



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

1. SOCIO-ECONOMIC OUTLOOK AND POLICY

1.1 Economic Indicators

Global Economic Growth

The South African economy is currently impacted by uncertain and slow global economic recovery, persistently low levels of investor confidence, and structural bottlenecks that constrain private sector commitment to invest and produce at higher levels.

The International Monetary Fund (IMF) anticipates global economic growth for the global economy at 3.4 per cent for 2017. This is a slight improvement from the 3.1 per cent estimate for 2016 (IMF 2017). The IMF further anticipates that advanced economies will grow at 1.9 per cent in 2017, while developing and emerging economies, as a group, are expected to remain the main drivers of global growth growing at 4.5 per cent, an improvement from 4.1 per cent in 2016.

China's near-term growth outlook is expected to slightly improve due to an expected policy stimulus in 2017 while for other major emerging economies, most notably India and Brazil, growth prospects have been revised slightly down due to possible tightening of external financial conditions.

The National Treasury expects an expansion of 1.3 per cent in the South African economy in 2017, which is slightly more optimistic than the IMF forecast of marginal 0.8 per cent increase for the country in 2017.

The effect of weaker economic growth in 2016 has translated into moderate increase in government revenues for the first half of 2016, at 7.8 per cent compared to an earlier budgeted growth rate in revenues of 8.7 per cent. Consequently, from the 2016 MTBPS the budget deficit for 2016/17 as a percentage of GDP has been slightly revised upwards from -3.2 per cent to -3.4 per cent.

These projections are based on various key assumptions including possible shifts in economic policies by the new United States (US) administration with possible spill-over to the global economy; and the continued recovery and firming of oil prices and other commodity prices over the medium-term following the agreement among OPEC members and several other major oil producers to limit supply.

Table 1.1 Annual Percentage Change in GDP

Region / country	Average	Outcome	Estimate	GDP growth ¹
Percentage	2010 – 2014	2015	2016	2017
World	4.0	3.2	3.1	3.4
Advanced economies	1.8	2.1	1.6	1.9
US	2.1	2.6	1.6	2.3
Euro area	0.7	2.0	1.7	1.6
UK	1.9	2.2	2.0	1.5
Japan	1.5	0.5	0.9	0.8
Emerging markets and developing countries	5.7	4.0	4.1	4.5
Brazil	3.3	-3.8	-3.5	0.2
Russia	2.8	-3.7	-0.6	1.1
India	7.3	7.6	6.6	7.2
China	8.6	6.9	6.7	6.5
Sub-Saharan Africa	5.3	3.4	1.6	2.8
South Africa ²	2.5	1.3	0.3	0.8
South Africa ³	2.5	1.3	0.5	1.3

SOURCES: IMF WORLD ECONOMIC OUTLOOK, JANUARY 2017 UPDATE;

² IMF FORECAST.³ NATIONAL TREASURY FORECAST.

Global Economic Risks

On the whole the balance of risks to the global economic outlook for the medium-term remains skewed on the downside. Factors that could influence the realisation of such downside risks include:

- The possible political unravelling of the consensus about the benefits of cross-border economic integration which could intensify protectionist pressures and increase restriction on global trade and migration.
- In addition, for some advanced and key emerging economies corporate balance sheets still remain impaired and fragile, consequently any extended shortfall in private demand and inadequate progress on reforms (including bank balance sheet repair) could lead to permanently lower growth and inflation, with negative implications for debt dynamics.

South African Economic Growth

Real Production

The erratic pattern of economic activity in the country continued throughout most of 2016, with real economic growth slowing notably in the third quarter of 2016 to 0,2 per cent, after a strong rebound of 3.5 per cent in quarter 2.

In 2016, agricultural production remained under severe pressure due to sustained drought and dry weather conditions affecting various parts of the country, affecting the output / yield of various crops. However, the persistent rains that have been experienced in the first few months of 2017, will provide relief to the sector, and improve the outlook for the year. A risk for the sector, however, remains the negative effects of the Armyworm outbreak affecting crop production.

Table 1.2 SA Economic Sector Growth Trends, 2014-2016

Sector / Industry	2014	2015					2016		
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
Agriculture, forestry and fishing	6.9	-11.3	-20.4	-11.8	-6.7	-5.9	-6.5	-0.8	-0.3
Mining and quarrying	-1.4	12.7	-7.8	-10.5	1.4	3.2	-17.5	16.1	5.1
Manufacturing	0.1	-2.1	-6.3	4.7	-2.5	-0.3	0.6	8.1	-3.2
Electricity and water	-1.3	4.6	-6.9	-7.1	1.0	-1.0	-2.8	-1.8	-2.9
Construction	3.6	2.8	1.6	1.2	1.4	2.0	0.4	-0.2	0.3
Wholesale & retail trade; hotels & restaurants	1.4	3.2	-0.8	1.2	2.6	1.4	1.3	1.4	-2.1
Transport and communication	3.1	0.8	0.1	0.0	-0.3	1.4	-2.7	2.9	0.3
Finance, real estate and business services	2.4	2.9	2.3	2.5	1.7	2.8	1.9	2.9	1.2
Community, social and other personal services	1.7	1.0	1.0	1.2	0.4	1.1	0.5	0.8	0.6
General government services	2.7	-0.5	0.9	1.3	1.2	0.7	1.1	1.0	1.8
All industries at basic prices	1.7	1.8	-1.7	0.3	0.6	1.2	-1.1	3.6	0.2
GDP at market prices	1.6	2.0	-2.0	0.3	0.4	1.3	-1.2	3.5	0.2

SOURCE: STATS SA GDP 3RD QUARTER RELEASE

Output from the mining sector expanded moderately at the start of the second half of 2016 after a strong rebound in quarter 2 of 2016 due to rising output of iron ore, diamond and copper.

The contraction of 3.2 per cent in manufacturing output in quarter 3 was mostly driven by declines in output production of petroleum, basic iron and steel, and motor vehicles.

Electricity production also contracted during the third quarter of 2016 mainly due to weak manufacturing activity, fairly moderate winter conditions and high real electricity prices.

Real value added by the tertiary services sector (i.e. wholesale, transport, finance, community and government) rose at a slower pace in the third quarter as activity in the retail and motor-trade subsectors declined and the pace of growth in the finance and transport subsectors slowed.

Real Domestic Expenditure

From its decline in the first half of 2016 real domestic expenditure picked up in the 3rd quarter of 2016 as consumption and capital spending outcomes improved slightly. Driving some of the increase in government consumption expenditure were the real outlays by government in preparation of the local government elections held in the third quarter of 2016.

In recent quarters household spending has been progressing steadily especially with regards to purchases of non-durable goods and services. However, growth in real spending on semi-durable goods has been moderating with durable goods contracting for the greater part of 2016.

Real gross fixed capital formation registered its fourth successive quarterly decline in the third quarter of 2016. With business confidence low and economic activity weak, capital outlays by the private sector have contracted for most of 2016.

Real fixed capital expenditure by public corporations also edged lower during quarter 3. By contrast, general government raised its real capital expenditure as the improvement of national and provincial roads continued. Inventory investment turned positive in the third quarter as firms in the mining, trade and transport sectors raised their stock levels.

Table 1.3: Real Domestic Expenditure (% change at seasonally adjusted annualised rates)

Component	2015	2016		
	Year	Q1	Q2	Q3
Final consumption expenditure				
Households	1.7	-1.7	1.4	2.6
General government	0.2	1.2	1.4	2.1
Gross fixed capital formation	2.5	-10	-6.8	-1
Change in inventories	9.2	1.2	-28.3	20
Gross domestic expenditure	1.7	-2.1	-4.2	8.1

SOURCE: SARB DEC 2016

Labour Market Developments

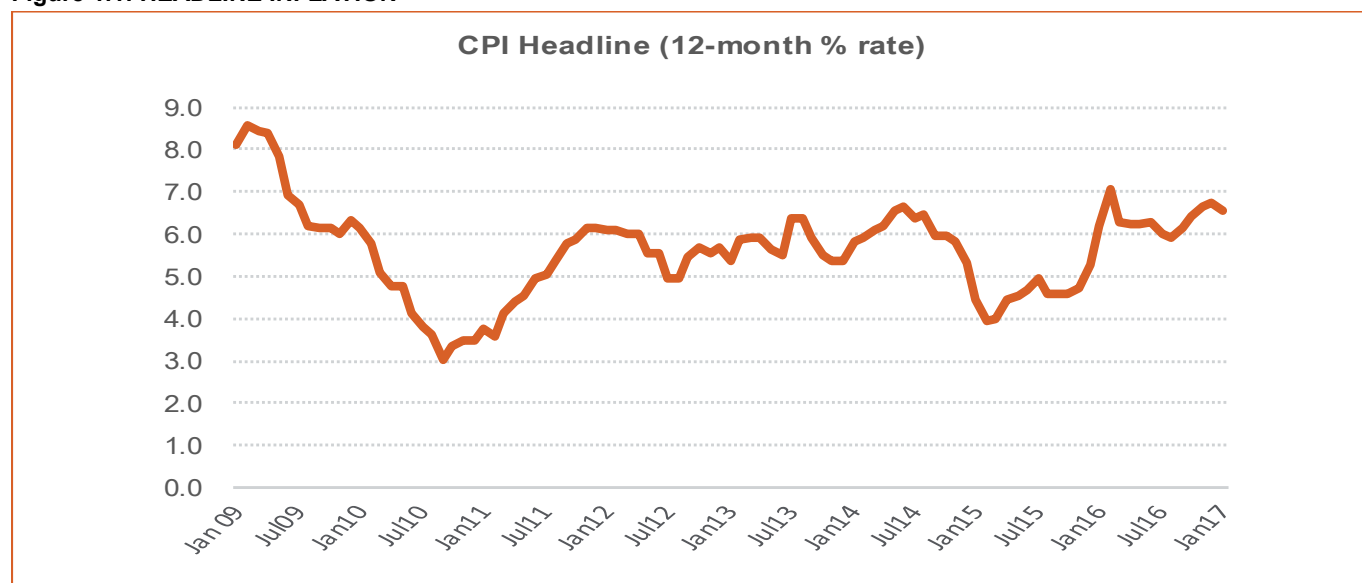
Following poor economic growth outcomes, employment creation remained subdued for most of 2016 with the country's official unemployment rate remaining high at 26.5 per cent by year end.

Wage settlements moderated slightly in the first three quarters of the year but remained above the rate of consumer price inflation which averaged at about 6.3 per cent in 2016.

Inflation

Since mid-2016, the twelve-month rate of consumer price inflation has been accelerating currently at 6.6 per cent as at January 2017 pushed mainly by higher food prices reflecting the impact of the drought alongside a fluctuating value of the local currency, the rand.

Figure 1.1: HEADLINE INFLATION



SOURCE: STATS SA CPI JAN 2017

Impact on Government Revenue

The effect of weaker economic growth in 2016 has translated into a R30.4 billion revenue shortfall in national revenue collection for 2016/17 – the largest underperformance relative to budget estimates since the recession of 2009/10. Consequently, according to the 2017 Budget Review, the national budget deficit for 2016/17 as a percentage of GDP, has been slightly revised upwards from -3.2 per cent to -3.4 per cent. For 2017/18 the budget deficit is expected to decline to 3.1 per cent of GDP mainly due to a tax revenue proposal of R28 billion and expenditure ceiling reduction of R10 billion in 2017/18.

Eastern Cape Socio-Economic Outlook

Economic Growth

The weak domestic and global economic environment has affected levels of activity in the province. Based on various estimates (Quantec 2016), provincial economic growth is likely to have contracted in the third quarter by 0.3 per cent following an expansion of 2.3 per cent in the second quarter of 2016. Sectors or industries most affected by the decline were in manufacturing, wholesale and retailing.

Table 1.4: Sector / Industry output growth (%)

Sector / Industry	2014	2015	2016		
	Year	Year	Q1	Q2	Q3
Agriculture, forestry and fishing	3.1	-4.7	-5.0	0.7	1.2
Manufacturing	-0.6	0.1	0.6	8.2	-3.1
Electricity and water	-0.8	-0.2	-2.1	-1.1	-2.2
Construction	1.9	5.5	0.3	-0.4	0.2
Wholesale & retail trade; hotels & restaurants	0.7	1.6	0.8	1.0	-2.5
Transport and communication	2.4	1.0	-2.7	3.0	0.5
Finance, real estate and business services	1.8	2.7	1.2	2.3	0.6
Community, social and other personal services	0.8	1.7	0.5	0.7	0.5
General government services	1.1	0.5	0.8	0.5	1.3
GDPR at market prices	1.0	1.3	0.1	2.3	-0.3

SOURCE: STATS SA 2016 AND QUANTEC 2016

Employment / Unemployment

The official unemployment rate for the EC province is estimated to be 28.4 per cent by the end of quarter 4 of 2016 slightly higher than the national average of 26.5 per cent.

By the end of quarter 4 of 2016, a total of 1.447 million people were employed in the province, representing approximately a 36 000 increase in the number of employed when compared to the same quarter of 2015. Most of the employment creation in the province between the last quarters of 2016 and 2015 were in manufacturing (23 000), construction (19 000), trade (17 000), and finance/business services (15 000) (refer to Table 1.5 below).

Table 1.5: Sector / Industry employment

Sector / Industry Employment (000's)	Oct - Dec 2015	Jul - Sep 2016	Oct - Dec 2016	Qrt-Qrt change	Year-Year change
Agriculture, forestry and fishing	89	100	88	-12	-1
Manufacturing	119	142	142	0	23
Electricity and water	7	6	8	2	1
Construction	166	180	185	5	19
Trade	306	312	323	11	17
Transport	67	72	80	8	13
Finance	134	134	149	15	15
Community and social services	384	381	364	-17	-20
Private households	138	113	107	-6	-31
Total	1410	1440	1446	6	36

SOURCE: STATS SA 2016 QLFS QUARTER 4

Employment within community and social services, and private household's sectors declined significantly in 2016.

Low human capital and skill levels continue to be the main determinants of labour market outcomes. Across the province the unskilled or those with less than a matric qualification was most likely to be unemployed or remain in elementary jobs compared to better qualified and skilled workers.

1.2 Risks to National and Provincial Economic Outlook

The following risks will determine the medium-term outlook for the domestic economy:

- Weak domestic and global demand for industrial goods, which could particularly affect the auto and components sector within the province.
- Low household expenditure, which normally drives short-to-medium term growth, might be held back by prolonged weakness of the labour market.
- Agricultural sector that is likely to be negatively affected by the outbreak of various crop pests, particularly the Armyworm.

Development Indicators

Health

Since 2009/10 there has been some noticeable progress in the delivery of primary health care services in the province especially to women and children. This is evident from the significant declines in stillbirth rates, early mother-to-child transmission of HIV, declining diarrhoea/ dehydration and pneumonia case fatality rates among children under five years, coupled with an increasing number of women receiving cervical cancer screening, and antenatal clients initiated on antiretroviral treatment (ART) (Table 1.6 below). Immunisation coverage for children (under 1 year olds) has remained high at just more than 80 per cent.

Table 1.6: Health Indicators

	2009	2010	2011	2012	2013	2014
Child <5 diar fat rate	10.3	10.3	7.4	6.6	6.9	5.2
Child <5 pneumo death	8.7	6.6	4.9	4.4	5.7	4.2
Child <5 sev mal fata	20.0	21.7	17.7	15.2	14.0	11.8
Stillbirth rate	21.6	22.4	22.3	21.8	20.6	19.6
Infant PCR positivity 6w rate	9.7	6.7	3.9	3.0	2.0	1.7
Cervical cancer screen coverage	34.0	36.2	36.9	37.6	46.0	56.3
ANC initiate ART rate		82.1	70.4	80.5	79.0	91.7

SOURCE: DHIS 2015/16

However, challenges still remain especially in delivering quality care within an ideal *clinic* environment. Limiting the impact of TB, HIV/AIDS and various other emerging non-communicable diseases that continue to be major causes of pre-mature death in the province is still also challenge.

Moving forward the strengthening the provincial health care system will require a greater focus on sourcing human resources for health, ensuring accountability of primary health care providers to users, improving health information systems, prioritizing the integration of various components of the health delivery system, and improving and maintaining critical public health infrastructure, health assets and pharmaceutical stocks, that is, medicines and medical equipment.

Basic Education

Improving access to basic education services has been a key policy focus area of government since 1994. Consequently, the target of universal access to basic education including grade R has largely been achieved except in early childhood development programmes (Table 1.7). However, for the country and more so for the Eastern Cape delivering *quality* basic education remains elusive. Learners from the province persistently achieve below the national average on various standardised assessment test for literacy and numeracy, and many fare poorly in the annual national certificate examinations. Learner underperformance should, however, be understood within the social context of widespread poverty and relative underdevelopment in the province.

Continuing to strive for quality basic education will require government to adequately respond to the systemic administrative and operational challenges facing the sector. At the very least such interventions will have to deal with the shortage of qualified educators and the high attrition rate of experienced educators in the province, whilst also ensuring efficiencies in the delivery of Learner Teacher Support Material (LTSM), and providing adequate schools infrastructure.

Table 1.7: EC Gross Enrolment Rates by Age and Education Institution

Age group	Pre-school	Primary (grade R to 7)	Secondary (Grade 8 to 12)	TVET	Other college (incl. private and public nursing)	HEI - Univ./Univ of Tech.	Community colleges	Home-based schooling	Other	Total Pop.	Gross enrolment rates (%)
00-04	289 565							83	471	815 885	35.6
05-09	31 649	779 895						406	462	848 302	95.8
10-14		607 836	160 070				64	537	985	795 212	96.8
15-19		52 865	561 075	9 100	2 265	9 964	1 099	487	1 847	789 607	80.9
Total	321 215	1 440 596	721 145	9 100	2 265	9 964	1 162	1 513	3 765	3 249 005	77.3

SOURCE: DERIVED FROM STATS SA COMMUNITY SURVEY 2016

1.3 Conclusion

Over the medium-term stimulating economic growth and jobs creation will remain as one of the key priorities of government. Through various initiatives this will entail identifying and supporting sectors of the provincial economy with the potential to deliver maximum economic growth, employment and meaningful transformation.

Broadly the support will entail revitalising agriculture and agro processing through government facilitated partnerships between Eastern Cape emerging farmers and established commercial agriculture, diversifying the provincial industrial base through promoting light manufacturing industries, improving and sustaining public infrastructure delivery and broadband development; and unlocking the potential of local suppliers and SMMEs through government procurement.

Seizing opportunities associated with national policies on economic growth such as Operation Phakisa for the oceans economy will further be intensified.

More importantly growing the domestic economy over the medium-term will require decisive actions on policy implementation across all levels of government in order to restore private sector confidence.

2. MEDIUM TERM BUDGET STRATEGY AND AGGREGATES

2.1 Introduction

The 2017 Budget is set within the context of rising fiscal pressure and a constrained economic environment. The Eastern Cape (EC) Budget is therefore focused on ensuring a stable fiscal base while giving effect to the policy imperatives of the province, as outlined in the Provincial Development Plan (PDP). The Budget, furthermore, continues its alignment with the National Development Plan (NDP), reinforcing the provincial commitment to sustainable and inclusive growth.

The EC administration, has committed to fiscal consolidation through targeting the reduction of waste and inefficiencies in spending initiatives within provincial departments and entities, including limiting the growth in the provincial wage bill and in so doing curtailing growth in Compensation of Employee budgets.

The 2017 Budget seeks to address the provincial spatial contexts and improve overall service delivery, creating maximum socio-economic impact.

Core service delivery and economic growth continue to be supported.

The Budget Strategy over the medium term continues to be:

- Fiscal Consolidation.
- Alignment of expenditure to the National and Provincial Development Plans.
- Curtailing wasteful and consumption driven expenditure in provincial department and entities – which includes containing growth in the provincial Compensation of Employees budget, and increasing efficiency in Supply Chain Management processes.
- Maintaining support for core service delivery – particularly in Education, Health and Social Development.
- Driving higher inclusive economic growth and job creation.
- Improving provincial infrastructure.
- Increasing own revenue generation.
- Continued support to municipalities.

The budget strategy as outlined above, is broadly in keeping with the national budget that speaks to the principles flowing from the NDP, namely, Inclusive Growth; Employment Creation, Improving the quality of Education and Health outcomes; Investing in Infrastructure; Building a Capable State and Partnerships.

The 2017 Budget provides for total expenditure amounting to R74.4 billion in 2017/18; R78.4 billion in 2018/19 and R83.6 billion in 2019/20, with an annual average increase of 6.5 per cent.

2.2 Budget Policy Priorities

Given the limited resources, a strong emphasis is placed on partnerships and the establishment of an integrated approach in the delivery of services and expenditure. These partnerships include initiatives with

various private and public sector role-players such as businesses, communities, and other spheres of government as key stakeholders in development.

A key focus of provincial fiscal policy over the 2017 medium term will be to give greater impetus to raising the level of regional economic growth through improved capital investment (infrastructure development), supporting enterprise development, promoting primary agriculture production on a commercial scale, agro-industry development, improving own revenue generation, and ensuring efficient and effective service delivery at district municipal level through the provision of on-going support in targeted regions.

A set of government policy priorities have guided the formulation of the provincial budget allocations for the 2017 Medium Term Expenditure Framework (MTEF). These policy principles were highlighted in the 2016 provincial Medium Term Budget Policy Statement (MTBPS) and are outlined below as Priorities-of-Priorities:

Agricultural Development: Scaling up agriculture through providing support to smallholder and land-reform beneficiary farmers that show the willingness and potential to produce at a commercial scale – in 3 key agricultural commodity groups, namely, Grain; Horticultural Crops and Livestock (and their respective value-chains). Leveraging private sector support is a key thrust of the strategy.

Provincial social and economic infrastructure: This prioritises the design and development of critical infrastructure, such as water and sanitation, access roads, small town revitalisation, electrification and human settlements.

Information Communication Technology (ICT) Infrastructure: This initiative is aimed at laying the groundwork for investments into broadband infrastructure and initiates province-wide roll-out of telecommunication infrastructure within government institutions.

Increasing the efficiency and effectiveness of Provincial Institutions: Assessing the impact made by departments, municipalities and entities in terms of improving investment in the province, and how this can be optimised. This will include a focus on: provincial Special Economic Zones (SEZs); and the proposed rationalisation of provincial public entities.

