

**Western Cape Government
Provincial Treasury**

Budget

**Overview of Provincial Revenue
and Expenditure**

2018

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

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Foreword

The 2018 Western Cape Budget places particular importance on formulating a budget which places people and creating public value at the centre of budget policy. To this end, the 2018 Budget is firmly positioned to promote service delivery in the Western Cape while maintaining fiscal sustainability. Through the spending plans of this budget, the Western Cape Government reaffirms its commitment to the goals outlined in the 2014 – 2019 Provincial Strategic Plan and the related Game Changers.

Despite the marked progress in delivering on key policy imperatives, the Province continues to face a number of crucial service delivery and fiscal risks. These wide-ranging risks were considered as one of the main elements of the 2018 integrated planning and budgeting approach and allocation process. The service delivery and fiscal risks which this budget takes into account includes the uncertainty in the economic climate and low levels of growth, the impact of the constrained fiscal environment on service delivery, the widespread impact of the current drought and resultant water crisis and the growing demand for provincial government services.

The Western Cape Government has developed a fiscal response to manage these provincial risks, including the continued protection of frontline services through investment in education, health and social development and the application and protection of provincial reserves.

Notwithstanding the fiscal and economic challenges, the Western Cape Government maintains its commitment to good financial governance and fiscal discipline.

The 2018 Budget is responsive to the key priorities of this Province and particularly focuses on youth development, infrastructure-led growth and stimulating the economy. Emphasis is placed on creating public value for the people of the Province.

In aggregate, the 2018 Provincial Budget provides for total expenditure amounting to R62.705 billion in 2018/19, R64.782 billion in 2019/20 and R68.558 billion in 2020/21.



DR IH MEYER
MINISTER OF FINANCE
DATE: 6 MARCH 2018

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Acronyms

ART	Anti-retroviral treatment
APFYD	Agricultural Partnership for Youth Development
BCI	Business Confidence Index
BER	Bureau for Economic Research
BPO	Business Process Outsourcing
CASP	Comprehensive Agriculture Support Programme
CBD	Central Business District
CoE	Compensation of Employees
COPC	Community-Oriented Primary Care
CPI	Consumer Price Index
ECB	European Central Bank
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
EU	European Union
Fed	US Federal Reserve Bank
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GDPR	Regional Gross Domestic Product
Gunya	Gugulethu and Nyanga
GVA	Gross Value Added
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
HSDG	Human Settlements Development Grant
ICT	Information and Communication Technology
IDMS	Infrastructure Delivery Management System
IDZ	Industrial Development Zone
IMF	International Monetary Fund
IRDP	Integrated Residential Development Project
MOD	Mass Participation, Opportunity and Access, Development and Growth
MTEF	Medium Term Expenditure Framework
MVL	Motor Vehicle Licence
NDP	National Development Plan
NTSG	National Tertiary Services Grant
NPO	Non-Profit Organisation
NPI	Non-Profit Institutions
OPEC	Organization of the Petroleum Exporting Countries

PAY	Premier's Advancement of Youth
PERO	Provincial Economic Review and Outlook
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PPP	Public Private Partnership
PRMG	Provincial Road Maintenance Grant
PSDF	Provincial Spatial Development Framework
PSG	Provincial Strategic Goal
PSP	Provincial Strategic Plan
PV	Photovoltaic
QLFS	Quarterly Labour Force Survey
RMB	Rand Merchant Bank
RSEP	Regional Socio-Economic Project
SAPS	South African Police Service
SETA	Skills Education Training Authorities
SEZ	Specific Economic Zone
SMME	Statistics South Africa
Stats SA	Statistics South Africa
TB	Tuberculosis
TVET	Technical Vocational Education and Training
US	United States
UK	United Kingdom
UISP	Upgrading of Informal Settlements Programme
VAT	Value Added Tax
VPUU	Violence Prevention through Urban Upgrading
WCED	Western Cape Education Department
WCIDMS	Western Cape Infrastructure Delivery Management System
WCLA	Western Cape Liquor Authority
YeBo	Year Beyond

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Economic overview

In summary

- Global economic growth expanded by 3.7 per cent in 2017 and is forecast to increase further to 3.9 per cent in 2018 due to an acceleration in growth in advanced and emerging economies.
- National economic outlook has improved with growth predicted to accelerate in 2018 driven by higher consumer and business confidence as a result of greater political certainty.
- National government fixed investment is forecast to contract in 2018 as government's commitment to fiscal consolidation is likely to weigh on capital formation.
- Economic growth in the Western Cape is estimated to have remained largely flat in 2017, with a contraction in growth predicted for 2018, mostly caused by the performance in the agricultural and mining sectors which continues to be adversely affected by the drought.
- The 2018 Budget continues to focus on creating public value, recognising that economic growth and development is critical to improving the living standards and socio-economic conditions of the people and remains a top budget policy priority.

■ Introduction

Global economic conditions have improved with growth accelerating in both advanced and developing economies. Domestically, improved global economic conditions, reduced political uncertainty and increasing consumer and business confidence has contributed towards an improved economic outlook for South Africa. However, government's fixed investment is forecast to decline as the state is committed to fiscal consolidation which will weigh on government spending and particularly on capital formation. The Western Cape economy usually tracks the performance of the national economy. However, growth in the Province is adversely affected by the developments in the agricultural sector, which is expected to be negatively affected by the drought and higher incidence of Avian Influenza. As such, growth for the Western Cape is forecast to contract in 2018 and rebound in 2019. The Western Cape Government remains committed to creating an enabling environment for growth through stability in public finances and prioritising areas that stimulate growth and promote confidence in the economy.

Macroeconomic outlook¹

Global economic outlook

Global growth to accelerate in 2018

According to the International Monetary Fund (IMF), the global economy expanded by 3.7 per cent in 2017, up from 3.2 per cent growth in 2016. Growth in advanced economies accelerated from 1.7 per cent to 2.3 per cent, while growth in emerging economies rose from 4.4 per cent to 4.7 per cent in 2017 (Table 1.1). Over the medium term, economic growth in advanced economies is expected to remain unchanged at 2.3 per cent in 2018 before slowing marginally to 2.2 per cent in 2019. In comparison, growth in developing economies is forecast to accelerate in 2018 reaching 4.9 per cent before accelerating further in 2019 reaching 5.0 per cent. This results in growth in world output of 3.9 per cent in both 2018 and 2019.

Table 1.1 Global economic outlook, 2018 - 2019

	2017e	2018f	2019f		2017e	2018f	2019f
World output	3.7	3.9	3.9				
Advanced economies	2.3	2.3	2.2	Developing economies	4.7	4.9	5.0
US	2.3	2.7	2.5	Brazil	1.1	1.9	2.1
Japan	1.8	1.2	0.9	Russia	1.8	1.7	1.5
Eurozone	2.4	2.2	2.0	India	6.7	7.4	7.8
Germany	2.5	2.3	2.0	China	6.8	6.6	6.4
France	1.8	1.9	1.9	Sub-Saharan Africa	2.7	3.3	3.5
UK	1.7	1.5	1.5	Nigeria	0.8	2.1	1.9

e denotes estimate; f denotes forecast

Source: International Monetary Fund, 2018

Growth in the US expanded by 2.3 per cent in 2017

The United States (US) economy expanded by 2.3 per cent in 2017, up from 1.5 per cent in 2016. Growth is expected to accelerate further in 2018 on the back of growth enhancing tax reform, mainly from the reduction of the corporate tax rate. The IMF assumes that the positive impact of the tax reform will not be offset by spending cuts in the near term, which should temporarily boost growth. The expectation of faster growth, coupled with strong employment data and an acceleration in wage growth, has led to increased inflation expectations. As a result, markets are now factoring in more rapid interest rate increases than previously. This has weighed on equity markets, pushing them into 'correction' territory during February 2017, the first time in two years.

¹ Economic data and information as at 9 February 2018.

Economic growth in the Eurozone marginally outpaced that of the US, coming in at 2.4 per cent in 2017. Germany, the region's largest economy, expanded by 2.5 per cent in 2017, up from 1.9 per cent in 2016. Growth in the region was bolstered by strong private consumption and investment on the back of accommodative financial conditions. Interest rates are still at historic low levels and, despite signs of faster growth, the European Central Bank (ECB) seems committed to keep monetary policy extremely accommodative. The Eurozone also benefited from the broader improvement in global growth which boosted exports and should continue to support the region in the next few years. There remains uncertainty about the future relationship with the United Kingdom (UK). Negotiations between the European Union (EU) and the UK are continuing, but have so far not produced any clear outcomes about what will happen after the UK is set to leave the EU at the end of March 2019.

Growth in the Eurozone outpaced growth in the US

In emerging markets, the Chinese economy performed better than forecast and expanded by 6.8 per cent in 2017, faster than the government's stated target of 6.5 per cent growth. Growth was supported by government stimulus and reform programmes, which continue to be partly financed by debt. High and increasing corporate debt, as well as elevated levels of bad debt, present a significant threat to global financial stability and pose a downside risk to not only the outlook for China but also the global growth outlook. Nonetheless, Chinese growth is forecast to remain strong at 6.6 per cent in 2018 and 6.4 per cent in 2019.

Growth in China expected to remain strong in 2018

India is leading with regard to growth in other emerging markets. Growth moderated in 2017 due to disruptions caused by a currency-exchange initiative launched in late-2016 and transition costs related to the introduction of a Goods and Services tax mid-2017. However, over the medium term, India's economic growth rate is expected to outpace China's at 7.4 per cent in 2018 and 7.8 per cent in 2019. Following close in terms of high growth, Indonesia's economy is forecast to expand by 5.3 per cent in 2018 and further expand by 5.5 per cent in 2019.

Growth in India expected to outpace China

In sub-Saharan Africa, growth is expected to pick up further and reach 3.3 per cent in 2018 and 3.5 per cent in 2019, partly due to the continued recovery in Nigeria from the 2016 recession.

Increased optimism about global growth, heightened geopolitical tensions in the Middle East, hurricanes in the US and continued OPEC-led production cuts boosted crude oil prices through 2017, particularly during the second half of the year. This contributed to higher inflation in advanced economies, but wage growth and core-price inflation generally remain weak. Inflation slowed in

Low wage growth means subdued inflation

US continues on policy
tightening path

developing economies in 2017 on the back of low rates recorded early in the year, but is expected to re-accelerate in 2018.

Monetary policy divergence continues to drive financial markets and currency movements. The US continues on its policy tightening path with markets pricing in at faster rate hikes than previously expected. In contrast, in Europe, the ECB remains committed to its accommodative monetary policy stance due to the persistent low-inflation environment, despite improved growth prospects.

South Africa's economic outlook

SA's growth forecast to
accelerate in 2018

The Bureau for Economic Research (BER) estimates South Africa's GDP growth to have accelerated from a weak 0.3 per cent in 2016 to 0.9 per cent in 2017. Over the medium term, growth is forecast to recover and accelerate to 1.4 per cent in 2018 and further accelerate to 1.9 per cent in 2019 whereas the National Treasury in the 2018 Budget Review forecast growth in 2018 and 2019 to reach 1.5 per cent and 1.8 per cent, respectively.

Importantly, given that the expected population growth rate is expected to outstrip GDP growth, GDP per capita remains stagnant. Growth in Gross Domestic Expenditure (GDE) is expected to be marginally higher than the GDP growth rate due to imports forecast to grow at a slightly faster pace than exports.

Table 1.2 South African macroeconomic forecast for selected variables, 2018 - 2019

	2017e	2018f	2019f
Final household consumption expenditure	1.4	1.8	2.2
Government consumption expenditure	0.7	0.8	1.1
Gross fixed capital formation	0.0	0.7	2.3
Real GDE	1.3	1.5	2.1
Total exports	0.9	2.6	2.5
Total imports	2.2	2.8	3.3
Real GDP	0.9	1.4	1.9
Inflation (annual averages)			
CPI (Headline)	5.3	4.8	5.1
PPI (All items)	4.9	4.8	4.4
Exchange rates (annual averages)			
R/US\$	13.31	12.41	12.55
R/Euro	15.03	14.89	15.06
R/Pound sterling	17.14	16.66	16.32

e denotes estimate; f denotes forecast

Source: Bureau for Economic Research, 2018

The South African economy expanded by 2.0 per cent quarter-on-quarter in the third quarter of 2017. This was mainly due to a 44.2 per cent increase in gross value added by the agriculture, forestry and fishing sector which was the biggest rise in 21 years. While growth in the primary sectors remained solid, there were still signs of weakness in the economy. Gross value added by the construction sector declined for a third straight quarter and the wholesale and retail trade, catering and accommodation sector also contracted in the third quarter of 2017.

From the demand side, GDP growth was supported by a 2.6 per cent quarter-on-quarter increase in final household consumption expenditure, which added 1.6 percentage points to growth. Net exports added a further 1.3 percentage points as the decline in imports (13.7 per cent) was bigger than the drop in exports (10.3 per cent). Gross fixed capital formation also rose in the third quarter, registering a 4.3 per cent rise after a 2.0 per cent contraction in the second quarter of 2017. In contrast, government spending weighed on growth.

Government spending weighed on growth

Consumer spending

An uptick in final household expenditure supported by the lower inflation and stronger exchange rate outlook will be one of the key drivers of GDP growth over the medium-term. In addition, consumer confidence, a measure of consumers' willingness to spend, is expected to improve due to greater certainty on the political front. Household consumer spending is forecast to accelerate to 1.8 per cent in 2018 and 2.2 per cent in 2019 (Table 1.2). Should the likely boost to confidence be more than currently anticipated, consumer spending could turn out stronger than forecast, with positive implications for the overall growth outlook.

Consumer confidence expected to improve due to greater political certainty

Business confidence is also likely to improve through 2018, which should lift private sector fixed investment back into positive terrain after contracting in 2016 and estimated to contract in 2017. There are tentative signs that sentiment has turned more positive in 2018. Respondents to the ABSA Purchasing Managers' Index showed increased optimism about expected business conditions in six months' time as the index surged to the best level since early 2010. The improvement is likely due to the stronger global growth outlook (benefiting exporters) as well as better prospects for the domestic economy.

Investment

Investment by state-owned enterprises declined in 2017

Government fixed investment is forecast to contract in 2018 as government's commitment to fiscal consolidation is likely to weigh on capital formation and not just current spending. Investment by state-owned enterprises declined in 2017 and is expected to remain relatively weak for the forecast period. However, given that private investment makes up roughly 60 per cent of overall investment, the swing to positive territory for this category alone provides a significant boost to the capital formation outlook. In all, capital formation is forecast to pick up to 0.7 per cent growth in 2018 with a more meaningful acceleration to 2.3 per cent in 2019 (Table 1.2).

Exchange rate

Rand continuing to strengthen in 2018

The rand exchange rate traded in a broad range of between R12.30 and R14.30 against the US dollar during 2017. Subsequently, the rand strengthened significantly towards the end of the year and has continued to strengthen during January 2018 and February 2018. The stronger rand was, in part, due to markets welcoming the lessening of political uncertainty in late-2017. However, the dollar also traded broadly weaker during this time, which lifted the rand in relative terms. Assuming that the positive sentiment towards South Africa continues, the rand is forecast to trade broadly between R12.50 and R13.00 through 2018 and 2019 (Table 1.2). However, should Moody's downgrade South Africa's sovereign local currency credit rating to sub-investment status, it could trigger a sell-off in South African assets with a weaker currency as a result. The BER baseline forecast assumes that, although a notable risk, Moody's will keep South Africa's local currency rating at investment grade. In addition, the rand could come under pressure should the US Federal Reserve Bank (Fed) decide to hike interest rates more aggressively.

Inflation

Headline inflation expected to remain within target range in 2018

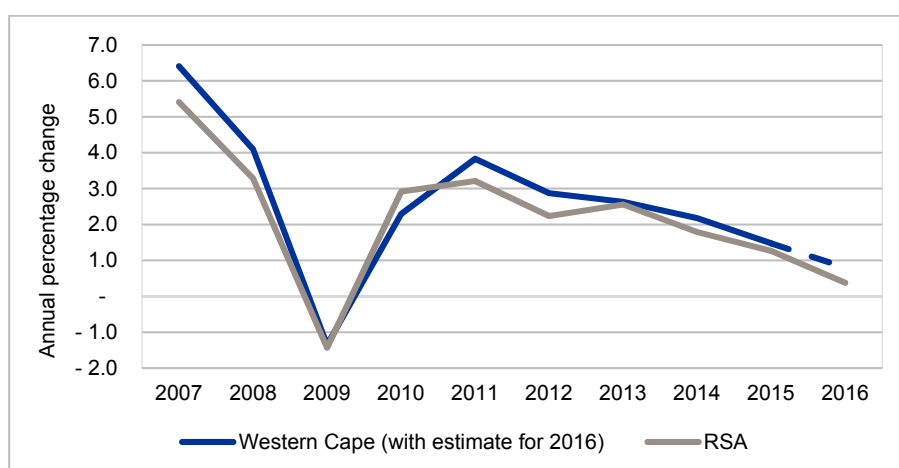
Headline inflation slowed in 2017 on the back of a moderation in food price increases, which were high in 2016 due to the widespread drought in most parts of the country. Inflation slowed to an average of 5.3 per cent in 2017 from 6.3 per cent in 2016, remaining below the upper-limit of the South African Reserve Bank's target range since March 2017. On the back of the stronger rand exchange rate, inflation is forecast to remain below the upper end of the target over the medium term (Table 1.2). However, with the lingering risk of renewed financial market instability and rand weakness, should South Africa be downgraded to sub-investment grade by Moody's, the South African Reserve Bank may decide to keep rates on hold through 2019.

Developments in the Western Cape economy

Growth in economic output in the Western Cape moderated to 1.5 per cent in 2015 at basic prices², from 2.1 per cent in 2014 (Figure 1.1). From a sectoral perspective, the slower growth was relatively broad-based led by contractions in the agriculture, forestry and fisheries (-2.0 per cent), electricity, gas and water (-1.8 per cent) and manufacturing (-0.1 per cent) sectors. The only sector to have bucked the trend, i.e. registering faster growth in 2015 compared to 2014, was the finance, real estate and business services sector. The biggest economic sector in the region grew by 3.4 per cent in 2015, up from 2.2 per cent in 2014. The national growth rate recorded in 2015 was 1.3 per cent.

WC growth slowed in 2015

Figure 1.1 Western Cape and South African economic growth performance, 2007 - 2016



Source: Bureau for Economic Research, Statistics South Africa

For 2016, BER/Quantec estimates show a further slowdown in provincial growth to 0.8 per cent (Figure 1.1). Underpinning the weaker growth in 2016 is a further decline in agriculture, forestry and fisheries sector output. In addition, growth in the finance, real estate and business services, wholesale and retail trade, catering and accommodation, and construction sectors is also estimated to have eased. In contrast, a mild rebound in manufacturing activity likely occurred.

The implications of the reduced water supply in the Western Cape is likely to be significant. The dam levels in the Western Cape Water Supply System stood at 24 per cent as at 27 February 2018 (Table 1.3). The effects on businesses include both physical risks and

² The 2015 figure is the most recent official figure available as official provincial GDP figures are released with more than a two-year lag.

financial risks. The reputation of businesses could be damaged should they provide an inferior quality of service or become less reliable. The financial position of businesses could be at risk due to the increased water tariffs or reduced client base. Additionally, a negative effect on businesses could imply a negative impact on employment levels which translates into increased poverty levels.

