 426	7 483	70	3	3 701	3 700	2	(99.95)	2	2
Other	9 788	28 339	2 251	1 048	2 706	13 101	595	(95.46)	622	659
Total departmental receipts	2 326 385	2 466 836	2 948 964	2 474 644	2 474 803	2 582 255	2 492 954	(3.46)	2 503 750	2 619 805

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6

Economic classification R'000	Outcome			Main appro- piation 2015/16	Adjusted appro- piation 2015/16	Revised estimate 2015/16	Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				% Change from Revised estimate 2015/16	2016/17	2017/18	2018/19
Current payments	29 412 257	32 308 689	34 921 195	38 802 434	39 147 140	39 015 640	41 598 368	6.62	43 915 086	46 592 543
Compensation of employees	21 333 887	23 173 411	25 137 117	27 650 701	27 762 668	27 668 158	29 774 065	7.61	31 487 857	33 301 888
Salaries and wages	18 693 609	21 648 518	22 147 250	24 345 209	24 412 449	24 333 211	26 137 294	7.41	27 605 329	29 151 203
Social contributions	2 640 278	1 524 893	2 989 867	3 305 492	3 350 219	3 334 947	3 636 771	9.05	3 882 528	4 150 685
Goods and services	8 078 361	9 135 273	9 784 068	11 151 733	11 384 254	11 347 197	11 824 303	4.20	12 427 229	13 290 655
<i>Of which</i>										
Administrative fees	198 970	220 339	254 377	246 627	261 472	262 843	263 167	0.12	263 041	278 158
Advertising	61 289	75 321	82 705	83 561	94 437	89 378	80 510	(9.92)	83 777	89 879
Minor Assets	99 500	98 435	104 632	153 524	153 553	122 996	128 033	4.10	119 574	127 267
Audit cost: External	86 086	91 915	93 454	99 277	99 349	96 829	99 165	2.41	103 188	109 487
Bursaries: Employees	18 022	16 528	18 416	22 328	22 591	21 537	20 798	(3.43)	24 457	26 279
Catering: Departmental activities	37 401	42 597	35 158	54 393	64 253	55 219	43 403	(21.40)	54 056	57 267
Communication (G&S)	131 640	133 403	129 225	146 020	142 890	142 802	142 902	0.07	152 002	162 573
Computer services	382 425	489 494	569 069	796 651	677 716	674 073	804 111	19.29	845 447	918 108
Consultants and professional services: Business and advisory services	414 111	396 041	412 905	483 430	517 509	504 678	501 317	(0.67)	475 621	497 963
Consultants and professional services: Infrastructure and planning	57 063	38 549	48 782	49 791	77 480	140 836	256 094	81.84	250 781	247 030
Consultants and professional services: Laboratory services	476 037	529 538	570 373	620 994	592 042	561 238	615 235	9.62	669 790	722 000
Consultants and professional services: Scientific and technological services	29 260	34 505	39 937	31 039	31 376	34 858	31 103	(10.77)	31 127	32 671
Consultants and professional services: Legal costs	549 678	704 789	728 160	806 931	828 322	826 347	892 119	7.96	973 228	1 003 973
Contractors	758 020	832 707	884 757	877 073	871 710	878 302	933 343	6.27	974 985	1 040 912
Agency and support/outourced services	1 594	1 388	510	2 781	1 651	1 440	1 665	15.63	1 692	1 794
Entertainment	214 468	171 737	282 213	304 554	298 913	298 027	318 154	6.75	331 046	354 612
Fleet services (including government motor transport)										
Housing										
Inventory: Clothing material and accessories	32	198	721							
Inventory: Farming supplies			180	3	63	63	92	46.03	84	89
Inventory: Food and food supplies	41 502	49 018	51 481	53 805	53 805	51 337	57 941	12.86	63 515	68 713
Inventory: Fuel, oil and gas	49	103	26	61	62	62		(100.00)		
Inventory: Learner and teacher support material	252 747	385 374	88 909	131 064	154 233	155 185	212 383	36.86	169 499	179 327
Inventory: Materials and supplies	42 019	25 744	53 908	45 112	45 235	42 874	43 616	1.73	45 164	48 559
Inventory: Medical supplies	912 012	1 026 865	1 174 505	1 225 502	1 239 129	1 274 931	1 309 034	2.67	1 419 813	1 536 902
Inventory: Medicine	840 021	890 270	1 028 175	1 106 219	1 115 573	1 112 362	1 236 070	11.12	1 395 171	1 545 069
Medsas inventory interface						(61)		(100.00)		
Inventory: Other supplies	71 092	146 696	211 393	418 336	381 342	381 071	417 383	9.53	450 569	482 623
Consumable supplies	295 767	329 441	357 936	395 008	408 120	413 096	432 591	4.72	463 060	497 675
Consumable: Stationery, printing and office supplies	146 681	137 573	130 516	141 226	142 917	144 166	149 827	3.93	158 156	169 425
Operating leases	221 065	236 226	256 862	291 660	294 691	291 706	290 756	(0.33)	311 805	339 322
Property payments	1 109 355	1 342 582	1 513 305	1 848 553	2 043 851	1 987 018	1 758 892	(11.48)	1 768 790	1 868 184
Transport provided: Departmental activity	201 592	223 688	242 216	252 815	290 482	287 777	329 073	14.35	345 279	365 363
Travel and subsistence	179 774	250 288	167 686	193 136	191 182	198 185	174 390	(12.01)	191 905	205 900
Training and development	100 614	74 159	108 565	125 975	129 650	132 240	120 262	(9.06)	129 471	139 035
Operating payments	107 848	81 456	94 085	94 393	104 260	109 744	110 595	0.78	106 753	115 635
Venues and facilities	32 729	25 382	27 165	24 983	27 967	27 763	21 678	(21.92)	24 841	26 890
Rental and hiring	7 898	32 924	21 761	24 908	26 428	26 275	28 601	8.85	29 542	31 970
Interest and rent on land	9	5	10		218	285		(100.00)		
Interest (Incl. interest on finance leases)	8	5	10		2	69		(100.00)		
Rent on land	1				216	216		(100.00)		

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)