Spatial Development Framework (SDF): The spatial framework will inform planning and development by determining the prioritisation of the following priority areas: roads; integrated sustainable human settlements; small town revitalisation, and social infrastructure delivery, such as water and sanitation – with a view to adding impetus to local economic development.

Integrated Service Delivery Model (ISDM): The ISDM will provide the best possible solution to bringing together fragmented government services offered to individuals, families and communities. Working through partnerships, integration, coordination and collaboration are at the heart of this provincial integrated service delivery strategy. This is implemented through Operation Masipathisane, which covers all inter-governmental structures through a solution-oriented, service delivery approach.

Education Transformation Strategy: The central focus of the 7-point transformation strategy is the creation of a learner-centred education system that produces internationally competitive learners. The focus of the education system will be to take advantage and build on the learners' own capabilities, talents and interests.

These high impact priority interventions seek to tackle the intractable provincial challenges of low economic growth, high unemployment and related socio-economic challenges that act as constraining factors to growth and development. These priorities are currently being developed into focused initiatives and

projects that will open up new opportunities that serve to grow the region's economy in an innovative and bold way.

2.3 Aligning Provincial Budgets to Achieve Governments Prescribed Outcomes

Economic and Social Infrastructure Delivery

Transport Infrastructure

The provincial Department of Transport (DoT) has been allocated an additional R10 million in 2017/18, R5 million in 2018/19 and R15 million in 2019/20 for the planning and implementation of the integrated weighbridge, pounds and traffic centre in Middelburg.

Continued implementation of the Provincial Integrated Public Transport Master Plan (PIPTMP) will see new public transport routes piloted in 2017/18.

Road Infrastructure

The Department of Roads and Public Works (DRPW) plans the completion of the following road infrastructure in 2017/18:

- R260 million over the 2017 MTEF is allocated (R60 million in 2017/18) towards the upgrade of Phase 3 and 4 of road DR08005: Magusheni to Mzamba [R61], approximately 79km.
- Planning of the upgrade to the Centane to Qholora road (Phase 3) is allocated R8 million in 2017/18.
- Upgrading of Nkantolo road from R61 to Tambo Garden of Remembrance is allocated R70 million in 2017/18.
- R90 million in 2017 and R190 million over the MTEF is allocated towards the upgrading of the Elitheni Coal Mine Road.
- R10 million is allocated in 2017/18 towards the planning of the upgrading of the road from R61 at St' Barnabas Hospital to Hluleka Nature Reserve (+/-47 km).

Bhisho Precinct

The provincial Department of Roads and Public Works (DRPW) will allocate R3.8 million in 2017/18 and R4 million in 2018/19 towards the Bhisho Office Precinct project. The 2017/18 funding will be to initiate the planning phases of the office precinct project. This on-going and long-term development is a cost-saving initiative aimed at ensuring, savings on expenditure incurred on above-market and inflationary-related rental agreements by the provincial administration.

Small Town Revitalisation

The Office of the Premier allocated R584.4 million over the 2017 MTEF (R136.5 million in 2017/18; R262.5 million in 2018/19 and R185.4 million in 2019/20) towards the revitalisation of strategic small towns in the province. Such revitalisation entails the facilitation of support towards the provision of electricity, sanitation and water in identified small towns, namely Alice, Kirkwood, Libode, Ngqeleni, Mt Ayliff, Port St Johns, Mt Fletcher, Ntabankulu and Mbizana.

Industrial Parks

During the forthcoming financial year, the provincial Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), has allocated R27.321 million in 2017/18 for the planning of the following economic infrastructure projects:

- Dimbaza Industrial park fencing.
- Wild Coast Special Economic Zone/industrial estate.
- Revitalisation of Mdantsane Mall project.
- Somerset East Industrial Park.

- Uitenhage multi-sector business incubation centre.
- Upgrade of the road to Ranch Timbers Sawmill.
- Industrial Park Road upgrade.
- Fort Jackson Fencing Project.
- The Rehabilitation of the Butterworth Factory project.

Social Infrastructure

The Provincial Treasury will continue to allocate funding during the 2017/18 financial year towards social infrastructure projects in key municipalities. A total of R333 million will be allocated in the 2017/18 financial year for the construction of infrastructure, such as bridges and access roads that link communities to health and education facilities. A further R100.800 million is allocated for electrification projects in various rural municipalities.

Broadband

The societal importance and economic relevance of broadband is becoming increasingly clear. Access to broadband networks and to high-speed Internet with its next generation of information services is considered a necessary precondition for economic growth and competitiveness. Broadband is also increasingly the primary mechanism for accessing information essential for all forms of economic activity and good governance.

Information Communication Technology (ICT) systems are now at the heart of government processes. Effective e-Government (electronic Government – use of digital tools and systems to provide better public services to citizens and businesses) can provide a wide variety of benefits including more efficiency and savings for governments and businesses, increased transparency, and greater participation of citizens in political life. E-Government is basically driven by the Broadband ecosystem.

The Office of the Premier (OTP) will champion this planned initiative, an amount of R218.264 million is allocated in 2017/18 and R694.960 million over the 2017 MTEF, for the revamping of the Bhisho Campus Network, Provincial Virtual Private Network (VPN) and the Provincial Broadband initiative. This initiative will connect all provincial public offices, inclusive of healthcare institutions, education institutions with the highest speed data, voice, video and internet services. R106.767 million in 2017/18 and R339.011 million over the 2017 MTEF is allocated to the ELIDZ for operational costs at the IDZ.

Special Economic Zones (SEZs)

An amount of R40 million is allocated in 2017/18 to the Coega Development Corporation (CDC) to support the transition of CDC to a fully-fledged Special Economic Zone (SEZ) in accordance with the national SEZ Act of 2013. CDC is to provide a clear and detailed governance plan as well as a new business model. R106.767 million in 2017/18 and R339.011 million over the 2017 MTEF is allocated to ELIDZ for operational costs and maintenance of the IDZ.

Human Settlements

The provincial Department of Human Settlements, in conjunction with the Housing Board, will do verification and valuation of 5 855 assets in 11 municipalities. The department also plans to undertake improvements in the monitoring and performance of contractors, and allocate funding towards the disaster recovery plan.

Inclusive Rural Economy

Agriculture Development

Owing to its large labour and off-farm industrial development multipliers, agriculture is the catalyst for the development of the provinces rural areas. The agricultural development strategy, adopted by the province

in 2016, encompasses the production of high value agricultural commodities, in which the province has the ability to compete, as well as for which existing markets are available. Other key criteria in the selection of these priority agricultural commodities is the availability of smallholder farmers with access to critical factors of production such as land, the potential of the commodity to contribute to economic growth through the availability of both domestic and export markets, as well as the labour intensity thereof.

During the 2017/18 financial year, an additional R257 million has been allocated to the Department of Rural Development and Agrarian Reform (DRDAR) for the implementation of the new agricultural strategy and to increase the land under grain production from 43 800 hectares to 47 800 hectares. The strategy targets citrus, deciduous fruit and vegetable production.

Owing to the province's comparative advantages which the province has in both livestock numbers per household and wool exports, DRDAR will focus its attention on increasing the production of livestock and wool. Wool production will mainly be focused on the export market.

Over the 2017 MTEF, a total allocation of R23.8 million will be allocated towards Horticultural crop production; R130.4 million towards Livestock production; R38 million towards Grain production and R11 million towards Aquaculture.

Continued support will be provided to the Rural Enterprise Development (RED) hubs, to stimulate the development of the province's agro-processing potential. To this end, DRDAR will allocate funding to the Eastern Cape Rural Development Agency (ECRDA) for the construction of an additional 3 Rural Enterprise Development (RED) hubs, with one site targeted to be constructed during the 2017/18 financial year.

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

Primary production will continue to be increased in support of the Agri-park hubs.

Magwa and Majola Tea Estates

An additional R15 million is allocated in 2017/18 for the Magwa and Majola Tea Estates to support the resuscitation of tea production, including the introduction of green tea and retailed packed tea. The department together with the business administrator will ensure that the new business model must include clear beneficiation plans for the community and the contribution of the community in resuscitating the tea estates.

Inclusive Economic Growth and Employment Creation

The EC, through its Provincial Economic Development Strategy (PEDS), identified parts of the economy with the greatest potential for accelerated and sustained growth and job creation. The prioritised economic sectors are:

- **Agri-industry**

Agriculture together with agro-processing has the potential to develop rural subsistence-based farming targeting local-markets in conjunction with large-scale commercial farming focusing on export-markets. There are also opportunities to connect rural small-holders directly to global markets through partnerships between multi-nationals and local communities.

In the EC, the agro-processing sector constitutes only 19 per cent of employment within the manufacturing sector. Despite the potential for agri-industry development, the current contribution from the agricultural sector is 1.7 per cent.

- *Key initiatives*

- Provincial Agro Industry Development Forum

This forum serves as a platform for industry development, programme planning, coordination and implementation as well as an interface with the private sector, enabling the province to develop informed and inclusive sector development plans. The forum centres around the creation of a common agenda amongst all sector stakeholders within priority value chains. This will aid in closing the leakages on the limited financial resources caused by the silo approach that has been limiting the development of the sector. The Forum is led by DEDEAT and DRDAR, supported by the Eastern Cape Development Corporation (ECDC) and ECRDA.

Over the medium term, investments will be targeted in the Red Meat; Grain; Fruit; Forestry and Aquaculture industries.

- Agro Industry Cluster

The establishment of the Agro Industrial Manufacturing (AIM) Cluster has been done with the objectives of enhancing industrial competitiveness and industrial expansion with resultant job creation through the provision of focused support to the existing processors in the province.

The cluster will provide a platform for linking the existing agro processors with local producers, reducing the import of raw materials which could be produced by the province. The cluster will also provide opportunities for the development of new enterprises as opportunities will be identified through continuous industry value analyses. The current focus is on the formalisation of the food manufacturing sub-cluster and the Animal fibres (wool and mohair) sub-cluster.

- **Sustainable Energy**

Sustainable Energy is both an economic enabler and a high potential economic sector in its own right. Provincial economic opportunities can be harnessed through the supply of feedstock for energy generation, such as, soya-beans for biofuels. This product can be used for energy generation or processing, such as at wind farms, solar farms, biofuels manufacturing facilities and gas power plants; distribution and reticulation; and end-use, such as for energy efficiency measures, rooftop solar, solar water heaters and so-forth. It further provides opportunities for local content manufacture; and design, construction, operation and supply services.

- *Key initiatives*

- Provincial Green Skills Forum and Provincial Sustainable Energy Forum.
- Numerous sustainable energy programmes and initiatives offered at provincial universities and Technical Vocational Education and Training Colleges (TVET).
- Provincial Small Medium and Micro Enterprise (SMME) inclusion in the Energy programme.
- Numerous bio-energy related developments within the province.
- DEDEAT-Nelson Mandela Metropolitan University (NMMU) technical baseline study on Shale Gas; and Municipal Shale Gas Decision Support Toolkit.
- Eastern Cape Lower Saxony Mini-grid Project. Through its twinning arrangement with the State of Lower Saxony in Germany, several provincial projects are funded through the German Ministry of Environment, Energy and Climate Protection. As a response to alleviate energy poverty for those that

not connected to the national grid, and in particular, those areas which will not be electrified by Eskom in the next 8 to 10 years, a mini-grid project has been embarked upon.

50 rural households are piloting a low voltage islanded mini-grid, that generates and stores “clean” energy. The grid is planned for future connection with the Eskom grid. The project is co-funded by the province and local government. The success of this project will see the development of institutional and regulatory formula for rural electrification and associated livelihood development. Furthermore, the project is more than just about electrification, it goes further to encompass training and skills development, livelihood development and local enterprise development.

• **Ocean Economy**

South Africa’s blue economy offers extractive economic opportunities in mining, offshore oil and gas, fishing and aquaculture and non-extractive economic opportunities in other areas such as marine tourism and leisure, marine manufacturing, transportation and other related activities.

The Operation Phakisa prioritised projects for the EC include specific projects for East London aimed at unlocking the boat-building industry in the city with the refurbishment of the existing slipway facility to facilitate private sector investment. Projects in Port Elizabeth includes the refurbishment of the lead in jetty.

○ *Key initiatives*

- Provincial Oil and Gas Working Group; and Provincial Oil and Gas strategic framework and action plan, undertaken in the context of Operation Phakisa.
- The proposed 1 000 MW Liquid-Natural Gas (LNG) Power Station at Coega.
- Aquaculture projects lead by DRDAR.

• **Automotive**

The automotive industry in the EC province dominates the provincial manufacturing landscape. In terms of exports, approximately 95 per cent of all exports from the Port of East London are automotive with more than 50 per cent of exports from the Port of Ngqura and Port Elizabeth being automotive (if catalytic converters are included).

As many as 150 companies are involved in the production of components and sub-components, as well as replacement of parts and accessories. With its four assemblers and 100 component manufacturers the automotive industry accounts for nearly half of the manufacturing industry employment (including tyres, leather seats and batteries). This high-tech, “advanced manufacturing” industry is an asset for the province’s future industrialisation and continues to attract new investment – as recently demonstrated by the R11 billion investment from BAIC (Chinese Original Equipment Manufacturer (OEM)).

○ *Key Initiatives*

Due to the EC being predominately an Automotive Manufacturing economy the province has commenced with initiatives to strengthen the collaboration between government and this sector, such as:

Initiatives	Results Expected
Eastern Cape Tooling Initiative.	Enhance industrial competitiveness and Industrial expansion and job creation.
Revitalisation of Industrial Parks.	Industrial expansion and job creation
AIDC and DBSA Prime Project – with support from the Jobs Fund.	Industrial Skills development and placement – youth.
Eastern Cape Automotive Industry Forum (Auto Cluster).	Enhance industrial competitiveness and Industrial expansion and job creation.
Support system to Manufacturing companies in Distress.	Business support, issue resolution, industrial expansion, job retention and creation.

• **Light Manufacturing**

Light manufacturing is defined loosely as non-automotive and non-agriculture manufacturing enterprises, that are labour-intensive, which typically include clothing and footwear, metal and plastic products and assembled electrical and electronic goods.

Light manufacturing is labour intensive, and hence has the ability to absorb many low skilled, unemployed people into the formal economy.

- *Key Initiatives*
- Support offered to manufacturing companies in Distress.
- Local Procurement – Buy Eastern Cape Campaign.
- Non-Automotive Manufacturing (NAM) Cluster Initiative.
- Revitalisation of Industrial Parks.
- Eastern Cape Tooling Initiative (ECTI).
- Industrial Development Zones: East London and Coega aimed at industrial expansion and job creation, research and development, innovation and skills development.

• **Tourism**

The province is home to a diverse tourism offering, providing a unique competitive tourism bouquet. The sector, furthermore, also remains of strategic importance from a spatial perspective, with the potential to provide low and semi- skilled jobs in remote rural locations.

Future job creation in the tourism industry hinges critically upon improved transport infrastructure; improved hospitality infrastructure; improved management of tourism “packages” and improved marketing of the province’s unique assets, such as the Wild Coast and the Baviaanskloof World Heritage Site.

- *Key initiatives*
- Heritage tourism.
- Cultural observatory.
- Tourism events.
- Tourism roads development.
- Port St Johns Waterfront and related tourism development.

• **Skills Development**

- *Key Initiatives*
- Pilot maritime high schools offering subjects in Maritime Economics and Nautical Sciences.

- Short-term skills programmes and Work Integrated Learning (WIL) initiatives with industry to enabling enrolment by the youth in learnerships, apprenticeships, internships and short courses.
- The Tsolo Agriculture and Rural Development Institute (TARDI), will increase agricultural skills development.
- Work continues around areas of Small Medium and Micro-Enterprise (SMME) development, within most of the strategic economic sectors.
- The provincial department of Social Development (DSD) will continue to prioritise the development and empowerment of the provincial youth, enabling their participation in entrepreneurship development initiatives, empowerment programmes.
- The department of Human Settlements, in partnership with the National Home Builders Registration Council (NHBR), National Youth Development Agency (NYDA) and Further Education and Training (FET) Colleges, will continue to roll out its youth build programs throughout the province in an effort to skill and equip unemployed youth with built-environment skills, enabling these individuals to become artisans.

• **Support to Small Business**

Small business development is important for creating new sources of wealth thereby reducing inequalities, promoting transformation and maintaining a more-dynamic economy.

○ *Key Initiatives*

- Establishment of a provincial business incubation and coordination platform.
- Resourcing through an Incubation Fund, mainly via Development Finance Institutions (DFIs).
- Provincial SMME coordination through the strengthening of the Provincial SMME Forum.
- Local procurement opportunities created through government Supply Chain Management (SCM) processes and more broadly the BECC.

Financial Support to SMMEs

By December 2016, the Eastern Cape Development Corporation (ECDC) disbursed a total of R48 million benefiting 54 SMME's, with the majority of beneficiaries being in the construction and services sectors. The bulk of loans disbursed has benefitted major municipalities, such as King Sabatha Dalindyebo (KSD); Buffalo City Metropolitan Municipality (BCM); Nelson Mandela Bay Metropolitan Municipality (NMBM) and Chris Hani municipality. There has been a lag in the uptake of loans within rural communities. A total of 68 jobs were projected for the 54 SMME's that were supported.

Non-financial Support to SMME's

A total of 116 SMME's were supported up to the third quarter of the 2016/17 financial year. Of those enterprises supported, 42 were supported in the creative industries as a result of the Craft Retail outlet that was launched in November in collaboration with the Department of Trade and Industry (Dti) and the Small Enterprise Development Agency (SEDA).

From the total number of SMME's who have participated in this initiative, 85 SMME's (80 per cent) were women owned; 30 per cent was youth, 95 per cent were black owned enterprises, Township enterprises were at 30 per cent and Rural and village enterprises constituted 65 per cent of the total.

37 and 20 small businesses were also supported in marketing activities and marketing and mentorship respectively. Other non-financial assistance afforded to small businesses were in conducting feasibility studies, exhibitions and developing and analysing financial statements.

The main sectors supported include creative industry, retail, services, Tourism, Agro processing, green industries and manufacturing, overwhelmingly located within the metropolitan municipalities. A total of 394 jobs were projected for the 116 SMMEs that were funded under non-financial support,

Cooperatives Support

The support provided to cooperative enterprises includes grant funding through IMVABA fund that is administered by ECDC, wherein a total of 4 cooperatives involved in agriculture and manufacturing were supported up to the end of Quarter 3 of 2016/17; with a total sum of R1.9 million disbursed. A total 22 jobs were projected for the 4 cooperatives supported.

• **Innovation, Research and Development**

Innovation and research plays an increasingly important role in sustaining positive economic growth, in that it allows for constant upgrades of processes which have positive implications on productivity, making products cheaper, with quicker turnaround times and increased efficiencies.

Ultimately, research and innovation play a key role in enhancing the social and economic profile of the province resulting in crucial benefits such as job creation, poverty alleviation. These factors ensure sustainable growth and offer a stable and equitable climate in which to live, attracting investment and a better life for all.

○ *Key Initiatives*

- Initiation of the Provincial Innovation Council serving to drive the innovation agenda.
- Western Regional Innovation Forum and creation of Central and Eastern Regional Innovation Forums.
- East London Industrial Development Zone Science and Technology Park (STP) which has developed an innovation ecology network which serves to mobilise partnerships, funding and engagement between stakeholders.
- NMMU Propella Incubator programme centre that runs an incubator in partnership with industry.
- ECDC funding partnership for innovators within the province, which serves to enhance the development of new products and services and get them to the market.
- Technology transfer offices through provincial institutions of higher learning are working to ensure the commercialisation of research produced in these institutions.

Other noteworthy initiatives include:

- Bathurst Pineapple Technical office.
- Fort Hare Nguni Cattle and Leather Hyde Research Centre.
- Rhodes ICT Technical Office.

• **Environmental Governance and Protection**

○ *Key Initiatives*

The province undertakes numerous environmental management projects and programmes as a way of ensuring sustainable economic development. Such initiatives include:

- Waste Management.
- Air Quality Management.
- Environmental Impact Management and Assessments.
- Compliance and Enforcement services.

- Coastal Zone Management.
- Biodiversity Management through the Eastern Cape Biodiversity Strategy and Action Plan.

Improving Provincial Health Outcomes.

Over the forthcoming financial year, the provincial Department of Health (DoH) will improve on its outcomes through focusing on the following important initiatives:

- Increasing allocations to the provision of medical supplies, implants and laboratory services.
- The department will also build capacity to address medico-legal claims.
- Improve on its quality of care through the purchase of incubators for infants in distress, Continuous Positive Airway Pressure (C-PAP) machines to assist babies to breath and the Cardiotocography (CTG) machines to detect foetal distress and prevent asphyxia.
- The department will prioritise revenue collection through the installation of patient verification systems such as security cameras and the employment of personnel to manage these systems.
- Strengthen electronic document management and patient records (targeting Mthatha General Hospital).

Improving Provincial Educational Outcomes

In its efforts to improve educational outcomes in the EC, the provincial Department of Education (DoE) over the forthcoming financial year, in keeping with their policy priorities, will be centred on:

- The procurement of school furniture.
- Furniture and equipment for school hostels.
- The Learner Attainment Improvement Strategy (LAIS) to assist grade 10, 11 and 12 learners with the view to improving the overall learner pass rates.
- Enhancement of the School Nutrition Programme (SNP).
- Catering for Learners with Profound Intellectual Disabilities through the new Conditional Grant allocation.

Building an efficient, effective and development-oriented public service

Integrated Service Delivery Model

Operation Masipathisane, is an integrated service delivery model utilising the concept of a War Room for community driven service delivery. The model is premised on 5 principles:

- Community partnerships (active citizenry).
- Integration of government services (War Room as service integration point).
- Promotion of Economic Activities (Local Economic Development).
- Environmental Care.
- Behavioural change campaign to address social ills.

In 2017, R10.500 million will be allocated towards Operation Masipathisane of which R5.500 million will go towards branding and marketing purposes and R4.550 million will go towards the establishment of provincial war rooms.

A further amount of R13.784 million is allocated to the provincial Department of Cooperative Governance and Traditional Leaders (COGTA) over the 2017 MTEF for the Community Development Workers dedicated to Operation Masipathisane.

In 2017/18, R70 million has been allocated to COGTA for disaster management in the province.

Support to Municipalities

The provincial department of Cooperative Governance and Traditional Affairs (COGTA) will, in 2017/18 focus on electrification of households in the identified hotspot areas of the province, including a water intervention project within the Chris Hani Municipality.