Table 1.3 Western Cape dam levels, 2014 – 2018

Major dams	Capacity MI	27 th February 2018	Storage			
			2017	2016	2015	2014
Berg River	130 010	52.1%	42.1%	35.8%	70.0%	91.4%
Steenbras Lower	33 517	36.8%	38.3%	47.3%	48.5%	66.8%
Steenbras Upper	31 767	91.7%	57.0%	66.2%	87.7%	98.1%
Theewaterskloof	480 188	11.1%	28.2%	42.2%	68.8%	82.6%
Voëlvlei	164 095	15.9%	33.3%	22.4%	63.2%	74.1%
Wemmershoek	58 644	45.8%	36.1%	52.7%	64.9%	75.8%
Total stored	898 221	215 297	296 723	353 589	607 172	735 224
% Storage		24.0%	33.0%	39.4%	67.6%	81.9%

Source: City of Cape Town, Water Dashboard, 2018

Impact of the drought and ensuing water crisis to weigh on credit opinion

The impact of the drought and the ensuing water crisis has led to a reduction in the consumption of water by households and to an increase in the provision of water augmentation projects which has weighed on Moody's credit opinion of the City of Cape Town released in February 2018. Moody's concern was centred on the City's liquidity and debt levels as a consequence of the reduction in revenue and an increase in capital expenditure, partly associated with the water augmentation projects.

■ Provincial Priority Economic Sectors

Through Project Khulisa, tourism (business and leisure tourism, and more specialised niches), agri-processing (value added activities in food and beverages, including its potential for domestic production and export) as well as the oil and gas sector (midstream services with immediate impact potential, such as rig repair) are strategic priority areas in the Western Cape that have the greatest potential for sustained and accelerated economic and employment growth over the medium term.

GVA and employment increased in the tourism sector

Within the tourism sector, the gross value added increased by 11 per cent in the third quarter of 2017 when compared to the same quarter in 2016. Between 2013 and 2016, tourism gross value added increased by R4.332 billion while the number of people employed in the sector increased by 26 758 from 179 464 to 206 222 during the same period.

Within the agri-processing sector, exports have been expanding. Wine exports to China continued to increase from 8.7 million litres in 2014 to around 18.2 million litres in 2017. In contrast, wine exports to Angola declined from around 5 million litres to 1.4 million litres in 2016 but subsequently doubled to 3.3 million litres in 2017. The number of employees in the agriculture and agri-processing sector increased from 201 105 in the fourth quarter of 2014 to 238 481 in the same quarter in 2017. If the growth of 60 597 agricultural jobs, from 132 147 in the fourth quarter of 2014 to 192 744 in the same quarter of 2017 is added, a net increase of 81 016 (after correcting for double counting) has been realised. If it were not for the drought, this net increase would have been much higher.

Wine exports to China increased while wine exports to Angola declined

When comparing 2016 and 2017 estimates in the oil and gas sector, the gross value added has not changed substantially, indicating a stabilisation of the sector. The sector supported 8 320 jobs in 2016 and contributed R1.03 billion in GVA in the Western Cape.

The offshore Business Process Outsourcing industry is an employment generating sector in the Western Cape that employs thousands of young people. However, the stronger rand exchange rate is a cause for concern to the industry. This sector is very price sensitive and the stronger rand exchange rate will impact on the profitability of the sector. There has been double digit growth in salaries, partly due to the unavailability of suitable skills in the sector. Even though the stronger rand exchange rate is of concern to export and offshore servicing sectors, its effect on inflation has been particularly positive.

Western Cape economic outlook

Growth in the Western Cape is expected to have remained largely flat in 2017, in contrast to a projected growth acceleration for the national economy. The performance of the Western Cape is largely due to developments in the agricultural sector. A number of factors weighed on agricultural output in the region, such as the continued drought and ensuing water crisis and an outbreak of Avian Influenza. As such, while value added by the sector on a regional level registered an increase in 2017, this was markedly lower than the growth elsewhere in the country. Importantly, growth in the national agricultural sector was also boosted by more pronounced base effects following a steeper slump in output in 2016 as a result of the drought in the summer rainfall areas. In the other sectors, growth was generally lower compared to 2016 (Table 1.4) with the transport, storage and communication sector being the only notable exception.

Growth in the WC remained flat in 2017

Drought weighs on WC economic outlook

The most prominent feature of the economic outlook for the Western Cape is the impact of the continuing drought and ensuing water crisis on the agricultural sector. The impact of the crisis on other sectors is difficult to gauge due to limited research and a lack of global comparisons. Therefore, it is difficult to include every nuance the crisis will have (good or bad) on the overall outlook. The only clear impact is on the agricultural sector and, by and large, the swings in the expected economic performance in the Western Cape are explained by shifts in the performance of this sector. The National Treasury also views the drought as a risk to the national economic outlook.

Table 1.4 Western Cape economic growth forecast per sector, 2017 - 2019, and 2018 - 2022 average growth forecast

Description	2017e	2018f	2019f	Average growth 2018 - 2022
Agriculture, forestry and fishing	5.3	-29.1	23.6	0.9
Mining and quarrying	0.8	-0.3	2.5	1.5
Manufacturing	0.0	-1.6	2.9	1.5
Electricity, gas and water	-0.2	0.7	2.0	1.7
Construction	0.5	1.5	2.7	2.6
Wholesale and retail trade; catering and accommodation	-0.2	2.0	2.9	2.9
Transport, storage and communication	1.0	1.5	2.0	2.3
Finance, insurance, real estate and business services	1.0	1.7	2.1	2.4
Community, social and personal services	0.7	0.6	1.5	1.7
General government services	0.2	0.4	0.4	0.4
All industries at basic prices	0.7	-0.3	2.8	1.9

e denotes estimate; f denotes forecast

Source: Bureau for Economic Research/Quantec research, 2018

Agricultural sector forecast to contract in 2018

The short-term impact of the drought on the agricultural sector is severely negative in 2018, with a forecasted decline of 29.1 per cent in output. This results in a full-year decline in overall regional GDP of 0.3 per cent. This is despite a recovery in many other key sectors in the region, such as finance, insurance, real estate and business services (+1.7 per cent compared to 1 per cent in 2017), wholesale and retail trade, catering & accommodation (+2.0 per cent compared to -0.2 per cent in 2017) and transport, storage and communication (+1.5 per cent compared to 1 per cent in 2017). The manufacturing sector is also set to fare poorly due to the dominance of the food and beverage manufacturing sector (the main component of agri-processing), which is also likely to be severely negatively affected by the drop in agricultural output in the region. In the absence of the drought and the ensuing water crisis, it can reasonably be expected that the Western Cape economic performance would be more or less in line with the national

economic performance. Growth in agricultural output is predicted to rebound in 2019 by 23.6 per cent before registering more muted growth between 2020 and 2022. On average, agricultural output is set to rise by 0.9 per cent between 2018 and 2022. A similar rebound is expected for the food and beverage manufacturing sector.

The impact of the drought in the agricultural sector

The drought in the Western Cape is now into its third year and continues to deepen. The winter rainfall season of 2017 delivered significantly less rainfall than the long-term average. The vegetation and natural grazing are in an extremely poor condition over most of the Province. Winter cereal production in 2017 has shown decreases of 32 per cent (wheat), 21 per cent (barley) and 4 per cent (canola). The production of stone fruit is estimated to have decreased this season by 9 - 20 per cent, while table grape production so far has decreased by 7 - 13 per cent but is still slightly above the 5-year average. For fruit and wine production, economic losses occur through lower prices and/or volumes, and will continue for several years throughout the value chain.

Source: Western Cape Department of Agriculture, 2018

With respect to the outlook for the agricultural sector, the following caveats have to be considered. Firstly, the predicted strong recovery in agricultural output in 2019 is in part due to the base effects following the sharp decline in 2018. Secondly, despite the significant growth in agricultural output in 2019, total output in the sector will still not have recovered to its 2015 level by the end of the forecast period. This is mainly because the drought and other climate change phenomena have caused long-term damage to productivity in the sector. This means that agriculture's output capacity over the medium term is lower than would have been the case in the absence of the drought. In fact, real output in the agriculture, forestry and fisheries sector in 2022 (the end of the forecast period) is expected to be roughly 10 per cent lower than that predicted in the PERO 2017.

Fuelling the fire - impact on plant and animal diseases

The current outbreaks of Avian Influenza, Fall Armyworm, Oriental Fruit fly and Tuta absoluta are clear indications of the impact of climate change, and accompanying water and heat conditions, on animal and plant disease complexes. This could even increase as these and other formerly unknown organisms find new hosts in the Western Cape. These plant and animal diseases hold serious impacts on our market access opportunities and our role as a global agricultural player.

Source: Western Cape Department of Agriculture, 2018

For the rest of the sectors, growth is predicted to edge gradually higher over the forecast period. Besides the agricultural sector, the best performing sector is likely to be the wholesale and retail trade, catering and accommodation sector with average growth of 2.8 per cent expected. This is followed by the construction sector, with average growth of 2.6 per cent, and the finance, insurance, real estate and business services and transport, storage and communication sectors with average growth of 2.2 per cent each. Weighing on the outlook somewhat is the general government

WC forecast five-year
average growth rate of
1.9 per cent

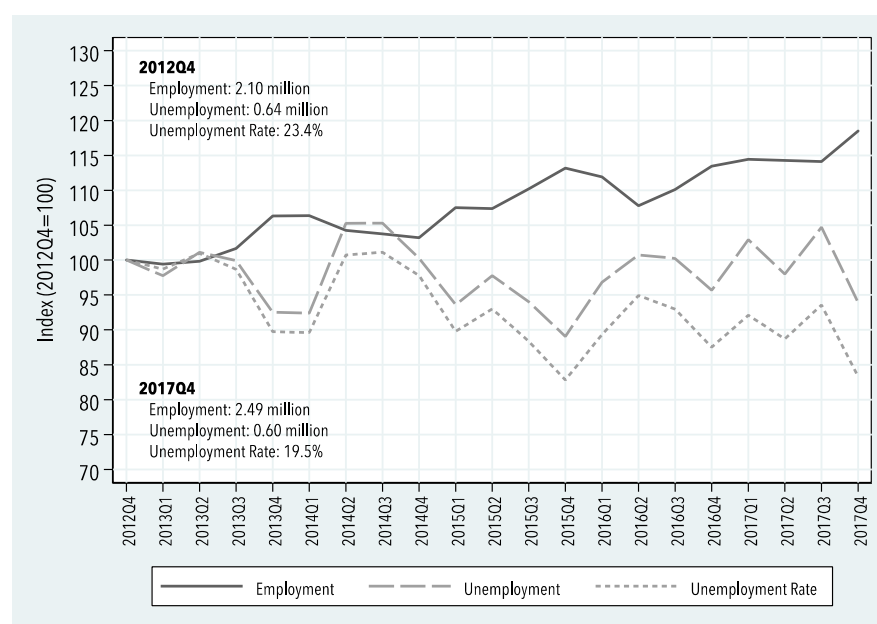
services sector which is forecast to post average growth of only 0.4 per cent. This is, in part, due to fiscal consolidation which have necessitated a slowdown in government expenditure on certain items. Overall, the regional economy is predicted to expand by an average of 1.9 per cent between 2018 and 2022.

Labour market dynamics in the Western Cape

Employment and unemployment

In 2017, the South African labour market underperformed which weighed on the job creation performance for the five-year period ending in the fourth quarter of 2017. During this period, just 1.6 million jobs were created, equivalent to under 330 000 jobs per year. Of these 1.6 million jobs, just 6 per cent were created in 2017. Within the Western Cape, employment growth over the past five years has been better. Employment in the Western Cape was 18.6 per cent higher by the end of the five-year period, while unemployment was 6.3 per cent lower and the unemployment rate 16.7 per cent lower (Figure 1.2). The rate of employment growth over the five years averaged 3.5 per cent per annum, 1.3 percentage points above the national average.

Figure 1.2 Western Cape employment, unemployment and unemployment rate, 2012Q4 – 2017Q4



Source: Own calculations, Statistics South Africa

In South Africa, employment is estimated at just under 16.2 million, while 5.9 million were unemployed in the fourth quarter of 2017 when using the narrow definition of unemployment. The past year has seen no real job creation, while the working age population continues to

grow. Growth in the narrow labour force over the 12-month period has been subdued at roughly half the rate of expansion of the working age population. The narrow unemployment rate was virtually unchanged over the period, ending 2017 at 26.7 per cent, while the expanded unemployment rate was 36.3 per cent. In the Western Cape, employment was just under 2.5 million in the fourth quarter of 2017, with approximately 603 000 unemployed according to the narrow definition of unemployment. Non-searching unemployment remains a rare phenomenon in the Western Cape, accounting for fewer than 60 000 individuals. The narrow unemployment rate was 19.5 per cent and the expanded unemployment rate was 23 per cent.

WC unemployment rate was 19.5 per cent in fourth quarter of 2017

Youth unemployment

In South Africa, just less than two out of three (64 per cent) of the unemployed were between the ages of 15 and 34 years in the fourth quarter of 2017, even though this cohort represents just 44.7 per cent of the narrow labour force. In the Western Cape, these proportions are 62.7 per cent and 43.7 per cent respectively. By the fourth quarter of 2017, there were almost 3.8 million unemployed youth in South Africa, of which 380 000 reside in the Western Cape. Once non-searching unemployed are included, these numbers rise to 5.9 million and 466 000 respectively.

Unemployment remains concentrated amongst the youth

Impact of the drought on employment

There is no clear evidence as yet of the adverse impact of the drought and ensuing water crisis on aggregate employment levels in the Western Cape. However, 2017 saw a sharp decline in employment in agriculture, where employment has fallen from approximately 250 000 in the fourth quarter of 2016 to 193 000 in the same quarter of 2017. This is a decline of 23 per cent over the 12-month period. This reduction in employment has important implications as it raises the vulnerability of particular rural households to poverty. Beyond agriculture, to the extent that the drought impacts negatively on employers, through limiting production or through raised costs, employment may very likely suffer going forward.

2017 saw a sharp decline in employment in agriculture

Socio-economic profile of the Western Cape

Improvements in key socio-economic indicators have been recorded over the past few years in the Western Cape. However, the subdued economic performance and outlook have adversely affected the pace of socio-economic development in the Province.

Table 1.5 Selected socio-economic indicators for the Western Cape

Year	Population		Education			Health			Crime		
	Population	Annual growth rate	Learner enrolment numbers in Public Ordinary Schools	Learner numbers writing Grade 12	Learner numbers passing Grade 12	Financial Year	Child under 5 years' mortality per 1 000 live births	HIV mother-to-child transmission rate (in %)*	% of households and individuals affected by crime	% of households satisfied with police services	Drug related crime (% increase from previous year)
2013	5 984 557	2.13%	947 046	47 636	40 558	2013/14	24	1.9	13.4	59.4	4.1
2014	6 111 748	2.13%	963 441	47 709	39 237	2014/15	23.1	1.4	13.9	56.9	3.9
2015	6 241 380	2.12%	984 073	53 721	45 496	2015/16	23.8	1	11.1	58.8	5.9
2016	6 373 785	2.12%	998 925	50 847	43 725	2016/17	22.1	0.8	9	57.3	14.2
2017	6 510 312	2.14%	1 021 492	48 867	40 440	2017/18	*	*	*	*	*

* Data not available.

Source: Statistics South Africa, Western Cape Department of Education, Western Cape Department of Health, Western Cape Provincial Treasury

Population

WC population estimated at 6.51 million people in 2017

In 2017, the Western Cape population was estimated at 6.51 million people which accounts for 11.5 per cent of the South African population which was estimated at 56.52 million people. Between 2013 and 2017, the provincial population increased by 525 755 (8.8 per cent) people and the average annual population growth rate in the Province is 2.1 per cent.

Education

One of the key factors influencing planning and provisioning in education is the enrolment of learners. Between 2013 and 2017 enrolment increased by 74 446 learners from 947 046 learners in 2013 to 1 021 492 learners in 2017, which accounts for a 7.9 per cent increase over the reported period. Maintaining appropriate teacher/learner ratios are directly impacted by the rate of increase in learner numbers which has between 2016 and 2017 increased by 22 567 learners resulting in a reported teacher/learner ratio of 1:36.6 in 2017.

WC achieved an 83 per cent NSC pass rate in 2017

The quality of education is tracked via the systemic testing programme which involves the testing of Grades 3, 6 and 9 Language and Mathematics in the Western Cape. Between 2016 and 2017, improvements are noted across the Grades assessed for both Mathematics and Language. In 2017, the Western Cape achieved a pass rate of 83 per cent for the National Senior Certificate examinations. A total of 40 440 learners passed, of which 19 101 achieved passes which allow them to enter for a Bachelor's degree study programme. 11 333 learners passed Mathematics which accounts for a pass rate of 73.1 per cent, while 7 928 learners passed Physical Science, accounting for a pass rate of 73 per cent.

Health

Increasing life expectancy is a key indicator of socio-economic development and well-being. The average life expectancy in the Western Cape is expected to continue improving. The average life expectancy for males is estimated to increase to 66.8 years, as will the estimate for females to 71.8 years between 2016 and 2021. These increases may be attributed to the deliberate investment in health service access and quality, which have in turn resulted in amongst others declining child and maternal mortality rates, the increasing number of patients on anti-retroviral treatment (ART) retained in treatment and the declining HIV mother to child transmission rates.

Maternal (59 per 100 000 live births) and child under-5 years (22.1 per 1 000 live births) mortality rates in the Province at the end of 2016/17 have already exceeded the 2014 - 2019 Medium Term Strategic Framework targets (less than 100 per 100 000 live births and 33 per 1 000 live births, respectively) and Sustainable Development Goal targets (less than 70 per 100 000 live births and at least as low as 25 per 1 000 live births, respectively).

Notwithstanding the improvements in health outcomes, the growing burden of disease remains an area of concern. Chronic diseases remain the primary causes of natural death in the Province in 2015, specifically diabetes mellitus, HIV and ischaemic heart disease. Assault and transport accidents were the main causes of non-natural death in 2015.

Chronic diseases are the primary cause of natural death in the Province

Socio-economic challenges

Crime remains a serious socio-economic challenge in the Western Cape with violent crime as a pertinent threat to citizens of the Province. In 2016/17, the Victims of Crime Survey (the Survey) revealed that 47.1 per cent of households in the Province perceived violent crime to have increased in their area of residence, whereas 14 per cent perceived violent crime to have decreased in the past three years, according to Statistics South Africa (Stats SA). Fortunately, the Survey has also highlighted some positive crime trends in the Western Cape. As such, the percentage of households and individuals affected by crime has declined from 13.4 per cent in 2013/14 to 9 per cent in 2016/17.

Households in South Africa (44.4 per cent), perceived drugs as the most common motivation for crime in 2016/17 whereas 11 per cent was of the opinion that greed was the main motivational factor. Crime Statistics released by SAPS for 2016/17 have also underlined the serious problem of drugs in the Western Cape society. Drug related crime has increased by 14 per cent between 2015/16 and

SA households perceived drugs as the most common motivation for crime

2016/17, the highest annual increase in 6 years. The latest drug related crime statistics has also revealed that drug related crime was 41 per cent higher in 2016/17 compared to the 10-year average in the Province.

Implications of the Western Cape socio-economic outlook

While global demand is expected to remain relatively steady over the next few years, there are signs that inflation is under increasing pressure (i.e. factors pushing global inflation higher rather than lower). Should this continue to be the case, it can lead to higher than currently expected monetary policy tightening. The effect of an environment of higher policy interest rates would likely be felt domestically via softer global demand for exports and a weaker rand exchange rate as was generally the experience in the past.

On the domestic front, the key upside risk (i.e. increasing the likelihood that actual growth will exceed forecasts) is higher business and consumer confidence following recent political developments. This could lead to higher consumer spending and/or private sector fixed investment. On the downside, a more constrained fiscal environment could see deeper cuts in government expenditure and an increased tax burden on consumers, of which both subtract from growth.