Economic classification R'000	Outcome						Medium-term estimate % Change from Revised estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	2016/17	2015/16	2017/18	2018/19
Transfers and subsidies to (Current)	4 603 898	5 275 813	6 262 321	6 203 370	6 221 495	6 158 969	6 575 909	6.77	6 814 614	7 161 716
Provinces and municipalities	855 610	916 308	1 083 376	1 178 192	1 318 337	1 315 509	1 275 960	(3.01)	1 376 662	1 444 020
Provinces	2 181	2 795	3 838	3 128	3 130	3 096	3 120	0.78	3 321	3 511
Provincial Revenue Funds					2	2	4	100.00	4	4
Provincial agencies and funds	2 181	2 795	3 838	3 128	3 128	3 094	3 116	0.71	3 317	3 507
Municipalities	853 429	913 513	1 079 538	1 175 064	1 315 207	1 312 413	1 272 840	(3.02)	1 373 341	1 440 509
Municipal bank accounts	851 429	906 833	1 075 238	1 173 164	1 313 294	1 310 500	1 268 447	(3.21)	1 368 567	1 435 224
Municipal agencies and funds	2 000	6 680	4 300	1 900	1 913	1 913	4 393	129.64	4 774	5 285
Departmental agencies and accounts	290 550	326 274	358 292	359 831	369 161	370 961	387 124	4.36	400 556	418 633
Social security funds				463	632	638	300	(52.98)	317	335
Departmental agencies (non-business entities)	290 550	326 274	358 292	359 368	368 529	370 323	386 824	4.46	400 239	418 298
Western Cape Gambling and Racing Board	2 411	5 523	10 406	10 488	5 244	5 244	9 908	88.94	11 486	12 152
Environmental Commissioner										
Western Cape Nature Conservation Board	190 785	211 092	215 134	214 926	223 926	224 276	231 406	3.18	238 938	251 931
Destination Marketing Organisation	25 000									
Western Cape Trade and Investment Promotion Agency	28 982	58 509	48 474	55 601	57 296	57 296	64 611	12.77	67 584	67 120
Western Cape Cultural Commission	325	250	363	385	385	385	420	9.09	383	405
Western Cape Liquor Board	24 762	30 936	38 241	35 035	38 733	38 733	35 517	(8.30)	34 761	36 778
Western Cape Language Committee	240	210	221	233	233	233	242	3.86	221	233
Artscape	150	669	168	178	178	178	190	6.74	173	183
Heritage Western Cape	1 452	1 423	3 838	1 590	1 590	1 590	1 800	13.21	1 643	1 736
SETA	9 065	9 922	10 440	11 018	11 018	11 029	11 894	7.84	12 685	13 529
Government Motor Trading Account		248								
Saldanha Bay IDZ Licencing Company SOC Limited			28 091	28 958	28 958	28 958	29 824	2.99	31 316	33 131
Other	7 378	7 492	2 916	956	968	2 401	1 012	(57.85)	1 049	1 100
Higher education institutions	2 324	5 632	8 863	5 372	5 432	5 462	4 632	(15.20)	4 893	5 177
Foreign governments and international organisations	244	128	239	150	150	286	165	(42.31)	167	170
Public corporations and private enterprises	858 442	908 208	1 143 003	991 042	1 027 126	1 027 202	1 111 876	8.24	1 178 909	1 225 739
Public corporations	112 306	134 234	347 155	179 933	210 156	200 499	208 553	4.02	221 615	217 643
Subsidies on products and production (pc)	17 940		19 488	20 000	20 000	20 000	21 100	5.50	22 283	26 247
Other transfers to public corporations	94 366	134 234	327 667	159 933	190 156	180 499	187 453	3.85	199 332	191 396
Private enterprises	746 136	773 974	795 848	811 109	816 970	826 703	903 323	9.27	957 294	1 008 096
Subsidies on products and production (pe)										
Other transfers to private enterprises	746 136	773 974	795 848	811 109	816 970	826 703	903 323	9.27	957 294	1 008 096
Non-profit institutions	2 370 648	2 883 057	3 358 791	3 359 039	3 179 524	3 178 515	3 504 314	10.25	3 537 546	3 716 500
Households	226 080	236 206	309 757	309 744	321 765	261 034	291 838	11.80	315 881	351 477
Social benefits	95 253	119 864	153 313	89 402	105 718	104 253	99 465	(4.59)	104 491	111 468
Other transfers to households	130 827	116 342	156 444	220 342	216 047	156 781	192 373	22.70	211 390	240 009

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)

Economic classification R'000	Outcome			Main appro- piation 2015/16	Adjusted appro- piation 2015/16	Revised estimate 2015/16	Medium-term estimate % Change from Revised estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2015/16	2017/18	2018/19
Transfers and subsidies to (Capital)	1 925 928	2 142 311	1 978 566	1 987 576	2 010 045	2 004 029	2 062 028	2.89	2 516 430	2 640 198
Provinces and municipalities	119 749	133 309	52 881	50 755	71 904	71 904	59 813	(16.82)	76 550	37 000
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	119 749	133 309	52 881	50 755	71 904	71 904	59 813	(16.82)	76 550	37 000
Municipal bank accounts	119 749	133 309	52 881	50 755	71 904	71 904	59 813	(16.82)	76 550	37 000
Municipal agencies and funds										
Departmental agencies and accounts	17 822	10 815	52 301	33 943	32 373	32 384	34 312	5.95	34 327	36 173
Social security funds										
Departmental agencies (non-business entities)	17 822	10 815	52 301	33 943	32 373	32 384	34 312	5.95	34 327	36 173
Western Cape Gambling and Racing Board										
Environmental Commissioner										
Western Cape Nature Conservation Board	17 781	10 815	30 961	29 048	29 048	29 048	30 311	4.35	31 826	33 672
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency							2 500		2 500	2 500
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading Account										
Saldanha Bay IDZ Licencing Company SOC Limited										
Other	41		21 340	4 895	3 325	3 336	1 501	(55.01)	1	1
Higher education institutions							5 000		5 000	10 000
Foreign governments and international organisations										
Public corporations and private enterprises						22		(100.00)		
Public corporations						22		(100.00)		
Subsidies on products and production (pc)										
Other transfers to public corporations						22		(100.00)		
Private enterprises										
Subsidies on products and production (pe)										
Other transfers to private enterprises										
Non-profit institutions	145 691	131 606	41 212	11 098	17 404	17 810	41 498	133.00	21 701	8 916
Households	1 642 666	1 866 581	1 832 172	1 891 780	1 888 364	1 881 909	1 921 405	2.10	2 378 852	2 548 109
Social benefits										
Other transfers to households	1 642 666	1 866 581	1 832 172	1 891 780	1 888 364	1 881 909	1 921 405	2.10	2 378 852	2 548 109

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)