Provincial Treasury will maintain its mandatory municipal support functions in financial management.

Government Supply Chain Management

The provincial government will continue to support local SMME's and facilitate local economic development through government procurement as an important catalyst to transform the local economy. During the 2017/18 financial year concrete measures will be put in place to ensure that the objectives of the Local Economic Development Procurement Framework are achieved.

Local production will also be stimulated through the adoption of the strategy for the establishment of off-take agreements. Investigations are currently underway to determine opportunities therefore.

Furthermore, the Preferential Procurement Regulations of 2017 will serve to assist the provincial government to leverage on the benefits that are to be derived from Local Economic Development

Procurement Framework. In terms of the Regulations, state organs may apply pre-qualification criteria to advance certain designated groups. Departments and other state organs must also, where feasible, subcontract a minimum of 30 per cent for contracts above R30 million to designated groups.

R1.5 million will be spend on the capacitation of supply chain management practitioners during the 2017/18 financial year. The identified training courses will accumulate credits which contribute towards the attainment of a formal qualification.

2.4 Fiscal Policy

Managing the Provincial Wage Bill

In April 2016, the PERSAL Centralisation framework, encompassing the centralisation of PERSAL controller functions, and authorisation of appointments and other salary related transactions at Provincial Treasury, was approved. The framework mapped business processes and relevant Standard Operating Procedures (SOPs).

Furthermore, the Office of the Premier (OTP), as custodians of Human Resource Management policies in the province, introduced tight controls in the recruitment functions of departments. To this end the Provincial Coordinating Management Team (PCMT) was reconstituted as the structure through which the Annual Recruitment Plans (ARP) for 2016/17 were to be approved.

The PERSAL Centralisation framework excludes the Legislature and the Department of Health.

Achievements to date include:

- Stricter controls on the payment of overtime, performance bonuses, back-dated salary payments, and a reduced number of Payroll special run requests by departments. Treasury keeps track of the number of Payroll special runs requested by departments.
- The PERSAL Authorisation of Appointments unit, has served as the province's control unit, in respect of ensuring accuracy and completeness of data captured on PERSAL, in relation to all appointments.

- Completeness of employee files is ensured with the centralised authorisation of appointments.
- The SOP's on PERSAL authorisation of appointments, has ensured standardisation of appointment; completeness of documentation prior to the authorisation of an appointment; and compliance by departments to the relevant prescripts.
- The PERSAL Centralisation framework, has ensured greater integration between the PERSAL authorisation of appointments, had BAS system controllers, as no salaries are permitted on the BAS system.
- Integration between the PERSAL Centralisation team and the Budget Office, has resulted in closer monitoring and rectifying of departmental program expenditure of the COE budget, resulting in managed and monitored reprioritization of COE.
- It is anticipated that the PERSAL Centralisation will result in improved audit outcomes, in particular in respect of the 2016 appointments and employee files.
- According to the National Treasury, as of 30 November 2016, the Eastern Cape's Provincial Personnel Expenditure was at 64.8 per cent, less than the 65 per cent norm, and reduced from the 66 per cent Provincial Personnel Expenditure of 30 November 2015.

Rationalising Public Entities

As a further measure to reduce expenditure, the province has begun the process of restructuring and rationalising provincial public entities, particularly those where duplicate mandates are performed or where minimal value for money is realised. Currently the Provincial Treasury is engaging all key stakeholders on the preliminary discussions, deliberations and proposals regarding review of entities. A series of meetings have taken place between Provincial Treasury and Heads of Departments (HODs) and Chief Executive Officers (CEOs) of affected entities to kick start the implementation of the rationalisation of entities. Departments have also been requested to nominate officials to serve on the working committee to deal with the final implementation issues including Human Resources (HR) and labour matters, South African Revenue Service (SARS) matters and unbundling of assets.

In line with this intervention, a further process is being undertaken to maximise efficiencies; and strengthen governance structures of all provincial entities. Furthermore, in light of the fiscal austerity constraints and declining transfers from national fiscus, a need to cut operational costs has also been identified as another measure to improve efficiencies. In this regard Provincial Treasury has developed a draft board framework, mainly governing the appointment of Accounting Authorities (Board of Directors); board remuneration (accounting authority), linked to the National Treasury framework; establishment of board committees and number of meetings and their purpose.

Improved Own Revenue Collection

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

Cost Containment

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

Transversal Contracts

The drive to improve procurement efficiencies through transversal contracts will continue over the 2017 MTEF. In its endeavour to achieve value for money the Provincial Treasury has awarded a

transversal contract for the manufacture of selected items of protective clothing to two Eastern Cape based suppliers. There are also other transversal contracts that are in the pipeline and these are not only aimed at deriving economies of scale but also at promoting local industries as is the case with protective clothing.

2.5 The Budget Process

The Budget Process is a consultative process between National Treasury, Provincial Treasuries, Sector Budget Meetings, Technical Committee on Finance, Budget Council, Ministers Committee on Budget, Provincial Cabinet Budget Committees, Executive Councils, Provincial Departments and Public Entities.

These consultations culminate in the allocation of resources to national and provincial departments, that in turn compile the budget to be tabled and passed by Legislature before expenditure can take place. The budget is also the financial expression of national, provincial and local government policy priorities.

The fiscal objectives for the 2017 budget process are:

- Promoting allocative efficiency: achieving an allocation of resources that reflects the priorities of government on the basis of evidence of programme effectiveness.
- Value for money: providing public services in a way that reduces costs of providing goods and services while maintaining quality, producing more with less and achieving results (economy, efficiency and effectiveness).
- Fiscal sustainability: maintaining stability in key government programmes and managing risks in a constrained economic and fiscal environment.

Given limited resources, the province undertakes a coordinated, integrated and strategic approach in government planning, budgeting and delivery for maximum socio-economic impact.

Through the budget process, the Provincial Treasury, Policy and Planning within the Office of the Premier, and sector departments, plan, collaborate, negotiate and decide together on a comprehensive plan for spending public resources over the next three fiscal years. This joint planning process is to better integrate provincial priorities into a comprehensive plan for development.

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

2.6 Budget Aggregates

Table 2.1: Provincial Budget Summary

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
Provincial receipts										
Transfers from national										
Equitable share	49 878 387	51 738 115	54 866 979	58 060 457	58 060 457	58 060 457	61 847 808	66 166 631	70 960 874	6.5
Conditional grants	9 338 532	9 759 882	9 832 647	10 243 295	10 253 107	10 207 507	11 297 305	11 670 729	12 359 354	10.7
Total transfers from national	59 216 919	61 497 997	64 699 626	68 303 752	68 313 564	68 267 964	73 145 113	77 837 360	83 320 228	7.1
Provincial payments										
Current payments	48 308 754	49 905 040	52 612 421	56 796 122	56 883 633	55 980 196	61 427 259	65 872 125	70 654 316	9.7
Transfers and subsidies	8 172 334	7 603 242	8 595 874	8 147 725	8 262 852	8 373 301	8 432 257	8 241 376	8 543 783	0.7
Payments for capital assets	3 517 162	3 217 958	3 868 514	4 627 087	4 822 355	4 876 165	4 602 546	4 333 050	4 469 175	(5.6)
Payments for financial assets	74 853	22 819	91 469	20 000	20 067	20 101	-	-	-	(100.0)
Total provincial payments	60 073 102	60 749 059	65 168 278	69 590 934	69 988 907	69 249 763	74 462 062	78 446 551	83 667 274	7.5
Surplus/(deficit)	(856 183)	748 938	(468 652)	(1 287 182)	(1 675 343)	(981 799)	(1 316 949)	(609 191)	(347 046)	34.1
Provincial own receipts	1 281 188	1 587 020	1 641 317	1 182 222	1 614 167	1 882 714	1 501 694	1 598 658	1 702 417	(20.2)
Surplus/(deficit) before financing	425 005	2 335 957	1 172 665	(104 960)	(61 177)	900 915	184 745	989 467	1 355 371	(79.5)
Financing										
Provincial Roll Overs	38 310	58 366	247 816	-	57 382	57 382	-	-	-	(100.0)
National Roll-Overs	104 891	19 073	271 921	-	37 172	37 172	-	-	-	-
Section 22 reallocation	-	-	27 447	168 873	168 873	168 873	-	-	-	-
Other	1 641 829	289 580	1 204 972	2 099 968	2 393 575	2 393 575	2 498 518	1 658 687	1 127 075	4.4
Surplus/(deficit) after financing	2 210 035	2 702 976	2 924 821	2 163 881	2 595 825	3 557 917	2 683 263	2 648 154	2 482 446	(24.6)

Source: Provincial Treasury Database, 2017/18

Notes on the Equitable Share Allocations

A total of R198.975 billion (R61.847 billion in 2017/18, R66.166 billion in 2018/19 and R70.960 billion in 2019/20) is allocated to the province as Equitable Share (ES) over the 2017 MTEF.

2.7 Financing

The province is tabling a surplus budget over the 2017/18 MTEF. The amounts that remain unallocated are R2.683 billion in 2017/18, and R2.648 billion in 2018/19 and R2.482 billion in 2019/20.

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

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

2.8 Conclusion

Budget 2017 is informed by provincial priorities that are aligned to both the national and provincial development plans. In achieving these priorities, it is imperative that core services and areas that drive higher regional economic growth, such as infrastructure and skills, are prioritised in expenditure.

Whilst budgets are allocated to departments in terms of their legislative mandate, delivery requires collaboration, cooperation and coordination amongst departments and entities in partnership with key stakeholders both within and external to the public sector.

Supported by good governance, resources can be better leveraged to achieve the provincial priorities of priorities and in so doing deliver better public services for all the people of the Eastern Cape Province.

3. RECEIPTS AND PROVINCIAL REVENUE

3.1 Overall Position

The 2017 MTEF provincial fiscal framework consists of a total budget of R74.646 billion in the 2017/18 financial year. Table 3.1 below depicts the provincial budget which is made up of national transfers in the form of Provincial Equitable Share (PES) amounting to R61.847 billion and conditional grants of R11.297 billion as well as provincial own revenue of R1.501 billion.

The PES increases by 6.5 per cent and Conditional Grants increase by 10.7 per cent in 2017/18 when compared to the 2016/17 revised estimate. Provincial own receipts are decreasing by 20.2 per cent which is attributable to the once-off collections that were not taken into account in the revenue estimation in 2016/17 due to their unpredictability.

Table 3.1: Provincial Receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
Transfers receipts from national										
Equitable share	49 878 387	51 738 115	54 866 979	58 060 457	58 060 457	58 060 457	61 847 808	66 166 631	70 960 874	6.5
Conditional grants	9 338 532	9 759 882	9 832 647	10 243 295	10 253 107	10 207 507	11 297 305	11 670 729	12 359 354	10.7
Total receipts: Treasury funding	59 216 919	61 497 997	64 699 626	68 303 752	68 313 564	68 267 964	73 145 113	77 837 360	83 320 228	7.1
Provincial own receipts										0
Tax receipts	534 163	618 064	680 017	769 616	953 316	924 488	954 336	1 015 868	1 081 612	3.2
Casino taxes	100 054	135 894	150 632	155 299	191 859	186 679	170 052	186 207	203 897	(8.9)
Horse racing taxes	17 872	7 634	9 294	9 223	9 223	9 620	10 099	11 059	12 109	5.0
Liquor licences	5 558	17 562	24 070	14 868	24 008	21 558	27 230	29 817	32 650	26.3
Motor vehicle licences	410 679	456 974	496 021	590 226	728 226	706 631	746 955	788 785	832 956	5.7
Sales of goods and services other than capital assets	207 244	240 341	244 085	266 694	488 307	480 189	393 183	419 085	447 223	(18.1)
Transfers received	16 362	2 298	-	-	-	128	-	-	-	(100.0)
Fines, penalties and forfeits	6 672	5 971	6 911	17 448	17 448	11 217	18 495	19 604	20 781	64.9
Interest, dividends and rent on land	288 470	413 375	574 056	94 959	95 109	396 611	100 158	105 969	112 325	(74.7)
Sales of capital assets	12 845	26 055	10 411	236	236	16 506	251	682	671	(98.5)
Transactions in financial assets and liabilities	215 432	280 916	125 837	33 269	59 751	53 575	35 271	37 450	39 805	(34.2)
Total provincial own receipts	1 281 188	1 587 020	1 641 317	1 182 222	1 614 167	1 882 714	1 501 694	1 598 658	1 702 417	(20.2)
Total provincial receipts	60 498 107	63 085 017	66 340 943	69 485 974	69 927 731	70 150 678	74 646 807	79 436 018	85 022 645	6.4

Source: Provincial Treasury Database, 2017/18

3.2 Equitable Share

The Provincial Equitable Share (PES) is the main source of the provincial funding for meeting provincial expenditure responsibilities. The fair allocation of the PES is guaranteed through a formula using objective data on the context and demand for services in each of the nine provinces from national which is intended to deliver on the constitutional mandated services. The PES allocations include the full impact of data updates which is phased in over the three years of the 2017 MTEF.

The PES formula in the 2017 MTEF has been updated for population flows using Statistics South Africa's 2016 Mid-Year Population Estimates, the regional GDP using Statistics South Africa's estimates, the enrolment data supplied by the Department of Basic Education, patient load data from the Department of Health and data on the number of people with medical aid cover using the Statistics South Africa's General Household Survey estimator. The weighted average share for the province decreases from 14.1 per cent in 2016/17 to 14.0 per cent in 2017/18. The full impact of the new shares to the PES is phased in over three years in order to provide a smooth path to achieving these new weighted shares by the third year of the MTEF period.

The province has lost a total of R10.146 billion of the provincial equitable share since the 2013 MTEF, of which a R382.090 million reduction relates to the 2017 MTEF. The reductions are due to census data updates and fiscal consolidation in order to fund new priorities in respect of social spending, funding of infrastructure, government pressures such as tertiary institution's funding; BRICS capitalisation, drought experienced in the country; and pressure on the SA "Rand" (foreign exchange rate).

The provincial equitable share was supplemented with additional funding of R1.566 billion over the 2017 MTEF. Of this amount, R876.685 million over the 2017 MTEF was allocated to improve the quality of basic education by addressing educator numbers. These were affected by budget pressures that did not allow provinces to employ additional educators to respond to increasing enrolment. The health sector is allocated R140.214 million in 2019/20 to lessen the impact of depreciation of the currency on medicine prices including antiretroviral that are denominated in foreign currency. The province is allocated R994.672 million in 2019/20 to compensate for the wage shortfall which results from the 2015 wage agreement that continued in 2016/17 with 0.4 per cent above inflation.

3.3 Conditional Grants

Table 3.2: Conditional Grants

Department/Grant	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	% Change from 2016/17
	Amount Received			Main appropriation	Adjusted appropriation	Revised estimate	Medium Term Expenditure Estimates			
Agriculture, Forestry and Fisheries	275 593	285 725	314 071	337 998	337 998	337 998	327 214	345 440	385 964	(3.2)
Agricultural Disaster Management Grant	-	-	-	-	-	-	-	-	-	-
Comprehensive Agricultural Support Programme Grant	219 055	228 810	254 399	263 490	263 490	263 490	248 046	262 161	297 692	(5.9)
Ilimal/Letsema Projects Grant	43 845	46 062	49 672	63 876	63 876	63 876	67 356	71 263	75 254	5.4
Land Care Programme Grant: Poverty Relief and Infrastructure Development	12 693	10 853	10 000	10 632	10 632	10 632	11 812	12 016	13 018	11.1
Arts and Culture	72 492	109 418	142 976	149 320	149 320	149 320	156 105	164 746	173 713	4.5
Community Library Services Grant	72 492	109 418	142 976	149 320	149 320	149 320	156 105	164 746	173 713	4.5
Basic Education	2 026 536	2 252 326	2 150 677	2 665 759	2 676 781	2 676 781	2 823 261	2 816 776	2 968 887	5.5
Dinaledi Schools Grant	12 620	13 342	-	-	-	-	-	-	-	-
Education Infrastructure Grant	1 010 870	1 177 914	1 064 472	1 505 088	1 505 088	1 505 088	1 581 750	1 494 984	1 578 703	5.1
HIV and Aids (Life Skills Education) Grant	34 895	37 023	34 504	39 591	39 591	39 591	41 936	44 367	46 852	5.9
National School Nutrition Programme Grant	949 162	984 548	1 013 057	1 074 182	1 085 204	1 085 204	1 149 353	1 216 559	1 277 387	5.9
Occupation Specific Dispensation for Education Sector Therapists Grant	-	6 571	2 058	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation Grant	18 989	32 928	-	-	-	-	-	-	-	-
Maths, Science and Technology Grant	-	-	36 586	46 898	46 898	46 898	46 685	48 583	51 323	(0.5)
Learners with profound intellectual Disabilities grant	-	-	-	-	-	-	3 537	12 283	14 622	-
Health	2 773 119	3 041 349	3 169 566	3 433 642	3 433 642	3 433 642	3 778 750	4 115 663	4 407 164	10.1
Comprehensive HIV and Aids Grant	1 273 296	1 449 237	1 569 506	1 755 385	1 755 385	1 755 385	2 040 454	2 331 691	2 523 289	16.2
Forensic Pathology Services Grant	-	-	-	-	-	-	-	-	-	-
Health Disaster Response (Cholera) Grant	-	-	-	-	-	-	-	-	-	-
Hospital Facility Revitalisation Grant	562 792	599 231	592 073	619 041	619 041	619 041	620 757	568 144	599 961	0.3
of which	-	-	-	-	-	-	-	-	-	-
Health infrastructure component	562 792	599 231	592 073	-	-	-	-	-	-	-
Hospital Revitalisation component	-	-	-	-	-	-	-	-	-	-
Nursing Colleges and Schools component	-	-	-	-	-	-	-	-	-	-
Health Professions Training and Development Grant	188 560	199 874	204 430	213 212	213 212	213 212	226 566	239 707	253 131	6.3
National Tertiary Services Grant	743 621	786 007	802 565	838 458	838 458	838 458	890 973	942 650	995 438	6.3
National Health Insurance Grant	4 850	7 000	992	7 546	7 546	7 546	-	-	-	(100.0)
Human Settlements	2 523 803	2 392 718	2 462 372	1 991 457	1 991 457	1 991 457	2 239 316	2 258 483	2 405 564	12.4
Housing Disaster Relief Grant	94 172	-	100 000	100 000	100 000	100 000	134 261	-	-	34.3
Human Settlements Development Grant	2 429 631	2 392 718	2 362 372	1 891 457	1 891 457	1 891 457	2 105 055	2 258 483	2 405 564	11.3
Public Works	129 305	111 258	82 780	98 830	98 830	98 230	126 838	-	-	29.1
Expanded Public Works Programme Incentive Grant for Provinces	76 577	69 544	72 575	77 370	77 370	76 770	112 335	-	-	46.3
Education	-	3 115	2 432	2 144	2 144	2 144	2 411	-	-	12.5
Health	3 000	2 000	2 632	3 826	3 826	3 826	2 000	-	-	(47.7)
Social Development	-	2 000	1 028	2 000	2 000	1 400	2 000	-	-	42.9
Office Of the Premier	-	-	-	-	-	-	-	-	-	-
Provincial Legislature	-	-	-	-	-	-	-	-	-	-
Roads and Public Works	65 082	46 791	53 607	52 848	52 848	52 848	89 771	-	-	69.9
Cooperative Governance and Traditional Affairs	-	2 000	1 933	2 000	2 000	2 000	2 036	-	-	1.8
Rural Development and Agrarian Reform	550	2 681	1 993	2 000	2 000	2 000	2 000	-	-	0.0
Economic Development , Environmental Affairs And Tourism	550	2 102	1 370	2 026	2 026	2 026	2 554	-	-	26.1
Transport	3 845	4 099	4 083	5 661	5 661	5 661	4 924	-	-	(13.0)
Human Settlements	3 000	2 654	1 484	2 865	2 865	2 865	2 639	-	-	(7.9)
Sports, Recreation Arts and Culture	550	2 102	2 013	2 000	2 000	2 000	2 000	-	-	0.0
Safety And Liaison	-	-	-	-	-	-	-	-	-	-
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	52 728	41 714	10 205	21 460	21 460	21 460	14 503	-	-	(32.4)
Education	3 000	2 580	2 546	10 160	10 160	10 160	5 022	-	-	(50.6)
Health	41 565	31 242	4 994	4 200	4 200	4 200	4 662	-	-	11.0
Social Development	6 862	2 580	1 000	3 500	3 500	3 500	1 496	-	-	(57.3)
Office Of the Premier	-	-	-	-	-	-	-	-	-	-
Provincial Legislature	-	-	-	-	-	-	-	-	-	-
Roads and Public Works	-	-	-	-	-	-	-	-	-	-
Cooperative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-	-
Rural Development and Agrarian Reform	-	-	-	-	-	-	-	-	-	-
Economic Development , Environmental Affairs And Tourism	-	-	-	-	-	-	-	-	-	-
Transport	-	-	-	-	-	-	-	-	-	-
Human Settlements	-	-	-	-	-	-	-	-	-	-
Sports, Recreation Arts and Culture	1 301	2 732	1 000	1 800	1 800	1 800	1 467	-	-	(18.5)
Safety And Liaison	-	2 580	665	1 800	1 800	1 800	1 856	-	-	3.1
Social Development	-	12 632	2 000	-	-	-	112 252	149 750	159 240	-
Substance Abuse Treatment Grant	-	12 632	2 000	-	-	-	14 238	17 708	18 700	-
Early Childhood Development Grant	-	-	-	-	-	-	56 365	86 968	91 830	-
Social Worker Employment Grant	-	-	-	-	-	-	41 649	45 074	48 710	-
Sport and Recreation South Africa	61 334	64 895	60 563	68 347	67 137	67 137	67 183	86 617	91 422	0.1
Mass Participation and Sport Development Grant	61 334	64 895	60 563	68 347	67 137	67 137	67 183	86 617	91 422	0.1
Transport	1 476 350	1 489 561	1 447 642	1 497 942	1 497 942	1 452 942	1 666 386	1 733 254	1 767 399	14.7
Provincial Roads Maintenance Grant	1 292 390	1 294 279	1 248 047	1 279 725	1 279 725	1 234 725	1 435 134	1 491 196	1 511 786	16.2
Public Transport Operations Grant	183 960	195 282	199 595	218 217	218 217	218 217	231 252	242 058	255 613	6.0
Total National Conditional Grants	9 338 532	9 759 882	9 832 647	10 243 295	10 253 107	10 207 507	11 297 305	11 670 729	12 359 354	10.7

Source: Provincial Treasury Database, 2017/18

Table 3.2 above depicts the conditional grants received by the province over a 7-year period and allocations increasing from R9.338 billion in 2013/14 to R12.359 billion in 2019/20. Reductions in conditional grants is as a result of the support of the government fiscal consolidation efforts.