For the Western Cape, the main risk - barring those that affect the national economy - is the impact of the drought and ensuing water crisis. It is unlikely that water restrictions which are currently being implemented in almost all the municipalities in the Province, to varying degrees will be lifted entirely in the short-to-medium term, even with good rains in the 2018 winter season. However, the extent to which the different sectors will be affected is difficult to ascertain.

The impact of the drought within the municipalities outside the metro may be more severe. In many rural municipalities about 50 per cent of employment are dependent on agriculture and the drought has placed some of these jobs at risk. Salaries earned by farm workers are spent in what is often the second largest rural sector, retail. Reduction in farm worker salaries will threaten the sustainability of the retail sector. Furthermore, much of rural manufacturing industries service the agri-processing sectors; these manufacturing jobs will also be at risk. A further concern, is that compounding the drought with a stronger rand exchange rate, may lead to a reduction in export revenue.

Concerted efforts are undertaken by the Western Cape Government to mitigate a drought induced recession. One of these being initiatives to promote confidence in the Western Cape economy. Business confidence is key to investment, which leads to improved competitiveness and subsequent economic and employment growth. The current low levels of investment is a result of poor business confidence. The Western Cape Government will therefore continue to create an environment that is conducive for the private sector to grow through the provisioning of suitable skills, a reduction in red tape, small, medium and micro sized enterprises development and support, amongst other, whilst building on the gains in key socio-economic indicators.

Conclusion

The Western Cape is faced with significant social and economic challenges and competing priorities whilst having limited resources. The Province therefore ascribes to an evidence-based approach to make well-informed and justifiable investment decisions that will advance inclusive, sustainable and smart economic growth and improve socio-economic outcomes. The drought and ensuing water crisis has also re-emphasised the need for government to adjust to the 'new normal' and focus on improving socio-economic resilience whilst taking advantage of potential opportunities such a crisis presents. The Western Cape Government remains committed to the objectives as outlined in the National Development Plan, 2014 - 2019 Provincial Strategic Plan and the 2017 Western Cape Medium Term Budget Policy Statement, which emphasises the need to find new ways in which to stimulate faster and more inclusive growth and improve consumer and business confidence.

2

Fiscal approach and response

In summary

- Key provincial risks over the 2018 MTEF include low economic growth, increased demand for services amid reduced transfers from national government, the drought and water crisis, crime, maintaining the provincial asset base, damage and destruction of economic infrastructure, and the uncertain outcome of the wage negotiations.
- Guided by the Western Cape Fiscal Approach, the fiscal response aims to maintain the stability and sustainability of the provincial fiscal framework, whilst mitigating and managing identified risks.
- Measures put in place include ensuring sufficient room to deal with potential volatility in the fiscal framework, maintaining sustainability in frontline service delivery particularly in the social sector, strengthening measures to mitigate and manage risks in respect of the wage negotiations, drought and the water crisis, and ensuring delivery on the objectives of the 2014 – 2019 Provincial Strategic Plan.

■ Introduction

The 2018 Budget outlines a strategy to overcome the challenges in the current fiscal environment such as low growth economy, service delivery pressures and the persisting drought. The more recent positive global economic outlook and perceived business friendly political developments should support the Province's objectives toward socio-economic progress. The 2018 Budget was subjected to a consultation process with key stakeholders, informed by relevant risks and guided by the Fiscal Strategy which is supported by key budget principles.

The Western Cape Fiscal Approach focuses on maintaining a sustainable fiscal path by giving effect to policy priorities, while managing the implications of the current economic and fiscal risks with the aim of presenting a credible, sustainable and responsive 2018 Budget.

The 2018 Budget Context

As the outlook of the National economy improves, the adverse impact of the current drought, particularly on the agricultural sector, continues to weigh on the Western Cape's economic performance and outlook. The constrained economic context directly impacts on the fiscal context of the Province. Set within the context of a constrained economic and fiscal environment and growing social need, the Western Cape Government continues to affirm its established fiscal and budget policy principles in developing the 2018 Budget.

National Budget Context

Ensuring the stability and sustainability of public finances

Lower than anticipated revenue collection nationally for the current financial year and projections over the 2018 Medium Term Expenditure Framework (MTEF), combined with rising public debt costs, additional funding requirements for national priorities and the need to close the fiscal gap and adhere to the expenditure ceiling, has resulted in the introduction of additional fiscal consolidation measures by the National Treasury. The implementation of these measures are aimed at ensuring the stability and sustainability of public finances in the country.

Aimed at curtailing expenditure, enhancing revenue, managing risks and supporting the achievement of governments policy priorities, these measures include:

- Reductions in government expenditure of R85 billion over the medium term and additional allocations of R57 billion over the medium term to fund fee-free higher education.
- The continued prioritisation of services aimed at improving socio-economic outcomes - half of total government expenditure will be directed to basic education, community development (which includes public transport infrastructure, provision of water, sanitation and electricity), health and social protection.
- An increased contingency reserve of R26 billion over the medium term to cater for heightened uncertainties associated with the economic outlook, the finances of state-owned companies and other spending pressures.
- Provisional allocations of R6 billion have been made for drought relief in affected provinces.
- A 1 percentage point increase in Value Added Tax (VAT), increased excise taxes, as well as increases in the General Fuel Levy and Road Accident Fund Levy.

Stability and sustainability of the national 2018 Budget

Despite the improvement in the economic and fiscal outlook since the 2017 National Medium Term Budget Policy Statement, National Treasury estimates a revenue shortfall of R48.2 billion for 2017/18. In response, to maintain the debt-to-GDP ratio at a sustainable level, significant changes were made to the national fiscal framework which include reductions in government expenditure and new tax measures. Reductions in government expenditure have affected all spheres of government, with transfers to provinces declining by 1 per cent over the 2018 MTEF. The average annual MTEF growth of consolidated government expenditure is nonetheless projected to increase 7.6 per cent per year, resulting in real spending growth of 2.1 per cent.

Baseline reductions by sphere of government, before funding fee-free

R million	2018/19	2019/20	2020/21	MTEF total	% of baseline
National government	-18 048	-17 221	-18 177	-53 446	-2.1%
Goods and services	-5 165	-5 525	-5 834	-16 523	-7.6%
Transfers to public entities	-10 402	-9 393	-9 917	-29 712	-7.7%
Other national spending items ¹	-2 481	-2 304	-2 427	-7 211	-1.1%
Provincial government	-5 182	-6 387	-6 797	-18 366	-1.0%
Provincial equitable share	-1 437	-1 584	-1 684	-4 705	-0.3%
Provincial conditional grants	-3 745	-4 803	-5 113	-13 661	-0.9%
Local government	-3 152	-5 212	-5 499	-13 863	-3.5%
Local government conditional grants	-3 152	-5 212	-5 499	-13 863	-9.3%
Total baseline reductions	-26 382	-28 820	-30 473	-85 676	-1.8%

¹ Transfers to private enterprises and households, as well as capital items

Tax revenues are expected to grow by an estimated 10.5 per cent, mostly due to the rise in VAT from 14 per cent to 15 per cent. Additional revenue measures have also been introduced to increase the Gross tax-to-GDP ratio from 25.9 per cent in 2017/18 to 27.2 per cent in 2020/21. The consolidated deficit is projected to narrow from 4.3 per cent of GDP in 2017/18 to 3.6 per cent in 2018/19 and is expected to decline further to 3.5 per cent in 2020/21. Gross debt-to-GDP as well as debt service costs-to-GDP however continues to increase over the medium term. Gross debt-to-GDP reaches 56.0 per cent in 2020/21 from 53.3 per cent in 2017/18, while debt service costs-to-GDP increases from 3.5 per cent in 2017/18 to 3.7 per cent in 2020/21. Government's fiscal resources remains constrained as the current gross debt-to-GDP remains high at 53.3 per cent in 2017/18.

Source: 2018 Budget Review, National Treasury

Measures to curtail expenditure have negatively impacted on all Provinces and have been factored into a revised provincial fiscal framework. The reduced fiscal envelope as a result of reduction in the provincial equitable share and conditional grants has necessitated reprioritisation within the provincial budget to protect social sector services while maintaining the impetus to stimulate the economy.

Provincial fiscal and service delivery risks

The 2018 Budget, within the context of fiscal constraints, also considers key service delivery and budgetary risks. Budget 2018 therefore aims to maintain credibility and sustainability of the provincial budget while being responsive to policy priorities and addressing key risks.

Increasing demand for government services

Key fiscal and service delivery risks were noted in the Fiscal Risk Statement contained the 2016 - 2019 Western Cape Medium Term Budget Policy Statement. The majority of these risks have either materialised or remain over the 2018 MTEF, while emerging risks were identified during the 2018 Budget process. These risks include:

- Uncertainty in economic climate and low levels of growth. Given the available funding, and despite provisions made for service delivery pressures, there remains a significant risk for current and future expected service delivery levels. This has placed increased service load pressure, particularly on the social sector, and creating an imbalance on governments ability to respond to the increasing demand and the need for a widening social safety net due to the increasing population, heightened levels of poverty and unemployment. This risk is particularly high within the social sector with intensified service load pressures in Health (given the service pressures in the public health system as well as higher than CPI medical inflation for equipment, medicines and medical supplies, etc.), increasing learner numbers in Education and increasing demand for Social Welfare Services.
- The extent of crime remains a serious socio-economic challenge in the Province with violent crime being a pertinent threat to the citizens of the Province.
- Risks to infrastructure delivery include reductions in grant funding, bulk infrastructure shortfalls, maintenance backlogs and the shortage of professional staff, particularly infrastructure posts.
- The damage and destruction of public and economic infrastructure as a result of and caused by amongst other, service delivery protests, that impacts on the economy.

Drought and the water crisis

Water crisis a threat to economic and socio-economic development

The drought and the water crisis, disasters as well as other issues relating to climate change (particularly fire, water shortages and floods) continue to be major risks impacting on all provincial departments. Dealing with the drought and water crisis requires a coordinated and integrated response plan, which is currently being drafted. Severe consequences resulting from the water crisis includes: the inability to provide basic services to communities impacting on the sustainability of businesses and the economy; the deterioration of socio-economic conditions including increased poverty and inequality; the potential exodus of skilled labour; the potential disruption to education and health systems; increased food inflation with adverse knock-on effects; possible disease outbreaks coupled with the reduced ability for containment

(affecting people, plants and animals); impact on the delivery of key infrastructure projects that are water dependent; and greater reliance on social safety net and the provision of government services. The activation of Phase 2 of Business Continuity Plan will also have an impact on the staff of the Western Cape Government and service delivery across departments. Environmental risks related to waste management has also been identified as an emerging risk.

The Western Cape Government, through the 2018 Budget, responds to the aforementioned risks by ensuring sustained service delivery and support where most needed. Risks going forward include the recently announced increase in the VAT rate and the finalisation of the wage bill in early 2018/19. The increase in the VAT rate will have a negative impact on the provincial government buying power, while the uncertainty in respect of the outcome of the wage negotiations, remains a major threat to the already constrained provincial fiscal framework.

The Provincial Fiscal Approach

Western Cape Fiscal Strategy

The Western Cape Fiscal Strategy is supported by the fiscal and budget policy principles, which have been consistently applied over the last period and affirmed during the budget process toward finalising the 2018 Budget. These principles are:

Consistent application of fiscal and budget policy principles

- **Allocative Efficiency:** which aims to achieve a balanced allocation of resources that reflects the priorities of government and programme effectiveness based on evidence, with a greater focus on reprioritisation and trade-offs;
- **Fiscal Sustainability:** maintaining stability in key government programmes whilst managing and responding to key risks, particularly in a constrained economic and fiscal environment;
- **Fiscal Consolidation:** reducing government expenditure (in a responsible manner, whilst managing risk) and/or increasing revenues; and
- **Fiscal Discipline:** ensuring that departments and entities remain within aggregate budget limits and to avoid irregular, fruitless and wasteful expenditure (fiscal governance).

Key elements of the Western Cape Fiscal Strategy



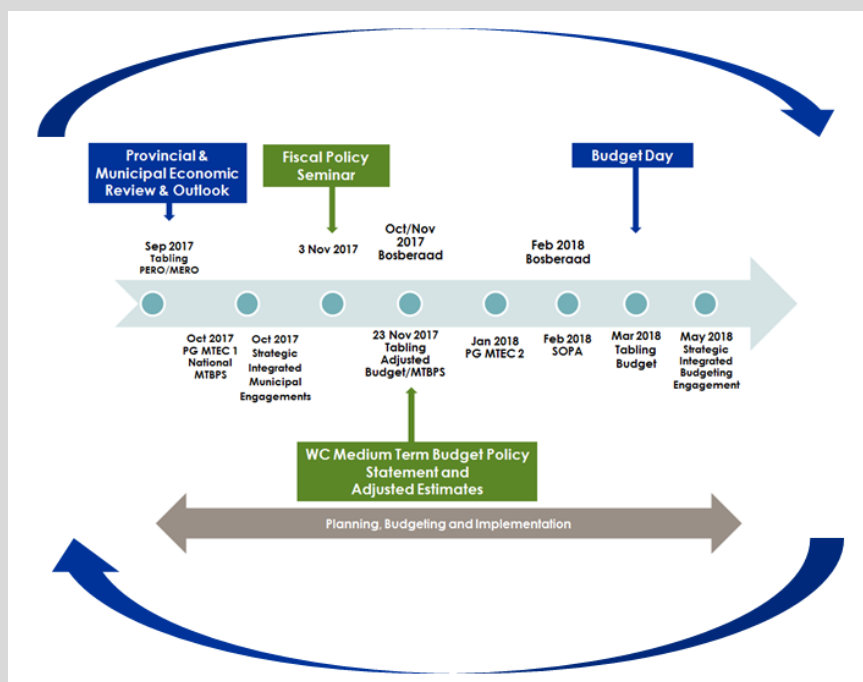
- A balanced budget – A budgeting approach and adjustment budget process that balances revenue and expenditure, taking into account transfers from the national fiscus, own revenue and the utilisation of own revenue to ensure sustainable service delivery and responsiveness to fiscal shocks;
- Expenditure management - Managing Cost of Employees and Goods and Services budgets and strengthening the rules on transfer payments to find the correct expenditure mix to achieve sustainability and efficiency of spend; and
- Revenue management - Provincial own revenue enhancements, through Domestic Resource Mobilisation to optimise collection potential and scope of generating own revenue within the Province, in addition to continuous engagement with the National Treasury on the responsiveness of the fiscal framework.

The application of the Western Cape Fiscal Strategy was a key departure point for the approach to the 2018 Budget process. The Process was characterised by consultation with National Government and between provincial departments through the institutionalised budget structures. This approach provided further opportunity to deepen the integrated management approach to service delivery, which sees the collective application of resources through a coordinated approach to strategic planning, budgeting and service delivery, in pursuit of policy objectives and outcomes.

The outcome of the process is spending plans that collectively pursue the achievement of the objectives and outcomes of the 2014 - 2019 Provincial Strategic Plan and application of the budget and fiscal policy principles in pursuit of the sustainability and responsiveness of the Provincial Budget.

The policy, planning, budgeting and implementation cycle

The annual budget cycle encompasses three financial years, i.e. the preparation and publication of the previous financial years' performance, the implementation and monitoring of the budget in the current financial year, and the planning for the coming Medium Term Expenditure Framework. The 2018 Budget process aimed to formulate a budget that maintained a sustainable stable fiscal base while managing risks and remaining responsive to the 2014 - 2019 Provincial Strategic Plan. The figure below depicts the key milestones in the policy, planning, budgeting and implementation cycle.



The planning of the 2018 Budget is informed by evidenced-based economic and socio-economic research contained in the 2017 Provincial Economic Review and Outlook and 2017 Municipal Economic Review and Outlook, and subsequent updates to the economic outlook, which set the economic context. The annual Fiscal Policy Seminar, hosted by the Provincial Minister of Finance, attended by economic and fiscal policy specialists across government, academia and the public sector, was held to stimulate thinking on economic and fiscal developments and inform fiscal and budget policy development and action required to enhance economic growth. In November, post the tabling of the 2017 National Medium Term Budget Policy Statement, the 2017 Western Cape Medium Term Budget Policy Statement provided the framework within which the 2018 Budget is formulated and set the economic and fiscal context for the Medium Term Expenditure Framework.

The 2018 Budget incorporates an Integrated Management approach with interaction with a number of stakeholders, including policy direction provided in the Cabinet Bosberaads, engagement within government through Provincial Government Medium Term Expenditure Committee (PG MTEC) and strategic engagements with Western Cape municipalities to further drive joint planning and execution.

The Provincial Fiscal Response

The 2018 provincial fiscal framework is outlined in Table 2.1. The framework has factored in the fiscal, economic and climate risks facing the Province and application of the fiscal and budget policy principles outlined earlier in the chapter. The 2018 Budget is a balanced budget, makes provision for essential reserves, deals with the biggest service delivery and budget risks (such as

A balanced budget that responds to risks

pressures in frontline services within health, education and social services and the drought) in order to maintain stability, sustainability and protects the budget policy priorities and delivery of the 2014 – 2019 Provincial Strategic Plan.

Total receipts, consisting of provincial equitable share (PES), conditional grants and own revenue amount to R199.469 billion over the 2018 MTEF. The PES constitutes 76.02 per cent of total provincial receipts over the MTEF. Key revisions to the PES include the reductions of R475.823 million over the 2018 MTEF as a result of fiscal consolidation measures introduced in the 2018 National Budget, additional policy allocations for social welfare services, adjustments for wage inflation but only in the outer year of the MTEF and for data updates to the PES formula.

Table 2.1 Provincial budget summary

	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change			
R'000	2014/15	2015/16	2016/17	appropriation	appropriation	estimate	from Revised estimate			
				2017/18	2017/18	2017/18	2018/19	2017/18	2019/20	2020/21
Provincial receipts										
Transfer receipts from national	45 660 902	49 114 607	51 953 544	56 050 215	56 245 749	56 245 749	59 351 155	5.52	63 167 267	67 989 266
Equitable share	35 591 517	38 579 593	41 062 437	44 470 210	44 470 213	44 470 213	47 447 464	6.69	51 079 855	55 003 034
Conditional grants	10 069 385	10 535 014	10 891 107	11 580 005	11 775 536	11 775 536	11 903 691	1.09	12 087 412	12 986 232
Financing	748 367	883 534	1 966 165	1 521 591	1 956 157	1 956 157	1 301 154	(33.48)	612 763	566 054
Asset Finance Reserve	366 092	290 389	436 250	663 852	663 852	663 852	310 159	(53.28)	307 110	300 000
Provincial Revenue Fund	378 487	593 145	1 529 915	857 739	1 292 305	1 292 305	990 995	(23.32)	305 653	266 054
Provincial Revenue Fund (Direct charge)	3 788									
Provincial own receipts	2 948 964	2 876 452	3 063 230	2 710 739	2 676 644	2 878 401	3 022 966	5.02	2 930 789	3 007 636
Total provincial receipts	49 358 233	52 874 593	56 982 939	60 282 545	60 878 550	61 080 307	63 675 275	4.25	66 710 819	71 562 956
Provincial payments and provisions										
Provincial payments	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224
Provincial provisions	37 627	35 639	36 663	926 132	726 135	726 135	970 573	33.66	1 929 234	3 004 732
Direct charge	37 627	35 639	36 663	41 113	41 113	41 113	43 497	5.80	45 933	48 459
Unforeseen and unavoidable				200 000			187 148		197 628	208 498
Service Load Pressures				351 952	351 952	351 952	362 065	2.87	474 156	489 686
Fiscal Stabilisation				280 251	280 254	280 254	328 863	17.34	446 166	470 983
Acquisition of Property Reserve				52 816	52 816	52 816	49 000	(7.23)	50 000	52 750
ICS Reserve									715 351	1 734 357
Total provincial payments and provisions	47 827 706	51 553 517	55 510 191	60 282 545	60 542 283	60 523 441	63 675 275	5.21	66 710 819	71 562 956
Surplus (Deficit)	1 530 527	1 321 076	1 472 748	-	336 267	556 866	-	(100.00)	-	-

Certain conditional grants were also affected by the national measures introduced, particularly within the Human Settlements Development Grant, Comprehensive HIV and Aids Grant and the Sport and Library Grant. More detail on the PES and conditional grants is contained in Chapter 6.