Economic classification R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				% Change from Revised estimate 2016/17	2015/16	2017/18	2018/19
Transfers and subsidies to (Total)	6 529 826	7 418 124	8 240 887	8 190 946	8 231 540	8 162 998	8 637 937	5.82	9 331 044	9 801 914
Provinces and municipalities	975 359	1 049 617	1 136 257	1 228 947	1 390 241	1 387 413	1 335 773	(3.72)	1 453 212	1 481 020
Provinces	2 181	2 795	3 838	3 128	3 130	3 096	3 120	0.78	3 321	3 511
Provincial Revenue Funds					2	2	4	100.00	4	4
Provincial agencies and funds	2 181	2 795	3 838	3 128	3 128	3 094	3 116	0.71	3 317	3 507
Municipalities	973 178	1 046 822	1 132 419	1 225 819	1 387 111	1 384 317	1 332 653	(3.73)	1 449 891	1 477 509
Municipal bank accounts	971 178	1 040 142	1 128 119	1 223 919	1 385 198	1 382 404	1 328 260	(3.92)	1 445 117	1 472 224
Municipal agencies and funds	2 000	6 680	4 300	1 900	1 913	1 913	4 393	129.64	4 774	5 285
Departmental agencies and accounts	308 372	337 089	410 593	393 774	401 534	403 345	421 436	4.49	434 883	454 806
Social security funds				463	632	638	300	(52.98)	317	335
Departmental agencies (non-business entities)	308 372	337 089	410 593	393 311	400 902	402 707	421 136	4.58	434 566	454 471
Western Cape Gambling and Racing Board	2 411	5 523	10 406	10 488	5 244	5 244	9 908	88.94	11 486	12 152
Environmental Commissioner										
Western Cape Nature Conservation Board	208 566	221 907	246 095	243 974	252 974	253 324	261 717	3.31	270 764	285 603
Destination Marketing Organisation	25 000									
Western Cape Trade and Investment Promotion Agency	28 982	58 509	48 474	55 601	57 296	57 296	67 111	17.13	70 084	69 620
Western Cape Cultural Commission	325	250	363	385	385	385	420	9.09	383	405
Western Cape Liquor Board	24 762	30 936	38 241	35 035	38 733	38 733	35 517	(8.30)	34 761	36 778
Western Cape Language Committee	240	210	221	233	233	233	242	3.86	221	233
Artscape	150	669	168	178	178	178	190	6.74	173	183
Heritage Western Cape	1 452	1 423	3 838	1 590	1 590	1 590	1 800	13.21	1 643	1 736
SETA	9 065	9 922	10 440	11 018	11 018	11 029	11 894	7.84	12 685	13 529
Government Motor Trading Account		248								
Saldanha Bay IDZ Licencing Company SOC Limited			28 091	28 958	28 958	28 958	29 824	2.99	31 316	33 131
Other	7 419	7 492	24 256	5 851	4 293	5 737	2 513	(56.20)	1 050	1 101
Higher education institutions	2 324	5 632	8 863	5 372	5 432	5 462	9 632	76.35	9 893	15 177
Foreign governments and international organisations	244	128	239	150	150	286	165	(42.31)	167	170
Public corporations and private enterprises	858 442	908 208	1 143 003	991 042	1 027 126	1 027 224	1 111 876	8.24	1 178 909	1 225 739
Public corporations	112 306	134 234	347 155	179 933	210 156	200 521	208 553	4.01	221 615	217 643
Subsidies on products and production (pc)	17 940		19 488	20 000	20 000	20 000	21 100	5.50	22 283	26 247
Other transfers to public corporations	94 366	134 234	327 667	159 933	190 156	180 521	187 453	3.84	199 332	191 396
Private enterprises	746 136	773 974	795 848	811 109	816 970	826 703	903 323	9.27	957 294	1 008 096
Subsidies on products and production (pe)										
Other transfers to private enterprises	746 136	773 974	795 848	811 109	816 970	826 703	903 323	9.27	957 294	1 008 096
Non-profit institutions	2 516 339	3 014 663	3 400 003	3 370 137	3 196 928	3 196 325	3 545 812	10.93	3 559 247	3 725 416
Households	1 868 746	2 102 787	2 141 929	2 201 524	2 210 129	2 142 943	2 213 243	3.28	2 694 733	2 899 586
Social benefits	95 253	119 864	153 313	89 402	105 718	104 253	99 465	(4.59)	104 491	111 468
Other transfers to households	1 773 493	1 982 923	1 988 616	2 112 122	2 104 411	2 038 690	2 113 778	3.68	2 590 242	2 788 118
Payments for capital assets	3 345 846	3 497 645	4 601 789	5 023 684	4 878 046	4 891 776	4 766 743	(2.56)	4 823 480	4 957 746
Buildings and other fixed structures	2 751 626	2 796 652	3 742 447	4 379 730	4 069 084	4 036 831	4 140 146	2.56	4 172 285	4 302 986
Buildings	1 185 978	1 335 102	1 608 686	1 780 602	1 579 454	1 536 996	1 486 865	(3.26)	1 446 289	1 611 936
Other fixed structures	1 565 648	1 461 550	2 133 761	2 599 128	2 489 630	2 499 835	2 653 281	6.14	2 725 996	2 691 050
Machinery and equipment	552 819	644 106	776 935	547 875	690 635	735 411	599 244	(18.52)	576 750	603 168
Transport equipment	170 345	179 255	279 401	222 654	254 172	295 761	278 094	(5.97)	273 473	289 978
Other machinery and equipment	382 474	464 851	497 534	325 221	436 463	439 650	321 150	(26.95)	303 277	313 190
Heritage assets										
Specialised military assets										
Biological assets	24									
Land and sub-soil assets	30 084	44 280	66 498	78 880	103 253	103 256	13 995	(86.45)	61 295	37 913
Software and other intangible assets	11 293	12 607	15 909	17 199	15 074	16 278	13 358	(17.94)	13 150	13 679
Of which: "Capitalised Goods and services" included in Payments for capital assets	1 575 068	1 702 832								
Payments for financial assets	25 867	20 121	26 208	5 229	6 163	13 897	5 582	(59.83)	5 901	6 239
Total economic classification	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442

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

Vote R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	750 672	1 054 312	1 439 491	1 427 227	1 439 982	1 439 982	1 454 815	1.03	1 428 014	1 509 793
6. Health	826 960	894 535	712 923	826 287	892 339	836 816	806 502	(3.62)	732 101	767 708
7. Social Development			17 000							
8. Human Settlements										
9. Environmental Affairs and Development Planning	10 743	24 218	29 821	29 048	29 048	29 048	30 311	4.35	31 826	33 672
10. Transport and Public Works	2 218 483	2 399 082	2 984 980	3 707 109	3 611 745	3 611 745	3 713 830	2.83	3 762 678	3 760 595
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates by vote	3 806 858	4 372 147	5 184 215	5 989 671	5 973 114	5 917 591	6 005 458	1.48	5 954 619	6 071 768