The *National School Nutrition Programme Grant* is a special purpose grant to provide learners in quintile 1-3 schools a daily nutritious meal and was allocated an additional R11.022 million in the 2016/17 Adjustment Estimates as well as additional funds over the 2017 MTEF. A new grant, *Learners with Profound Intellectual Disabilities Grant*, comes into effect in 2017/18 which will allow provinces to accede to the court order for the provision of education to learners with profound intellectual disabilities. The *Maths, Science and Technology Grant* is reduced over the MTEF due to slow spending. The *Education*

Infrastructure Grant was merged with the *School Infrastructure Backlogs Grant* and funds have been allocated in 2017/18 to ensure that existing school infrastructure backlogs projects are completed.

The *Health Facility Revitalisation Grant* have been reduced over the MTEF and new projects will be rescheduled to commence later where possible. The *Comprehensive HIV, AIDS and TB Grant* is reduced over the MTEF. The performance of this grant is unlikely to be impacted as the growth rate of the grant will continue to deliver treatment services to the same number of patients. The grant increases in 2019/20 to make provision for the continued expansion of the ARV coverage in response to national universal test-and-treat policy.

The *Mass Participation and Sport Development Grant* allocation has decreased by R1.210 million in the 2016/17 Adjustment Estimates due to an inaccuracy in the 2016 Division of Revenue Act.

The *Community Library Services Grant* is reduced over the 2017 MTEF due to slow spending.

A reduction in the *Comprehensive Agriculture Support Programme Grant* contributes towards the fiscal consolidation and for capacitating the national department to conduct agriculture and rural census.

The *Social Worker Employment Grant* is a new grant for social workers which is funded through a reprioritisation from within the social development sector and comes into effect in 2017/18. The grant aims to address the need for social worker graduates that are trained through a government bursary scheme. The *Early Childhood Development Grant* is introduced in 2017/18, in order to address both access of young children to early childhood education while also ensuring the adequacy of facilities that house the young during these crucial education years.

The *Human Settlements Development Grant* has funds reprioritised over the 2017 MTEF to the Social Housing Regulatory Authority to promote subsidies for social housing, to assist the Housing Development Agency's catalytic projects operations and for fiscal consolidation.

The *Expanded Public Works Programme Integrated Grant* is reduced over the MTEF due to slow spending.

3.4 Total Provincial Own Revenue

Table 3.3 below reflects a summary of provincial own revenue from 2013/14 to 2019/20 by department.

Table 3.3: Summary of Provincial Own Receipts by Department

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
1. Education	68 998	95 568	110 816	68 628	68 628	63 805	72 746	77 110	81 737	14.0
2. Health	124 409	181 847	147 494	165 559	407 404	394 147	227 358	242 136	257 875	(42.3)
3. Social Development	12 060	6 614	5 490	2 298	2 298	2 163	2 436	2 577	2 732	12.6
4. Office Of The Premier	2 555	481	638	277	277	207	323	342	363	56.0
5. Provincial Legislature	696	1 156	148	386	386	1 246	405	428	452	(67.5)
6. Roads And Public Works	32 101	31 894	25 817	24 720	31 120	42 573	45 404	49 017	52 915	6.6
7. Cooperative Governance And Traditional Affairs	2 374	2 827	1 557	2 055	2 055	2 143	2 178	2 304	2 443	1.6
8. Rural Development And Agrarian Reform	23 320	10 893	9 749	9 585	9 585	7 609	10 148	10 737	11 381	33.4
9. Economic Development, Environmental Affairs And Tourism	125 866	261 106	230 282	181 323	227 023	224 001	249 068	272 075	297 229	11.2
10. Transport	599 615	578 427	526 519	632 686	770 686	746 185	791 963	836 493	883 527	6.1
11. Human Settlements	10 344	8 257	12 437	1 046	1 046	2 737	1 352	1 423	1 508	(50.6)
12. Provincial Treasury	277 819	406 797	568 914	92 554	92 554	394 403	97 182	102 818	108 987	(75.4)
13. Sports, Recreation Arts And Culture	981	1 097	1 395	1 063	1 063	1 418	1 087	1 150	1 219	(23.3)
14. Safety And Liaison	50	56	61	42	42	77	44	47	49	(42.9)
Total provincial own receipts	1 281 188	1 587 020	1 641 317	1 182 222	1 614 167	1 882 714	1 501 694	1 598 658	1 702 417	(20.2)

Source: Provincial Treasury Database, 2017/18

Provincial own receipts augment national transfers to the province. This type of revenue constitutes the smallest portion of total provincial receipts, but remains significant. The 2016/17 Revised Estimate of R1.882 billion includes the once-off collections amounting to R505 million which would bring the Revised Estimate to R1.377 billion when taken off and would lead the Provincial Own Receipts to grow by 9.1 per cent or to R1.501 billion in 2017/18. The once-off collections include interest earned, sale of capital assets and once-off recoveries of surpluses by public entities.

The Department of Transport is contributing R791.963 million to provincial own revenue which is mainly in respect of motor vehicle license fees (MVLFF). The MVLFF revenue item is based on the vehicle population and tariffs per category according to the vehicle tare weight as published in the provincial Government Gazette. The department is projecting to collect an amount of R2.511 billion over the medium term and this collection includes an average tariff increase of 5 per cent for all categories which includes the light motor vehicles with tare weight of 0 to 3500 kilogram and heavy duty motor vehicles with tare weight above 3500 kilograms for 2017/18. The moderate tariff increase is due to the province having closed the gap in tariffs compared with the previously higher charging provinces. The tariff increase over the outer years is in line with projected inflation rate.

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) collects substantial own revenue mainly from tax receipts through the Eastern Cape Gambling and Betting Board (ECGBB). The revenue collection was increased in the 2016/17 adjustments estimates due to the improvement in collections of casino taxes and liquor licence taxes. This increase is due to the continued growth in bingo licences, the increased demand of horse racing activities, the increase in relation to revenue from limited pay-out machines monitoring and liquor licence collections as a result from the number of active liquor licences due to the improved monitoring and enforcement.

The Department of Health collects own revenue mainly from patient fees in respect of cost recovery of services provided to patients which are determined by the National Department of Health. Revenue collections from patient fees do not have real revenue enhancement potential as the majority of the patients are charged at low tariffs in terms of the national Uniform Patient Fees Schedule (UPFS). The improvement in revenue collections is due to efficiencies mainly at thirteen hospital sites where its electronic billing system is in place and these hospitals represent the highest bed utilisation. Increased collections will continue as claims and recoveries from the Road Accident Fund (RAF), GEMS and other medical schemes are validated.

The Department of Roads and Public Works collects rental income from the leasing of state-owned properties and the revenue collection is showing an increasing trend over the MTEF. The department is focusing on increasing revenue collection with parking fees implementation at head office and district offices. Cellular masts and towers are already contributing to provincial own revenue with more contracts anticipated to be concluded.

The Department of Rural Development and Agrarian Reform collects own revenue mainly in respect of the sale of livestock, agricultural products and veterinary services. The Department of Education collects own revenue mainly from fees that are charged for examination scripts and learners' boarding and lodging fees. The other departments collect minimal own revenue mainly from commission earned on insurance premiums and garnishee orders.

Provincial Treasury collects revenue that relates mainly due to unanticipated higher collections of interest earned from exchequer investments and positive cash balances in bank accounts. The interest earned is also due to all monies banked including own revenue, unallocated funds, surpluses returned by entities, interest charges retained, etc. The estimates for interest income has been kept at a conservative level due to the reduction of cash available in the bank account as a result of the anticipated lower under spending by departments over the 2017 MTEF as well as the province maintaining low surpluses compared to previous years. This means that less funds will be available to generate interest income.

Own Revenue Enhancement

The estimates over the 2017 MTEF sees revenue increasing to R1.702 billion in 2019/20 and these are informed by the implementation of the Provincial Revenue Generation Strategy which sets out the areas for revenue collection at the key revenue generating departments, namely the Departments of Health, Transport, Roads and Public Works as well as Economic Development, Environmental Affairs and Tourism. Provincial departments are collecting revenue on behalf of the province, but the level of collection must be optimal. The Provincial Treasury and departments have therefore embarked on a collective approach through workgroup discussions to achieve the higher revenue targets for the province. Departmental strategies set out each departments' revenue targets at an optimal level and these are incorporated into a consolidated provincial approach to collectively achieve the higher revenue targets.

The Department of Transport will ensure that the pay over of the revenue collected by registering authorities or agencies comply with the Service Level Agreement timeframes and the agreed rate of agency commission. Revenue collections will improve from fines through intensification of traffic enforcement and at weighbridges where heavy duty vehicles are inspected for compliance with tare weights. A Back Office will continue to process outstanding traffic fines and the promulgation of the Administrative Adjudication of Road Traffic Offences Act will allow deterrents such as arrests for outstanding fines which will force motorists to pay their fines on the spot. Airports leasing of office space and air landing from freight will supplement revenue.

The revenue improvement at DEDEAT is dependent on the tariff review in accordance with the amended Gambling Bill, which awaits promulgation. The awarding of Zone 4 casino licence in Mthatha takes about 12 months from date of awarding to generate revenue and this would supplement the revenue collection. The expansion of limited pay-out machines from 2000 to 3000 machines as supported by research conducted by ECGBB is being considered. Revenue collections can improve from existing revenue sources such as tariffs that are regulated by the provincial Environmental Act which requires amendment.

With the revenue enhancement at the Department of Health, best practice models were identified at the Cecilia Makiwane Hospital and the Frere Hospital to be replicated in respect of electronic billing and collection system to improve own revenue collections. This model will ensure that the full spectrum of

automation is available consisting of Patient registration; Admissions; Transfers and Discharges; Master Patient Index; Billing; Management Reporting; Web Services; Training and Enhanced capability of screening of patients for means test through TransUnion verification system. Additional focus will be provided to the big contributors to revenue such as the Department of Justice and Correctional Services (DOJCS) at the Fort England hospital. Revenue improvement also results from the utilisation of provincial ambulances and helicopter services that are used in the event of accidents in remote areas, while the Port Elizabeth Hospital as the only paediatric oncology in the province has the potential to increase revenue collection.

The Department of Roads and Public Works has an approved departmental revenue generation strategy that focuses on optimal tariff review and revenue maximisation on property management. The implementation of the strategy will see revenue increase from efficiencies with the updating of the asset register that currently reflects tariffs charged at rates that are not market-related. The establishment of capacity to attend to the asset portfolio is progressing where after significant returns will result.

A need to drive initiatives and strategies to enhance own revenue collection has resulted in the province approaching researchers to assist with the investigation on potential new sources of revenue which may further augment the fiscus. It is expected for the research work to take one year before departments are able to fully implement the revenue generation proposals.

3.5 Donor Funding

Table 3.4: Summary of donor funding receipts by department

Department	Audited Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
R thousand					2016/17					
Health	-	9 759	6 774	1 691	1 691	-	-	-	-	
Economic Development, Environmental Affairs and Tourism	600	-	-	12 700	12 700	12 700	6 200	21 500	12 700	(51.2)
Transport	-	41 764	2 798	1 849	1 849	1 453	-	-	-	(100.0)
Total	600	51 523	9 572	16 240	16 240	14 153	6 200	21 500	12 700	(56.2)

Source: Provincial Treasury Database, 2017/18

Table 3.4 above shows the summary of donor funding receipts for the province over the period 2013/14 to 2019/20. The donor funding is discussed per receiving department as follows:

The Department of Health received donor funding from the European Union which was in respect of asset management under the I-chain project. Funds were received in 2016/17 in respect of the HWSETA for skills levy related training activities in 2015/16.

DEDEAT received donor funding in the 2013/14 financial year for skills development. The donor funds were received from 2014/15 onward from the European Union for utilisation by the ECDC for the implementation of Ecological Resource management systems. The funds are meant for managing school toilet waste to generate fertilizer and cooking gas for school garden and feeding schemes. Included is the funding for the sustainable rural village project for Chris Hani District Municipality expansion programme.

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

3.6 Conclusion

The national revenue collection is not improving significantly to fund all the provincial priorities, which requires the province to drive initiatives or strategies to enhance own revenue collection. Economic growth constraints have impacted on national raised revenue and the revenue collection has not shown improvement over the medium term. This requires the province to continue with the improvement in public spending effectiveness and efficiency. The province will continue to drive initiatives or strategies to enhance own revenue collection. Provincial own revenue generation will improve the impact on infrastructure investment which will have multiplier effects in respect of regional economic growth, employment opportunities and widen the tax base.

4. INFRASTRUCTURE INVESTMENT

4.1 Introduction

The delivery of public infrastructure in the education, health, water and sanitation, transport and other sectors is a complex process that requires streamlined planning, procurement and delivery linkages to the multi-year budgeting process. As a key component to public service delivery, public infrastructure contributes to socio-economic growth, development, poverty alleviation and social stability.

4.2 2016/17 Infrastructure Performance

During the 2016/17 financial year, the Provincial Treasury (PT) extended its efforts to the validation of value created on the ground, focused on the implementation on the Infrastructure Delivery Model (IDM) and aligned efforts towards meeting the requirements of the Standards for Infrastructure Procurement and Delivery Management (SIPDM).

The provincial infrastructure expenditure as at the end of December 2016 reflected at R6.306 billion or 76.7 per cent of the adjusted infrastructure budget of R8.222 billion. When projected to the end of the current financial year, the provincial infrastructure expenditure position is R6.075 billion, thus amounting to an over-expenditure of R231.109 million in 2016/17. However, in its endeavour to ensure that improved expenditure patterns correlate with value created on the ground, PT undertook numerous site visits during the 2016/17 financial year. The results of these visits highlighted that some projects continued to display negative findings arising from the deficiencies in the infrastructure value chain thus jeopardising the value created on the ground.

During the 2016/17 financial year the Provincial Strategic Infrastructure Framework to improve infrastructure delivery was adopted by the provincial Executive Council (EXCO) and PT began robust engagements with departments on the implementation. The Strategic Framework utilises the principles of the Infrastructure Delivery Management System (IDMS), the requirement of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) and adopts an Infrastructure Delivery Model for the improvement of infrastructure delivery through four interrelated components, namely, IDMS Governance, Planning Integration and Coordination, Coordinated Work Packaging, Procurement and Payments as well as Integrated Implementation.

PT also made significant efforts towards meeting the requirement of the Treasury Instruction No. 4 of 2015/16 as related to the Standards for Infrastructure Procurement and Delivery Management (SIPDM) which embeds the institutional system for infrastructure delivery. To this end in 2016/17 PT developed the SCM infrastructure policy and has conducted numerous workshops for Provincial Departments and Implementing Agents and Municipalities to provide awareness and training for the adoption of the Supply Chain Management (SCM) Policy for Infrastructure Procurement. PT is currently providing hands on support in ensuring that Infrastructure Departments align their SCM Policies with the Provincial SCM Policy.

Over and above PT continued to foster the approach of integrated infrastructure delivery through the hosting of the Infrastructure Medium Term Expenditure Committee (MTEC) hearings which encouraged collaboration with state owned enterprises and central government (PT, OTP and COGTA).

4.3 Infrastructure Challenges

According to the National Development Plan (NDP), the main challenge which affects infrastructure management and delivery has been the disparities in capacity that leads to uneven performance in local, provincial and national government caused by a complex set of factors, including tensions in the political-administrative interface, instability of the administrative leadership, a skills deficit, the erosion of accountability and authority, poor organisational design and low staff morale.

In line with the findings of the NDP, the lack of capacity is also one of the key challenges within the province in the delivery of infrastructure. Consequently, the lack of skilled Project Management resources has impacted negatively on infrastructure performance as evidenced by the underperforming infrastructure departments and the findings of infrastructure site visits. More specifically, these resource challenges are outlined below:

- Client Teams are stretched thinly due to unfilled posts and extra oversight required on underperforming Delivery Teams. To mitigate this risk, built environment professionals in development planning and project management are to be contracted via framework-type contracts and assigned to Client Teams.
- All Implementing Agents (IAs) have insufficient programme and project management resources and try to manage large a number of projects with negative consequences. To mitigate this risk, the IPIP's strategic resourcing response from IAs is to include the necessary project management capacity to be contracted via framework-type contracts so that Delivery Teams are adequately resourced and effective.
- There are sufficient built environment professionals for the Design Teams in the Province. However, these professionals will need to be periodically re-orientated with Provincial development strategies and best practices.
- There are insufficient Grade 7, 8 and 9 contractors in the province, which calls for a dedicated development programme to expand the skills base of contractors to ensure that contractors grow to higher grades. This will enable local contractors to secure work in the province, who in turn will be more capable of sub-contracting work to local lower Grade contractors. This approach aligns with the Preferential Procurement Regulations of 2017, the Provincial LED Framework, as well as, the Provincial Integrated Contractor Development Programme.

4.4 Provincial Strategy to Deal with Under Performance

PT will continue to facilitate the institutionalisation of the IDMS within the province, as well as, capacitate departments and municipalities to comply with IDMS processes, but with special emphasis on being more economic, efficient and effective to deliver value for money projects. In particular, PT will add value to and streamline the linkages and processes of the IDMS so that infrastructure service delivery meets the targets for the MTEF.

The province is reviewing the institutional governance structure from the Provincial Infrastructure Delivery Framework (PIDF) in order to create a robust hierarchical structure that will address risk issues and mitigating actions from the lowest level and escalate unresolved risk issues upwards through the committees. The existing committees are being aligned to the ideal Infrastructure Delivery Model, which is supported by the IDMS and further strengthened by the Standard for Infrastructure Procurement and Delivery Management (SIPDM). This review process is ensuring that proper planning integration is undertaken in order to add value to infrastructure delivery.

The SCM Policy for Infrastructure Procurement and Delivery Management supports DRPW as the Implementer of choice, as well as, the prioritisation and implementation of the LED Framework and the EC Integrated Contractor Development Program.

In addition, the SCM Policy reinforces the requirement for Infrastructure stage gate approvals in the project cycle prior to proceeding with subsequent stages. The requirement for the stage gate approvals has been introduced to ensure that projects are viable and thoroughly assessed before the allocation of funding for detailed planning and implementation, thereby facilitating value for money in infrastructure delivery. Furthermore, the inclusion of the requirement for a dedicated Stage 9 will ensure that completed projects are registered in the provincial public asset register and that proper maintenance planning, budgeting and operations are undertaken.

4.5 2017/18 Infrastructure Allocations

Table 4.1 below reflects that the bulk of the infrastructure allocations reside within the departments of Roads and Public Works (29 per cent), Human Settlements (26 per cent), Education (19 per cent) and Health (16 per cent).

Table 4.1 Infrastructure Payments Summary Per Department

	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	% Change from 2016/17
R 000's	Outcome			Main	Adjusted	Revised	Medium-term estimates			
Payments for Infrastructure by Department										
Education	1 559 092	1 100 072	1 448 205	1 714 493	1 679 493	1 817 843	1 636 750	1 504 984	1 578 703	(10.0)
Health	1 130 157	1 101 815	1 199 522	1 402 776	1 402 776	1 346 510	1 444 817	1 505 595	1 573 298	7.3
Social Development	41 804	60 018	65 431	55 517	76 864	77 442	62 288	71 657	75 269	(19.6)
Office Of the Premier	-	9 870	1 500	4 600	4 600	4 600	143 768	272 383	188 201	3 025.4
Provincial Legislature	-	-	-	-	-	-	-	-	-	-
Roads and Public Works	2 419 113	1 676 335	2 208 482	2 159 713	2 219 629	2 290 983	2 543 337	2 418 984	2 364 347	11.0
Cooperative Governance and Traditional Affairs	11 066	25 071	31 480	50 004	42 112	37 220	106 849	4 813	5 082	187.1
Rural Development and Agrarian Reform	79 670	74 351	124 820	196 695	200 361	152 853	185 614	173 773	168 134	21.4
Economic Development , Environmental Affairs And Tourism	-	-	-	-	9 500	9 500	27 321	853	-	187.6
Transport	37 059	154 521	59 141	9 100	12 304	12 304	23 300	10 300	22 335	89.4
Human Settlements	2 523 803	2 392 718	2 458 180	1 991 457	1 995 643	1 994 164	2 239 316	2 258 483	2 405 564	12.3
Provincial Treasury	-	-	169 435	666 600	582 309	584 727	333 157	-	-	(43.0)
Sports, Recreation Arts and Culture	48 701	24 856	46 427	43 200	41 824	39 022	42 840	46 639	49 420	9.8
Safety And Liaison	-	-	-	-	-	-	-	-	-	-
Total	7 850 466	6 619 627	7 812 622	8 294 155	8 267 415	8 367 167	8 789 356	8 268 464	8 430 353	5.0

Source: Provincial Treasury Database, 2017/18

Table 4.2 reflects the Provincial infrastructure allocations per category. In the 2017/18 financial year, the bulk of the allocations (57 per cent) are residing in existing infrastructure assets as compared to new assets (10 per cent). This trend is in keeping with the current provincial priority to allocate funds towards the maintenance, upgrade and rehabilitation of existing infrastructure as opposed to creating new facilities.

This prioritisation is also in line with the requirements of the IDMS which makes provision for the lifecycle costing of assets so that the maintenance and rehabilitation of existing facilities takes priority over the construction of new facilities.

To this end, the prioritisation of maintenance has been factored into the 2017/18 financial year as the total infrastructure allocation of R8.789 billion for the 17/18 financial year, includes an amount for maintenance of R1.886 million or 22 per cent.