In applying the revisions to the revenue envelope, the **key budget allocation principles** and considerations include:

- Delivery on the **2014 – 2019 Provincial Strategic Plan** and **Game Changers** remain a priority underpinned by the **infrastructure-led growth** budget strategy;
- The approach to managing and responding to the **drought** and **water crisis** requires a coordinated response;
- Increasing **service load pressures**, particularly in the social sector and the need to protect direct service delivery/frontline services;
- Managing key service delivery risks and the potential **risk** related to the outcome of the **wage negotiations**;
- Maintaining a sustainable fiscal base by protecting fiscal **reserves** and to provide for essential fiscal buffers over the MTEF;
- The approach to **managing personnel budgets** (Compensation of Employees) and stabilising the wage bill, whilst delivery in key services, to avoid crowding out other expenditure; and
- Protecting and ensuring that **governance gains** are not compromised.

Total provincial payments, which include provisions for reserves, amount to R201.949 billion over the 2018 MTEF.

Ensuring sustainability in provincial public finances necessitates providing sufficient policy room to respond to government's mandate and policy priorities to cope with adverse shocks resulting from the current economic, national and fiscal environment.

Providing for fiscal reserves

Funding has been set aside in a reserve to cater for **fiscal stabilisation** to deal with the potential volatility in the fiscal framework, particularly to offset any negative impacts or changes in the fiscal framework relating to national transfers (PES and conditional grants). Funding is also held in reserve for **unforeseen and unavoidable expenditure**. Given the uncertainty in the economic and fiscal environment, it is imperative to continue with this policy practice of providing sufficient reserves to deal with uncertainty over the MTEF.

Ensuring adequate provision for reserves

Protecting social sector services

Amid the constrained fiscal envelope and economic outlook, maintaining sustainability in service delivery remains imperative. Protecting frontline services and managing service load pressures and service delivery risks, particularly within the social sector, is critical for sustainability in service delivery and for the continuation of the delivery agenda of the Western Cape Government. Allocations have been made particularly in Health, Education and Social Development to ensure the sustainability of current services over the 2018 MTEF to manage the increased service load pressures and to enable the Western Cape Government to deliver on its frontline services mandate. In addition, a reserve to deal with **service load pressures** has also been set aside in this budget to cater for additional service load demands over the MTEF. While the aim is to maintain sustainability in the fiscal base and service delivery, provincial departments, particularly in the social sector, are unable to maintain the current levels of service delivery due to increasing service demands, increasing cost of delivery and the shrinking fiscal envelope.

In mitigation and management of key risks related to the potential outcome of the wage negotiations, funding is set aside in a reserve (both previously and with carry-through to 2020/21) to deal with the eventuality, and will remain unallocated at this stage. In addition, the Western Cape Government will continue to maintain the personnel expenditure ceilings as mechanism to manage employee headcounts and avoid crowding out of other expenditure. The response to and mitigation of risks related to the drought and water crisis is dealt with below.

Responding to the drought and water crisis

The worst drought in decades and the ensuing water crisis threatens not only the economic productivity of the Province, but also the socio-economic development of the people. To mitigate the impact of the water crisis on government services, the Western Cape Government established a Joint Operations Committee to coordinate the provincial response.

During the 2017 Adjusted Estimates, R165.331 million was allocated for the 2017/18 and R157.031 million for the 2018/19 financial years towards drought response initiatives. These allocations are utilised for, amongst others, water resource infrastructure projects at schools, boreholes for health and social development facilities, additional water saving measures such as rain water tanks, gutters and down pipes as part of housing projects, drought relief, fodder for research herds, the drought communication campaign and boreholes to provide drinking water to rural communities.

Over R300 million allocated for provincial drought response

Given the severe impact on the agriculture sector, the Western Cape Government assisted 2 653 farmers with fodder relief by the end of December 2017. The Western Cape Government also assisted drought-stricken municipalities with disaster declarations and provided support in respect of drought mitigation and water augmentation. Work to remove sand at the weir of the 24 Rivers Canal system that feeds the Voëlvlei Dam is also currently underway.

The management and preservation of the remaining water supply requires a “whole-of-society approach” whereby all citizens understand the role they are playing in preventing a day zero and the negative knock-on-effect on the economy and socio-economic well-being. Provincial departments have implemented several measures to decrease water consumption and mitigate the negative impact on service delivery. This includes the development of water saving and water efficiency plans and strategies; prioritising the implementation of identified initiatives to save water, the utilisation of rain water and grey water, and the implementation of awareness and behaviour changes campaigns.

*Assisting municipalities
with drought impact
mitigation*

Further initiatives include the appointment of relevant geohydrologists in order to mainstream the operational and maintenance features of existing community-based boreholes and wellfields (enhancing groundwater potential and formation). The Western Cape Government will deploy engineers and project managers in all 5 districts across the Province to coordinate the provincial government response in all municipalities and ensure water security through proactive intervention. The Department of Local Government and the Provincial Treasury will monitor drought and infrastructure spending in municipalities. Regular drought engagements and assessments will also be undertaken to provide all key stakeholders with regular updates on the drought status.

A large part of the City of Cape Town critical water disaster plan is to mitigate demand for water through different phases of water restrictions. Phase 1 has been initiated with water rationed through limiting supply through throttling; pressure reduction; proactive lead detection; augmentation of treated effluent; water management devices; increased enforcement and intensified awareness programmes.

When the dam levels reach 13.5 per cent, the City will commence with Phase 2. Water supply to residential units will be cut off. Water supply to core economic nodes and critical infrastructure institutions, such as hospitals and declared national key point areas, will be maintained as far as possible through a core reticulation network. Supply will also be maintained for as many informal settlements as possible. Daily water use will then be actively controlled through the distribution of water to residents through localised water distribution points.

National funding for drought-stricken provinces

The drought, and resultant water crisis, affecting the Western Cape, Eastern Cape and Northern Cape was declared a national disaster by the National Disaster Management Centre on 13 February 2018. The declaration of a national disaster vests the primary responsibility to coordinate and manage the disaster, in terms of existing legislation and contingency arrangements, with the national executive. The contingency arrangements include the access to additional funding for drought relief projects.

National Government has committed the following assistance to drought affected provinces declared national disasters:

- A provisional allocation of R6 billion in 2018/19 for provinces affected by the drought to assist the water sector and to augment public investment projects supported by improved infrastructure planning.
- The reallocation of conditional grants for disaster relief, which could be used in 2017/18 for immediate interventions such as accelerating groundwater development.
- Disaster relief grants for provinces and municipalities of R423.7 million in 2017/18 and R472.9 million in 2018/19, which can be can be rapidly released to assist in an emergency.
- In the event of serious agricultural employment destabilisation, government can temporarily increase intake on the Working for Water programme providing a substitute employment option, while helping to improve runoff in catchment areas by removing alien vegetation.

Additional R100 million in reserve for provincial drought response

The Western Cape Government will also continue to prioritise the response to the drought and water crisis through a coordinated approach. In this regard, an additional R100 million has been earmarked within the Provincial Revenue Fund, not yet allocated to Votes. Once the required plans have been finalised, drawdowns will form part of the 2018 Adjusted Estimates.

Conclusion

The majority of the fiscal and service delivery risks noted during the process to finalise the 2018 Budget will remain over the 2018 MTEF. The need to balance the impact of continued uncertainty in the economic climate and persistent low levels of growth on national revenue flows poses a major risk to both the Provincial Equitable Share and Conditional Grant funding to the Province. Further risks to the Provincial fiscal outlook include the impact of the drought, particularly on the agriculture, manufacturing and tourism sectors. The implications of the drought will also extend to various municipalities in the Province.

The Western Cape Fiscal Approach responds to these risks and aims to mitigate the impact of the risks by ensuring that the provincial fiscal framework is applied in a sustainable and responsible manner and that fiscal discipline is maintained in the delivery of the 2018 Budget.

3

Budget spending plans and priorities

In summary

- The 2014 - 2019 Provincial Strategic Plan and related Game Changers continue to be the key policy priorities of the Western Cape Government, informing the plans and budgets of departments.
- The 2018 Budget reaffirms the Western Cape Government's commitment to creating public value while continuing to ensure fiscal sustainability.
- The 2018 Budget supports economic development and infrastructure-led growth, the provision of quality education and initiatives towards advancing the youth, wellness programmes, safety initiatives and good governance practices.
- Several measures to decrease water consumption and mitigate the negative impact of the current drought and ensuing water crisis has been prioritised in spending plans of departments.

■ Introduction

The fiscal approach of the Western Cape Government prioritises the delivery of the 2014 - 2019 Provincial Strategic Plan as the main policy directive of the Province. The 2018 Budget therefore aims to give effect to policy imperatives and creating public value while maintaining fiscal sustainability. This chapter highlights the budget policy priorities and spending plans of the Western Cape Government over the 2018 MTEF, toward the progressive realisation of the 2014 - 2019 Provincial Strategic Plan. The institutionalisation of the integrated management approach, which includes partnering and innovation, has further leveraged government resources and enhanced the creation of public value.

2014 – 2019 Provincial Strategic Plan and Game Changers as the main policy priorities

Medium term provincial budget policy priorities

The implementation of the 2014 - 2019 Provincial Strategic Plan and related Game Changers continue to be the main policy priorities of the Province informing the plans and budgets of departments. The 2014 - 2019 Provincial Strategic Plan sets out the Western Cape Government's vision and strategic priorities for the term while acting as the guiding document to drive growth and development in the Province.

The Provincial Strategic Plan provides the overarching guide for all provincial plans and details the Province's five Provincial Strategic Goals (PSGs). The PSGs aim to deliver on the Western Cape Government's vision and support the realisation of the objectives of the National Development Plan 2030. The Provincial Strategic Plan further identifies Game Changers which aim to tackle critical problems and act as catalysts for the realisation of the PSGs.

Figure 3.1 2014 - 2019 Provincial Strategic Plan: Provincial Strategic Goals



Since the implementation of the 2014 - 2019 Provincial Strategic Plan, sustained progress has been realised across the five Provincial Strategic Goals. Key successes include increased job opportunities, progress in education outcomes, improved life expectancy and improved inter-departmental collaboration. The governance approach will be further strengthened moving forward for collective impact and delivery on key outcomes. Some of the main focus areas to further implement the Provincial Strategic Plan for 2018/19 include a major focus on managing the water crisis and climate change, and mitigating its impact on the economy, improving governance, enabling innovation, improving human

settlements, safety and education outcomes. The 2018 Budget supports delivery to these focus areas as key budget policy priorities highlighted in the 2017 Western Cape Medium Term Budget Policy Statement.

2018 Budget supports the delivery of policy priorities

The Western Cape Government will conduct an End-of-Term Review which will reflect on the implementation of the Western Cape Government's 2014 - 2019 Provincial Strategic Plan, review the progress made in achieving the outcomes and targets in the Provincial Strategic Plan and review the effectiveness of the Provincial Transversal Management System as the structure which operationalises the Provincial Strategic Plan. The outcome of this process will lay the foundation for the 2019 - 2024 Provincial Strategic Plan.

Creating public value

Set within an uncertain and difficult economic and fiscal context, the 2018 Budget responds to a growing need for government services. The 2018 Budget reinforces the Western Cape Government's commitment to creating public value, whilst continuing to drive good governance and ensure fiscal sustainability. Creating public value refers to being more responsive and effective in addressing the issues which are most important to the public. Taking this citizen centric approach facilitates citizens' access to government, improving consultation and providing a people-centred approach to service delivery.

2018 Budget reinforces the commitment to public value

The 2018 Budget has put the needs of the people first - frontline social sector services, which include public health, education and welfare social services and infrastructure delivery are prioritised. The Budget also supports initiatives aimed at creating youth employment opportunities and enhancing public safety. Infrastructure remains a priority, and the Budget aims to protect the provincial asset base to ensure services can continue to be delivered at all facilities across the Province.

Innovation in the public sector

The 2015 Budget introduced a set of policy principles that have since guided the formulation of the provincial budget policy framework. These principles are **constitutionalism, rule of law, evidence-based, partnerships, whole-of-society, citizen centric and public value**. Within the context of constrained resources and heightened service delivery risks, creative approaches and innovation have become a necessity to ensure service delivery, improved access to opportunities and enhanced well-being. Innovation is added as a principle as part of the 2018 Budget process.

Within the public sector context, innovation may be interpreted as a new or improved service; a new or different way of providing a service; a new or more efficient process; a new way of looking at problems, challenging assumptions or both; a change to policy thinking or behavioural intentions; and a new or improved way for parts of the public sector to operate and interact with stakeholders.

During the 2018 planning and budgeting process and given the austere fiscal environment, departments were required to focus on identifying areas of, or opportunities for innovation. The emphasis on innovation was conducted through the use of the Maintenance, Innovation, Termination and Succession (MITS) approach. These innovative policy initiatives or forms of efficiencies are aimed at improving resource efficiencies and service delivery impact.

Priority areas include manufacturing, exports, agri-processing, tourism, ICT and business process outsourcing sectors and skills development

Creating opportunities for growth and jobs

Provincial Strategic Goal 1: Create opportunities for growth and jobs focuses on priority initiatives to support and enable growing the economy. These priority areas include manufacturing, exports, agri-processing, tourism, ICT and business process outsourcing sectors and skills development.

Supporting agriculture and agri-processing sectors

The Department of Agriculture has received R2.642 billion over the 2018 MTEF. The Department will continue to prioritise the support of the agri-processing industry, which is well positioned to accelerate growth and sustained job creation. Agri-processing initiatives over the 2018 MTEF include continuing to promote South African Halal products in strategically selected markets and the promotion and positioning of the Western Cape as a Halal hub. The Agri-processing sector contributes R12 billion in Gross Value Added and accounts for 79 000 formal jobs in the Province. Over the 2018 MTEF, there will be a particular focus on the recruitment of strategically identified international and local developers and potential investors for the Halal Industrial Park; the establishment of appropriate governance structures in the Halal sector; and strengthening the domestic Halal certification environment. Other agri-processing initiatives over the 2018 MTEF include continuing to promote South African wine in China and Angola to increase the market penetration of South African wines.

The Province will continue to support initiatives in respect of agri-processing which include structural upgrades at abattoirs and support and advice to small scale farmers on agri-processing opportunities.

Successful land reform is one of the main priorities for the Department of Agriculture. The Department will continue to implement its commodity approach as a means to support farmers through a partnership between government and the private sector. Commodity experts will provide in depth extension support and mentorship to new entrants in agriculture with on-site visits, skills-audits and agricultural demonstrations. Advice will be provided on the latest farming technologies, production methods and given the current drought conditions, also in climate smart agriculture.

Promoting economic development initiatives and tourism

The Department of Economic Development and Tourism receives a budget of R1.313 billion over the 2018 MTEF, of which R173.209 million is invested on tourism promotion in the Province. Initiatives planned over the 2018 MTEF to boost tourism include: securing new direct air routes to Cape Town International Airport via the Air Access project; continuing to position the Western Cape as the Cycling Capital of Africa; maximising culture and heritage tourism for the Archaeological and Palaeontological Heritage routes; and managing the negative perceptions of safety by providing proactive and reactive responses to tourists in distress.

Operations at the Saldanha Bay IDZ are expected to commence in the 2018/19 financial year. Over the 2018 MTEF, the Western Cape Government has made an additional allocation of R42.6 million toward the long-term leasing of 35 hectares by the Saldanha Bay IDZ Licensing Company which can be sublet for rental income.

*Continuing to invest in
Saldanha Bay IDZ*

Several initiatives are planned over the 2018 MTEF to enhance business through technology. These include the Digital Business Toolkit initiative to increase business awareness of the benefits of technology to improve competitiveness; the Bandwidth Barn Khayelitsha aimed at nurturing the future generation of young Information and Communications Technology entrepreneurs; and the establishment of an EdTech Hub to support education and skills development. In 2018/19, an additional allocation of R2 million has been made toward the Injini Ed-Tech Incubator which will enable entrepreneurs in Africa to enter the education system and reach scale.

Increasing investor confidence is a key priority

Maintaining investor confidence remains a key priority for the Western Cape Government, particularly in light of emerging local and national threats to the investment brand of the Province. Project Good Hope, through Wesgro, will be aggressively marketing the City of Cape Town and the Western Cape as an inspiring, safe place to do business and thereby increasing investor confidence in the Western Cape economy. An allocation of R4 million is made towards this initiative over the 2018 MTEF.

The Province will continue to support the ease of doing business programme to improve the business and regulatory environment and creating an enabling environment for economic growth and job creation. Initiatives over the 2018 MTEF include public sector procurement promotion to increase procurement opportunities for emerging small businesses and improving the business facing services offered by municipalities.

Green economy

Continuing to promote Green economy initiatives

The Western Cape Government will continue to promote Green Economy initiatives, with the aim of stimulating investment into green industries and to improve the resource efficiency of businesses. With the designation of the Atlantis Special Economic Zone (SEZ) expected in the 2017/18 financial year, the focus over the 2018 MTEF will be on attracting manufacturing and service companies in the green technology space and establishing an operator for the Atlantis SEZ. A Special Economic Development Infrastructure Company is being established to hold multiple infrastructure programmes. Over the 2018 MTEF, R83.352 million has been allocated for Green Economy initiatives across the Western Cape Government.

The Energy Security Game Changer was developed to ensure energy security in support of economic growth that incorporates diverse and low carbon sources of energy and improves energy efficiency. To date 47 MW rooftop PV have been installed across the Western Cape. Efforts in small scale embedded generation resulted in legal Rooftop PV to the electricity grid connections in 19 municipalities, of which 13 have nationally approved tariffs in place. R4.729 million has been earmarked for this Game Changer in the 2018/19 financial year to supplement current funding.

Skills development

The Department of Economic Development and Tourism has embarked on an ambitious skills development initiative to ensure that the economy produces the necessary artisans. The Youth Access Programme is a flagship project to be embarked upon

over the 2018 MTEF, in partnership with the City of Cape Town and Business Process Enabling South Africa, which assists employers in the Business Process Outsourcing sector to implement a work integrated model for learners.

In response to the outcomes of the Rural Development Farmworker (Agri-worker) Census, the Agricultural Partnership for Youth Development (APFYD) will focus on improving education and employment prospects of the rural youth. Since 2014, 85 APFYD interns have been appointed on farms with External Host Employers. In addition, 102 bursaries and 12 scholarships have been awarded to agri-worker children to further their studies in agriculture and 42 learnerships offered through Elsenburg College. A further 13 graduate and student interns have received workplace integrated learning through this initiative. R21.922 million has been allocated over the 2018 MTEF toward skills development in the agriculture sector.