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- piation 2015/16	Adjusted appro- piation 2015/16	Revised estimate 2015/16	% Change from Revised estimate 2015/16	2016/17	2017/18	2018/19
New and replacement assets ^{Note}	697 805	908 927	1 242 853	1 244 827	1 080 223	1 073 339	1 079 192	0.55	1 320 958	1 551 116
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	343 287	640 365	998 391	915 187	810 561	810 561	768 900	(5.14)	856 989	977 951
6. Health	291 494	200 874	138 682	186 700	165 188	158 304	139 705	(11.75)	131 800	228 750
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning ^a	10 743	24 218	17 758	16 618	17 261	17 261	20 790	20.44	22 059	24 074
10. Transport and Public Works	52 281	43 470	88 022	126 322	87 213	87 213	149 797	71.76	310 110	320 341
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Upgrades and additions ^{Note}	508 118	474 914	748 136	864 263	780 641	784 219	912 495	16.36	834 090	954 748
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	129 189	41 041	159 603	173 522	179 538	179 538	215 271	19.90	180 296	134 281
6. Health	126 303	68 942	60 725	113 316	65 325	68 903	74 047	7.47	50 959	65 700
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	252 626	364 931	527 808	577 425	535 778	535 778	623 177	16.31	602 835	754 767
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Rehabilitation, renovations and refurbishments ^{Note}	1 625 752	1 627 962	1 969 023	2 428 387	2 410 926	2 377 867	2 297 158	(3.39)	2 155 556	1 940 024
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	35 875	7 213								
6. Health	243 284	395 009	303 467	250 180	313 214	280 155	236 586	(15.55)	232 563	179 152
7. Social Development			17 000							
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	1 346 593	1 225 740	1 648 556	2 178 207	2 097 712	2 097 712	2 060 572	(1.77)	1 922 993	1 760 872
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
Maintenance and repairs ^{Note}	835 854	1 107 209	1 152 079	1 388 439	1 597 812	1 578 654	1 613 300	2.19	1 543 965	1 570 380
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	152 503	222 758	249 843	338 518	447 383	447 383	450 644	0.73	385 729	392 561
6. Health	160 964	186 527	209 818	266 091	338 612	319 454	336 164	5.23	301 779	284 106
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning ^a			12 063	12 430	11 787	11 787	9 521		9 767	9 598
10. Transport and Public Works	522 387	697 924	680 355	771 400	800 030	800 030	816 971	2.12	846 690	884 115
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Infrastructure transfer - current	44 550	64 559	2 321	3 000	5 500	5 500	3 500	(36.36)	3 500	3 500
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	42 350	62 250	62		2 500	2 500		(100.00)		
6. Health	34									
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	2 166	2 309	2 259	3 000	3 000	3 000	3 500	16.67	3 500	3 500
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Infrastructure transfer - capital	89 898	171 893	69 803	60 755	98 012	98 012	99 813	1.84	96 550	52 000
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	47 468	80 685	31 592				20 000		5 000	5 000
6. Health		26 500	231	10 000	10 000	10 000	20 000	100.00	15 000	10 000
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	42 430	64 708	37 980	50 755	88 012	88 012	59 813	(32.04)	76 550	37 000
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
Infrastructure payments for financial assets	4 881	16 683								
1. Department of the Premier	4 881	16 683								
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates	3 806 858	4 372 147	5 184 215	5 989 671	5 973 114	5 917 591	6 005 458	1.48	5 954 619	6 071 768
of which										
Professional fees ^b										
1. Department of the Premier	117 130	217 998	573 572	256 900	256 900	256 900	261 866	1.93	257 042	271 763
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning ^a										
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

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

Note: Inclusive of Professional fees.

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

R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
Provincial Equitable Share & Other finance sources	2 309 090	2 388 090	3 478 991	3 280 631	3 182 795	3 127 272	3 489 510	3 548 111	3 534 006
Conditional grants	1 497 768	1 984 057	1 705 224	2 709 040	2 790 319	2 790 319	2 515 948	2 406 508	2 537 762
Education Infrastructure Grant	431 397	821 831	1 008 579	1 032 237	1 044 992	1 044 992	992 212	944 413	998 143
Expanded Public Works Programme (Education)	1 000	3 000	1 437	2 818	2 818	2 818	2 520		
Health Facility Revitalisation Grant	583 377	613 887		804 142	871 194	871 194	673 472	582 424	608 921
Expanded Public Works Programme (Health)	1 000	3 000	2 096	2 580	2 838	2 838	2 324		
Provincial Roads Maintenance Grant	476 258	520 797	685 849	858 962	858 962	858 962	830 729	879 671	930 698
Expanded Public Works Programme (Transport and Public Works)	4 736	21 542	7 263	8 301	9 515	9 515	14 691		
Total provincial infrastructure payments and estimates by source of funding	3 806 858	4 372 147	5 184 215	5 989 671	5 973 114	5 917 591	6 005 458	5 954 619	6 071 768

Table A.5 Information on training: Relating to Chapter 6

Description	Outcome						Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15	Main appro- piation 2015/16	Adjusted appro- piation 2015/16	Revised estimate 2015/16	% Change from Revised estimate			
							2016/17	2015/16	2017/18	2018/19
Number of staff	78 907	80 161	80 726	83 723	82 559	81 627	81 782	0.19	80 782	80 288
Number of personnel trained	30 754	38 626	33 466	48 595	49 792	49 834	41 792	(16.14)	42 523	44 971
<i>of which</i>										
Male	10 187	15 189	11 298	21 363	21 762	21 776	17 239	(20.83)	17 429	18 428
Female	20 567	23 437	22 168	27 232	28 030	28 058	24 553	(12.49)	25 094	26 543
Number of training opportunities	20 515	26 366	35 519	29 283	29 456	29 456	29 337	(0.40)	29 595	31 299
<i>of which</i>										
Tertiary	975	724	695	884	873	873	888	1.72	951	1 026
Workshops	416	526	816	828	847	847	839	(0.94)	873	921
Seminars	167	193	364	367	365	365	371	1.64	388	410
Other	18 957	24 923	33 644	27 204	27 371	27 371	27 239	(0.48)	27 383	28 942
Number of bursaries offered	5 086	3 463	3 451	2 970	2 974	2 958	2 912	(1.56)	2 951	3 121
Number of interns appointed	1 098	1 031	823	911	969	974	867	(10.99)	885	899
Number of learnerships appointed	425	2 323	2 224	2 323	2 253	2 219	2 238	0.86	2 338	2 465
Number of days spent on training	5 939	6 099	6 590	6 716	6 868	6 868	6 809	(0.86)	7 174	7 590

Table A.6 Transfers to local government by category and municipality: Information relating to Chapter 5