Table 4.2 Infrastructure Payments Summary Per Category

	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	% Change from 2016/17
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
R 000's										
Payments for infrastructure by category										
Existing infrastructure assets	4 001 194	3 080 762	4 814 872	4 924 114	4 864 494	5 029 741	5 025 689	4 931 526	5 127 342	(0.1)
Maintenance and repairs	2 382 787	1 607 211	1 472 337	1 601 047	1 525 020	1 534 778	1 888 752	2 036 044	2 064 418	23.1
Upgrades and additions	1 482 479	1 354 163	2 368 320	3 036 145	3 082 910	3 119 377	2 662 439	2 345 718	2 325 496	(14.6)
Refurbishment and rehabilitation	135 928	119 389	974 215	286 922	256 565	375 585	474 497	549 763	737 428	26.3
New infrastructure assets	1 306 468	1 138 647	344 552	639 678	744 401	689 855	814 439	733 647	621 430	18.1
Infrastructure transfers	2 542 804	2 400 218	2 653 198	2 703 057	2 631 213	2 620 265	2 875 994	2 524 575	2 605 562	9.8
Infrastructure transfers - Current	19 001	7 500	7 000	5 000	12 000	5 000	48 455	21 114	27 576	869.1
Infrastructure transfers - Capital	2 523 803	2 392 718	2 646 198	2 698 057	2 619 213	2 615 265	2 827 539	2 503 461	2 577 986	8.1
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-	-	-
Non infrastructure	-	-	-	27 306	27 306	27 306	73 234	78 717	76 019	168.2
Total provincial infrastructure	7 850 466	6 619 627	7 812 622	8 294 155	8 267 415	8 367 167	8 789 356	8 268 464	8 430 353	5.0

Source: Provincial Treasury Database, 2017/18

Table 4.3 reflects that the provincial Infrastructure allocations are funded by both equitable share and Grant funding. In the 2017/18 financial year, the provincial infrastructure allocation is mainly funded by Grant funding (70 per cent) as compared to Equitable Share funding (30 per cent).

Table 4.3 Summary Of Provincial Infrastructure Payments And Estimates Per Funding Source

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Provincial Equitable Share	2 192 821	1 351 049	2 047 032	2 666 421	2 615 856	2 396 550	2 658 711	2 287 448	2 156 578
Conditional grants ¹	5 657 645	5 268 578	5 765 590	5 627 734	5 651 559	5 970 617	6 130 645	5 981 016	6 273 775
Comprehensive Agricultural Support Grant	79 670	60 268	89 140	102 667	119 740	104 254	117 147	109 489	115 582
Land Care Grant			6 479	5 528	5 370	4 797	2 663	5 048	5 331
Education Infrastructure Grant	1 130 962	996 571	1 136 427	1 505 088	1 505 088	1 767 356	1 581 750	1 494 984	1 578 703
Teriary Secondary Schools	7 047	24 484							
Health Facility Revitalisation Grant	568 745	587 428	603 874	619 041	619 041	647 924	620 757	568 144	599 961
Community Library Service Grant	36 109	24 055	43 484	24 450	27 174	25 800	29 840	42 689	45 280
Provincial Roads Maintenance Grant	1 243 228	1 134 275	1 366 913	1 320 829	1 320 829	1 367 551	1 435 134	1 491 196	1 511 786
Human Settlements Development Grant	2 523 803	2 392 718	2 458 180	1 991 457	1 995 643	1 994 164	2 239 319	2 258 483	2 405 564
Health EPWP Intergrated Grant for Provinces	3 000	1 988	2 499	3 826	3 826	3 923	2 000		
DRDAR EPWP Intergrated Grant for Provinces			4 988	2 000	2 000	2 000	2 000		
DRPW - Public Works EPWP Intergrated Grant for Provinc	65 081	46 791	53 606	52 848	52 848	52 848	89 771		
Early Childhood Development Grant							10 264	10 983	11 568
Total provincial infrastructure payments and estimate	7 850 466	6 619 627	7 812 622	8 294 155	8 267 415	8 367 167	8 789 356	8 268 464	8 430 353

Source: Provincial Treasury Database, 2017/18

4.6 Conclusion

The delivery of public infrastructure is a complex process and requires that the provincial capacity for planning, procurement and delivery to be strengthened in order to streamline its linkages to the multi-year budgeting process. As a key component to public service delivery, public infrastructure contributes to socio-economic growth, development, poverty alleviation and social stability. Therefore, the initiatives relating to the implementation of the Strategic Framework to Improve Infrastructure Delivery and the implementation of the SIPDM in Departments and Municipalities will ensure that inroads are made towards improving infrastructure performance in the entire infrastructure value chain especially through the application of the stage gate approval process. In particular, PT will add value to and streamline the linkages and processes of the IDMS so that infrastructure service delivery meets the targets for the 2017 MTEF.

5. PAYMENTS

5.1 Overall position

In order to support core service delivery and economic growth in the face of the prevailing tight fiscal framework, the province will strengthen the cost containment measures in the 2017 MTEF by:

- Continuing with the implementation of measures to manage the wage bill which includes the centralisation of PERSAL authorisation and codes as well as strengthening the human resource management and monitoring Provincial Coordinating Management Team (PCMT) process; and
- Reprioritisation of the budget to fund core service delivery programmes where action will continue to be taken to ensure that non-core items do not grow at the expense of core items over the MTEF.

5.2 Payment by Vote

Table 5.1: Summary Of Provincial Payments And Estimates By Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
1. Education	26 779 366	26 957 826	28 425 927	31 002 644	30 982 636	30 291 514	32 989 055	35 097 333	37 587 452	8.9
2. Health	17 048 255	17 549 854	18 943 943	20 244 339	20 648 269	20 543 771	21 707 165	23 364 729	25 091 146	5.7
3. Social Development	1 928 811	2 134 236	2 253 881	2 383 626	2 403 619	2 410 459	2 632 799	2 830 906	3 021 797	9.2
4. Office Of The Premier	465 515	450 686	644 886	585 519	527 619	519 293	857 638	1 012 513	981 482	65.2
5. Provincial Legislature	443 009	442 663	472 137	481 930	497 354	501 453	509 217	526 755	558 625	1.5
6. Roads And Public Works	3 851 944	3 781 953	4 348 083	4 459 193	4 595 859	4 678 837	5 090 773	5 169 598	5 330 024	8.8
7. Cooperative Governance And Traditional Affairs	1 001 539	872 093	968 519	1 010 156	1 008 478	995 706	1 205 049	976 882	1 046 439	21.0
8. Rural Development And Agrarian Reform	1 731 203	1 852 768	1 968 065	2 209 319	2 215 122	2 205 881	2 205 432	2 332 317	2 454 191	(0.0)
9. Economic Development , Environmental Affairs And Tourism	1 353 816	1 134 358	1 246 351	1 147 490	1 135 990	1 133 239	1 069 558	1 064 089	1 128 718	(5.6)
10. Transport	1 517 152	1 689 901	1 711 849	1 750 698	1 743 698	1 732 189	1 843 704	1 940 709	2 070 322	6.4
11. Human Settlements	2 827 992	2 719 830	2 799 821	2 349 036	2 363 222	2 363 171	2 631 398	2 658 380	2 831 210	11.4
12. Provincial Treasury	327 825	324 052	492 422	1 034 013	930 927	927 368	724 522	402 641	428 493	(21.9)
13. Sports , Recreation Arts And Culture	727 359	755 781	809 114	843 698	845 212	855 812	900 944	970 487	1 031 717	5.3
14. Safety And Liaison	69 316	83 058	83 280	89 273	90 903	91 070	94 808	99 212	105 658	4.1
Total	60 073 102	60 749 059	65 168 278	69 590 934	69 988 907	69 249 763	74 462 062	78 446 551	83 667 274	7.5
Less:										
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected its s22(1) of the PFMA]	(696)	(1 156)	(148)	(386)	(386)	(1 246)	(405)	(428)	(452)	(67.5)
Total payments and estimates	60 072 406	60 747 903	65 168 130	69 590 548	69 988 521	69 248 517	74 461 657	78 446 123	83 666 822	7.5

Source: Provincial Treasury Database 2017/18

Table 5.1 above summarises the provincial payments and estimates by Vote from 2013/14 to 2019/20. Total provincial expenditure increases by 7.5 per cent from the revised estimate of R69.249 billion in 2016/17 to R74.462 billion in 2017/18. Of the total allocation in 2017/18, the primary focus of the province is on Education and Health which receives budgets of R32.989 billion and R21.707 billion, respectively.

5.2.1 Social Cluster

- The **Department of Education** budget allocation is for the provision of adequate Learner Support Material (LTSM), universalisation on Early Childhood Development (ECD), quality education through the timely provisioning of qualified teachers in line with Outcome 1, “an improved quality of basic education”. The department is projecting to spend R105.673 billion over the 2017 MTEF. In 2017/18, the budget grows by 8.9 per cent to R32.989 billion mainly due to additional funding of R130 million in 2017/18 (and R440 million over the MTEF) mainly for Learner Attainment Improvement Strategy (LAIS) to assist Grade 10, 11 and 12 learners at schools with the aim to improve overall learner pass rates (R75 million) and for the procurement of School furniture (R50 million).
- The **Department of Health** budget allocation is for strengthening preventive health services including health promotion initiatives to reduce the high burden of disease especially HIV/AIDS and TB infection, as well as initiatives to reduce and manage the impact of the disease on those infected and affected in line with Outcome 2, “a long and healthy life for all South Africans” and also commit to provide quality health care. The department is projecting to spend R70.163 billion over the 2017 MTEF. In 2017/18, the budget grows below inflation by 5.7. per cent to R21.707 billion due to

the 1 per cent reprioritisation for national and provincial priorities of R177.712 million (and R563.032 million over the MTEF). However, the budget includes an additional funding of R328.277 million (and R1.637 billion over the 2017 MTEF). The allocations are mainly for medicine (R120 million), medical implants (R91.160 million), alleviating cost pressures on Compensation of Employees including Cuban internships (R82.954 million), resourcing of PHC facilities to meet Institute of Certified Records Managers (ICRM) standards and improving conditions of health facilities (R10 million).

- The **Department of Social Development** budget allocation is for addressing social challenges directly linked to poverty in communities through the provision of social welfare services by social workers and NPO's; the implementation of the Children's Act through establishing ECD centres, Child and Youth Care (CYC) centres; the prevention of substance abuse, care of older persons, crime prevention and support services as well as victim support services in line with Outcome 13, "An inclusive and responsive social protection system". The department is projecting to spend R8.485 billion over the 2017 MTEF. In 2017/18, the budget grows by 9.2 per cent to R2.632 billion mainly due to the additional funding for running costs associated with the absorption of 151 social worker graduates (R5.450 million) as well as the introduction of the Social Worker Employment Grant (R41.649 million).
- The **Department of Sport, Recreation, Arts and Culture (DSRAC)** budget allocation is for the development of programmes and projects that contribute to the promotion of healthy living and active citizenry in line with Outcome 14, "Nation building and social cohesion". The department is projecting to spend R2.903 billion over the 2017 MTEF. In 2017/18, the budget grows below inflation by 5.3 per cent to R900.944 million due to the 1 per cent reprioritisation for national and provincial priorities of R6.635 million (and R21.236 million over the MTEF). However, included in the allocations is additional funding of R17.339 million (and R49.120 million over the 2017 MTEF) for the digitalisation of Eastern Cape Archives documentation (R7 million), Oliver Reginald Tambo Centenary Celebrations (R5 million) and the restoration of the provincial baseline cut (R5.339 million).
- The **Department of Safety and Liaison** budget allocation is for improving safety and security in line with Outcome 3, "All people in South Africa are and feel safe". The department is projecting to spend R299.678 million over the 2017 MTEF. In 2017/18, the budget grows by 4.1 per cent to R94.808 million due to the 1 per cent reprioritisation for national and provincial priorities of R932 thousand (and R2.975 million over the MTEF). However, included in the allocations is additional funding of R750 thousand (and R2.399 million over the 2017 MTEF) to restore the provincial baseline cut.

5.2.2 Economic Cluster

- The **Department of Roads and Public Works** budget is for the upgrading, rehabilitation and maintenance of provincial roads, building maintenance and construction in line with government outcomes of developing and empowering emerging contractors in line with Outcome 6, “Support an efficient, competitive and responsive economic infrastructure network”. The department is projecting to spend R15.590 billion over the 2017 MTEF. In 2017/18, the budget increases by 8.8 per cent to R5.090 billion due to additional funding for priority roads of R394.300 million (and R703.624 million over the 2017 MTEF) for the upgrading of Phase 1&2 Magusheni to Mzamba (R115 million), Elitheni Coal Mine Road (R90 million), Nkantolo road from R61 to OR Tambo Garden of Remembrance (R70 million), Phase 3&4 of Magusheni to Mzamba (R60 million), N2 Siphetu Hospital Phase 3 (R20 million), R61 at St' Barnabas Hospital to Hluleka Nature Reserve (R10 million), Centane to Qholora Phase 3 (R8 million). Also allocated is funding for office accommodation (R17.500 million) and Bhisho Office precinct (R3.800 million).
- The **Department of Rural Development and Agrarian Reform** budget allocation is for the commercialisation of primary agriculture, development of agricultural infrastructure and support of irrigation schemes in line with Outcome 7, “Develop vibrant, equitable and sustainable rural communities that contribute to adequate food supply”. The department is projecting to spend R6.991 billion over the 2017 MTEF. In 2017/18, the budget is not growing but remains at R2.205 billion due to the 1 per cent reprioritisation for national and provincial priorities of R18.012 million in 2017/18 (and R56.947 million over the MTEF) and a reduction of the CASP grant by R29.465 million (and R65.153 million over the MTEF). However, additional funding of R93.049 million (and R272.116 million over the 2017 MTEF) mainly for increasing livestock production (R31.749 million), the expansion of the existing ECRDA RED hub programme to an additional 3 sites (R14.500 million), increasing of hectares planted of the grain production from 43 800 to 47 800 (R12.800 million) and Magwa and Majola intervention (R15 million).
- The **Department of Economic Development, Environmental Affairs and Tourism** budget allocation is for enterprise, trade and tourism development in line with Outcome 4, “Decent employment through inclusive growth”. The department is projecting to spend R3.262 billion over the 2017 MTEF. In 2017/18, the budget decreases by 5.6 per cent to R1.069 billion due 1 per cent reprioritisation for national and provincial priorities of R13.103 million (and R41.616 million over the 2017 MTEF) and the change in focus in allocating funds for economic infrastructure projects instead of social infrastructure projects implemented by Coega. However, included in the allocations is additional funding of R67.321 million in 2017/18 (and R68.174 million over the MTEF) mainly for Coega (R40 million), planning of various economic infrastructure projects (R12.100 million), the rehabilitation of the Butterworth factory project (R6.830 million), the revitalisation of the Mdantsane Mall project (R5 million) and the Fort Jackson fencing project (R3.381 million).
- The **Department of Transport** budget allocation is for amongst others, the extension of subsidised bus passenger services, the transportation of qualifying learners to the nearest public school and for ensuring compliance and safety on provincial roads in line with Outcome 6, “Ensure the efficient, competitive and responsive infrastructure network”. The department is projecting to spend R5.854 billion over the 2017 MTEF. In 2017/18, the budget increases by 6.4 per cent to R1.843 billion due to additional funding of R18.360 million in 2017/18 (and R42.360 million over the MTEF) for the planning and implementation of an integrated traffic control centre in Middleburg (R10 million), ICT infrastructure (R3.460 million), Provincial Integrated Public Transport Master Plan (R2.900 million) and Mthatha airport maintenance (R2 million).
- The **Department of Human Settlements** budget is for amongst others, the provision of basic services such as sanitation to households, as well as exploring renewable energy options in line with outcome 8, “Sustainable human settlements and improved quality of household life”. The department is projecting to spend R8.120 billion over the 2017 MTEF. In 2017/18, the budget increases by 11.4 per cent to R2.631 billion due to an additional funding of R17.640 million (and R25.090 million

over the 2017 MTEF) for research, monitoring and evaluation of work performed by contractors on projects scattered across the province (R10 million), ICT equipment and infrastructure (R6.050 million) and Housing Board asset verification (R1.590 million).

5.2.3 Governance and Administration Cluster

- The **Office of the Premier (OTP)** is projecting to spend R2.851 billion over the 2017 MTEF. In 2017/18, the budget increases by 65.2 per cent to R857.638 million due to additional funding of R364.814 million 2017/18 (and R1.299 billion over the MTEF) for the revamping of the Bhisho Campus Network, Provincial Virtual Private Network (VPN) and the Provincial Broadband initiative (R218.264 million) as well as the Small Town Revitalisation (R136.500 million) and Operation Masiphathisane (R10.050 million).
- The **Provincial Legislature** is projecting to spend R1.594 billion over the 2017 MTEF. In 2017/18, the budget increases by 1.5 per cent to R509.217 million due to 1 per cent reprioritisation for national and provincial priorities of R4.962 million (and R15.767 million over the MTEF). However, included in the allocations is additional funding of R17.560 million in 2017/18 (and R21.560 million over the MTEF) mainly for parliamentary services to enhance oversight function over the departments and public entities (R6.855 million), political constituency and caucus allowance (R6 million) and the Raymond Mhlaba Chamber upgrade (R4.705 million).
- The **Department of Cooperative Governance and Traditional Affairs (COGTA)** is projecting to spend R3.228 billion over the 2017 MTEF. In 2017/18, the budget increases by 21 per cent to R1.205 million due to additional allocations of R100.098 (and R143.625 million over the MTEF) for disaster funding (R70 million), Community Development Workers (R13.784 million), Traditional Leaders and Councils support (R11.894 million) and telecommunications system and ICT infrastructure (R4.420 million). Also, there is baseline reprioritisation of R100.800 million for the hotspots for the electrification of households and for water intervention in the Chris Hani District Municipality.
- The **Provincial Treasury (PT)** is projecting to spend R1.555 billion over the 2017 MTEF. In 2017/18, the budget decreases by 21.9 per cent to R724.522 million due to social infrastructure projects concluding. However, there is an additional funding of R198.866 million as well as the baseline reprioritisation of R84.291 million in 2017/18 for social Infrastructure projects like rural and access roads.

5.3 Payments by Economic Classification

Table 5.2: Summary Of Provincial Payments And Estimates By Economic Classification

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% Change
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	from 2016/17
Current payments	48 308 754	49 905 040	52 612 421	56 796 122	56 883 633	55 980 196	61 427 259	65 872 125	70 654 316	9.7
Compensation of employees	37 582 302	39 582 392	41 556 829	45 261 014	44 804 467	44 564 693	48 111 755	51 571 502	55 379 213	8.0
Goods and services	10 720 781	10 319 487	11 043 543	11 535 108	12 079 167	11 413 121	13 315 503	14 300 624	15 275 103	16.7
Interest and rent on land	5 671	3 161	12 049	–	–	2 383	0	–	–	(100.0)
Transfers and subsidies to:	8 172 334	7 603 242	8 595 874	8 147 725	8 262 852	8 373 301	8 432 257	8 241 376	8 543 783	0.7
Provinces and municipalities	455 350	330 123	582 059	587 307	738 258	736 598	778 630	642 241	592 890	5.7
Departmental agencies and accounts	1 306 597	995 470	1 129 114	1 432 767	1 304 575	1 324 284	1 296 821	1 023 530	1 035 232	(2.1)
Higher education institutions	98 299	30 791	19 763	23 320	23 145	21 641	24 366	28 722	30 330	12.6
Foreign governments and international organisations	1 316	9	384	300	560	–	179	189	200	
Public corporations and private enterprises	432 895	493 175	633 804	595 402	507 402	507 516	601 861	615 131	642 228	18.6
Non-profit institutions	2 737 039	2 572 101	2 852 517	2 917 803	2 893 951	2 901 632	2 856 071	3 045 753	3 238 236	(1.5)
Households	3 140 838	3 181 573	3 378 233	2 590 826	2 794 961	2 881 630	2 872 330	2 885 810	3 004 667	(0.3)
Payments for capital assets	3 517 162	3 217 958	3 868 514	4 627 087	4 822 355	4 876 165	4 602 546	4 333 050	4 469 175	(5.6)
Buildings and other fixed structures	2 590 582	2 519 909	3 123 870	3 581 718	3 741 375	3 849 700	3 521 690	3 254 825	3 356 780	(8.5)
Machinery and equipment	908 665	681 377	717 047	996 940	1 027 386	983 407	1 062 309	1 058 532	1 091 577	8.0
Heritage Assets	2 080	596	160	–	350	440	600	676	714	36.3
Specialised military assets	–	–	–	–	–	–	–	–	–	
Biological assets	4 136	6 095	15 238	31 285	30 700	21 854	0	0	–	(100.0)
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	
Software and other intangible assets	11 699	9 981	12 199	17 144	22 544	20 764	17 947	19 017	20 104	(13.6)
Payments for financial assets	74 853	22 819	91 469	20 000	20 067	20 101	–	–	–	(100.0)
Total economic classification	60 073 102	60 749 059	65 168 278	69 590 934	69 988 907	69 249 763	74 462 062	78 446 551	83 667 274	7.5
Less:										
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected in s22(1) of the PFMA]	(696)	(1156)	(148)	(386)	(386)	(1246)	(405)	(428)	(452)	(67.5)
Total payments and estimates	60 072 406	60 747 903	65 168 130	69 590 548	69 988 521	69 248 517	74 461 657	78 446 123	83 666 822	7.5

Provincial Treasury Database 2017/18

Table 5.2 above shows the summary of provincial payments and estimates by economic classification from 2013/14 to 2019/20. In 2017/18, the budget increases by 7.4 per cent from the 2016/17 revised estimate with the bulk of the budget allocated under current payments at R61.427 billion.

In 2017/18, the Compensation of Employees budget grows by 8 per cent to R48.111 billion from the 2016/17 revised estimate of R44.564 billion which is mainly for the Improvement of Condition of Services (ICS) provision and the employment of critical staff especially under the OSD category by departments.

Goods and Services increases by 16.7 per cent to R13.315 billion in 2017/18 from the 2016/17 revised estimate of R11.413 billion, which is mainly due to additional allocations for the revamping of the Bhisho Campus Network, the Provincial Virtual Private Network (VPN), the Provincial Broadband initiative, procurement of school furniture and for Learner Attainment Improvement Strategy (LAIS).

In 2017/18, overall Transfers and Subsidies increase below inflation by 0.7 per cent to R8.432 billion from the 2016/17 revised estimate of R8.373 billion this is mainly due to reduced transfers to Departmental agencies and accounts by 2.1 per cent resulting from the change in focus of implementing economic infrastructure by Eastern Cape Development Corporation (ECDPC) whereby the initial outlay is mainly for planning.