The **Apprenticeship Game Changer** aim is to introduce at least 11 300 qualified apprentices into the labour market by 2019 by working with schools, Technical and Vocational Education and Training (TVET) colleges and employers across the 5 priority sectors in the Province. To date the Game Changer has leveraged R2.2 million from merSETA to support Maths eLearning in 70 schools across the Province; in support of TVET colleges, nine maths assistants have been placed at various institutions to assist maths teachers and learners; and 1 100 learners have received Work Readiness training, including 250 artisanal learners. An amount of R6.187 million has been earmarked for this Game Changer for the 2018/19 financial year to supplement current funding.

Infrastructure development

The Department of Transport and Public Works receives R23.555 billion over the 2018 MTEF for delivery of government infrastructure and related services that promote socio-economic outcomes and safe, empowered and connected communities. This includes the provision and maintenance of public works and roads infrastructure, the facilitation of integrated land transport services, transport regulation and community based programmes.

Initiatives include the provision and maintenance of public infrastructure

A safe, reliable and sustainable public transport system is a key lever to improving access to economic opportunity and socio-economic development. Through the Provincial Sustainable Transport Programme, the Department of Transport and Public Works is improving local transport systems by implementing sustainable transport initiatives that enhance public access. Over

the 2018 MTEF, R3.944 billion is directed toward unlocking sustainable transport.

Over the 2018 MTEF the Department will work with Stellenbosch and Overstrand municipalities to implement improvements to public transport, non-motorised transport and travel demand management initiatives while continuing to provide support for the implementation, management and optimisation of the George Integrated Public Transport Network. The further development and enhancement of the newly established Intelligent Transport Centre (or Transport Data Hub) will enable the alignment and integration of existing databases to improve business intelligence and service delivery. Further detail on infrastructure development is contained in Chapter 4.

Improve education outcomes and opportunities for youth development

To improve the quality of education, in-and-out of school time, particularly in no- and low-fee schools remains a top priority. In addition to increasing learners' literacy and numeracy levels, the Initiatives aim to improve young people's access to economic and social opportunities in the Province, and helping families to support children and youth through development programmes.

Education

*Education receives
R69.870 billion over the
2018 MTEF*

The Western Cape Education Department receives R69.870 billion over the 2018 MTEF. Efforts will continue to focus on improving the level of language and mathematics in all schools; increasing the number and quality of passes in the National Senior Certificate; and increasing the quality of education provision in poorer communities.

Enrolment in schools in the Western Cape amounted to 1 021 492 learners in 2017 at 1 437 public ordinary schools. Within the context of a constrained fiscal environment and increasing learner enrolment of approximately 20 000 learners per annum, the Western Cape Education Department has prioritised the importance of maintaining stability within schools. In support of this objective an additional allocation of R533.979 million has been provided over the 2018 MTEF to manage service load pressures, particularly as it relates to increased education demands and learner growth.

As part of increasing the quality of education provision in poorer communities, the learner transport scheme is expected to be extended to 59 371 learners in 2018, while 604 486 learners are expected to benefit from the no fee option, and 473 136 learners will benefit from the School Nutrition Programme. There will also be a particular focus on securing safety in schools, in co-operation with the South African Police Services, the City of Cape Town (Metro Police & Law Enforcement), and community involvement. Private security will be deployed, for limited periods, to protect schools where required.

Focus on quality education in poorer communities and safety in schools

The **eLearning Game Changer** aims to enhance the teaching and learning experience of learners predominantly in mathematics and languages, through the use of technology. This Game Changer focuses on improving digital infrastructure at schools. To date, 294 schools have a local area network, connecting every instruction room to the internet and 788 schools have connectivity coverage at a central venue for learners as well as an additional central venue for teachers. Since 2015/16, 6 400 Smart classrooms have been installed, 910 Information and Communication Technology (ICT) labs have been upgraded and 28 808 learner devices have been delivered across the Province. Progress has also been made in creating an e-Culture in schools, setting up an e-Admin system in schools, and training teachers on how to use e-Technology and e-Content in their lessons. The WCG ePortal now has over 11 600 curriculum-relevant digital resources, with over 310 000 unique users to date.

Enhancing teaching and learning through technology

Early Childhood Development

Early Childhood Development (ECD) remains a priority over the 2018 MTEF. Within Education, the emphasis will be on improving the quality of learning in Grade R. This will be done through a focus on teacher skills, professional status and on early identification of those who need remedial assistance. The aim is to ensure that the Grade R year provides an effective foundation for learning. A pilot Grade R - 3 project is in place to test the impact of support interventions in 100 schools.

Improving the quality of ECD programmes

In 2016/17, 68 887 children in the Province accessed funded ECD centres. The Department of Social Development will continue to focus on improving access to and quality of ECD education. This includes issues of safety, cognitive development, and nutrition which will increasingly become the focus of ECD interventions. In support of this, the Department of Social Development receives an additional R123.779 million over the 2018 MTEF for ECD subsidies and facility maintenance. By 2020, 81 000 children will have access to funded ECDs in the Province.

After school programmes

The Mass participation; Opportunity and access; Development and growth (MOD) Programme, is an after school based initiative that provides school-going youth with access to various activities at specific MOD Centres based at schools. The MOD Programme promotes a philosophy and ethos of healthy living, lifelong activity and lifelong learning. However, to ensure quality programming, education and training programmes are required on a sustainable basis and not an ad hoc basis. In 2017/18, approximately 36 000 learners attended MOD programmes regularly and consistently at 181 MOD Centres. Over the 2018 MTEF, R127.076 million has been allocated for the MOD Programme.

Number of learners engaged in the After School programme has increased

Enhancing the quality of after school programmes is a specific focus of the **After School Game Changer**. The number of learners engaged in regular and consistent after school programming has increased to 72 043 learners, with 361 no- and low-fee schools having registered After School Programmes in 2017/18. Going forward, the coverage of the After School Game Changer will include a Grade 4 Mathematics and English Programme, an After School Journal and Research Programme, a Cluster-based Coordinated Sporting Programme as well as a Mathematics eLearning and EduCollaborate Programme.

After Schools programming as a profession, and viable career path is currently in development in collaboration with several tertiary institutions, with a view to introduce a number of formal training programmes and degrees for after school practitioners. By 2019, 112 000 learners in over 400 schools will have access to After School Programmes. The Game Changer receives an earmarked allocation of R26.541 million for the 2018/19 financial year to supplement current funding.

Youth development

Providing opportunities for and equipping youth to transition to productive and responsible adults is a key tenet of the Western Cape Youth Development Strategy. Initiatives aimed at youth development include the YearBeyond (YEBO) Programme and Youth Cafés. The YEBO Programme placed over 100 volunteers, who received leadership development and training as part of the programme, at 22 no-fee schools to provide academic support in literacy and numeracy to 2 000 learners in 2017/18. The Department of Cultural Affairs and Sport, in partnership with the Department of the Premier, intends expanding the Programme to 24 sites, with 10 schools receiving a model involving eLearning.

Initiated by the Department of Social Development, youth cafés are designed to provide vibrant, positive spaces where young people are afforded opportunities to access skills development programmes, training workshops, seminars, and entrepreneurial opportunities. Six Youth Cafés have been established across the Province in Rocklands, Vangate Mall, George, Nyanga, Oudtshoorn and Vrygrond. An additional four youth cafes are planned for 2018/19.

*Six Youth Cafés
established in the Western
Cape*

Increasing wellness and safety, and tackle social ills

Provincial Strategic Goal 3 is premised on creating healthy, inclusive, safe and socially connected communities. Key priorities are targeted interventions aimed at improving the safety and well-being of Western Cape citizens.

Providing health services

Access to quality health services is one of the cornerstones of social and economic development in a region. In 2016/17 the Department of Health attended to 14.4 million primary care contacts, transported 512 256 patients via Emergency Medical Services, admitted 537 792 patients to hospitals and treated 1.882 million outpatients. The Department receives R23.064 billion in 2018/19, R23.965 billion in 2019/20 and R25.432 billion in 2020/21 to improve health outcomes. Amid the increasing demand for public health services, included in these amounts are additional allocations of R90.751 million in 2018/19, R100.645 million in 2019/20 and R152.325 million in 2020/21 to address service load pressures in the Health sector.

*R72.461 billion for
improved health
outcomes*

The Department of Health will continue to pursue the Healthcare 2030 outcomes through, amongst others, the continued implementation of the:

- Western Cape on Wellness campaign which promotes healthy lifestyles through improved eating habits and increased physical activity;
- First 1000 Days project is aimed at improving infant and child health outcomes by targeting both maternal and child health from conception to two years of age;

- 90-90-90 Strategy aims to have 90 per cent of all people living with HIV knowing their status; 90 per cent of all people diagnosed with an HIV infection receiving sustained anti-retroviral therapy; and 90 per cent of people receiving antiretroviral therapy achieving viral suppression; and
- Community Oriented Primary Care initiative which aims to provide an integrated primary healthcare platform, which strengthens the linkages between home, community-based care, primary healthcare facilities and other health facilities.

More than R300 million over the 2018 MTEF will go toward community-based care for HIV, AIDS and TB. The funding is intended to harmonise and standardise the work of the ward-based primary healthcare outreach teams.

Transforming health services for improved service delivery

Over the 2018 MTEF the Department remains committed to the implementation of its transformation strategy which, amongst others, includes the Management Efficiencies and Alignment Project, the development of organisational leadership and culture transformation and service redesign. These innovations aim to improve the efficiency and effectiveness of service delivery.

Whole-of-Society Approach (WOSA)

An integrated customised approach for safe and resilient communities

The Whole-of-Society Approach aims to provide safe, socially connected, resilient and empowered citizens and communities with equitable access to services and opportunities, achieved through the alignment of resources, synergised effort and investment, through collaboration and partnership by all spheres of government, the private sector, NGOs and civil society. Informed by experiences from the pilot in East Drakenstein, the Approach is now being rolled out in Saldanha Bay Municipality, where intensive engagement with the municipal authority and key government and private sector stakeholders have informed the tailored approach to implementation. Guided by the overarching principles of human rights, sustainability, social cohesion, poverty alleviation and citizen-centric approach, the process has culminated in the identification of four strategic focus areas namely education, social wellness, the municipal economy and neighbourhood/spatial development. Next steps include the integration of community leadership into the process to guide and influence implementation over the next four years. Further roll-out of this initiative is envisaged in the Drakenstein Municipality, Khayelitsha and Manenberg/Hanover Park area.

Social development services for the poor and most vulnerable

The increased demand for social services is indicative of increased levels of vulnerability and growing poverty. The Department of Social Development provides community and social welfare services to the most vulnerable in the Province, and receives R2.242 billion in 2018/19, R2.394 billion in 2019/20 and R2.527 billion in 2020/21 toward meeting this need. The amounts include additional allocations of R6 million in 2018/19, R6.3 million in 2019/20 and R7 million in 2020/21 to manage service pressures and ensure the provision of a comprehensive network of social development services.

During 2016/17, 19 962 victims of crime and violence were supported at over 30 Victim Empowerment Programme service centres across the Province. The Department of Social Development will continue to provide services and support to victims of domestic violence, sexual offences and human trafficking. To assist in meeting the growing need, additional funding of R20.276 million in 2018/19, R28.894 million in 2019/20 and R30.560 million in 2020/21 has been provided for combatting violence against women.

*Additional R79.730 million
for victim empowerment*

Child and Youth Care Centres play a vital role in not only providing care and protection to vulnerable children, but also providing an environment to rehabilitate children in conflict with the law. The Department of Social Development receives an additional R21.665 million in 2019/20 and R22.914 million in 2020/21 to meet the growing need for bed spaces in these facilities and ensure compliance with relevant norms and standards.

Care, support and protection of persons with disabilities remains a priority for the Department of Social Development. By mid-2017, 1 772 persons with disabilities accessed residential facilities while an additional 2 893 accessed day care programmes. R534.860 million has been budgeted for services for persons with disabilities over the 2018 MTEF for the provision of bed spaces in appropriate facilities as well as day-care services to persons with disabilities.

*Continued support
provision at services for
the disabled*

Arts, culture and sport

The Department of Cultural Affairs and Sport receives R2.256 billion over the 2018 MTEF toward the promotion of arts, culture and sport in the Province. To facilitate the development, preservation and promotion of Arts and Culture, the Department focuses on early identification and development of talent through partnering with higher education institutions and arts organisations. Youth from

*Promoting a culture of
reading and lifelong
learning*

rural areas within the Province gained access to a certified music literacy programme at the University of the Western Cape within its Performing Arts Faculty. In addition, the Department has provided training in craft design and production for women and people with disabilities. Over the 2018 MTEF, R345.731 million is budgeted for cultural affairs.

The Western Cape Government will continue to promote the culture of reading and lifelong learning in partnership with municipalities. During the 2017/18 financial year, one new library was built and two existing facilities were upgraded. The number of Library Service points has increased to 373 with the number of libraries provided with public internet access increasing to 232. The Department has set aside R1.210 billion for Library and Archives Services over the 2018 MTEF. A further five libraries for the blind, visually impaired and print-disabled end users are planned, as well as the roll-out of the Rural Library Connectivity Project at three more rural public library sites.

R363.782 million is allocated to the Department over the 2018 MTEF to promote sport and recreation activities for the inhabitants of the Western Cape through sport academies, club development and public recreation Programmes.

Improving safety in communities

Safety is a fundamental component of a flourishing community, city and region. The Department of Community Safety receives R963.551 million over the 2018 MTEF toward fulfilling its mandate of effective oversight of the South African Police Service and capacitating safety partnerships with communities toward safer resilient communities.

*Partnering toward safer
communities*

Since the Police Ombudsman's inception in 2014, 1 338 complaints of unacceptable behaviour have been received and investigated, of which 727 have been finalised. As part of the Department's Community Safety Improvement Partnership, professional policing will be promoted with an allocation to the Western Cape Police Ombudsman of R36.215 million over the 2018 MTEF. Through various partnerships, the Department has identified several high risk areas. One of those safety priority areas, Paarl East, subsequently received support from the Department in collaboration with its stakeholders in respect of Safety kiosks, Neighbourhood Watch training and safety plans.

Reducing alcohol harms

The Western Cape Liquor Authority (WCLA) plays an important role in the prevention of alcohol misuse in the Province and receives a priority allocation of R126.415 million over the 2018 MTEF period. One of the key objectives of the WCLA is to reduce the number of illegal shebeens trading without liquor licences and to focus its law enforcement operations against distributors who sell liquor to unlicensed liquor traders. Following the approval by Cabinet of the Alcohol Harms Reduction White Paper in 2017, the Western Cape Government intends to develop a new Liquor Bill to implement some of the recommendations in the White Paper.

Aimed at reducing alcohol related injuries and fatalities, the **Alcohol Harms Reduction Game Changer** has been implemented in three target areas namely, Khayelitsha Town 2, Gunya and Paarl East. Progress on the implementation of the Game Changer includes increased coordination of efforts in target areas by law enforcement, the judiciary, regulatory and oversight to improve the enforcement of liquor trading laws, promote a legalised trading environment and increase safety in and around alcohol outlets. Counselling interventions have also been implemented in emergency centres where alcohol related injuries are presented, as well as referrals for other social services including substance abuse treatment. Strategic partnerships have also resulted in the introduction of new recreational alternatives for young people including a new I-CAN Gaming Centre in Khayelitsha and Hip Hop workshops and an Open Mic competition with the Nyanga Yethu programme. An additional amount of R3.2 million has been earmarked in the 2018/19 financial year in support of this Game Changer.

Improving road safety

The Western Cape Provincial Traffic Services provides a 24-hour, 7 days a week service to ensure the **safety of our road network**, in cooperation with local law enforcement and key stakeholders. Over the 2018 MTEF, the road safety District Safety Plans will be extended to other areas in the Western Cape, with a project plan initiated for the West Coast region. Innovative technology to gather information and intelligence will be used to plan operations for improved transport regulation, road safety and traffic law enforcement. The four incubator initiatives include the Transport Data Hub, the Transport Intelligence Centre, the Enforce System, and the Government Motor Transport Enterprise Resource Planning solution for Repairs and Maintenance. The Safely Home programme, utilises high impact messaging and communication

Traffic services provides a 24-hour, 7 days a week service

aimed at changing the behaviour of our road users and will also continue to be implemented over the 2018 MTEF.

Enabling a resilient, sustainable, quality and inclusive living environment

The Western Cape Government is committed to improving the resilience, sustainability, quality and inclusivity of urban and rural settlements in the Province.

Integrated human settlements

19 829 human settlement opportunities delivered in 2016/17

The Western Cape Government remains committed to improving the living conditions of the Province's citizens. In 2016/17, the Department of Human Settlements delivered 19 829 human settlements opportunities of which 11 283 were housing units and 8 546 were service sites. To continue to facilitate and support the creation of sustainable, integrated and resilient human settlements in the Province, the Department of Human Settlements is allocated R7.306 billion over the 2018 MTEF and will focus on three priority areas:

- Upgrading of informal settlements;
- The provision of Affordable/GAP Housing opportunities; and
- Prioritising the most deserving for subsidised housing.

Aim to deliver 18 160 housing opportunities in 2018/19

In 2018/19, the Department aims to deliver 18 160 housing opportunities of which 9 567 will be housing units and 8 693 will be service sites. The Informal Settlement Support Plan advocates a move towards improving the living conditions of people at the places where they stay. The Department has identified 60 informal settlements wherein to improve the resilience, sustainability, quality and inclusive living conditions of these settlement dwellers through the provision of improved levels of basic services and other social amenities.

The Department will continue to prioritise the implementation of identified catalytic projects, which include the development of the Belhar CBD, the Airport Precinct, Forest Village, iThemba, Penhill, Kosovo Philippi and Thabo Mbeki and Tsunami, Syferfontein, Thembaletu and Wilderness Heights, amongst other.

Spatial development

The Department of Environmental Affairs and Development Planning receives R1.835 billion over the 2018 MTEF and plays an

integral role in spatial alignment and climate change monitoring in the Province. Guiding the development of and optimal land use in the Province are the Provincial Spatial Development Framework (PSDF) Land Use Management Systems. The PSDF will inform municipalities Integrated Development Plans, while the Spatial Development Framework ensures consistency in spatial planning between different government spheres.

The **Better Living Model Game Changer** is a priority project for the Western Cape Government and brings with it the potential to focus on spatial integration of societies and to correct the inefficiencies of the past. This Game Changer proposes the development of the 22 hectare former Conradie Hospital site into an integrated, sustainable, and affordable residentially-led, mixed use neighbourhood. The project will provide 1 800 subsidised rental units and 1 800 open market units. In addition to well-located affordable housing, the development will catalyse the upgrade of the surrounding roads infrastructure and public transport, and bring new social services to the neighbouring communities. This multi-million-rand project will be developed through a partnership between the private sector, Western Cape Government and the City of Cape Town, with plans to break ground in 2018.

Providing 1 800 subsidised rental units and 1 800 open market units.

Regional Socio-economic Project/Violence Prevention through Urban Upgrading

Regional Socio-Economic Programme (RSEP) aims to improve quality of life through urban, social and spatial upgrading and build safe and sustainable neighbourhoods. Several projects have been completed in the Saldanha Bay, Swartland and Breede Valley municipalities under the auspices of RSEP. These include the establishment of community centres, rubbish collection points, upgrading pedestrian walkways, development of live-work units, a splash park and commercial centres. The Department of Environmental Affairs and Development Planning will expand the RSEP to seven new municipalities over the 2018 MTEF, i.e. Bergrivier, Witzenberg, Stellenbosch, Cape Agulhas, Prince Albert, Mossel Bay and Bitou. An earmarked allocation of R52.333 million over the 2018 MTEF has been provided for this initiative. The Violence Prevention through Urban Upgrading (VPUU) programme will continue to be implemented in Manenberg, Hanover Park, Gunya and Khayelitsha in the City of Cape Town.