Municipalities R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				% Change from Revised estimate 2015/16	2016/17	2017/18	2018/19
Category A	1 066 238	1 161 376	1 173 964	1 254 179	1 255 058	1 255 058	1 263 018	0.63	1 306 622	1 425 631
City of Cape Town	1 066 238	1 161 376	1 173 964	1 254 179	1 255 058	1 255 058	1 263 018	0.63	1 306 622	1 425 631
Category B	792 106	1 053 809	907 348	1 013 301	1 226 122	1 226 122	1 156 436	(5.68)	1 369 536	1 390 749
Matzikama	33 670	24 979	12 915	24 863	36 478	36 478	40 023	9.72	17 830	22 333
Cederberg	32 334	21 043	21 356	9 249	7 880	7 880	4 534	(42.46)	17 812	30 742
Bergrivier	4 271	12 922	15 045	44 603	45 865	45 865	30 214	(34.12)	32 739	34 381
Saldanha Bay	19 820	58 146	33 941	58 961	69 341	69 341	54 689	(21.13)	108 934	51 898
Swartland	13 275	43 110	23 283	53 599	60 149	60 149	58 770	(2.29)	80 515	60 681
Witzenberg	24 704	57 143	51 578	20 827	50 197	50 197	56 911	13.38	44 534	83 421
Drakenstein	56 189	85 245	45 877	87 667	107 891	107 891	82 756	(23.30)	203 424	145 761
Stellenbosch	81 459	53 283	17 779	53 199	53 949	53 949	49 186	(8.83)	36 106	42 262
Breede Valley	49 145	57 973	53 380	56 817	67 838	67 838	52 708	(22.30)	87 974	155 629
Langeberg	23 944	26 702	23 389	14 530	24 780	24 780	58 080	134.38	52 738	50 634
Theewaterskloof	40 646	56 486	87 779	71 134	87 594	87 594	59 674	(31.87)	74 486	59 168
Overstrand	22 926	31 389	35 371	55 622	62 878	62 878	65 978	4.93	53 004	58 276
Cape Agulhas	44 955	31 841	30 550	6 908	13 357	13 357	34 622	159.20	41 287	45 736
Swellendam	12 764	51 496	43 098	28 862	14 027	14 027	19 276	37.42	21 296	21 821
Kannaland	23 162	12 737	7 111	9 399	29 649	29 649	13 775	(53.54)	9 307	12 820
Hessequa	25 503	16 235	19 201	19 620	24 175	24 175	31 912	32.00	10 340	13 045
Mossel Bay	34 232	70 133	59 375	57 465	57 585	57 585	56 258	(2.30)	58 377	49 697
George	100 518	109 222	87 918	126 384	174 514	174 514	168 934	(3.20)	252 300	302 715
Oudtshoorn	23 517	29 274	36 344	54 660	58 621	58 621	37 190	(36.56)	27 239	30 970
Bitou	33 165	86 871	76 931	55 416	59 608	59 608	67 117	12.60	47 747	56 003
Krystna	49 411	57 531	53 610	58 666	58 966	58 966	86 383	46.50	30 962	13 032
Laingsburg	3 598	7 364	12 360	15 584	22 706	22 706	1 386	(93.90)	1 455	1 537
Prince Albert	3 450	26 396	33 661	2 288	10 460	10 460	11 764	12.47	29 096	17 616
Beaufort West	35 448	26 288	25 496	26 978	27 614	27 614	14 296	(48.23)	30 034	30 571
Category C	5 938	6 537	8 049	1 994	42 088	42 091	826	(98.04)	3 226	3 835
West Coast District Municipality	300	480	900		35 787	35 787	120	(99.66)	240	360
Cape Winelands District Municipality	1 848	1 970	2 295	972	1 407	1 407	195	(86.14)	1 215	1 335
Overberg District Municipality	600	1 072	1 604	122	2 144	2 147	271	(87.38)	391	520
Eden District Municipality	550	1 224	1 900	900	1 380	1 380	120	(91.30)	1 140	1 260
Central Karoo District Municipality	2 640	1 791	1 350		1 370	1 370	120	(91.24)	240	360
Unallocated ^{Note 1}				25 331	2 847	2 847	26 458	829.33	67 397	85 333
Total transfers to local government	1 864 282	2 221 722	2 089 361	2 294 805	2 526 115	2 526 118	2 446 738	(3.14)	2 746 781	2 905 548
Funds retained by the Department of Human Settlements (not included in the transfers to local government)	454 545	404 904	569 123	492 832	404 197	404 197	446 241	10.40	701 756	714 334
							2016/17 Allocation (R'000)	2017/18 Allocation (R'000)	2018/19 Allocation (R'000)	
Note 1 Unallocated										
Western Cape Financial Management Support Grant	The allocations will be based on the outcomes and recommendations of both the Municipal Governance Review and Outlook (MGRO) and Local Government Medium Term Expenditure Committee (LG MTEC) processes. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2016/17 Adjusted Estimates.						17 914	33 401	34 541	
Cleanest Town/Greenest Municipality Competition	As part of a national process, the Department annually invite municipalities to participate in the Greenest Municipality Competition. The eventual outcome and announcement of the winners are known during the course of the financial year; hence the municipalities and the prize awards will be included in the annual Adjusted Estimates of Provincial Revenue and Expenditure.						500	500	-	
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	The distribution of the outer year's allocations is dependent on the 20% co-funding by the relevant municipalities. As this has not yet been finalised, provided for in the municipal budgets and approved, it cannot be gazetted and transferred.						-	8 500	8 500	
Community Library Services Grant	The allocations indicated in the outer years are provisional amounts subject to confirmed departmental allocations.						-	15 228	31 959	
Development of Sport and Recreation facilities	The allocation of amounts in the outer years is dependent on municipalities submitting Business Plans. As the Business Plans for the outer years have not been submitted, these amounts cannot be gazetted and transferred.						-	1 258	1 329	
Municipal Service Delivery and Capacity Building Grant	The allocations will be based on the outcomes and recommendations of the annual Intergovernmental Relation monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Municipal Governance Review Outlook, Integrated Development Planning Indaba and Back to Basic meetings. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2016/17 Adjusted Estimates.						8 044	8 510	9 004	
Total							26 458	67 397	85 333	

Table A.7 Summary of provincial payments and estimates by policy area

Policy Area R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				% Change from Revised estimate 2015/16	2016/17	2017/18	2018/19
General public services	1 161 104	1 369 688	1 579 542	1 911 625	1 861 765	1 861 765	1 950 569	4.77	2 086 307	2 221 447
Public order and safety	191 443	222 196	264 966	270 331	274 130	274 130	292 016	6.52	281 680	298 981
Economic affairs	5 549 610	5 963 132	7 096 150	7 985 734	7 922 837	7 922 837	8 063 152	1.77	8 268 324	8 513 835
Environmental protection	376 880	412 199	457 181	502 976	509 476	509 476	550 964	8.14	591 528	582 535
Housing and community amenities	1 987 458	2 215 466	2 151 327	2 189 533	2 210 878	2 210 878	2 224 251	0.60	2 692 623	2 862 020
Health	14 600 857	15 916 962	17 305 808	18 812 682	19 041 072	18 862 494	19 982 793	5.94	21 104 864	22 500 628
Recreation, culture and religion	390 550	453 573	612 490	706 499	694 433	694 433	736 184	6.01	691 943	730 667
Education	13 653 667	15 111 220	16 588 773	17 744 928	17 849 369	17 849 369	19 247 264	7.83	20 289 422	21 470 834
Social protection	1 402 227	1 580 143	1 733 842	1 897 985	1 898 929	1 898 929	1 961 438	3.29	2 068 820	2 177 495
Total payments and estimates by policy area	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	5.61	58 075 511	61 358 442