Payments for Capital Assets budget decreases by 5.6 per cent in 2017/18 to R4.602 billion from the 2016/17 revised estimate of R4.876 billion due to the current provincial priority to allocate funds towards maintenance, upgrade and rehabilitation of existing infrastructure as opposed to creating new facilities.

Due to the final repayment of unauthorised expenditure of previous years by the Department of Rural Development and Agrarian Reform in 2016/17, there is no budget provision regarding Payments for Financial Assets over the 2017 MTEF.

5.4 Payments by Functional Area

Table 5.3: Summary Of Provincial Payments And Estimates By Functional Area

Policy area	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change
	Audited			Main	Adjusted	Revised	Medium-term estimates			from
				appropriation	appropriation	estimate				2015/16
R'000										
General public services	3 860 212	3 745 128	4 411 803	5 054 686	4 928 653	4 945 558	5 439 930	5 089 408	5 335 044	10.0
Public Order and Safety	69 316	83 058	83 280	89 273	90 903	91 070	94 808	99 212	105 658	4.1
Economic Affairs	6 545 805	6 500 327	7 150 925	7 317 234	7 424 493	7 446 793	7 762 984	8 008 236	8 316 430	4.2
Environmental Protection	285 986	303 019	289 584	306 397	301 901	301 615	302 980	327 862	346 820	0.5
Housing and Community Amenities	2 827 992	2 719 830	2 799 821	2 349 036	2 363 222	2 363 171	2 631 398	2 658 380	2 831 210	11.4
Health	17 048 255	17 549 854	18 943 943	20 244 339	20 648 269	20 543 771	21 707 165	23 364 729	25 091 146	5.7
Recreation, Culture and Religion	727 359	755 781	809 114	843 698	845 212	855 812	900 944	970 487	1 031 717	5.3
Education	26 779 366	26 957 826	28 425 927	31 002 644	30 982 636	30 291 514	32 989 055	35 097 333	37 587 452	8.9
Social protection	1 928 811	2 134 236	2 253 881	2 383 626	2 403 619	2 410 459	2 632 799	2 830 906	3 021 797	9.2
Total	60 073 102	60 749 059	65 168 278	69 590 934	69 988 907	69 249 763	74 462 062	78 446 551	83 667 274	7.5

Source: Provincial Treasury Database 2017/18

Table 5.3 above shows the summary of provincial payments and estimates for the 2017 MTEF by policy area. The spending increased from R60.073 billion in 2013/14 to R69.249 billion in the 2016/17 revised estimate. This is followed by a 7.5 per cent increase to R74.462 billion in 2017/18.

This distribution of the budget in 2017/18 illustrates the continued commitment by the province to strive for quality education and improved health outcomes, hence the largest share of the budget is allocated to Education at R32.989 billion and Health at R21.707 billion. Both these sectors are labour intensive and their Compensation of Employees budgets represents 79.2 per cent for Education and 66.4 per cent for Health of the total department's budget in 2017/18.

For the Education sector budget will mainly be utilised for ensuring quality education, improving the overall learner pass rates, LAIS, enhancement of the School Nutrition Programme (SNP) and catering for Learners with Profound Intellectual Disabilities.

For the Health sector, the rest of the budget will be utilised on HIV/Aids and TB programmes, National Health Insurance (NHI) pilot project, as well as reducing the mortality rate and increasing life expectancy, reducing maternal and child mortality as well as reducing the burden of disease.

In 2017 /18, the Economic Affairs sector is allocated R7.762 billion. This is in line with the provincial fiscal policy over the 2017 medium term which seeks to give greater stimulus to raising the level of regional economic growth through improved capital investment, supporting enterprise development, promoting primary agriculture production on a commercial scale as well as agro-industry development.

The Housing and Community Amenities sector is allocated R2.631 billion in 2017/18 to provide decent human settlements through integrated planning. The General Public Service sector is allocated R5.439 billion to ensure the smooth running of the provincial government and supporting local government while the Social Protection sector is allocated R2.632 billion.

The 2017 MTEF allocations therefore made to the various sectors within the context of rising fiscal pressure and a constrained economic environment, are responsive to the key policy priorities of the province as outlined in the Provincial Development Plan (PDP) including the Priorities of Priorities.

5.5 Transfers

5.5.1 Transfers to Public Entities

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

Table 5.4 below, indicates the transfers to provincial public entities. Provincial public entities have received over R4.342 billion in funding over the past 4 years with an estimated R2.925 billion planned over the 2017 MTEF, representing a 32.6 per cent decrease in total transfers.

Public entities directly employ over 2 821 people, generate approximately R625.715 million in own revenue. The number people employed has decreased drastically from the previous years due to the implementation of cost containment measures including the non-filling of less critical vacant posts within public entities. Details of transfers to public entities are presented in the relevant *Votes in the Estimates of Provincial Revenue and Expenditure*, and a full report is presented in the publication for public entities.

Table 5.4: Summary Of Provincial Transfers To Public Entities By Transferring Departments

	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	% change from
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			2015/16
Entities										
Office Of the Premier	42 659	48 908	43 736	37 011	37 011	37 011	39 158	41 429	43 749	5.8
EC Socio-Economic Consultative Council	42 659	48 908	43 736	37 011	37 011	37 011	39 158	41 429	43 749	5.8
Rural Development and Agrarian Reform	194 196	210 779	153 573	165 022	177 093	177 072	199 148	216 288	179 644	12.5
EC Appropriate Technology Unit	18 059	-	-	-	-	-	-	-	-	
EC Rural Development Agency	176 137	210 779	153 573	165 022	177 093	177 072	199 148	216 288	179 644	12.5
Economic Development , Environmental Affairs And Tourism	984 223	663 996	649 828	535 440	590 940	611 950	622 782	589 555	622 570	1.8
East London Industrial Development Zone Corporation	114 907	113 792	94 932	100 866	100 866	121 876	106 767	112 959	119 285	(12.4)
Eastern Cape Development Corporation	507 111	155 535	221 180	143 523	153 023	153 023	171 822	153 735	162 344	12.3
EC Gambling and Betting Board	42 687	42 745	43 843	48 454	49 454	49 454	53 072	56 152	59 297	7.3
EC Liquor Board	41 131	42 739	43 792	46 392	48 392	48 392	55 168	58 454	61 727	14.0
EC Parks and Tourism Agency	196 387	207 882	193 081	196 205	196 205	196 205	195 953	208 255	219 917	(0.1)
Coega Development Corporation	82 000	101 303	53 000	-	43 000	43 000	40 000	-	-	(7.0)
Transport	102 088	166 726	108 990	115 127	111 127	111 127	107 704	114 581	111 061	(3.1)
Mayibuye Transport Corporation	102 088	166 726	108 990	115 127	111 127	111 127	107 704	114 581	111 061	(3.1)
Sports , Recreation Arts and Culture	11 823	11 823	13 591	12 300	12 300	12 300	12 300	12 338	13 029	0.0
EC Arts Council	11 823	11 823	13 591	12 300	12 300	12 300	12 300	12 338	13 029	0.0
Total	1 334 989	1 102 232	969 718	864 900	928 471	949 460	981 092	974 191	970 053	3.3

Source: Provincial Treasury Database: 2017/18

5.5.2 Transfers to Development Corporations

The province has 4 development corporations [East London Industrial Development Zone (ELIDZ), Eastern Cape Development Corporation (ECDC), Mayibuye Transport Corporation (MTC) and Coega Development Corporation (CDC) (a subsidiary of ECDC)], which are listed as government business enterprises in the PFMA. The total transfers to development corporations decreased from R806.106 million in 2013/14 to R429.026 million in the 2016/17 revised estimate due to the devoting of Social Infrastructure budget from ECDC that was not used for the implementation of projects. In 2017/18, these transfers are projected to decrease to R426.293 million due to the 1 per cent reprioritisation for national and provincial priorities.

5.5.3 Transfers to Local Government

The province continues to support initiatives to strengthen the capacity of municipalities to provide basic services and for them to exercise their powers and perform their constitutionally assigned functions. There are 3 categories of municipalities in terms of the Constitution. Category A refers to metropolitan

municipalities in the province, namely the Buffalo City and Nelson Mandela Bay Metros. Category B refers to the local municipalities and Category C refers to the 6 district municipalities in the province.

Table 5.5: Summary Of Provincial Transfers To Local Government By Category

R thousand	Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
Category A	97 681	104 274	180 485	154 200	168 518	169 078	162 560	177 268	187 250	(3.9)
Category B	330 018	206 996	321 950	299 343	396 668	399 942	501 386	445 309	384 877	25.4
Category C	27 551	18 853	79 624	132 764	172 072	166 578	113 684	9 188	9 702	(31.8)
Unallocated	100	–	–	1 000	1 000	1 000	1 000	10 476	11 061	0.0
Total provincial transfers	455 350	330 123	582 059	587 307	738 258	736 598	778 630	642 241	592 890	5.7

Source: Provincial Treasury Database 2017/18

Table 5.5 above shows the transfers to local government per category increasing from R455.350 million in 2013/14 to R736.598 million in the 2016/17 revised estimate. In 2017/18, the total transfers budget increases by 5.7 per cent to R778.630 million due to the additional allocations of R136.500 million for OTP for small town revitalization, R90.800 million for COGTA for the electrification of hotspots and R70 million for disaster projects.

In 2017/18, the bulk of the budget is allocated to the Department of Roads and Public Works at R291.849 million for the payment of property rates and taxes for provincial owned properties. Provincial Treasury budget of R115.444 million is for the drought relief in Joe Gqabi District Municipality and the electrification in terms of sub-stations, distribution in the King Sabata Dalindyebo Local Municipality and rural access roads in Ntabankulu. Department of Sport, Recreation, Arts and Culture budget of R68.581 million subsidises the running costs of municipal libraries with the aim of reducing illiteracy. Department of Economic Development, Environmental Affairs and Tourism in partnership with local municipalities will be utilising the budget of R12.038 million to create jobs on environmental sector projects on the EPWP programme. The Department of Health will continue with the devolution of environmental health to certain municipalities through service level agreements until it is completed at R3.427 million.

5.6 Personnel Numbers and Costs

Table 5.6: Personnel Numbers And Costs By Department

R thousands	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over		
	2013/14		2014/15		2015/16		2016/17				2017/18		2018/19		2019/20		2016/17 - 2019/20		
	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Filled posts	Additional posts	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel growth rate	Costs growth rate	% Costs of Total
Vote																			
1. Education	75 654	21 412 506	73 179	22 102 613	69 167	22 632 238	73 306	32	73 338	24 241 307	74 083	26 137 084	74 087	28 095 022	78 227	30 242 461	2.2%	7.7%	54.5%
2. Health	47 162	10 698 249	48 489	11 576 336	49 408	12 562 282	38 789	8 627	47 416	13 457 197	48 887	14 415 656	48 084	15 372 271	47 757	16 459 115	0.2%	6.9%	29.9%
3. Social Development	4 351	1 040 442	4 552	1 200 290	4 576	1 306 762	3 718	820	4 538	1 416 915	4 821	1 601 989	4 984	1 714 021	5 120	1 836 351	4.1%	9.0%	3.3%
4. Office Of The Premier	391	184 381	401	193 186	372	232 692	373	24	397	256 594	414	288 181	416	307 791	418	329 754	1.7%	8.7%	0.6%
5. Provincial Legislature	359	217 407	369	238 720	381	263 552	299	55	354	284 965	405	307 692	414	326 160	424	340 202	6.2%	6.1%	0.6%
6. Roads And Public Works	6 177	897 711	5 676	939 751	5 280	1 045 591	2 981	2 450	5 431	1 174 117	5 374	1 291 320	5 374	1 399 944	5 697	1 497 468	1.6%	8.4%	2.7%
7. Cooperative Governance And Traditional Affairs	3 012	642 331	3 104	682 268	2 928	706 999	1 329	1 398	2 727	733 108	2 906	819 886	2 906	875 825	2 906	944 236	2.1%	8.8%	1.7%
8. Rural Development And Agrarian Reform	3 052	959 588	2 944	1 000 458	2 939	1 055 869	3 049	7	3 056	1 126 640	2 898	1 207 317	2 898	1 277 071	2 898	1 370 120	-1.8%	6.7%	2.5%
9. Economic Development , Environmental Affairs And Tourism	619	194 490	652	214 221	555	216 292	559	26	585	233 208	598	252 955	601	272 909	611	296 074	1.5%	8.3%	0.5%
10. Transport	1 588	460 552	1 591	476 211	1 599	523 284	1 314	109	1 423	545 104	1 433	592 033	1 433	648 426	1 433	698 366	0.2%	8.6%	1.2%
11. Human Settlements	509	226 229	625	251 879	555	281 579	507	0	507	303 073	601	328 707	601	350 881	601	371 232	5.8%	7.0%	0.7%
12. Provincial Treasury	539	244 625	558	255 669	470	252 873	409	56	465	273 486	504	310 849	504	333 256	504	356 044	2.7%	9.2%	0.6%
13. Sports , Recreation Arts And Culture	1 208	358 508	1 205	397 684	1 203	426 719	1 372	5	1 377	452 535	1 488	486 504	1 488	522 124	1 492	557 741	2.7%	7.2%	1.0%
14. Safety And Liaison	131	45 283	145	53 106	154	59 732	159	-	159	66 444	159	71 583	159	75 802	159	80 047	-	6.4%	0.1%
Total	144 752	37 582 302	143 490	39 582 392	139 587	41 566 464	128 164	13 609	141 773	44 564 694	144 571	48 111 756	143 949	51 571 503	148 247	55 379 211	1.5%	7.5%	100.0%

Source: Provincial Treasury Database 2017/18

Table 5.6 above depicts the provincial personnel numbers and costs for the 2017 MTEF period. The total number of personnel employed is projected to decrease from 144 752 in 2013/14 to 141 773 in 2016/17. The total estimated personnel headcount as at the end of 2017/18 is increasing to 144 571. The departments mainly responsible for the increase are:

- Department of Education due to the envisaged employment of educators in the supervisory roles of deputy-principal and principals, given the persistent attrition of Educators at schools; and
- Department of Health due to the appointment of additional doctors and clinical staff, including the absorption of nurses, Cuban student doctors and other locally trained clinical personnel.

The total personnel cost grows from R37.582 billion in 2012/13 to the 2016/17 revised estimate of R44.564 billion. In 2017/18, the budget increases to R48.111 billion due to the annual ICS and the employment of critical staff especially OSD related posts. This translates into the Compensation of Employees as a percentage of the total provincial budget amounting to 64.6 per cent for 2017/18.

The Provincial Treasury will continue with the provincial wage bill containment strategy which hinges on two parameters that determine the size of the wage bill. These are the personnel numbers and the annual ICS adjustments. The PCMT processes which scrutinizes the Annual Recruitment Plans of departments to ensure that only budgeted critical posts are filled will continue in the coming year. The centralised system control functions of opening and closing of PERSAL codes with financial implications and authorisation of appointments will continue. A critical component of these processes is the integration of budget verification prior to approving a transaction. To improve the reliability of the headcount, departments will be encouraged to undertake PERSAL clean-up and personnel verification. Departments will expedite the implementation of the Policy and Procedure on Incapacity Leave and Ill-Health Retirement (PILIR) cases in order to root out the inefficiency in the system.

5.7 Payments on Training

Table 5.7: Payment On Training

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change from 2016/17
R thousand	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	
1. Education	114 973	75 910	124 208	217 617	221 190	128 611	159 311	168 550	177 990	23.9
2. Health	17 255	18 510	15 596	38 205	34 252	24 831	28 259	38 027	42 856	13.8
3. Social Development	5 733	6 718	9 723	11 194	12 605	11 495	15 808	17 397	18 372	37.5
4. Office Of The Premier	2 863	3 372	2 136	3 500	3 500	1 668	2 817	2 980	3 146	68.9
5. Provincial Legislature	2 538	2 725	1 126	1 698	1 698	1 698	2 081	1 839	1 941	22.6
6. Roads And Public Works	29 650	30 720	30 376	33 966	33 966	33 966	35 664	37 732	39 845	5.0
7. Cooperative Governance And T	1 798	2 167	1 792	5 583	2 082	2 010	2 653	2 710	2 862	32.0
8. Rural Development And Agrariai	2 799	5 719	1 007	6 551	6 551	8 583	9 870	8 949	9 105	15.0
9. Economic Development , Envir	6 489	5 514	6 554	8 566	8 566	8 566	1 249	1 512	1 597	(85.4)
10. Transport	2 907	4 035	3 962	7 114	4 314	4 657	7 290	7 663	8 831	56.5
11. Human Settlements	1 887	1 590	1 730	2 192	2 192	2 394	3 287	3 509	3 706	37.3
12. Provincial Treasury	2 192	1 860	2 198	3 050	2 753	2 437	3 150	3 337	3 533	29.3
13. Sports , Recreation Arts And C	11 880	11 054	8 348	6 264	6 264	6 264	8 912	9 414	9 941	42.3
14. Safety And Liaison	406	820	730	638	638	638	478	768	811	(25.1)
Total payments on training	203 370	170 714	209 486	346 138	340 571	237 818	280 829	304 387	324 536	18.1

Table 5.7 above shows departmental payments on training from 2013/14 to 2019/20. The expenditure increased from R203.370 million in 2013/14 to R237.818 million in the 2016/17 revised estimate. In 2017/18, the budget increases by 18.1 per cent to R280.829 million and further increases in the last year of the 2017 MTEF to R324.536 million. The departments contributing mainly to the increase are:

- OTP at 68.9 per cent is due to provision made for the training of ward councillors as part of the Operation Masiphathisane project;
- Transport at 56.5 per cent and Human Settlements at 37.3 per cent are due to the training of staff in the identified areas of Finance and Supply Chain management as well as Corporate services targeting programmes which include Performance Management Development (PMDS), Women empowerment, Bursary workshops and compulsory workshops for professional development;
- DSRAC at 42.3 per cent is due to training of staff in the areas of Customer services, Cultural awareness, induction of new library staff as well empowering of federations and sport council officials; and
- Social Development at 37.5 per cent is due to the training of 200 National Youth Services (youth development programmes) and the new Social Work Graduates.

ANNEXURES TO THE OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Table A.1 Details of Information on provincial own receipts

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
R thousand	534 163	618 064	680 017	769 616	953 316	924 488	954 336	1 015 868	1 081 612	6.5
Tax receipts										
Casino taxes	100 054	135 894	150 632	155 299	191 859	186 679	170 052	186 207	203 897	(8.9)
Horse racing taxes	17 872	7 634	9 294	9 223	9 223	9 620	10 099	11 059	12 109	5.0
Liquor licences	5 558	17 562	24 070	14 868	24 008	21 558	27 230	29 817	32 650	26.3
Motor vehicle licences	410 679	456 974	496 021	590 226	728 226	706 631	746 955	788 785	832 956	5.7
Sales of goods and services other than capital assets	207 244	240 341	244 085	266 694	488 307	480 189	393 183	419 085	447 223	(18.1)
Sale of goods and services produced by department (excluding capital assets)	206 809	239 478	243 692	266 366	487 979	479 989	392 849	418 731	446 849	(18.2)
Sales by market establishments	10 851	32 020	31 052	10 685	10 685	10 648	55 986	59 796	64 202	425.8
Administrative fees	19 406	17 494	23 575	23 227	23 227	29 489	24 604	26 076	27 633	(16.6)
Other sales	176 552	189 964	189 065	232 454	454 067	439 852	312 259	332 859	355 014	(29.0)
Of which										
Other (Specify)	85 176	117 700	116 480	147 755	369 368	361 169	223 509	239 081	255 685	(38.1)
Other (Specify)	52 095	52 792	47 923	58 839	58 839	53 085	61 496	65 064	68 708	15.8
Other (Specify)	12 794	18 773	19 631	16 096	16 096	17 176	17 306	18 173	19 258	0.8
Other (Specify)	26 452	658	661	8 676	8 676	8 346	9 391	9 844	10 392	12.5
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	435	863	393	328	328	200	334	354	374	67.2
Transfers received from:	16 362	2 298	-	-	-	128	-	-	-	(100.0)
Other governmental units	16 112	2 223	-	-	-	128	-	-	-	100.00
Higher education institutions	-	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	250	75	-	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	6 672	5 971	6 911	17 448	17 448	11 217	18 495	19 604	20 781	64.9
Interest, dividends and rent on land	288 470	413 375	574 056	94 959	95 109	396 611	100 158	105 969	112 325	(74.7)
Interest	288 470	412 269	573 075	92 928	93 078	396 611	100 158	105 969	112 325	(74.7)
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on land	-	1 106	981	2 031	2 031	-	-	-	-	-
Sales of capital assets	12 845	26 055	10 411	236	236	16 506	251	682	671	(98.5)
Land and sub-soil assets	12 175	24 221	9 002	-	-	-	-	-	-	-
Other capital assets	670	1 834	1 409	236	236	16 506	251	682	671	(98.5)
Transactions in financial assets and liabilities	215 432	280 916	125 837	33 269	59 751	53 575	35 271	37 450	39 805	(34.2)
Total provincial receipts	1 281 188	1 587 020	1 641 317	1 182 222	1 614 167	1 882 714	1 501 694	1 598 658	1 702 417	(20.2)

Table A.2 Details of Information on conditional grants

Department/Grant	PURPOSE	2013/14			2014/15			2015/16			2016/17			2017/18	2017/18	2019/20	% change from 2016/17	
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers Available	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
Agriculture, Forestry and Fisheries		275 593	281 886	275 047	285 725	289 040	273 036	314 071	8 035	322 106	309 502	337 998	351 770	340 829	341 868	359 853	384 631	0.3
Comprehensive Agricultural Support Programme Grant	To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land restitution and redistribution, and other previously disadvantaged producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or involved in export to address damage to infrastructure caused by floods	219 055	223 626	216 837	228 810	232 125	217 246	254 399	7 369	261 768	250 153	263 490	276 803	267 587	262 700	276 574	296 359	(1.8)
Ilimalaisema Projects Grant	To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production.	43 845	45 567	45 518	46 062	46 062	45 603	49 672	-	49 672	48 737	63 876	64 335	62 588	67 356	71 263	75 254	7.6
Land Care Programme Grant: Poverty Relief and Infrastructure Development	To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.	12 693	12 693	12 692	10 853	10 853	10 187	10 000	666	10 666	10 612	10 632	10 632	10 654	11 812	12 016	13 018	10.9
Arts and Culture		72 492	82 511	79 482	109 418	111 316	95 450	142 976	15 148	158 124	153 399	149 320	152 762	151 175	156 105	164 746	173 713	3.3