Regional Socio-Economic Programme will expand to seven new municipalities

Management of the ecological and agricultural resource base

Given the size and contribution of the agriculture sector to the Western Cape economy, climate change is a key priority area for the Province. The Department will continue to monitor the impact of climate change through the implementation of the Western Cape Climate Change Response Strategy. Measurement of the impact of climate change includes risk and vulnerability assessments, emission databases, modelling exercises and mainstreaming climate resilient practices.

Water

The SmartAgri Plan builds on the Western Cape Climate Change Response Strategy and its implementation framework, specifically the "Food Security" focus area. The SmartAgri project promotes the conservation of agriculture for all commodity groups; restores ecological infrastructure; is involved in integrated catchment management for improved water security (quality and quantity) and job creation; promotes energy efficiency and renewable energy case studies to inspire low carbon agriculture and implements climate proofing agri-processing and ensures climate smart extension services.

Biomimicry project improves grey water management in Langrug

As part of the Genius of Space project, the Biomimicry project has improved grey water management at the Langrug informal settlement. Since October 2013, water quality monitoring has been conducted at 20 different locations in both the upper and lower Berg rivers. The Department will continue to monitor and rehabilitate the rivers to enhance and protect the ecological function of the Berg and Breede rivers, and improve their resilience to floods and erosion. The Department receives an allocation of R3.991 million in 2018/19 for employment opportunities linked to river restoration.

The Department of Agriculture will support the efficient use of agricultural water through its continued support of the Fruitlook application, a satellite image technology that monitors nine parameters linked to crops, used specifically on vineyards and deciduous fruit trees. Fruitlook provides data for 381 000 hectares of fruit orchards and vineyards. The project has already made an impact on water efficiency, with survey respondents indicating a water use efficiency improvement of between 10 and 30 per cent. The Department of Agriculture receives an earmarked allocation of R29.605 million over the 2018 MTEF in support of the Fruitlook project.

Embedding good governance and integrated service delivery through partnerships and spatial alignment

Provincial Strategic Goal 5 focuses on transversally supporting the work of the other PSGs by ensuring effective and efficient governance, through enhanced governance practices and focus on integrated service delivery across the Western Cape Government and with other spheres of government.

Digital Government

The Department of the Premier is allocated R4.407 billion over the 2018 MTEF to provide strategic policy direction and maintain the provision of professional corporate services for the Province. This includes the Centre of e-Innovation Programme, which includes the centre for e-Innovation Programme receiving R2.835 billion over the 2018 MTEF. The progress made to date in respect of ICT landscape will be maintained, with the emphasis on related security and governance.

Harnessing technology for improved service delivery

The roll-out of Broadband is supported through an earmarked allocation of R956.235 million over the 2018 MTEF. The Western Cape Government has launched 178 WiFi hotspots across the province, benefitting over 250 000 citizens. Phase 2 of the Broadband project commenced in October 2017 and will run for a 5-year period. Specific focus areas for Phase 2 include the upgrading of the minimum network connectivity speeds at Government sites and assisting the Department of Education in the implementation of Local Area Networks at schools. The development of a Data Governance Model and Governance Toolkit remains a priority area in order to promote the use and sharing of administrative data to inform improved planning and implementation and enhance the service delivery environment.

Enhanced governance

Provincial Treasury receives an allocation of R1.028 billion over the 2018 MTEF. The Department will continue to focus on its core functions in terms of its Public Finance Management Act and Municipal Finance Management Act responsibilities whilst driving good financial governance in the Province.

Driving good financial governance for improved service delivery

Going forward, the Department will continue to support provincial departments and municipalities in improving supply chain management processes and governance (particularly as a lever for economic development), including improved E-procurement;

as well as the adoption of the District approach to drive SCM efficiencies within municipalities. Driving the agenda for infrastructure led growth will continue to be a priority area, complemented by the implementation of the Infrastructure Delivery Management System (IDMS) within departments and roll-out and institutionalisation of the Standard for Infrastructure Procurement and Delivery Management and IDMS within municipalities.

The drive for clean financial governance in support of enabling service delivery remains one of the priorities for Provincial Treasury. Within the Western Cape Government, all Provincial Public Entities and 85 per cent of departments received clean audits for 2016/17, with the remainder of the departments, where the audit outcomes have been pronounced upon by AGSA, receiving unqualified audits. The Western Cape Government will continue to provide support and capacity building toward strengthening good governance.

Further to this, and in partnership with the Branch Corporate Assurance in the Department of the Premier, a Corporate Governance Framework and supporting maturity model is being developed. This framework will set forth the governance components, principles and requirements to enable departments to implement strong corporate governance and a robust system of internal control, ultimately resulting in service delivery.

Improving government performance

Plans toward conducting 15 provincial evaluations are underway

Toward improving performance, value for money, responsiveness and effectiveness of strategic provincial policies and budget priorities, 15 evaluations are to be conducted and are outlined in the 2018/19 Provincial Evaluation Plan. As part of strengthening the use of evaluations in the planning and budgeting process, specific allocations have been made towards 6 of these evaluations which have been identified as budget policy priorities and transversal interventions.

These include evaluations of:

- An Implementation Evaluation on the WCG Provincial Transversal Management System (PTMS);
- Evaluation of the implementation, design and strategy of Project Khulisa Agri-processing;
- The RSEP/VPUU Programme;
- The Berg River Improvement Plan;

- The Western Cape Climate Change Strategy; and
- Skills development.

An amount of R8.6 million has been made available in 2018/19 for these evaluations and for research on behavioural initiatives to improve the efficiency and effectiveness in the Western Cape Government. Of the 8.6 million, R1 million has also been allocated towards behavioural initiatives related to the Whole-of-Society Approach.

Supporting local government

The Department of Local Government is allocated R791.872 million over the 2018 MTEF to monitor, coordinate and support municipalities to be effective in fulfilling their developmental mandate, and facilitate service delivery and disaster resilience through engagement with government spheres and social partners.

Continued technical and capacity building support to municipalities

Given the current drought and ensuing water crisis, the Department plans to support municipalities to prevent water shortages by providing technical and financial municipal assistance with regard to water augmentation programmes; as well as water conservation and demand management. The Department has appointed 4 geohydrologists to assist municipalities with geohydrological services and to oversee the installation of boreholes as well as data loggers to ensure the long term sustainable abstraction of aquifers. Municipalities will also be supported with water augmentation measures, such as the drilling and equipping of boreholes and the associated linking of infrastructure. The Department's Disaster Management Centre has also established several work streams responsible for preparedness and business continuity planning in order to ensure that the Province is ready in the event of limited or restricted water supply. The Department envisages undertaking long-term water planning to ensure resilience within the Province, taking into account the long-term impact of climate change.

The Department will also continue implement the Thusong Centre and Community Development Worker Programmes over the 2018 MTEF in support of increased access to government services and assistance to municipalities in improving the lives of communities. Further, in conjunction with the Provincial Treasury the Department will continue to provide municipal capacity building initiatives in support of strengthened local governance.

Strategic partnerships for greater public value

Strengthening partnerships for service delivery Impact

No government can, by itself, achieve its established objectives. Progress can only be realised through partnerships amongst government, citizens, civil society and business. The Western Cape Government in collaboration with the Economic Development Partnership has embarked on an integrated process to strengthen existing partnerships and identify policy areas which may benefit from partnering practices. An important element of partnering is the learning and sharing of best practices which informs the establishment of partnerships and supports existing partnerships.

Examples of key partnering focus areas for the 2018 MTEF include:

- Saldanha Bay municipal partnering solutions and the South Cape Economic Partnership and the Water security citizen activation;
- The Western Cape School Support Programme, the After School Programme and the rollout of eLearning;
- The Whole-of-Society Approach (specific knowledge sharing and learning role);
- The Breede River catchment management and Regional Socio-Economic Programme (RSEP); and
- The Integrated Work Plan which involves partnering between the provincial Western Cape Government and local government municipalities.

The 2018 Provincial Budget in numbers

The provincial budget grows by 4.86 per cent in 2018/19 to R62.705 billion from a revised 2017/18 estimate of R59.797 billion. Table 3.1 below provides an overview of the expenditure trends, as well as and estimates over the 2018 MTEF. At 75.7 per cent, social services are allocated the bulk of the provincial budget. This includes the Departments of Social Development (3.6 per cent), Health (36.8 per cent share) and Education (35.4 per cent share). The balance is allocated to the Economic and Governance sector departments.

Table 3.1 Summary of provincial payments and estimates by vote

Outcome							Medium-term estimate				
				Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate				
Provincial department R'000	Audited 2014/15	Audited 2015/16	Audited 2016/17	2017/18	2017/18	2017/18		2018/19	2019/20	2020/21	
1. Department of the Premier	1 042 874	1 200 773	1 342 944	1 440 749	1 398 124	1 398 124		1 486 193	6.30	1 421 291	1 499 095
2. Provincial Parliament	107 041	116 126	120 745	137 715	137 715	137 715		143 874	4.47	153 221	157 387
3. Provincial Treasury	232 148	240 387	248 001	308 184	288 593	287 713		325 390	13.10	343 127	359 392
4. Community Safety	264 966	269 233	285 919	302 056	304 356	301 739		316 617	4.93	314 815	332 119
5. Education	16 588 773	17 637 342	19 301 177	20 629 914	20 722 693	20 722 693		22 193 312	7.10	23 128 725	24 547 773
6. Health	17 305 808	18 737 118	20 078 184	21 679 806	21 686 482	21 671 137		23 063 703	6.43	23 964 555	25 431 524
7. Social Development	1 733 842	1 892 072	1 959 993	2 106 974	2 110 521	2 110 521		2 241 664	6.21	2 394 377	2 527 165
8. Human Settlements	2 151 327	2 210 713	2 244 423	2 536 087	2 693 318	2 693 318		2 318 554	(13.91)	2 410 490	2 576 961
9. Environmental Affairs and Development Planning	457 181	502 648	537 950	591 570	555 720	555 720		604 621	8.80	604 611	625 955
10. Transport and Public Works	5 770 808	6 668 395	7 028 708	7 426 579	7 548 588	7 548 588		7 729 440	2.40	7 734 579	8 090 723
11. Agriculture	855 436	750 633	807 792	795 179	877 648	877 648		834 342	(4.93)	878 985	929 103
12. Economic Development and Tourism	469 906	393 874	559 385	427 345	405 344	405 344		433 462	6.94	442 721	436 829
13. Cultural Affairs and Sport	612 490	685 544	723 373	725 049	727 333	727 333		760 734	4.59	727 627	767 583
14. Local Government	197 479	213 020	234 934	249 206	359 713	359 713		252 796	(29.72)	262 461	276 615
Total provincial payments and estimates by vote	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306		62 704 702	4.86	64 781 585	68 558 224

Conclusion

Guided by the 2014 - 2019 Provincial Strategic Plan, the Western Cape Government has continued to prioritise services that improve socio-economic development, protect the most vulnerable and provide an enabling environment for economic development and job creation. The 2018 Budget expenditure plans respond to service delivery risks and service pressures, thereby ensuring the continued delivery of quality public services to the people and continuing to create public value. This is evident in the efforts to protect health, education and social welfare services whilst making provision for initiatives that grow the economy and ensure the sustainability of natural resources. The Western Cape Government will continue to embrace innovative approaches in partnership with key stakeholders including the public to enhance service delivery impact and optimise public value.

4

Infrastructure investment for growth

In summary

- Investment in public infrastructure remains critical for improving access to quality services to the citizenry, while supporting economic growth.
- Over the 2018 MTEF, R25.232 billion will be invested in infrastructure, with an additional R1.457 billion to be invested in Broadband and R236.162 million in Public Private Partnerships.
- A key focus remains the emphasis on the preservation of existing infrastructure assets and addressing infrastructure maintenance backlogs.
- The Province is responding to the drought and ensuing water crisis by putting measures in place to ensure business continuity and to intensify water-saving interventions at public institutions over the 2018 MTEF.

■ Introduction

Infrastructure investment is a key lever underpinning economic growth and job creation. It provides an effective mechanism for supporting socio-economic development and building a level of economic resilience within a constrained fiscal environment. Furthermore, the Province is still reeling under the effects of the drought and ensuing water crisis. The impact on the Western Cape economy is likely to be significant, particularly affecting the construction industry. Against this background, infrastructure remains one of the key drivers of the Western Cape Government's strategy for growth and economic development. The focus is on the maintenance of existing infrastructure assets and eradicating the infrastructure maintenance backlog, as well as to intensify water-saving measures at public institutions.

Infrastructure-led growth

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth approach, which remains a key budget principle given the economic and social imperatives for infrastructure development. Infrastructure investment and the maintenance thereof is critical for promoting job creation, broadening the economic base and raising growth potential, unlocking economic opportunities and addressing socio-economic needs and challenges.

Trends in public infrastructure spending¹

Table 4.1 provides a summary of provincial infrastructure payments and estimates for **Education, Health, Social Development, Human Settlements, Transport and Public Works** as well as **Environmental Affairs and Development Planning** (CapeNature) which amount to R25.232 billion over the MTEF. In addition to this amount, Provincial Infrastructure investment include amounts of R1.457 billion over the MTEF for Broadband and R236.162 million for Public Private Partnerships.

In this section “infrastructure” is defined broadly, including spending on new assets, replacement assets, maintenance and repairs, upgrades and additions, rehabilitation, renovation and refurbishment of assets.

Table 4.1 Summary of provincial infrastructure payments and estimates, 2014/15 - 2020/21

Vote R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate			
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	1 439 491	1 549 959	1 573 028	1 614 044	1 760 553	1 760 553	1 630 559	(7.38)	1 495 504	1 627 940
6. Health	712 923	780 431	877 438	815 463	832 723	832 723	887 616	6.59	826 254	871 697
7. Social Development	17 000			572	572	572	7 968	1 293.01	8 412	8 975
8. Human Settlements	1 934 936	1 975 122	2 000 811	2 226 758	2 326 758	2 326 758	2 018 776	(13.24)	2 097 130	2 246 376
9. Environmental Affairs and Development Planning	29 821	29 049	15 350	43 826	27 826	27 826	49 672	78.51	35 558	37 514
10. Transport and Public Works	2 984 979	3 462 886	3 687 982	3 899 561	3 781 042	3 781 042	3 777 568	(0.09)	3 714 909	3 890 026
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates by vote	7 119 150	7 797 447	8 154 609	8 600 224	8 729 474	8 729 474	8 372 159	(4.09)	8 177 767	8 682 528

Note: For purposes of this section of the chapter infrastructure spending includes expenditure on public housing funded by the HSDG. In accounting terms, housing subsidies are usually defined as transfers to households rather than capital spending.

¹ The data in this chapter may differ from infrastructure expenditure estimates presented elsewhere in this publication.

Education

Over the 2018 MTEF, the Western Cape Department of Education (WCED) will direct funding toward expenditure on maintenance and repairs, and for the expansion of education facilities to accommodate the demand for increased learner numbers in the Province.

Over the 2018 MTEF, R4.754 billion will be spent on Education infrastructure. The following key infrastructure projects will be delivered over the medium term:

R4.754 billion will be spent on Education infrastructure over the MTEF

- City of Cape Town: Kraaifontein HS; Silikamva HS; Delft HS; Delft North PS; Disa Road PS (Die Bos); Ethafeni PS (Wallacedene); AZ Berman HS (Tafelsig) and Vredeloof PS.
- Eden Central Karoo Education District: Concordia PS and Thembaletu SS No. 2.
- Overberg Education District: Qhayiya SS and Umyezo Wama Apile SS (Grabouw SS).
- Cape Winelands Education District: Stofland PS.
- West Coast Education District: a new high school in Moorreesburg and Middelpo PS (Saldanha).
- Three donor projects over the 2018 MTEF includes a primary school in Stellenbosch, phase two of Jakes Gerwel Entrepreneurial School in Bonnievale, as well as Phase 2 of Ithemba PS in Vrygrond.

The WCED will facilitate a number of drought interventions over the 2018 MTEF, with R490 million allocated for the following interventions:

- Procurement and installation of water storage tanks at all schools without water tanks;
- Procurement and installation of fire extinguishers to ensure fire safety compliance at all schools;
- Testing of existing borehole water quality and to implement recommendations on treatment regimens to utilise water effectively and repairing boreholes;
- Investigation into the connection of water storage containers and alternative water sources to ablution facilities at all schools;
- Installation of leak detectors at schools in high risk municipalities and where high water consumption is evident;
- Installation of smart meter devices at schools where high water consumption is evident; and

R2.586 billion to be invested in health infrastructure over the MTEF

- Determining ground water availability and the drilling of boreholes where feasible (i.e. in terms of yield and borehole water quality).

Health

Infrastructure development over the 2018 MTEF supports the Healthcare 2030 strategy through modernisation, management, and maintenance of health infrastructure and technology in an economical, efficient, cost effective manner; while at the same time taking cognisance of the continuous investment of medical technology. Over the 2018 MTEF, R2.586 billion will be invested in Health infrastructure, which include amongst others:

- Groote Schuur Hospital and Tygerberg Hospital maintenance and upgrade;
- Observatory Forensic Pathology Laboratory (replacement of Salt River Mortuary);
- Replacement of Community Health Centres in Elsies River; Hanover Park and Maitland;
- Replacement of satellite clinics at Abottsdale and Chatsworth;
- New Avian Park Clinic at Worcester;
- Upgrades and additions at Eerste River Hospital, Somerset Hospital; Khayelitsha Hospital, Gansbaai Clinic; Laingsburg Clinic; and
- New emergency and/or upgrade planned at Victoria Hospital and Somerset Hospital.

The Department of Health, in its response to the drought and climate change, has demonstrated its commitment to the Western Cape Government's Energy Security Game Changer with significant emphasis on reducing energy consumption at its facilities will be installing and commissioning smart electrical meters at all hospitals. Furthermore, the water efficiency project aims to achieve a 10 per cent reduction in potable water consumption at health facilities over the next three years.

Social Development

The upgrading and maintenance of infrastructure will support the Department of Social Development into delivering access to appropriate social assistance for those citizens unable to support themselves and their dependants.

The introduction of the Early Childhood Development (ECD) Grant includes a component aimed at assisting conditionally registered ECD facilities to comply with Health and Safety Norms and Standards as determined by the National Department of Social Development. This provision allows for maintenance allocations to these facilities of R7.968 million in 2018/19; R8.412 million in 2019/20; and R8.975 million in 2020/21.

Provision has also been made for urgent maintenance work at Child and Youth Care Centres (CYCC) amounting to R61.320 million included in the budget of the Department of Transport and Public Works over the 2018 MTEF for this specific purpose. Maintenance work will focus on a prioritised list of security improvements at various facilities. Provision has also been made for the construction of a new dormitory at the Clanwilliam CYCC, with an allocation of R19.5 million in the 2018/19 financial year.

Transport and Public Works

The Western Cape Government portfolio of assets is critical to the realisation of the Province's socio-economic, service delivery and economic development objectives.

Transport

The road network is an important catalyst in growing the provincial economy. The investment in road infrastructure aims to preserve surfaced roads, gravel roads and bridges and reduce the maintenance backlogs. This investment also aims to improve capacity, close missing links in the network and upgrade roads from gravel to surfaced standard, where economically viable, in terms of the greater network. Road safety forms an integral part of all these operations.

An improved public transport system means an improvement in all modes of transport with the ultimate goal of making public transport more attractive and ensuring a modal split between private and public transport where public transport is the mode of choice. The investment in roads infrastructure amounts to R9.770 billion over the 2018 MTEF.