Table A.8 Payments: Summary by policy area

GFS function	Category	Department	Programme
General public services	Legislative	Department of the Premier	1.1 Executive Support (Administration)
		Provincial Parliament	2.1 Administration 2.2 Facilities for Members and Political Parties 2.3 Parliamentary Services
	Financial and Fiscal Affairs	Provincial Treasury	3.1 Administration 3.2 Sustainable Resource Management 3.3 Asset Management 3.4 Financial Governance
	General Services	Department of the Premier	1.2 Provincial Strategic Management 1.3 People Management (Corporate Services Centre) 1.4 Centre for E-Innovation (Corporate Services Centre) 1.5 Corporate Assurance (Corporate Services Centre)
		Local Government	14.1 Administration 14.2 Local Governance 14.3 Development and Planning 14.4 Traditional Institutional Management
Public Order and Safety	Police Services	Community Safety	4.1 Administration 4.2 Civilian Oversight 4.3 Provincial Policing Functions 4.4 Security Risk Management
Economic Affairs	General Economic	Economic Development and Tourism	12.1 Administration 12.2 Integrated Economic Development Services 12.3 Trade and Sector Development 12.4 Business Regulation and Governance 12.5 Economic Planning 12.7 Skills Development and Innovation
	Agriculture	Agriculture	10.2 Public Works Infrastructure
	Transport	Transport and Public Works	11.1 Administration 11.2 Sustainable Resource Management 11.3 Farmer Support and Development 11.4 Veterinary Services 11.5 Research and Technology Development Services 11.6 Agricultural Economics Services 11.7 Structured Agricultural Education and Training 11.8 Rural Development
	Communication	Economic Development and Tourism	10.1 Administration 10.3 Transport Infrastructure 10.4 Transport Operations 10.5 Transport Regulation 10.6 Community Based Programmes
			12.6 Tourism Arts and Entertainment

Table A.8 Payments: Summary by policy area (continued)

GFS function	Category	Department	Programme	
Environmental Protection	Environmental Protection	Environmental Affairs and Development Planning	9.1	Administration
			9.2	Environmental Policy, Planning and Coordination
			9.3	Compliance and Enforcement
			9.4	Environmental Quality Management
			9.5	Biodiversity Management
			9.6	Environmental Empowerment Services
			9.7	Development Planning
Housing and Community Amenities	Housing Development	Human Settlements	8.1	Administration
			8.2	Housing Needs, Research and Planning
			8.3	Housing Development
			8.4	Housing Asset Management Property Management
Health	Health n.e.c	Health	6.1	Administration
	Outpatient Service		6.2	District Health Services
	R & D Health (CS)		6.6	Health Sciences and Training
	Hospital Services		6.3	Emergency Medical Services
			6.4	Provincial Hospital Services
			6.5	Central Hospital Services
			6.7	Health Care Support Services
			6.8	Health Facilities Management
Recreation Culture and Religion	Recreational and Sporting Services	Cultural Affairs and Sport	13.4	Sport and Recreation
	Cultural Services	Cultural Affairs and Sport	13.1	Administration
			13.2	Cultural Affairs
Education	Pre-primary and Primary Education	Education	13.3	Library and Archive Services
	Secondary Education		5.2.1	Public Primary Level
	Subsidiary Service to Education		5.5	Early Childhood Development
			5.2.2	Public Secondary Level
	Education not definable		5.3	Independent School Subsidies
			5.1	Administration
			5.2.3	Human Resource Development
			5.2.4	Conditional grants
			5.4	Public Special School Education
	Social Protection		Social Security Services	Social Development
5.7		Examination and Education Related Services		
7.1		Administration		
7.2		Social Welfare Services		
7.3		Children and Families		
			7.4	Restorative Services
			7.5	Development and Research

Table A.9 Details of provincial payments and estimates by policy area

GFS function R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
FUNCTION - GENERAL PUBLIC SERVICES									
Category - Legislative									
Department of the Premier (Programme 1.1)	63 157	70 784	73 023	82 662	85 200	85 200	96 567	102 919	109 655
Provincial Parliament (Vote 2)	91 047	103 122	107 041	117 180	120 408	120 408	130 821	129 238	133 803
Total for Category - Legislative	154 204	173 906	180 064	199 842	205 608	205 608	227 388	232 157	243 458
Category - Financial and fiscal affairs									
Department of Provincial Treasury (Vote 3)	162 283	199 967	232 148	262 029	250 377	250 377	260 739	305 225	321 468
Total for Category - Financial and fiscal affairs	162 283	199 967	232 148	262 029	250 377	250 377	260 739	305 225	321 468
Category - General services									
Department of the Premier (Programme 1.2 to 1.5)	684 008	823 753	969 851	1 249 365	1 187 408	1 187 408	1 244 543	1 317 616	1 412 401
Department of Local Government (Vote 14)	160 609	172 062	197 479	200 389	218 372	218 372	217 899	231 309	244 120
Total for Category - General services	844 617	995 815	1 167 330	1 449 754	1 405 780	1 405 780	1 462 442	1 548 925	1 656 521
TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES	1 161 104	1 369 688	1 579 542	1 911 625	1 861 765	1 861 765	1 950 569	2 086 307	2 221 447
FUNCTION - PUBLIC ORDER AND SAFETY									
Category - Police services									
Department of Community Safety (Vote 4)	191 443	222 196	264 966	270 331	274 130	274 130	292 016	281 680	298 981
Total for Category - Police services	191 443	222 196	264 966	270 331	274 130	274 130	292 016	281 680	298 981
TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY	191 443	222 196	264 966	270 331	274 130	274 130	292 016	281 680	298 981
FUNCTION - ECONOMIC AFFAIRS									
Category - General economic affairs									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	238 974	288 728	424 807	440 611	365 083	365 083	440 181	352 775	373 710
Department of Transport and Public Works (Programme 10.2)	1 257 497	1 368 277	1 479 203	1 765 632	1 711 505	1 711 505	1 680 774	1 674 628	1 674 682
TOTAL FOR FUNCTION - General economic affairs	1 496 471	1 657 005	1 904 010	2 206 243	2 076 588	2 076 588	2 120 955	2 027 403	2 048 392