Overview of the Provincial Revenue and Expenditure (OPRE) - 2017/2018 Financial Year

Department/Grant	PURPOSE	2013/14		2014/15			2015/16			2016/17			2017/18	2019/20	% change from 2016/17			
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates		Medium Term Expenditure Estimates		
Community Library Services Grant	To provide direct access to information and knowledge, contributing to education and self-empowerment.	72 492	82 511	79 482	109 418	111 316	95 450	142 976	15 148	158 124	153 399	149 320	152 762	151 175	156 105	164 746	173 713	3.3
		2 026 536	2 029 483	2 127 271	2 252 326	2 252 326	2 054 215	2 150 677	73 165	2 223 842	2 218 153	2 665 759	2 689 224	2 837 330	2 823 261	2 816 776	2 968 887	(0.5)
Dinaledi Schools Grant	To improve the participation and performance of learners in Mathematics and Physical Science in line with National Strategy for Mathematics, Science and Technology Education (NSMSTE).	12 620	12 620	11 271	13 342	13 342	13 313	-	-	-	-	-	-	-	-	-	-	-
	To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation to enhance capacity to deliver infrastructure in education, to address damage to infrastructure caused by natural disasters.	1 010 870	1 010 870	1 130 962	1 177 914	1 177 914	996 571	1 064 472	71 938	1 136 410	1 136 427	1 505 088	1 505 088	1 767 356	1 581 750	1 494 984	1 578 703	(10.5)
HIV and Aids (Life Skills Education) Grant	To support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge, skills and appropriate decision making among learners and educators to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment in school.	34 895	34 895	34 555	37 023	37 023	35 796	34 504	1 227	35 731	35 331	39 591	39 591	39 618	41 936	44 367	46 852	-

Province of the Eastern Cape: Overview

Department/Grant	PURPOSE	2013/14		2014/15			2015/16			2016/17			2017/18	2017/18	2019/20	% change from 2016/17		
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
National School Nutrition Programme Grant	To provide a nutritious meal and deworming to all targeted learners.	949 162	949 162	943 436	984 548	984 548	977 489	1 013 057	-	1 013 057	1 017 979	1 074 182	1 085 204	969 870	1 149 353	1 216 559	1 277 387	18.5
Occupation Specific Dispensation for Education Sector Therapists Grant	To augment the baseline compensation budget of the Provincial Education Departments (PEDs) to enable them to comply with the Education Labour Relations Council Collective Agreement 1 of 2012	-	-	-	6 571	6 571	6 562	2 058	-	2 058	2 067	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation Grant	To boost the number of industrial related apprenticeship and learnerships in scarce skills	18 989	21 936	7 047	32 928	32 928	24 484	-	-	-	-	-	-	-	-	-	-	(22.8)
	To provide resources to learners, teachers and schools for improvements of Maths, Science and Technology teaching and learning in selected public schools to improve the achievement of learner participation and success rates, teacher demand, supply utilisation, development and support, school resourcing and partnerships, consistent with targets set in the Action Plan 2019 and the National Development	-	-	-	-	-	-	36 586	-	36 586	26 349	46 898	59 341	60 486	46 685	48 583	51 323	-
Technical Secondary Schools Recapitalisation Grant	To boost the number of industrial related apprenticeship and learnerships in scarce skills	18 989	21 936	7 047	32 928	32 928	24 484	-	-	-	-	-	-	-	-	-	-	(22.8)

Overview of the Provincial Revenue and Expenditure (OPRE) - 2017/2018 Financial Year

Department/Grant	PURPOSE	2013/14			2014/15			2015/16			2016/17			2017/18	2019/20	% change from 2016/17		
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
Maths, Science and Technology Grant	To provide resources to learners, teachers and schools for improvements of Maths, Science and Technology teaching and learning in selected public schools to improve the achievement of learner participation and success rates, teacher demand, supply utilisation, development and support, school resourcing and partnerships, consistent with targets set in the Action Plan 2019 and the National Development Plan	-	-	-	-	-	-	36 586	-	36 586	26 349	46 898	59 341	60 486	46 685	48 583	51 323	-
Learners with Profound Intellectual Disabilities Grant		-	-	-	-	-	-	-	-	-	-	-	-	-	3 537	12 283	14 622	
Health		2 773 119	2 851 215	2 836 504	3 041 349	3 054 118	2 980 542	3 169 566	58 566	3 228 132	3 216 880	3 433 642	3 454 131	3 492 299	3 778 750	4 115 663	4 407 164	8.2
HIV, AIDS and TB Grant	To enable the health sector to develop an effective response to HIV/AIDS and TB To support the Department with the PEPFAR transition process.	1 273 296	1 299 376	1 299 292	1 449 237	1 449 237	1 431 296	1 569 506	10 382	1 579 888	1 582 506	1 755 385	1 757 792	1 797 263	2 040 454	2 331 691	2 523 289	13.5
Forensic Pathology Services Grant	Assists with the transfer of medico-legal mortuaries from the South African Police Service to the health sector and to provide comprehensive forensic pathology services for the criminal justice system.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Province of the Eastern Cape: Overview

Department/Grant		PURPOSE	2013/14			2014/15			2015/16			2016/17			2017/18	2017/18	2019/20	% change from 2016/17	
			Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation					Revised Estimates
Health Disaster Response (Cholera) Grant			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Hospital Facility Revitalisation Grant		To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in Health, including Health Technology, Organisational Systems and Quality Assurance.	562 792	569 056	588 745	599 231	599 231	587 428	592 073	11 803	603 876	603 874	619 041	619 041	647 924	620 757	568 144	599 961	(4.2)
Health Professions Training and Development Grant		Support provinces to fund services costs associated with the training of health science trainees on the public service platform	188 560	190 940	188 435	199 874	201 260	201 226	204 430	-	204 430	204 430	213 212	213 212	211 735	226 566	239 707	1	7.0
National Health Insurance Grant		Test innovations in health service delivery for implementing NHI, allowing for each district to interpret and design innovations relevant to its specific context in line with the vision for realising universal health coverage for all. To undertake health system strengthening activities in identified focus areas. To assess the effectiveness of interventions/activities undertaken in the district funded through this grant	4 850	7 226	5 941	7 000	8 049	1 837	992	-	992	5 132	7 546	7 723	7 751	-	-	-	(100.0)

Overview of the Provincial Revenue and Expenditure (OPRE) - 2017/2018 Financial Year

Department/Grant	PURPOSE	2013/14			2014/15			2015/16			2016/17			2017/18	2017/18 Medium Term Expenditure Estimates	2019/20	% change from 2016/17
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Main Appropriation	Adjusted Appropriation	Revised Estimates				
Health Professions Training and Development Grant	Support provinces to fund services costs associated with the training of health science trainees on the public service platform	188 560	190 940	188 435	199 874	201 260	201 226	204 430	-	204 430	213 212	213 212	211 735	226 566	239 707	253 131	7.0
National Health Insurance Grant	Test innovations in health service delivery for implementing NHI, allowing for each district to interpret and design innovations relevant to its specific context in line with the vision for realising universal health coverage for all. To undertake health system strengthening activities in identified focus areas. To assess the effectiveness of interventions/activities undertaken in the district funded through this grant	7 226	7 226	5 941	7 000	8 049	1 837	992	-	992	7 546	7 723	7 751	-	-	-	(100.0)
National Tertiary Services Grant	To ensure provision of tertiary health services for all South African citizens. To compensate tertiary facilities for the costs associated with the provision of these services	784 617	784 617	774 091	786 007	796 341	758 755	802 565	36 381	838 946	838 458	856 363	827 626	890 973	942 650	995 438	7.7
Human Papillomavirus Grant		-	-	-	-	-	-	-	-	-	-	-	-	-	33 471	35 345	-

Province of the Eastern Cape: Overview

Department/Grant	PURPOSE	2013/14			2014/15			2015/16				2016/17			2017/18	2017/18	2019/20	% change from 2016/17
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates		2019/20	
Human Settlements		2 523 803	2 523 803	2 523 803	2 392 718	2 392 718	2 392 718	2 462 372	-	2 462 372	2 458 180	1 991 457	1 995 643	1 994 164	2 239 316	2 258 483	2 405 564	12.3
	To provide emergency relief in support of reconstruction work to housing and related infrastructure damaged in natural disasters.	94 172	94 172	94 172	-	-	-	100 000	-	100 000	100 000	100 000	100 000	100 000	134 261	-	-	34.3
Public Works		129 305	129 305	127 459	111 258	111 258	107 047	82 780	1 707	84 487	85 657	98 830	99 519	101 280	126 838	-	-	25.2
	To facilitate the transfer of property rates expenditure responsibility to provinces; and to enable provincial accounting officers to be fully accountable for their expenditure and payment of provincial property rates.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Provinces	Provides incentives to provinces and municipalities to increase spending on labour-intensive programmes.	76 577	76 577	75 699	69 544	69 544	66 182	72 575	1 318	73 893	74 472	77 370	78 059	78 144	112 335	-	-	43.8
EDUCATION		-	-	-	3 115	3 115	2 811	2 432	-	2 432	2 170	2 144	2 144	2 373	2 411	-	-	1.6
HEALTH		3 000	3 000	3 000	2 000	2 000	1 988	2 632	-	2 632	2 499	3 826	3 826	3 923	2 000	-	-	(49.0)
SOCIAL DEVELOPMENT		-	-	-	2 000	2 000	1 028	1 028	-	1 028	2 000	2 000	2 000	1 721	2 000	-	-	16.2
OFFICE OF THE PREMIER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROVINCIAL LEGISLATURE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROADS AND PUBLIC WORKS		65 082	65 082	65 081	46 791	46 791	46 791	53 607	-	53 607	53 606	52 848	52 848	52 848	89 771	-	-	69.9

Overview of the Provincial Revenue and Expenditure (OPRE) - 2017/2018 Financial Year

Department/Grant	PURPOSE	2013/14			2014/15			2015/16			2016/17			2017/18	2017/18	2019/20	% change from 2016/17
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates	2019/20	
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS RURAL DEVELOPMENT AND AGRARIAN REFORM ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM TRANSPORT HUMAN SETTLEMENTS SPORTS, RECREATION ARTS AND CULTURE SAFETY AND LIAISON		-	-	-	2 000	2 000	1 933	1 933	-	1 933	1 986	2 000	2 000	2 159	2 036	-	(5.7)
		550	550	550	2 681	2 681	2 486	1 993	195	2 188	2 188	2 000	2 000	2 000	2 000	-	-
		550	550	550	2 102	2 102	1 472	1 370	-	1 370	1 370	2 026	2 656	2 656	2 554	-	(3.8)
		3 845	3 845	3 845	4 099	4 099	4 040	4 083	-	4 083	4 083	5 661	5 720	5 720	4 924	-	(13.9)
		3 000	3 000	2 128	2 654	2 654	1 531	1 484	1 123	2 607	2 571	2 865	2 865	2 827	2 639	-	(6.7)
Social Sector Expanded Public Works Programme Incentive Grant for Provinces		550	550	545	2 102	2 102	2 102	2 013	-	2 013	1 999	2 000	2 000	1 917	2 000	-	4.3
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		52 728	52 728	51 760	41 714	41 714	40 865	10 205	389	10 594	11 185	21 460	21 460	23 136	14 503	-	(37.3)
		3 000	3 000	2 442	2 580	2 580	2 126	2 546	-	2 546	3 378	10 160	10 160	12 752	5 022	-	(60.6)
		41 565	41 565	41 565	31 242	31 242	31 236	4 994	-	4 994	5 000	4 200	4 200	3 581	4 662	-	30.2
EDUCATION HEALTH SOCIAL DEVELOPMENT PROVINCIAL TREASURY SPORTS, RECREATION ARTS AND CULTURE SAFETY AND LIAISON		6 862	6 862	6 846	2 580	2 580	2 580	1 000	-	1 000	968	3 500	3 500	3 223	1 496	-	(53.6)
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		1 301	1 301	907	2 732	2 732	2 732	1 000	-	1 000	916	1 800	1 800	1 780	1 467	-	(17.6)
		-	-	-	2 580	2 580	2 191	665	389	1 054	923	1 800	1 800	1 800	1 856	-	3.1

Province of the Eastern Cape: Overview

Department/Grant	PURPOSE	2013/14			2014/15			2015/16			2016/17			2017/18	2017/18	2019/20	% change from 2016/17	
		Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Provincial Rollovers Available	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation					Revised Estimates
Social Development		-	-	-	12 632	12 632	13 000	2 000	-	2 000	1 963	-	-	-	112 252	149 750	159 240	-
Substance Abuse Treatment Grant	To fund the construction of the new state owned Nelson Mandela Metropolitan Substance Abuse Treatment Centre	-	-	-	12 632	12 632	13 000	2 000	-	2 000	1 963	-	-	-	14 238	17 708	18 700	-
Early Childhood Development Grant		-	-	-	-	-	-	-	-	-	-	-	-	-	56 365	86 968	91 830	-
Social Worker Employment Grant	Grant received for appointment of the Social Work Graduates who were granted bursary by the sector	-	-	-	-	-	-	-	-	-	-	-	-	-	41 649	45 074	48 710	-
Sport and Recreation South Africa		61 334	68 870	65 369	64 895	65 986	65 483	60 563	-	60 563	59 287	68 347	67 640	69 711	67 183	86 617	91 422	(3.6)
Mass Participation and Sport Development Grant	Promotes mass participation by historically disadvantaged communities in a selected number of developmental sporting activities.	61 334	68 870	65 369	64 895	65 986	65 483	60 563	-	60 563	59 287	68 347	67 640	69 711	67 183	86 617	91 422	(3.6)
Transport		1 476 350	1 476 350	1 427 188	1 489 561	1 489 561	1 329 553	1 447 642	118 900	1 566 542	1 566 508	1 497 942	1 539 046	1 585 768	1 586 460	1 675 863	1 769 711	0.0
Provincial Roads Maintenance Grant		1 292 390	1 292 390	1 243 228	1 294 279	1 294 279	1 134 275	1 248 047	118 900	1 366 947	1 366 913	1 189 725	1 320 829	1 277 551	1 265 208	1 353 805	1 447 910	-
Repair of Flood Damages (Provincial Road Maintenance Grant)		-	-	-	-	-	-	-	-	-	-	90 000	-	90 000	90 000	80 000	66 188	(1.0)
Public Transport Operations Grant	To provide supplementary funding towards public transport services provided by provincial departments of transport.	183 960	183 960	183 960	195 282	195 282	195 278	199 595	-	199 595	199 595	218 217	218 217	218 217	231 252	242 058	255 613	6.0
Total National Conditional Grants		9 338 532	9 443 423	9 462 123	9 759 882	9 778 955	9 311 044	9 832 647	275 521	10 108 168	10 069 529	10 243 295	10 349 735	10 572 556	11 232 033	11 627 751	12 360 332	6.2

Province of the Eastern Cape: Overview

Table A.3 Details of information on provincial payments and estimates

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change from 2016/17
	2013/14	2014/15	2015/16		2016/17		2017/18	2018/19	2019/20	
Current payments	48 308 754	49 905 040	52 612 421	56 796 122	56 883 633	55 980 196	61 427 259	65 872 125	70 654 316	7.3
Compensation of employees	37 582 302	39 582 392	41 558 829	45 261 014	44 804 467	44 564 693	48 111 755	51 571 502	55 379 213	8.0
Salaries and wages	33 976 672	34 397 421	36 083 067	39 516 134	39 018 725	38 658 579	41 935 759	45 041 351	48 445 466	8.5
Social contributions	3 605 630	5 184 971	5 473 762	5 744 881	5 785 741	5 906 114	6 175 997	6 530 151	6 933 746	4.6
Goods and services	10 720 781	10 319 487	11 043 543	11 535 108	12 079 167	11 413 121	13 315 503	14 300 624	15 275 103	16.7
Administrative fees	13 561	18 543	12 707	9 298	12 376	11 358	10 452	9 564	10 089	(8.0)
Advertising	58 012	68 384	49 861	51 963	53 414	50 790	66 768	51 922	54 594	31.5
Minor assets	74 368	60 505	38 718	110 680	142 567	61 961	99 159	124 663	131 883	60.0
Audit cost: External	119 861	110 281	112 846	113 517	115 806	111 485	134 531	137 661	141 652	20.7
Bursaries: Employees	86 057	51 223	81 022	72 633	76 587	58 188	172 777	186 285	203 497	196.9
Catering: Provincial activities	99 250	79 544	79 626	78 171	87 516	91 649	92 175	95 513	101 911	0.6
Communication (G&S)	243 869	248 903	243 042	219 844	233 921	247 557	254 125	233 724	245 421	2.7
Computer services	271 335	232 093	316 260	331 170	368 712	324 598	584 911	622 984	658 267	80.2
Consultants and professional services: Business and advisory services	322 521	402 079	328 601	449 008	341 545	478 081	396 936	323 200	321 914	(17.0)
Infrastructure and planning	124 518	96 178	83 675	187 724	172 718	101 053	72 032	76 820	94 524	(28.7)
Laboratory services	634 666	439 486	573 176	611 001	592 902	540 680	601 819	705 803	745 327	11.3
Scientific and technological services	–	–	–	–	–	–	–	–	–	–
Legal services	126 685	120 291	108 201	115 036	222 560	206 874	153 689	108 875	118 979	(25.7)
Contractors	1 496 634	1 193 058	1 642 293	1 419 192	1 339 410	1 359 738	1 837 269	1 848 925	1 949 508	35.1
Agency and support / outsourced services	407 368	667 033	723 163	568 902	717 561	653 480	727 703	719 267	771 533	11.4
Entertainment	1 870	780	797	1 158	945	1 386	1 221	1 369	1 466	(11.9)
Fleet services (including government motor transport)	344 242	399 183	311 502	444 648	336 947	348 189	396 491	595 265	624 215	13.9
Housing	–	–	–	–	348	1	–	–	–	(100.0)
Inventory: Clothing material and accessories	14 868	6 990	6 110	748	3 208	4 567	1 294	503	531	(71.7)
Inventory: Farming supplies	85 239	142 895	197 301	221 629	215 886	216 249	113 676	122 652	130 210	(47.4)
Inventory: Food and food supplies	133 685	124 484	119 679	143 543	159 350	132 688	134 756	167 085	176 442	1.6
Inventory: Fuel, oil and gas	66 471	78 319	59 315	103 773	108 351	103 025	118 082	109 435	122 597	14.6
Inventory: Learner and teacher support material	586 420	571 187	588 350	655 469	896 591	519 054	595 921	549 613	583 956	14.8
Inventory: Materials and supplies	34 509	30 051	56 558	40 036	33 639	28 436	34 923	32 883	34 558	22.8
Inventory: Medical supplies	532 775	538 785	557 975	673 313	720 252	694 239	760 271	973 525	1 071 668	9.5
Inventory: Medicine	1 104 634	1 239 300	1 100 703	1 377 795	1 263 046	1 448 708	1 550 140	1 893 131	2 069 476	7.0
Medas inventory interface	–	–	–	–	–	–	–	–	–	–
Inventory: Other supplies	54 538	47 897	256 372	119 864	185 988	154 949	199 280	194 621	211 217	28.6
Consumable supplies	261 674	163 707	163 686	238 748	244 102	208 878	175 817	222 330	241 384	(15.8)
Consumable: Stationery, printing and office supplies	152 202	162 066	182 439	185 934	236 130	212 225	256 297	228 716	247 828	20.8
Operating leases	431 196	429 438	444 569	475 977	520 662	476 916	504 959	530 571	566 537	5.9
Property payments	1 256 558	1 017 555	968 773	1 057 709	1 101 605	1 028 648	1 563 704	1 784 129	1 858 885	52.0
Transport provided: Provincial activity	406 612	382 069	446 594	456 421	459 903	454 279	487 834	522 945	561 363	7.4
Travel and subsistence	770 945	765 117	840 025	571 875	621 485	687 760	722 458	650 210	702 682	5.0
Training and development	120 240	138 777	101 104	280 596	259 918	157 254	213 298	255 330	268 193	35.6
Operating payments	116 513	125 313	135 295	92 896	151 117	126 965	202 821	148 947	174 361	59.7
Venues and facilities	81 884	52 076	61 531	39 107	46 183	46 894	56 827	56 520	60 013	21.2
Rental and hiring	85 000	115 899	50 674	15 733	35 918	64 320	21 088	15 635	18 424	(67.2)
Interest and rent on land	5 671	3 161	12 049	–	–	2 383	0	–	–	(100.0)
Interest	5 294	3 093	11 427	–	–	2 377	–	–	–	(100.0)
Rent on land	377	68	622	–	–	6	0	–	–	(93.3)
Transfers and subsidies	8 172 334	7 603 242	8 595 874	8 147 725	8 262 852	8 373 301	8 432 257	8 241 376	8 543 783	3.7
Provinces and municipalities	455 350	330 123	582 059	587 307	738 258	736 598	778 630	642 241	592 890	5.7
Provinces	–	–	–	–	–	–	–	–	–	–
Provincial Revenue Funds	–	–	–	–	–	–	–	–	–	–
Departmental agencies and funds	–	–	–	–	–	–	–	–	–	–
Municipalities	455 350	330 123	582 059	587 307	738 258	736 598	778 630	642 241	592 890	5.7
Municipalities	269 104	94 202	350 692	322 345	452 236	450 017	486 781	330 871	264 028	8.2
Municipal agencies and funds	186 246	235 921	231 367	264 962	286 022	286 581	291 849	311 370	328 862	1.8
Departmental agencies and accounts	1 306 597	995 470	1 129 114	1 432 767	1 304 575	1 324 284	1 296 821	1 023 530	1 035 232	(2.1)
Social security funds	–	–	–	–	–	–	–	–	–	–
Provide list of entities receiving transfers	1 306 597	995 470	1 129 114	1 432 767	1 304 575	1 324 284	1 296 821	1 023 530	1 035 232	(2.1)
Higher education institutions	98 299	30 791	19 763	23 320	23 145	21 641	24 366	28 722	30 330	12.6
Foreign governments and international organisations	1 316	9	384	300	560	–	179	189	200	–
Public corporations and private enterprises	432 895	493 175	633 804	595 402	507 402	507 516	601 861	615 131	642 228	18.6
Public corporations	102 088	166 726	283 552	205 927	117 927	117 927	107 704	114 581	111 061	(8.7)
Subsidies on production	–	–	–	–	–	–	–	–	–	–
Other transfers	102 088	166 726	283 552	205 927	117 927	117 927	107 704	114 581	111 061	(8.7)
Private enterprises	330 807	326 449	350 252	389 475	389 475	389 589	494 157	500 550	531 167	26.8
Subsidies on production	–	–	–	–	–	–	–	–	–	–
Other transfers	330 807	326 449	350 252	389 475	389 475	389 589	494 157	500 550	531 167	26.8
Non-profit institutions	2 737 039	2 572 101	2 852 517	2 917 803	2 893 951	2 901 632	2 858 071	3 045 753	3 238 236	(1.5)
Households	3 140 838	3 181 573	3 378 233	2 590 826	2 794 961	2 881 630	2 872 330	2 885 810	3 004 667	(0.3)
Social benefits	164 821	189 861	165 767	131 672	198 060	198 980	149 089	114 162	120 559	(25.1)
Other transfers to households	2 976 017	2 991 712	3 212 466	2 459 154	2 596 901	2 682 650	2 723 240	2 771 647	2 884 108	1.5
Payments for capital assets	3 517 162	3 217 958	3 868 514	4 627 087	4 822 355	4 876 165	4 602 546	4 333 050	4 469 175	(5.6)
Buildings and other fixed structures	2 590 582	2 519 909	3 123 870	3 581 718	3 741 375	3 849 700	3 521 690	3 254 825	3 356 780	(8.5)
Buildings	882 721	1 423 820	419 470	1 071 811	1 072 191	1 069 499	1 054 578	1 037 011	1 189 869	(1.4)
Other fixed structures	1 707 861	1 096 089	2 704 400	2 509 907	2 669 184	2 780 201	2 467 111	2 217 815	2 166 911	(11.3)
Machinery and equipment	908 665	681 377	717 047	996 940	1 027 386	983 407	1 062 309	1 058 532	1 091 577	8.0
Transport equipment	195 842	289 928	302 401	361 148	340 268	338 345	333 490	364 328	384 229	(1.4)
Other machinery and equipment	712 823	391 449	414 646	635 792	687 118	645 062	728 819	694 203	707 348	13.0
Heritage Assets	2 080	596	160	–	350	440	600	676	714	36.3
Specialised military assets	–	–	–	–	–	–	–	–	–	–
Biological assets	4 136	6 095	15 238	31 285	30 700	21 854	0	0	–	(100.0)
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	–
Software and other intangible assets	11 699	9 981	12 199	17 144	22 544	20 764	17 947	19 017	20 104	(13.6)
Payments for financial assets	74 853	22 819	91 469	20 000	20 067	20 101	–	–	–	(100.0)
Total economic classification	60 073 102	60 749 059	65 168 278	69 590 934	69 988 907	69 249 763	74 462 062	78 446 551	83 667 274	7.5