Improvement in roads infrastructure will amount to R9.770 billion over the MTEF

This investment includes projects identified to promote economic growth in the Province that are in various stages of implementation. The addition of a 3rd lane on the N1 at Durban Road Interchange and the first two phases of extensions to the road network in support of the Saldanha Bay Industrial Development Zone are under construction. The preliminary design stage for the

proposed upgrade of Wingfield Interchange on the N1/N7 will continue.

General Buildings

The Department of Transport and Public Works, as the custodian of the Provincial Property Portfolio, supports the Province in its service delivery by investing in provincially owned buildings and facilities to preserve the value of these assets. This includes creating opportunities for growth and jobs and enabling a resilient, sustainable, quality and inclusive living environment. Key strategic initiatives pertaining to the Provincial Property Portfolio amongst others are as follows:

- Initiatives in relation to planning and the construction of key office accommodation facilities would improve the effectiveness and efficiency of office accommodation requirements of departments and entities currently situated in the inner City of Cape Town. Optimising office space utilisation across the Province through the Office Accommodation Modernisation Programme aims to improve space utilisation efficiency by up to 40 per cent. Modernisation projects will be executed in the Cape Town, Cape Winelands and Eden regions;
- Construction projects not linked to the modernisation programme include, amongst others, the construction of a new dormitory at the Clanwilliam CYCC, the refurbishment of the Sivuyele facility at Stikland for persons with severe intellectual disabilities, and the implementation of water and energy saving measures; and
- Scheduled maintenance of various government buildings.

Over the 2018 MTEF, Public Works will be spending R1.613 billion across the various districts of the Province in terms of the Provincial Property Portfolio.

Human Settlements

A key priority for Western Cape Government is the development of sustainable integrated human settlements that will allow its residents access to social and economic opportunities close to where they live. To this end, approximately R6.362 billion will be spent on housing opportunities over the 2018 MTEF.

The Department's housing policies offers a range of support options for different segments of the housing market. The approach is to encourage market-based solutions for housing provision in 'gap markets', and for self-help initiatives in an attempt to free-up

*R6.362 billion earmarked
for Human Settlements
over the 2018 MTEF*

resources to service the poorest and most vulnerable that cannot meet their own housing needs.

Three key initiatives underway and to be rolled-out over the 2018 MTEF include:

- The upgrading of 60 informal settlements or a yield of 25 021 households with access to clean water, sanitation and electricity following the recent completion of an informal settlement support strategy. The following areas are worth mentioning given their high expected yields:
 - Kayamandi - 3 011 households
 - Grabouw - 5 270 households
 - Mossel Bay - 3 493 households
- The implementation of 16 land release projects with a yield of 9 951 housing opportunities or 133.29 hectares of land. The biggest projects are in Dal Josafat and Belhar with 2 078 and 4 188 housing opportunities, respectively.
- The implementation of Provincial and City of Cape Town catalytic projects with a potential combined yield of 100 704 housing opportunities, depending on, amongst other, the availability of budget and bulk infrastructure. Some of these housing opportunities will be realised beyond the 2018 MTEF. The following are some projects with the highest yield:
 - Southern Corridor Integrated Human Settlement Programme (City of Cape Town) with 51 540 housing opportunities;
 - Trans Hex (Worcester) with a yield of 8 873 housing opportunities;
 - Grabouw with a yield of 8 169 housing opportunities; and
 - Syferfontein (George) with a yield of 5 814 housing opportunities.

CapeNature

CapeNature intends spending approximately R96.2 million on tourism infrastructure over the 2018 MTEF. CapeNature's infrastructure priorities over the 2018 MTEF include improvements at Kogelberg Nature Reserve: Phase 2. The new development consists of 8 new overnight accommodation facilities and an eco-pool.

R96.2 million to be spent over the MTEF on tourism infrastructure initiatives

Over the MTEF period, the focus will also shift to implementing a more rigorous programme with regard to maintenance and upgrades of existing infrastructure across a number of Nature Reserves. These upgrades relate to the improvements to existing facilities and adding value to these facilities which will contribute to the increase in revenue generation.

Nature of infrastructure investment

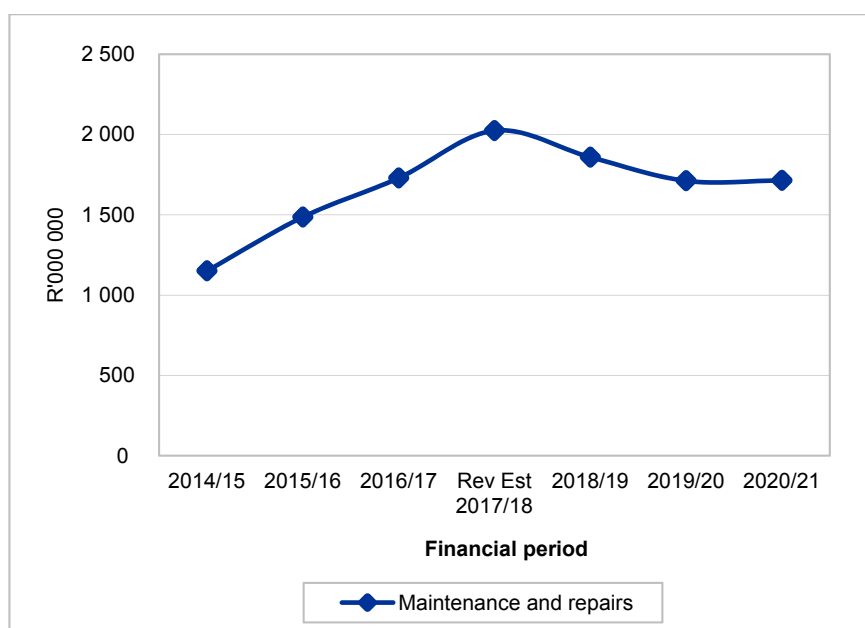
Table 4.2 shows infrastructure spend per category: new and replacement assets; upgrades and additions; rehabilitation, renovations and refurbishments; maintenance and repairs as well as infrastructure transfers, current and capital.

Table 4.2 Summary of infrastructure spend per category, 2014/15 - 2020/21

Category R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate % Change from Revised estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2017/18	2019/20	2020/21
Existing infrastructure assets	3 637 516	4 381 730	4 902 979	4 971 531	5 037 176	5 009 234	5 207 987	3.97	4 761 987	4 825 955
Maintenance and repairs	1 152 077	1 487 022	1 730 396	1 853 651	2 009 232	2 025 437	1 860 262	(8.16)	1 712 808	1 715 492
Upgrades and additions	736 482	735 026	943 860	926 300	879 475	855 959	987 142	15.33	985 776	1 307 840
Refurbishment and rehabilitation	1 748 957	2 159 682	2 228 723	2 191 580	2 148 469	2 127 838	2 360 583	10.94	2 063 403	1 802 623
New infrastructure assets	1 242 853	1 130 230	952 752	1 118 588	933 877	957 013	782 578	(18.23)	971 295	1 225 273
Infrastructure transfers	2 006 933	2 078 289	2 078 981	2 312 981	2 530 043	2 528 543	2 065 211	(18.32)	2 128 185	2 285 532
Current	2 322	7 627	3 237	16 778	28 300	28 300	13 468	(52.41)	13 912	14 975
Capital	2 004 611	2 070 662	2 075 744	2 296 203	2 501 743	2 500 243	2 051 743	(17.94)	2 114 273	2 270 557
Infrastructure payments for financial assets										
Infrastructure leases										
Non Infrastructure	231 848	207 198	219 897	197 124	228 378	234 684	316 383	34.81	316 300	345 768
Total provincial infrastructure payments and estimates by category	7 119 150	7 797 447	8 154 609	8 600 224	8 729 474	8 729 474	8 372 159	(4.09)	8 177 767	8 682 528

Maintenance and repairs

The maintenance of infrastructure will assist to prolong the life span of the asset and derive maximum value of the asset. By protecting the investment made in public sector immovable assets ensures business continuity through the ongoing availability of such assets at reasonable cost.

Figure 4.1 Maintenance and repairs expenditure, 2014/15 – 2020/21

Funding for maintenance and repairs over the 2018 MTEF accounts for R5.289 billion of the total infrastructure budget, with the largest portion of investment directed to maintenance of road-based transport. Funding over the MTEF for maintenance to address ageing facilities in Health and Education remains more or less intact. Maintenance of health infrastructure is identified as a strategic priority for the Department of Health in the 2018 MTEF with specific focus on Tygerberg and Groote Schuur hospitals.

R5.289 billion allocated for maintenance and repairs over the MTEF

The provision for road maintenance and repairs as well as general provincial buildings account for R3.135 billion over the 2018 MTEF; followed by Education (R1.246 billion) and Health (R826.868 million).

New and replacement assets

An amount of R2.979 billion of the total 2018 MTEF infrastructure budget, is allocated towards new and replacement assets. Within this category, the largest share is allocated towards Education (R1.956 billion), followed by Transport and Public Works (R560 million) and Health (R447.178 million).

Largest share of new and replacement assets budget allocated to Education

Upgrades and additions

Upgrades and additions account for R3.281 billion of the total infrastructure budget over the 2018 MTEF, of which Transport and Public Works is allocated R1.705 billion, Education R1.309 billion and Health R267.027 million.

R6.227 billion allocated for, refurbishments and rehabilitation

Refurbishments and rehabilitation

An amount of R6.227 billion of the total infrastructure allocation over the 2018 MTEF is assigned to rehabilitation, renovations and refurbishments. Within this category, the largest share is allocated towards Transport and Public Works (R5.749 billion).

Non-infrastructure

An amount of R978.451 million of the total infrastructure allocation over the 2018 MTEF is assigned to non-infrastructure which, amongst other, provides for human resources capacity in Education and Health, the Operational Capital Budget Programme (OPSCAP) for Human Settlements to support the implementation of the approved provincial housing, accredited municipal programmes and priorities and Health Technology.

Broadband

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

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

The Broadband phase 1 rollout, which aims to provide Broadband connectivity to all Western Cape Government buildings included in the initial site list, was completed at the end of November 2017. Phase 1 of this project connects Western Cape Government buildings at minimum network speeds of 10 megabits per second. Phase 2 of the project commenced on 1 October 2017 and concludes on 30 September 2022. During this phase of the project the minimum network speed at Western Cape Government buildings will be upgraded to 100 megabits per second.

The Western Cape Government is currently in the process of expanding the free public Wi-Fi initiative beyond the initial 384 sites which were identified, subject to the successful conclusion of the contracting process. The intention is to expand the initiative to further sites and in so doing fully leverage off the investment made in Broadband as well as improve access to connectivity throughout the Province. An amount of R1.457 billion is planned to be spent on

broadband connectivity over the 2018 MTEF. This investment in Broadband will assist in ensuring that the Province is prepared for the global knowledge economy of the 21st century, and thus creating public value.

Public Private Partnership

Table 4.3 provides a financial overview of current Public Private Partnership (PPP) projects.

Table 4.3 Summary of departmental public private partnership projects, 2014/15 - 2020/21

Project description R'000	Project Unitary Annual Fee at time of contract	Total cost of project			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate % Change from Revised estimate			
		Audited	Audited	Audited				2018/19	2017/18	2019/20	2020/21
		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18				
Projects under implementation^a		59 312	58 802	64 542	68 828	68 828	68 672	72 230	5.18	75 211	79 405
PPP unitary charge		56 739	56 541	62 328	65 793	65 793	65 789	69 077	5.00	71 950	75 954
of which											
for the capital portion (principal plus interest)											
for services provided by the operator											
Advisory fees											
Project monitoring cost		2 573	2 261	2 214	3 035	3 035	2 883	3 153	9.37	3 261	3 451
Revenue generated (if applicable)											
Contingent liabilities (information)											
Proposed Projects^b		6 648	21 149	3 422	4 027	4 027	6 027	3 092	(48.70)	3 021	3 203
Advisory fees		4 037	16 947	250	250	250	2 250	250	(88.89)		
Project team costs		2 611	4 202	3 172	3 777	3 777	3 777	2 842	(24.76)	3 021	3 203
Site acquisition costs											
Capital payment (where applicable)											
Other project costs											
Total Public-Private Partnership projects		65 960	79 951	67 964	72 855	72 855	74 699	75 322	0.83	78 232	82 608

^a Projects signed in terms of Treasury Regulation 16

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

The closed PPP agreements in the Province include:

- Chapman's Peak Drive - Toll operation and maintenance;
- Western Cape Rehabilitation Centre and Lentegeur Psychiatric Hospital - Facility management services; and
- De Hoop Nature Reserve's Eco-Tourism project:
 - Upgrading, operations and maintenance of existing tourism facilities.
 - Whale Trail II and Lekkerwater.

Conclusion

The 2018 Budget continues to focus on enabling inclusive growth, promoting economic development, broadening the economic base and raising growth potential.

The provincial infrastructure budget adheres to the imperative of fiscal consolidation and provides for interventions that ensure water security and reduces water consumption in response to the drought. The Western Cape Government will be conducting research and development in the areas of alternative delivery mechanisms, alternative construction technologies and techniques and if proven feasible will be implemented over the 2018 MTEF. The Western Cape Government has collectively formulated a budget for the people, to effectively improve infrastructure delivery and create public value. A renewed focus will be explored and implemented in areas of alternative procurement and delivery strategies to accelerate infrastructure delivery and mitigate the associated infrastructure delivery risks.

5

Spatial distribution of provincial expenditure

In summary

- The Western Cape Government will spend 68.2 per cent of its 2018/19 Budget within the Cape Town Metro, followed by the Cape Winelands District at 12.1 per cent and Eden at 8.9 per cent.
- The social sector represents the bulk of the provincial spending amounting to R50.895 billion in 2018/19, while R9.343 billion will be spent in the economic sector and R2.208 billion in the governance and administration sector.
- Provincial departments will transfer R2.451 billion to municipalities in 2018/19, of which Cape Town Metro receives 41.6 per cent.

■ Introduction

The Western Cape Government remains committed to service delivery excellence, the creation of public value and continued commitment to good governance. The Western Cape Government, in partnership with municipalities, aims to progressively support improvements in service delivery, enhanced through alignment in provincial and local government policy, planning, budgeting and implementation, within a spatial and local government context. The spatial distribution of expenditure demonstrates responsiveness to the socio-economic reality facing Western Cape citizens and the manner in which the Western Cape municipalities, through financial allocations, respond to key socio-economic and delivery challenges as highlighted in the 2017 Municipal Economic Review and Outlook.

Provincial payments and estimates by metro, district and local municipalities

The total provincial expenditure by district and local municipality increases by 4.9 per cent from the 2017/18 Revised Estimate of R59.797 billion to R62.705 billion in 2018/19.

Table 5.1 Provincial payments and estimates by district and local municipalities

Municipalities R'000	Outcome						Medium-term estimate				
	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	% Change from Revised estimate		2018/19	2019/20	2020/21
Cape Town Metro	33 011 847	35 555 681	37 941 012	40 421 488	41 669 807	41 664 701	42 751 929	2.61	44 285 333	47 304 997	
West Coast Municipalities	2 429 382	2 968 304	3 216 518	3 105 527	3 242 888	3 234 442	3 491 564	7.95	3 630 797	3 558 091	
Matzikama	285 638	326 299	349 946	329 762	310 633	309 997	361 557	16.63	418 410	430 335	
Cederberg	312 545	318 876	377 356	426 477	403 503	403 827	457 334	13.25	504 340	466 100	
Bergervier	320 989	438 332	466 555	467 699	455 297	452 979	356 501	(21.30)	391 738	337 386	
Saldanha Bay	466 172	629 375	654 094	708 904	763 725	763 973	848 482	11.06	852 794	823 228	
Swartland	522 313	721 589	812 751	694 009	748 381	741 293	869 480	17.29	813 998	789 840	
Across wards and municipal projects	521 725	533 833	555 816	478 676	561 349	562 373	598 210	6.37	649 517	711 202	
Cape Winelands Municipalities	5 812 453	6 205 879	6 623 782	7 001 577	7 024 308	7 052 553	7 589 238	7.61	7 601 475	7 851 302	
Witzenberg	460 596	530 923	584 733	622 092	661 606	657 110	729 752	11.05	650 089	670 485	
Drakenstein	1 339 830	1 623 790	1 693 344	1 744 329	1 723 172	1 718 931	1 854 547	7.89	1 977 040	2 279 986	
Stellenbosch	1 646 350	1 522 464	1 524 418	1 544 354	1 600 360	1 652 592	1 762 615	6.66	1 720 464	1 768 057	
Breede Valley	1 298 294	1 358 494	1 495 485	1 641 913	1 586 539	1 575 874	1 658 842	5.26	1 715 809	1 746 864	
Langeberg	542 242	602 439	762 734	984 483	918 807	918 307	968 049	5.42	885 006	713 723	
Across wards and municipal projects	525 141	567 769	563 068	464 406	533 824	529 739	615 433	16.18	653 067	672 187	
Overberg Municipalities	1 826 081	1 884 553	1 938 977	1 904 823	2 017 480	2 011 607	2 165 582	7.65	2 435 637	2 718 568	
Theewaterskloof	530 373	711 873	641 198	715 687	724 410	725 917	765 418	5.44	811 904	813 332	
Overstrand	561 114	498 705	469 292	446 363	486 512	486 279	509 197	4.71	647 906	868 969	
Cape Agulhas	182 118	207 000	246 362	201 383	222 808	214 994	241 562	12.36	267 104	277 001	
Swellendam	236 986	213 476	250 398	200 218	211 783	211 890	239 293	12.93	258 244	263 368	
Across wards and municipal projects	315 490	253 499	331 727	341 172	371 967	372 527	410 112	10.09	450 479	495 898	
Eden Municipalities	4 117 451	4 272 132	4 981 077	4 994 336	5 095 848	5 080 240	5 597 323	10.18	5 726 691	5 947 618	
Kannaland	143 418	156 549	196 446	151 163	151 418	151 451	204 236	34.85	175 813	205 704	
Hessequa	214 887	248 258	370 159	356 267	342 458	342 570	280 360	(18.16)	311 711	318 177	
Mossel Bay	525 021	478 631	556 073	575 679	585 684	585 737	678 875	15.90	798 415	770 385	
George	1 416 995	1 535 030	1 782 844	1 703 565	1 762 031	1 750 536	2 072 110	18.37	2 050 873	2 184 042	
Oudtshoorn	569 234	603 967	714 066	820 291	840 596	838 885	830 910	(0.95)	858 640	892 468	
Bitou	212 826	226 310	288 640	220 000	219 122	219 241	253 219	15.50	240 614	239 131	
Knysna	382 402	413 451	435 176	469 015	482 410	482 380	514 085	6.57	500 174	494 536	
Across wards and municipal projects	652 668	609 936	637 673	698 356	712 129	709 440	763 528	7.62	790 451	843 175	
Central Karoo Municipalities	592 865	631 329	772 162	678 758	765 817	753 763	850 440	12.83	831 560	893 595	
Laingsburg	42 452	55 490	88 677	50 117	64 628	64 549	72 301	12.01	76 803	62 937	
Prince Albert	81 175	57 812	71 543	106 942	103 686	103 611	123 042	18.75	82 301	143 893	
Beaufort West	322 117	371 948	426 663	396 377	436 436	421 152	505 397	20.00	515 753	520 952	
Across wards and municipal projects	147 121	146 079	185 279	125 322	161 067	164 451	149 700	(8.97)	156 703	165 813	
Unallocated				1 249 904			258 626		270 092	284 053	
Total provincial expenditure by district and local municipality	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224	

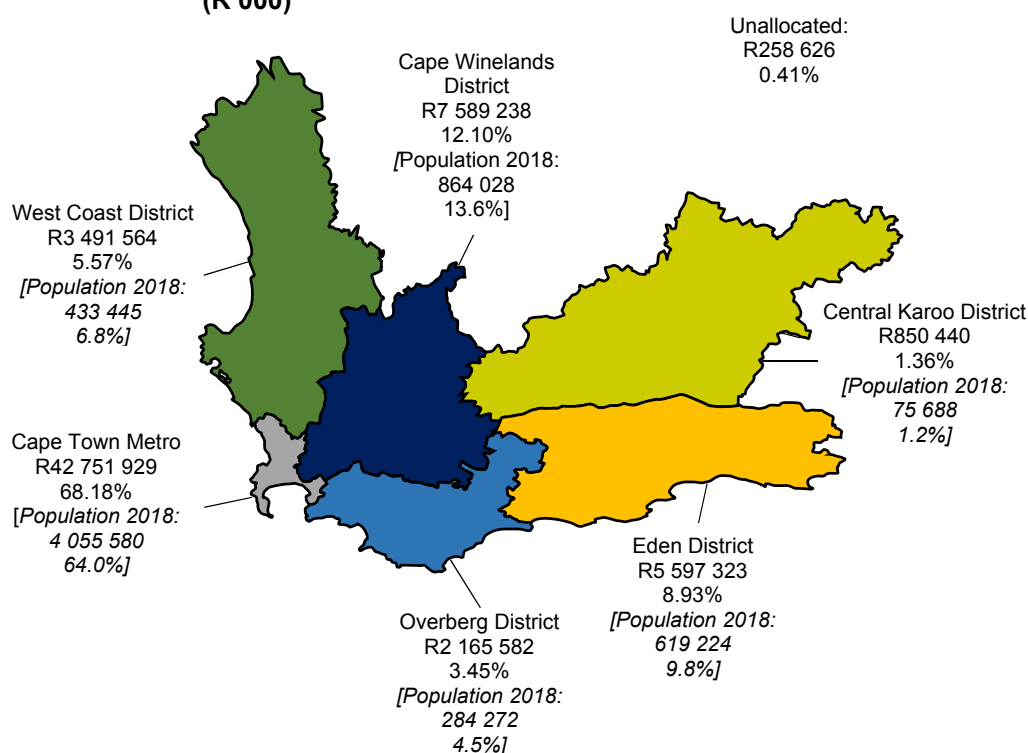
Note: Unallocated not yet allocated to a specific district.