Table A.9 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
Category - Agriculture									
Department of Agriculture (Vote 11)	555 633	608 862	855 436	742 261	758 208	758 208	787 855	820 012	867 024
Total for Category - Agriculture	555 633	608 862	855 436	742 261	758 208	758 208	787 855	820 012	867 024
Category - Transport									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	3 447 161	3 649 711	4 291 605	4 994 759	5 047 770	5 047 770	5 107 754	5 377 378	5 552 482
Total for Category - Transport	3 447 161	3 649 711	4 291 605	4 994 759	5 047 770	5 047 770	5 107 754	5 377 378	5 552 482
Category - Communication									
Department of Economic Development and Tourism (Programme 12.6)	50 345	47 554	45 099	42 471	40 271	40 271	46 588	43 531	45 937
Total for Category - Communication	50 345	47 554	45 099	42 471	40 271	40 271	46 588	43 531	45 937
TOTAL FOR FUNCTION - ECONOMIC AFFAIRS	5 549 610	5 963 132	7 096 150	7 985 734	7 922 837	7 922 837	8 063 152	8 268 324	8 513 835
FUNCTION - ENVIRONMENTAL PROTECTION									
Category - Environmental protection									
Department of Environmental Affairs and Development Planning (Vote 9)	376 880	412 199	457 181	502 976	509 476	509 476	550 964	591 528	582 535
Total for Category - Environmental protection	376 880	412 199	457 181	502 976	509 476	509 476	550 964	591 528	582 535
TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION	376 880	412 199	457 181	502 976	509 476	509 476	550 964	591 528	582 535
FUNCTION - HOUSING AND COMMUNITY AMENITIES									
Category - Housing Development									
Department of Human Settlements (Vote 8)	1 987 458	2 215 466	2 151 327	2 189 533	2 210 878	2 210 878	2 224 251	2 692 623	2 862 020
Total for Category - Housing Development	1 987 458	2 215 466	2 151 327	2 189 533	2 210 878	2 210 878	2 224 251	2 692 623	2 862 020
TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES	1 987 458	2 215 466	2 151 327	2 189 533	2 210 878	2 210 878	2 224 251	2 692 623	2 862 020

Table A.9 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
FUNCTION - HEALTH									
Category - Health n.e.c.									
Department of Health (Programme 6.1)	445 048	511 447	583 602	695 453	692 174	632 236	710 320	767 267	836 968
Total for Category - Health n.e.c.	445 048	511 447	583 602	695 453	692 174	632 236	710 320	767 267	836 968
Category - Outpatient service									
Department of Health Services (Programme 6.2)	5 509 868	6 039 262	6 767 273	7 334 850	7 401 881	7 361 866	7 826 316	8 382 157	8 993 817
Total for Category - Outpatient service	5 509 868	6 039 262	6 767 273	7 334 850	7 401 881	7 361 866	7 826 316	8 382 157	8 993 817
Category - R & D Health (CS)									
Department of Health Services (Programme 6.6)	276 551	264 193	312 111	335 118	336 966	328 114	340 881	359 514	382 560
Total for Category - R & D Health (CS)	276 551	264 193	312 111	335 118	336 966	328 114	340 881	359 514	382 560
Category - Hospital services									
Department of Health Services (Programmes 6.3 to 6.8, excluding 6.6)	8 369 390	9 102 060	9 642 822	10 447 261	10 610 051	10 540 278	11 105 276	11 595 926	12 287 283
Total for Category - Hospital services	8 369 390	9 102 060	9 642 822	10 447 261	10 610 051	10 540 278	11 105 276	11 595 926	12 287 283
TOTAL FOR FUNCTION - HEALTH	14 600 857	15 916 962	17 305 808	18 812 682	19 041 072	18 862 494	19 982 793	21 104 864	22 500 628
FUNCTION - RECREATION CULTURE AND RELIGION									
Category - Recreation and sporting services									
Department of Cultural Affairs and Sport (Programme 13.4)	89 356	113 934	170 270	175 440	179 351	179 351	205 593	146 780	155 682
Total for Category - Recreation and sporting services	89 356	113 934	170 270	175 440	179 351	179 351	205 593	146 780	155 682
Category - Cultural services									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	301 194	339 639	442 220	531 059	515 082	515 082	530 591	545 163	574 985
Total for Category - Cultural services	301 194	339 639	442 220	531 059	515 082	515 082	530 591	545 163	574 985
TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION	390 550	453 573	612 490	706 499	694 433	694 433	736 184	691 943	730 667

Table A.9 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2015/16	Adjusted appro- priation 2015/16	Revised estimate 2015/16	Medium-term estimate		
	Audited 2012/13	Audited 2013/14	Audited 2014/15				2016/17	2017/18	2018/19
FUNCTION - EDUCATION									
Category - Pre-primary and primary education									
Department of Education (Programme 5.2.1 and 5.5)	6 572 208	7 062 894	7 787 817	8 166 108	8 187 171	8 187 171	8 870 677	9 361 920	9 829 097
Total for Category - Pre-primary and primary education	6 572 208	7 062 894	7 787 817	8 166 108	8 187 171	8 187 171	8 870 677	9 361 920	9 829 097
Category - Secondary education									
Department of Education (Programme 5.2.2)	3 914 964	4 400 697	4 489 245	4 898 501	5 047 234	5 047 234	5 497 187	5 919 394	6 317 622
Total for Category - Secondary education	3 914 964	4 400 697	4 489 245	4 898 501	5 047 234	5 047 234	5 497 187	5 919 394	6 317 622
Category - Subsidiary service to education									
Department of Education (Programme 5.3)	72 697	84 648	89 845	95 384	95 384	95 384	101 298	107 174	113 391
Total for Category - Subsidiary service to education	72 697	84 648	89 845	95 384	95 384	95 384	101 298	107 174	113 391
Category - Education not definable by level									
Department of Education (Programmes 5.1, 5.2.3, 5.2.4, 5.4, 5.6 and 5.7)	3 093 798	3 562 981	4 221 866	4 584 935	4 519 580	4 519 580	4 778 102	4 900 934	5 210 724
Total for Category - Education not definable by level	3 093 798	3 562 981	4 221 866	4 584 935	4 519 580	4 519 580	4 778 102	4 900 934	5 210 724
TOTAL FOR FUNCTION - EDUCATION	13 653 667	15 111 220	16 588 773	17 744 928	17 849 369	17 849 369	19 247 264	20 289 422	21 470 834
FUNCTION - SOCIAL PROTECTION									
Category - Social security services									
Social Development (Vote 7)	1 402 227	1 580 143	1 733 842	1 897 985	1 898 929	1 898 929	1 961 438	2 068 820	2 177 495
Total for Category - Social security services	1 402 227	1 580 143	1 733 842	1 897 985	1 898 929	1 898 929	1 961 438	2 068 820	2 177 495
TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT	1 402 227	1 580 143	1 733 842	1 897 985	1 898 929	1 898 929	1 961 438	2 068 820	2 177 495
TOTAL: BY FUNCTION	39 313 796	43 244 579	47 790 079	52 022 293	52 262 889	52 084 311	55 008 631	58 075 511	61 358 442

Table A.10 Summary of Expanded Public Works Programme (EPWP) payments and estimates