Source: Provincial treasury database, 2017

Table A.4(a) : Details of Functional areas

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

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Table A4 (a): Detail of Functional area (continued)

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

Source: EC Provincial Treasury, 2017

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Table A.4 (b): Details of payments by functional area

Policy area	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19	% change from 2015/16
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
R'000										
GENERAL PUBLIC SERVICES	3 860 212	3 745 128	4 411 803	5 054 686	4 928 653	4 945 558	5 439 930	5 089 408	5 335 044	10.0
Executive and Legislature	908 524	893 349	1 117 023	1 067 449	1 024 973	1 020 746	1 366 855	1 539 269	1 540 107	33.9
Office of the Premier	465 515	450 686	644 886	585 519	527 619	519 293	857 638	1 012 513	981 482	65.2
Provincial Legislature	443 009	442 663	472 137	481 930	497 354	501 453	509 217	526 755	558 625	1.5
Financial and fiscal services	327 825	324 052	492 422	1 034 013	930 927	927 368	724 522	402 641	428 493	(21.9)
Provincial Treasury	327 825	324 052	492 422	1 034 013	930 927	927 368	724 522	402 641	428 493	(21.9)
General services	2 623 863	2 527 727	2 802 358	2 953 225	2 972 753	2 997 444	3 348 553	3 147 498	3 366 444	11.7
Public Works	1 622 324	1 655 634	1 833 839	1 943 069	1 964 275	2 001 738	2 143 504	2 170 616	2 320 005	7.1
Local Government & Traditional Affairs	1 001 539	872 093	968 519	1 010 156	1 008 478	995 706	1 205 049	976 882	1 046 439	21.0
PUBLIC ORDER AND SAFETY	69 316	83 058	83 280	89 273	90 903	91 070	94 808	99 212	105 658	4.1
Police services	69 316	83 058	83 280	89 273	90 903	91 070	94 808	99 212	105 658	4.1
Safety & Liaison	69 316	83 058	83 280	89 273	90 903	91 070	94 808	99 212	105 658	4.1
ECONOMIC AFFAIRS	6 545 805	6 500 327	7 150 925	7 317 234	7 424 493	7 446 793	7 762 984	8 008 236	8 316 430	4.2
General economic affairs	1 067 830	831 339	956 767	841 093	834 089	831 624	766 578	736 227	781 898	(7.8)
Economic Development, Environmental Affairs & Tourism	1 067 830	831 339	956 767	841 093	834 089	831 624	766 578	736 227	781 898	(7.8)
Agriculture	1 731 203	1 852 768	1 968 065	2 209 319	2 215 122	2 205 881	2 205 432	2 332 317	2 454 191	(0.0)
Rural Development & Agrarian Reform	1 731 203	1 852 768	1 968 065	2 209 319	2 215 122	2 205 881	2 205 432	2 332 317	2 454 191	(0.0)
Transport	1 517 152	1 689 901	1 711 849	1 750 698	1 743 698	1 732 189	1 843 704	1 940 709	2 070 322	6.4
Transport	1 517 152	1 689 901	1 711 849	1 750 698	1 743 698	1 732 189	1 843 704	1 940 709	2 070 322	6.4
Roads and Public Works	2 229 620	2 126 319	2 514 244	2 516 124	2 631 584	2 677 099	2 947 270	2 998 982	3 010 019	10.1
Transport Infrastructure	2 229 620	2 126 319	2 514 244	2 516 124	2 631 584	2 677 099	2 947 270	2 998 982	3 010 019	10.1
ENVIRONMENTAL PROTECTION	285 986	303 019	289 584	306 397	301 901	301 615	302 980	327 862	346 820	0.5
Environmental Protection	285 986	303 019	289 584	306 397	301 901	301 615	302 980	327 862	346 820	0.5
Economic Development, Environmental Affairs & Tourism	285 986	303 019	289 584	306 397	301 901	301 615	302 980	327 862	346 820	0.5
HOUSING AND COMMUNITY AMENITIES	2 827 992	2 719 830	2 799 821	2 349 036	2 363 222	2 363 171	2 631 398	2 658 380	2 831 210	11.4
Housing Development	2 827 992	2 719 830	2 799 821	2 349 036	2 363 222	2 363 171	2 631 398	2 658 380	2 831 210	11.4
Human Settlements	2 827 992	2 719 830	2 799 821	2 349 036	2 363 222	2 363 171	2 631 398	2 658 380	2 831 210	11.4
HEALTH	17 048 255	17 549 854	18 943 943	20 244 339	20 648 269	20 543 771	21 707 165	23 364 729	25 091 146	5.7
Outpatient services	9 472 468	9 790 094	10 462 696	11 089 410	11 377 586	11 432 834	12 159 911	13 370 514	14 400 708	6.4
Research & development	650 152	726 252	769 372	799 467	791 986	769 442	853 145	891 625	954 341	10.9
Hospital services	5 176 129	5 355 234	5 844 092	6 277 724	6 335 600	6 296 641	6 562 292	6 893 831	7 410 412	4.2
General	1 749 506	1 678 274	1 867 783	2 077 738	2 143 097	2 044 854	2 131 818	2 208 760	2 325 685	4.3
RECREATION, CULTURE AND RELIGION	727 359	755 781	809 114	843 698	845 212	855 812	900 944	970 487	1 031 717	5.3
Recreational and sporting services	163 978	171 556	159 788	176 458	170 906	175 708	177 644	195 514	207 434	1.1
Cultural services	163 156	167 333	170 749	185 093	178 060	184 131	203 895	201 949	215 109	10.7
General	400 225	416 892	478 577	482 147	496 246	495 973	519 405	573 024	609 174	4.7
EDUCATION	26 779 366	26 957 826	28 425 927	31 002 644	30 982 636	30 291 514	32 989 055	35 097 333	37 587 452	8.9
Pre-primary	308 564	316 647	469 447	377 053	451 640	417 548	499 389	508 268	543 805	19.6
Primary & secondary	22 841 447	23 348 988	24 263 651	26 303 502	26 243 907	25 508 642	27 719 770	29 719 056	31 980 915	8.7
Subsidiary services to education	2 070 262	2 192 119	2 244 624	2 607 597	2 607 596	2 547 841	3 133 145	3 365 022	3 484 028	23.0
Education not definable by level	1 559 093	1 100 072	1 448 205	1 714 493	1 679 493	1 817 483	1 636 750	1 504 986	1 578 704	(9.9)
SOCIAL PROTECTION	1 928 811	2 134 236	2 253 881	2 383 626	2 403 619	2 410 459	2 632 799	2 830 906	3 021 797	9.2
Social security services	1 307 152	1 470 594	1 532 670	1 629 079	1 647 091	1 660 106	1 853 627	1 993 316	2 140 066	11.7
Development and research	256 339	277 814	300 818	316 310	309 810	305 609	296 329	314 851	330 036	(3.0)
General	365 320	385 828	420 393	438 237	446 718	444 744	482 843	522 738	551 695	8.6
TOTAL - All Functions	60 073 102	60 749 059	65 168 278	69 590 934	69 988 908	69 249 763	74 462 062	78 446 551	83 667 274	7.5

Source: EC Provincial Treasury, 2017

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Table A.5: Details of transfers to local government by category and municipality

	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20	% change
	Outcome			Main	Adjusted	Revised	Medium-term estimates			from 2015/16
R 000's				appropriatio	appropriation	estimate				
Category A	97 681	104 274	180 485	154 200	168 518	169 078	162 560	177 268	187 250	(3.9)
Buffalo City	37 911	34 752	45 575	61 984	53 416	53 416	67 082	73 037	77 848	25.6
Nelson Mandela Bay	59 770	69 522	134 910	92 216	115 102	115 662	95 478	104 231	109 402	(17.5)
Category B	330 018	206 996	321 950	299 343	396 668	399 942	501 386	445 309	384 877	25.4
Dr Beyers Naude	9 264	10 192	13 516	13 155	13 780	13 780	19 118	9 166	9 680	38.7
Blue Crane Route	3 613	3 686	3 711	4 043	3 958	3 958	4 130	4 369	4 614	4.3
Makana	13 674	13 016	35 329	14 616	16 351	16 351	13 467	14 248	15 046	(17.6)
Ndlambe	5 736	3 826	4 959	7 335	7 335	7 335	4 750	5 048	5 331	(35.2)
Sundays River Valley	3 914	3 305	2 734	4 767	4 066	4 066	33 788	41 427	44 835	731.0
Kouga	3 241	3 410	3 420	3 851	3 601	3 601	3 750	4 170	4 403	4.1
Kou-Kamma	2 072	1 359	1 195	2 326	2 026	2 026	2 632	2 535	2 677	29.9
Mbhashe	672	1 376	1 454	2 987	2 287	2 287	1 250	1 077	1 138	(45.3)
Mnquma	2 014	630	515	4 238	1 538	1 538	1 000	4 708	4 971	(35.0)
Great Kei	767	879	860	743	1 343	1 343	1 160	804	849	(13.6)
Amahlathi	2 750	4 877	2 421	3 579	3 579	3 579	2 500	3 058	3 229	(30.2)
Ngqushwa	3 236	5 292	3 259	3 987	14 387	14 387	6 350	4 410	4 658	(55.9)
Raymond Mhlaba	8 961	12 197	25 382	21 706	24 453	24 453	43 015	57 787	33 055	75.9
Inxuba Yethemba	6 505	6 436	6 653	8 300	7 975	7 975	8 684	9 115	9 625	8.9
Intsika Yethu	2 562	1 486	1 486	3 856	2 656	2 656	15 219	3 157	3 334	473.0
Emalahleni (Ec)	1 297	2 965	1 850	1 598	1 798	1 798	1 750	1 728	1 824	(2.7)
Engcobo	1 169	1 095	725	992	992	992	950	1 068	1 128	(4.2)
Sakhisizwe	898	1 029	1 212	2 362	2 162	2 162	1 380	1 493	1 577	(36.2)
Enoch Mgijima	11 848	10 950	16 131	11 475	14 605	14 605	16 250	12 470	13 169	11.3
Elundini	7 262	10 015	6 511	11 271	7 596	7 596	42 384	37 813	32 929	458.0
Senqu	2 979	4 026	1 465	1 730	1 730	1 730	2 000	1 843	1 946	15.6
Walter Sisulu	3 729	3 075	39 732	29 692	32 192	32 192	31 780	4 089	4 318	(1.3)
Ngquza Hills	1 998	6 616	11 209	3 253	9 968	9 968	5 774	2 462	2 600	(42.1)
Port St Johns	8 692	3 529	2 811	2 938	4 539	4 539	12 896	54 624	37 474	184.1
Nyandeni	4 703	963	4 266	2 561	3 661	3 911	43 703	9 969	30 892	1017.4
Mhlontlo	5 130	6 638	6 157	2 383	4 582	4 582	3 850	1 518	1 603	(16.0)
King Sabata Dalindyebo	193 605	51 894	86 125	115 636	146 136	146 127	89 763	71 710	75 726	(38.6)
Mataiele	6 787	17 080	3 895	2 957	5 957	5 957	13 880	2 153	2 274	133.0
Umkhumbi	8 663	5 468	3 210	2 814	8 514	8 514	12 201	885	936	43.3
Mbizana	1 646	8 051	7 255	2 279	11 479	11 479	29 531	2 513	2 654	157.3
Ntabankulu	633	1 635	22 502	5 911	31 422	34 455	32 482	73 893	26 382	(5.7)
Category C	27 551	18 853	79 624	132 764	172 072	166 578	113 684	9 188	9 702	(31.8)
Sarah Baartman	90	145	8 500	-	3 075	3 075	-	-	-	(100.0)
Amathole	2 978	3 126	7 240	9 602	10 102	10 101	5 775	6 110	6 452	(42.8)
Chris Hani	9 215	7 589	27 737	40 000	31 761	26 874	25 000	-	-	(7.0)
Joe Gqabi	1 928	1 068	32 065	80 000	120 842	120 236	80 000	-	-	(33.5)
O .R. Tambo	8 844	5 063	3 449	2 600	5 095	5 095	2 318	2 453	2 590	(54.5)
Alfred Nzo	4 496	1 862	633	563	1 197	1 198	591	625	660	(50.7)
Unallocated	-	100	-	1 000	1 000	1 000	1 000	10 476	11 062	(0.0)
Total transfers to municipalities	455 250	330 223	582 059	587 307	738 258	736 598	778 630	642 241	592 890	5.7

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Table A6: Details of provincial payments and estimates by district and local municipality

Cat	R thousand	Audited Outcome			Main appropriation	Adjusted appropriation 2016/17	Revised estimate	Medium-term estimates			% change from 2016/17
		2013/14	2014/15	2015/16				2017/18	2018/19	2019/20	
A	Buffalo City Metro	8 257 590	8 320 683	8 910 520	9 223 115	9 473 384	10 139 246	9 207 857	10 544 024	11 066 894	(9.2)
A	Nelson Mandela Bay Metropolitan Municipality	7 821 750	7 783 062	8 342 442	8 776 438	9 534 453	9 601 835	9 141 138	10 457 227	10 892 469	(4.8)
C	Alfred Nzo District Municipality	4 867 162	5 723 119	5 819 658	6 029 762	6 055 442	6 551 063	6 492 045	7 102 764	7 066 452	(0.9)
B	Matatiele	255 243	271 986	287 241	314 412	310 296	331 384	334 722	341 348	365 081	1.0
B	Umtzimvubu	2 310 809	2 752 839	2 624 979	2 915 974	3 036 329	3 490 094	3 078 821	3 356 090	3 437 393	(11.8)
B	Mbizana	1 505 079	1 531 591	1 674 188	1 715 887	1 415 642	1 399 074	1 825 742	2 010 129	1 989 993	30.5
B	Ntabankulu	612 745	664 903	673 694	685 775	895 167	718 926	753 598	942 770	801 293	4.8
C	Alfred Nzo District	4 681	5 625	6 487	8 263	8 557	8 548	9 608	10 011	10 972	12.4
C	Amathole	9 036 219	9 108 955	9 691 710	10 071 728	10 125 225	9 580 004	10 681 028	11 881 679	12 037 711	11.5
B	Mbhashe	1 563 914	1 482 783	1 660 722	1 709 183	2 179 812	1 332 645	1 734 399	1 925 301	1 917 775	30.1
B	Great Kei	9 247	6 855	8 908	7 079	9 621	10 432	7 523	121 885	8 355	(27.9)
B	Amahlathi	1 543 289	1 691 370	1 423 077	1 119 549	1 157 237	1 136 874	1 299 137	1 392 168	1 351 327	14.3
B	Ngqushwa	30 163	24 101	318 433	313 686	333 212	301 971	333 706	353 743	384 262	10.5
B	Raymond Mhlaba	3 818 242	3 852 254	4 254 899	4 554 785	4 640 126	5 120 235	4 845 711	5 302 468	5 529 092	(5.4)
B	Mnquma	1 651 154	1 592 623	1 649 123	1 976 860	1 413 621	1 352 883	2 084 433	2 313 513	2 330 552	54.1
C	Amathole District	6 777	11 568	11 035	11 353	12 363	12 279	12 683	13 303	14 487	3.3
C	Chris Hani District Municipality	6 016 533	6 002 819	6 415 392	6 647 936	7 013 376	5 127 214	7 039 028	8 109 091	7 796 656	37.3
B	Inxuba Yethemba	591 057	605 454	671 850	673 274	666 648	588 893	698 873	853 774	785 069	18.7
B	Intsika Yethu	1 087 526	965 964	1 042 759	1 235 411	1 591 311	331 436	1 314 936	1 501 126	1 461 666	296.7
B	Emalahleni (Ec)	767 926	749 141	771 647	873 266	869 816	710 913	881 570	1 027 116	968 107	24.0
B	Engcobo	1 021 524	1 256 202	1 171 269	1 235 108	1 204 090	950 588	1 303 438	1 490 841	1 460 011	37.1
B	Enoch Mgijima (New)	1 986 307	1 922 281	2 150 260	2 021 398	2 071 652	1 884 584	2 148 173	2 365 273	2 350 259	14.0
B	Sakhisizwe	154 669	145 281	155 209	179 665	188 610	174 707	191 193	319 186	219 952	9.4
C	Chris Hani District	11 383	12 541	29 569	51 672	43 108	38 162	37 122	12 607	13 903	(2.7)
C	Joe Qqabi District Municipality	2 818 859	2 725 870	2 961 179	3 259 145	3 230 725	2 817 942	3 552 808	3 752 375	3 735 026	26.1
B	Elundini	1 101 423	1 110 615	1 173 073	1 336 901	1 295 857	1 110 490	1 406 233	1 581 067	1 529 629	26.6
B	Senqu	1 006 411	1 056 196	1 054 276	1 105 340	1 091 647	913 163	1 195 856	1 335 845	1 295 903	31.0
B	Walter Sisulu	367 320	390 799	548 643	538 350	563 764	558 577	627 088	503 650	518 488	12.3
C	Joe Qqabi District	5 638	6 689	6 624	7 280	8 182	8 197	8 404	8 721	9 613	2.5
C	O.R Tambo District Municipality	10 518 950	9 173 744	11 016 115	12 555 624	12 404 195	12 221 865	13 480 873	14 752 267	14 959 859	10.3
B	Ngquba Hills	2 374 244	892 175	2 205 704	2 302 851	854 681	1 898 277	2 502 873	2 740 969	2 792 155	31.8
B	Port St Johns	41 284	43 952	54 034	73 171	62 514	49 973	57 702	207 574	78 651	15.5
B	Nyandeni	2 174 474	2 176 246	2 160 141	2 464 051	3 579 837	2 461 470	2 617 109	2 844 021	2 913 210	6.3
B	Mhlonlo	1 223 970	1 230 588	1 267 632	1 370 894	1 336 118	1 132 080	1 433 402	1 630 859	1 610 013	26.6
B	King Sabata Dalindyebo	4 357 525	4 341 705	4 710 530	5 865 275	6 092 230	6 083 774	6 268 835	6 730 618	6 967 473	3.0
C	O.R Tambo District	12 754	14 225	10 610	10 161	9 596	9 645	10 443	10 903	12 031	8.3
C	Sarah Baartman District Municipality	3 108 955	2 917 464	3 143 577	3 429 542	3 419 063	3 150 828	3 563 276	4 368 016	4 191 305	13.1
B	Dr Beyers Naude	1 126 313	996 594	1 081 938	1 106 618	1 125 737	1 047 523	1 323 741	1 380 358	1 360 146	26.4
B	Blue Crane Route	490 750	511 515	611 428	549 522	557 566	563 103	421 986	633 115	674 265	(25.1)
B	Makana	894 759	904 320	901 513	902 595	896 152	824 804	955 781	1 143 683	1 093 016	15.9
B	Ndlambe	5 770	6 659	21 798	13 857	13 857	34 334	11 918	22 435	23 629	(65.3)
B	Sundays River Valley	7 517	7 575	19 302	41 909	27 541	25 736	52 214	169 880	60 081	102.9
B	Kouga	276 536	258 334	301 494	317 377	311 061	302 075	339 080	487 095	399 288	12.3
B	Kou-Kamma	16 821	17 461	48 121	166 378	154 484	161 772	152 667	155 504	173 521	(5.6)
C	Sarah Baartman District	8 364	10 793	12 819	12 650	14 029	14 030	11 876	12 471	13 629	(15.4)
Whole Province		7 627 084	8 993 343	8 867 685	9 597 643	8 733 044	10 059 767	11 304 009	7 479 109	11 920 902	12.4
Total provincial payments by district and local municipality		60 073 102	60 749 059	65 168 278	69 590 934	69 988 907	69 249 763	74 462 062	78 446 551	83 667 274	7.5