Provincial department R'000	Outcome			Main appro- piation 2015/16	Adjusted appro- piation 2015/16	Revised estimate 2015/16	Medium-term estimate			
	Audited 2012/13	Audited 2013/14	Audited 2014/15				% Change from Revised estimate 2016/17	2015/16	2017/18	2018/19
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety	8 367	12 513	16 888	16 221	17 362	17 362	21 191	22.05	15 694	17 820
5. Education	126 153	120 217	100 153	113 526	113 526	113 526	133 728	17.80	119 058	125 963
6. Health	108 861	107 017	112 326	119 217	120 210	120 210	124 520	3.59	126 828	134 184
7. Social Development	4 018	4 900	7 815	5 439	5 439	5 439	15 597	186.76	5 965	6 311
8. Human Settlements		3 000	3 842	3 490	3 490	3 490	3 426	(1.83)		
9. Environmental Affairs and Development Planning	1 000	17 658	22 260	23 262	23 262	23 262	25 001	7.48	22 245	23 535
10. Transport and Public Works	1 112 675	1 032 611	1 438 679	2 007 963	2 007 963	2 007 963	1 896 587	(5.55)	2 015 952	2 049 437
11. Agriculture	4 005	550	2 248	2 000	2 000	2 000	2 068	3.40		
12. Economic Development and Tourism										
13. Cultural Affairs and Sport	4 314	8 035	16 138	14 841	14 352	14 352	18 558	29.31	12 319	13 034
14. Local Government										
Total EPWP	1 369 393	1 306 501	1 720 349	2 305 959	2 307 604	2 307 604	2 240 676	(2.90)	2 318 061	2 370 284
Financed from:										
Equitable share	1 328 621	749 084	984 505	1 412 626	1 414 013	1 414 013	1 338 809	(5.32)	1 438 390	1 439 586
Conditional Grants	40 772	548 123	735 844	893 333	893 591	893 591	901 867	0.93	879 671	930 698
Other		9 294								
Total EPWP	1 369 393	1 306 501	1 720 349	2 305 959	2 307 604	2 307 604	2 240 676	(2.90)	2 318 061	2 370 284

Glossary

Asset Financing Reserve	Is a reserve, earmarked for the exclusive use of financing infrastructure, built up over the years through unspent funds of departments as surrendered at the end of a financial year less approved roll-overs, revenue collected above budget less approved revenue retention requests, and interest earnings on investment above budget.
Baseline	The initial allocations used during the budget process, derived from the previous year's forward estimates.
Basic prices	The measure of gross domestic product that excludes the value of taxes levied and subsidies received on production.
Business confidence index (BCI)	An index that measures the amount of optimism or pessimism that business feels about the prospects of their companies in an economy.
Broad unemployment	Includes searching and discouraged work seekers in the labour force.
Budget policy	Budget policy is the means by which government directs and adjusts its overall and differentiated levels of spending in order to foster and influence a nation's economy and social welfare.
Conditional Grants	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
Consumer price index (CPI)	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
Consumer spending	The expenditure incurred by households in an economy within a given time period on durables, semi durables and non-durable goods and services.
Countercyclical fiscal policy	Policy that has the opposite effect on economic activity to that caused by the business cycle, such as slowing spending growth in a boom period and accelerating spending in a recession.

Current account (of the balance of payments)	The difference between total exports and total imports, also taking into account service payments and receipts, interest, dividends and transfers. The current account can be in deficit or surplus. See <i>also trade balance</i> .
Discouraged work seekers	Individuals who want to work and are available to work, but who are not actively looking for work.
Division of revenue	The allocation of funds between the three spheres of government as required by the Constitution.
Domestic Resource Mobilisation	Refers to a comprehensive strategy targeted at identifying new or additional sources of revenue from domestic revenue bases and shifting these resources to investment in provincial and fiscal priorities.
Eurozone	Officially called the euro area, is a monetary union of 19 European Union (EU) member states that have adopted the euro (€) as their common currency and sole legal tender.
Expanded employment	Comprises all working-age individuals who were not employed during the reference week, but were willing and able to work. The expanded unemployed include all individuals unemployed according to the narrow definition of unemployment as well as all discouraged work seekers (i.e. the searching and the non-searching unemployed).
Equitable share	The allocation of revenue via a formula to the provincial and local spheres of government as required by the Constitution.
Fiscal consolidation	Refers to a policy aimed at reducing government deficits and the accumulation of debt.
Gini Coefficient	The measure of income distribution amongst a population reflecting income inequality. The Gini ranges from 0 (complete equality) to 1 (complete inequality).
Gross domestic expenditure (GDE)	The sum of household, general government, and gross capital formation expenditure within an economy and given time period. It excludes expenditure on net exports and is the broadest measure of internal demand within an economy.
Gross fixed capital formation	The expenditure incurred by the private sector and government sector in an economy within a given time period on fixed capital assets less disposals.
Financial year	The 12 months according to which companies and organisations budget and account.

Fiscal framework	A framework for integrating fiscal policy and budgeting over the medium-term by linking a system of aggregate fiscal forecasting to a disciplined process of maintaining detailed medium-term budget estimates by ministries reflecting existing government policies.
Fiscal policy	Policy on taxation, spending and borrowing by government.
Fiscal space	The ability of a government's budget to provide additional programme resources without jeopardising fiscal sustainability.
Gross domestic product (GDP)	The measure of the total national output, income and expenditure in the economy within a given geographic area and time period.
Human Development Index (HDI)	An index that measures the extent of human development of a community and is based on measures of life expectancy, literacy and income. The HDI ranges from 0 (low human development) to 1 (highest human development).
Indirect grant	A conditional grant that is listed as an allocation-in-kind in the Division of Revenue Act that specific financial year for spending by a national department on behalf of a province, local government or a municipality;
Industrial development zone	Designated sites linked to an international air or sea port, supported by incentives to encourage investment in export-oriented manufacturing and job creation.
Inclusive Growth	Inclusive growth captures the importance of structural transformation for economic diversification, socio-economic and competition. It puts the emphasis on policies that remove constraints to growth and inequality and creates a level playing field for investment and access to opportunity.
Labour absorptive capacity	Quantifies the difference between target employment growth rate and actual employment growth rate.
Labour force	Includes the total number of employed and unemployed individuals in the working age population.
Mass participation; Opportunity and access; Development and growth (MOD) Programme	The MOD Programme is an after-school, mass participation programme wherein school-going learners participate in after-school activities.

Medium-term expenditure framework (MTEF)	The three-year spending plans of national and provincial governments published at the time of the Budget.
Monetary policy	The policy on the supply of money through targeting an inflation rate or interest rate to ensure price stability.
Unemployment rate	The proportion of the labour force that is unemployed.
National budget	The projected revenue and expenditure that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
Provincial own receipts	Refers to taxes/fees and/or user charges, which a provincial department receives.
Provincial Strategic Plan	The WCGs five year strategic plan, coinciding with the 5 year electoral term, that gives effect to the National Development Plan and Provincial Strategic Goals.
Public entities	Companies, agencies, funds and accounts that are fully or partly owned by government or public authorities and are regulated by law.
Real interest rate	The level of interest after adjusting for inflation.
Recession	A decline in gross domestic product from one period to the next.
Smart growth	Builds an economy based on knowledge and innovation for future growth. Involves improving performance and quality of education outcomes, strengthens research and promotes innovation and knowledge transfer and the digital society.
Sustainable growth	Promotes a more resource efficient, greener and competitive economy. Builds a more competitive low-carbon economy; protects the environment; develops new green technologies; introduces efficient smart electricity grids; helps consumers make informed decisions.
Working age population	Individuals aged between 15 and 65.

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]