Table 5.1 illustrates the manner in which the 2018 MTEF budget will be spread across the various local and district municipalities of the Western Cape. In the outer years of the 2018 MTEF, the increase in the provincial budget expands by 3.3 per cent to R64.782 billion in 2019/20 and by 5.8 per cent to R68.558 billion in 2020/21.

Figure 5.1 illustrates the spatial distribution of the 2018 MTEF budget amongst the Cape Metro and the five district municipalities.

It is evident that there is a close link between the population of each district and the financial allocations received – a higher population directly translates to an increased need for services which in turn influences Western Cape Government spatial allocations.

Figure 5.1 Provincial payment percentages, Metro and Districts (R'000)¹



The Western Cape Government will spend R42.752 billion within the Cape Town Metro in 2018/19 which represents the bulk i.e. 68.2 per cent, of the total provincial expenditure. This aligns the Cape Town Metro's economic and demographic profile within the Province. This is also indicative of the majority of head offices of the Western Cape Government provincial departments being based in the Cape Town Metro.

R42.752 billion to be spent in the Cape Town Metro

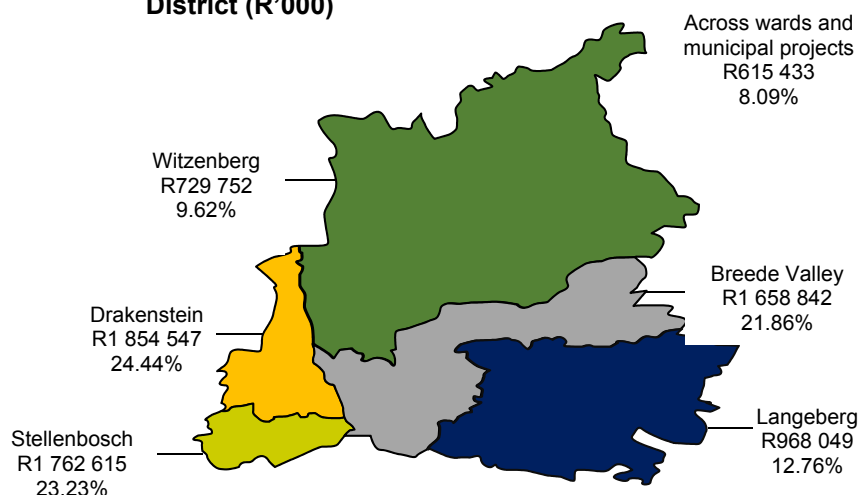
¹ Population estimates as provided by the Department of Social Development.

Cape Winelands District

*R7.589 billion to be spent
in Cape Winelands District*

R7.589 billion or 12.1 per cent of the provincial expenditure, will be spent in the Cape Winelands District in 2018/19.

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



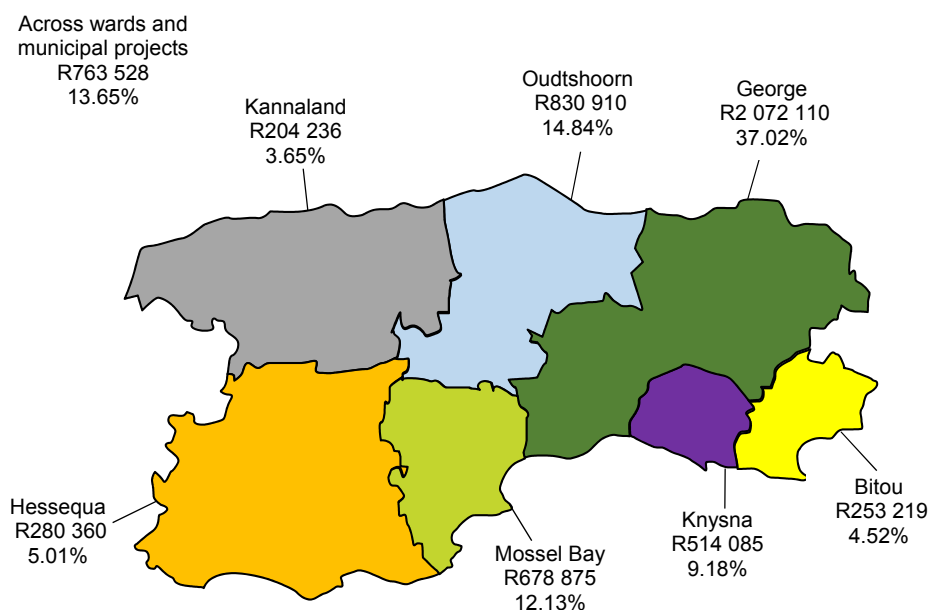
As per Figure 5.2, the majority of the provincial expenditure in the Cape Winelands is split between Drakenstein (24.4 per cent), Stellenbosch (23.2 per cent) and Breede Valley (21.9 per cent) in 2018/19. These areas boast the largest economies and populations within the Cape Winelands District.

Eden District

*R5.597 billion to be spent
in Eden District*

The Eden District will receive R5.597 billion or 8.9 per cent of the provincial budget in 2018/19.

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



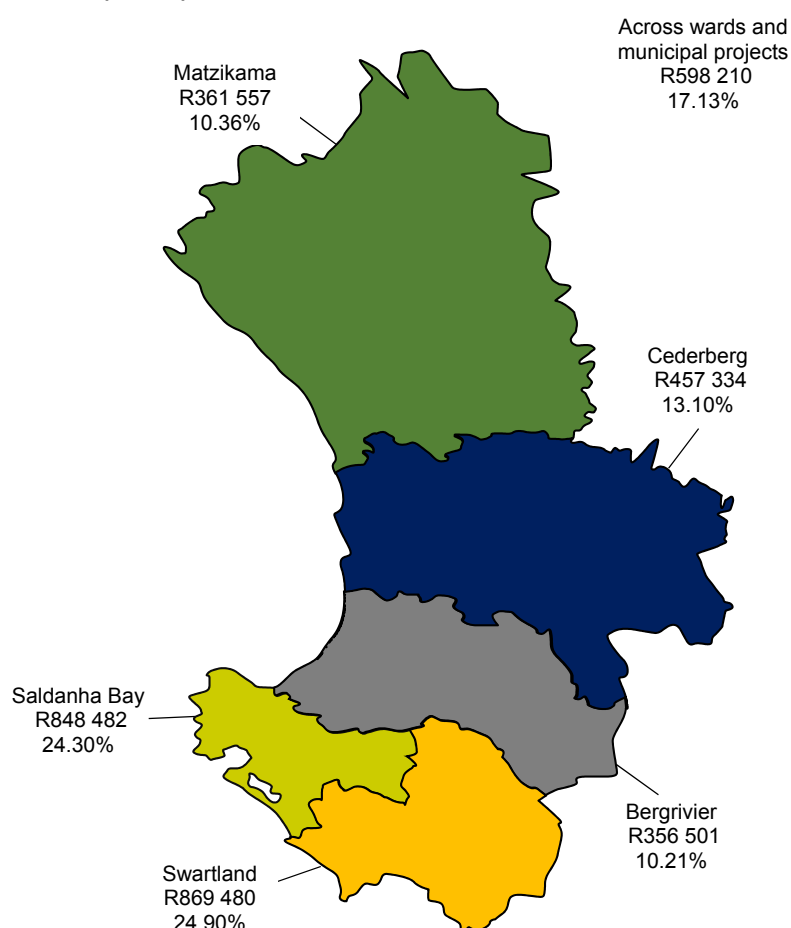
Within the Eden District, 37 per cent will be spent in George followed by Oudtshoorn and Mossel Bay at 14.8 per cent and 12.1 per cent respectively. George Municipality serves as a sizeable regional office of the Western Cape Government hence the large allocation to the area.

West Coast District

As one of the smaller districts in terms of population size, R3.492 billion or 5.6 per cent of the provincial expenditure will be directed to the West Coast. Swartland and Saldanha's shares of the provincial expenditure within the West Coast District are evenly matched at 24.9 per cent and 24.3 per cent, respectively.

*R3.492 billion to be spent
in West Coast District*

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

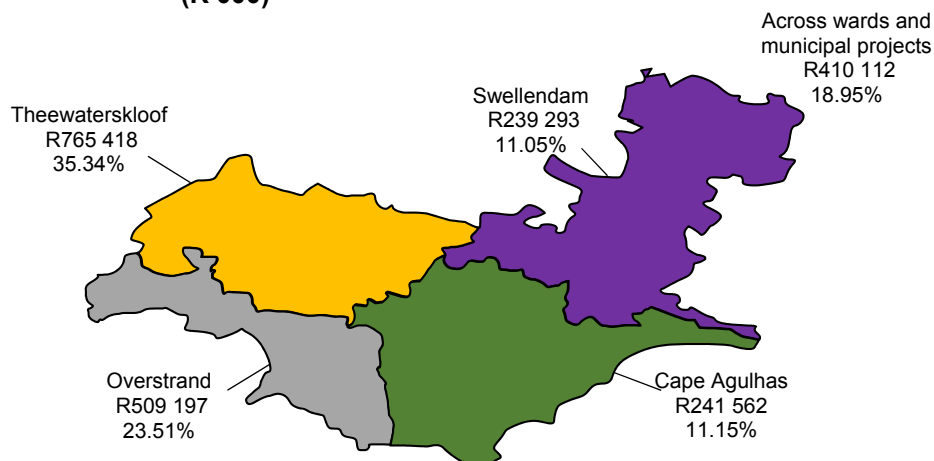


Overberg District

R2.166 billion to be spent in Overberg District

The Western Cape Government will spend R2.166 billion or 3.5 per cent of the 2018/19 provincial budget in the Overberg District.

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



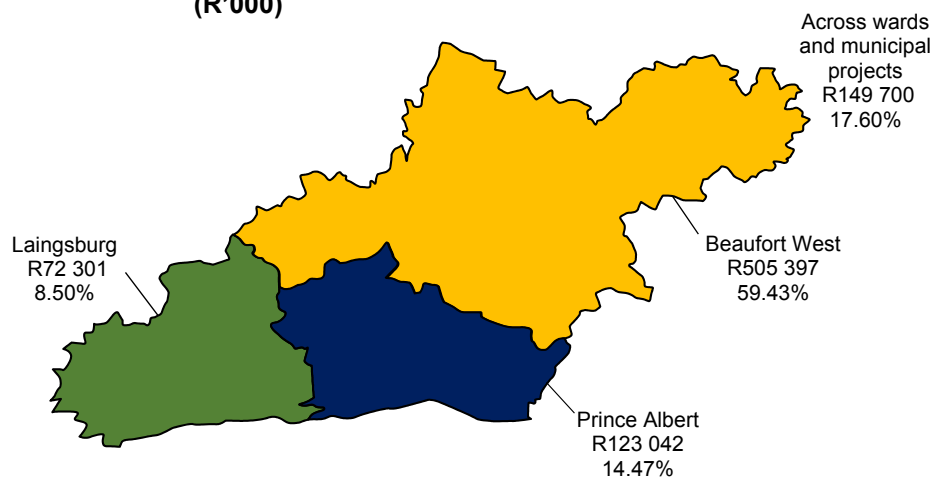
As per Figure 5.5, the Province will spend a total of 35.3 per cent of its Overberg budget in Theewaterskloof and 23.5 per cent in Overstrand. Theewaterskloof (and mainly Caledon) remains an important service centre of the Western Cape Government within the Overberg District.

Central Karoo District

R850.440 million to be spent in Central Karoo District

The Central Karoo is the smallest district in the Western Cape and will receive a total of R850.440 million or 1.4 per cent of the total provincial budget.

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



The majority of the expenditure in the Central Karoo is directed towards Beaufort West at 59.4 per cent followed by Prince Albert (14.5 per cent) and Laingsburg (8.5 per cent).

Provincial payments and estimates per sector by district and local municipalities

Table 5.2 provides a breakdown of provincial spending according to the three functional government sectors i.e. the economic, social and governance and administration sectors. The Western Cape Government places a high priority on inclusive, sustainable and smart growth. Consequently, to enhance education, health and related social outcomes, the social sector receives the bulk of the provincial spending amounting to R50.896 billion in 2018/19.

The largest share of the budget will be spent in the social sector

Social sector expenditure increases by 5.5 per cent from the 2017/18 Revised Estimate to 2018/19. Social sector expenditure in the Eden District increases by 10 per cent while the Cape Metro's allocation increases by 4.3 per cent from the 2017/18 Revised Estimate to 2018/19.

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

Cluster estimates R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate % Change from Revised estimate			
	Audited	Audited	Audited				2018/19	2017/18	2019/20	2020/21
	2014/15	2015/16	2016/17							
Economic Sector	7 553 331	8 315 550	8 933 835	7 990 769	9 387 300	9 387 300	9 343 239	(0.47)	9 392 409	9 800 233
Cape Town Metro	4 259 572	4 629 880	4 885 593	4 535 070	5 640 772	5 637 485	5 193 930	(7.87)	5 421 903	5 809 476
West Coast District	506 798	823 237	886 592	712 560	770 937	764 043	808 394	5.80	811 663	584 867
Cape Winelands District	1 604 553	1 611 528	1 650 509	1 614 229	1 621 149	1 666 657	1 805 951	8.36	1 565 497	1 607 144
Overberg District	415 780	442 413	390 824	238 513	290 546	283 892	342 035	20.48	487 909	699 987
Eden District	677 601	719 275	942 583	796 005	901 482	887 840	990 795	11.60	938 016	918 806
Central Karoo	89 027	89 217	177 734	94 392	162 414	147 383	202 134	37.15	167 421	179 953
Social Sector	38 657 206	41 432 022	44 593 069	47 979 886	48 244 703	48 226 741	50 894 584	5.53	52 938 984	56 181 449
Cape Town Metro	27 244 933	29 222 309	31 182 381	33 823 637	33 961 607	33 960 668	35 427 784	4.32	36 768 202	39 291 363
West Coast District	1 913 832	2 137 407	2 320 710	2 383 915	2 448 563	2 447 011	2 673 890	9.27	2 808 931	2 962 477
Cape Winelands District	4 171 495	4 555 126	4 933 151	5 346 880	5 354 867	5 337 604	5 738 829	7.52	5 988 147	6 194 038
Overberg District	1 402 657	1 436 738	1 541 547	1 659 939	1 717 906	1 718 687	1 816 947	5.72	1 940 407	2 011 013
Eden District	3 431 456	3 544 633	4 028 456	4 188 462	4 179 970	4 178 004	4 596 418	10.01	4 777 577	5 017 669
Central Karoo	492 833	535 809	586 824	577 053	581 790	584 767	640 716	9.57	655 720	704 889
Governance and Administration Sector	1 579 542	1 770 306	1 946 624	2 135 854	2 184 145	2 183 265	2 208 253	1.14	2 180 100	2 292 489
Cape Town Metro	1 507 342	1 703 492	1 873 038	2 062 781	2 067 428	2 066 548	2 130 215	3.08	2 095 228	2 204 158
West Coast District	8 752	7 660	9 216	9 052	23 388	23 388	9 280	(60.32)	10 203	10 747
Cape Winelands District	36 405	39 225	40 122	40 468	48 292	48 292	44 458	(7.94)	47 831	50 120
Overberg District	7 644	5 402	6 606	6 371	9 028	9 028	6 600	(26.89)	7 321	7 568
Eden District	8 394	8 224	10 038	9 869	14 396	14 396	10 110	(29.77)	11 098	11 143
Central Karoo	11 005	6 303	7 604	7 313	21 613	21 613	7 590	(64.88)	8 419	8 753
Unallocated				1 249 904			258 626		270 092	284 053
Total payments and estimates per sector	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224

Note: Unallocated not yet allocated to a specific district.

14.9 per cent of the budget will be spent in the economic sector

The economic sector promotes economic growth and increased employment mainly facilitated through infrastructure-led growth. R9.343 billion or 14.9 per cent of the provincial budget in 2018/19 is directed toward this sector.

3.5 per cent will be spent in the governance and administration sector

The governance and administration sector aims to create public value to advance sound governance, integration, partnerships, spatial targeting, active citizenry and enabling a capable state. R2.208 billion or 3.5 per cent of the provincial budget will be spent in this sector.

Physical infrastructure spend

As per the Constitution, the core mandate of municipalities is the provision of basic services to ensure a quality and dignified life for all citizens. A municipality's ability to give effect to this mandate is however largely dependent on the presence and quality of supportive physical and organisational structures and facilities.

There is a direct correlation between infrastructure investment and the improvement in standards of living. Evidence suggests a link between increased basic infrastructure delivery and economic growth. Enhanced economic growth will however also result in increased infrastructure investment, completing a cycle of value addition.

The full development potential of enhanced infrastructure spend can only be realised through calculated deliberations, reasoning and more specifically, by ascribing to a holistic evidence-based allocation approach. Such an approach includes the consideration of factors including, but not limited to cost-benefit analysis; efficient spending of available funds and effective implementation of projects from beginning to end; finding sustainable solutions to funding shortfalls; public consultation and debate; building partnerships between the private and public sectors; coordination between all participants and other stakeholders as well as strong leadership.

Cognisance of these factors and the current socio-economic realities that jointly confront the Province and local municipal authorities, the Western Cape Government will continue to improve the lives of its citizens through proactive and targeted investment in economic and social infrastructure. The following section reflects departmental infrastructure spend within the various districts.

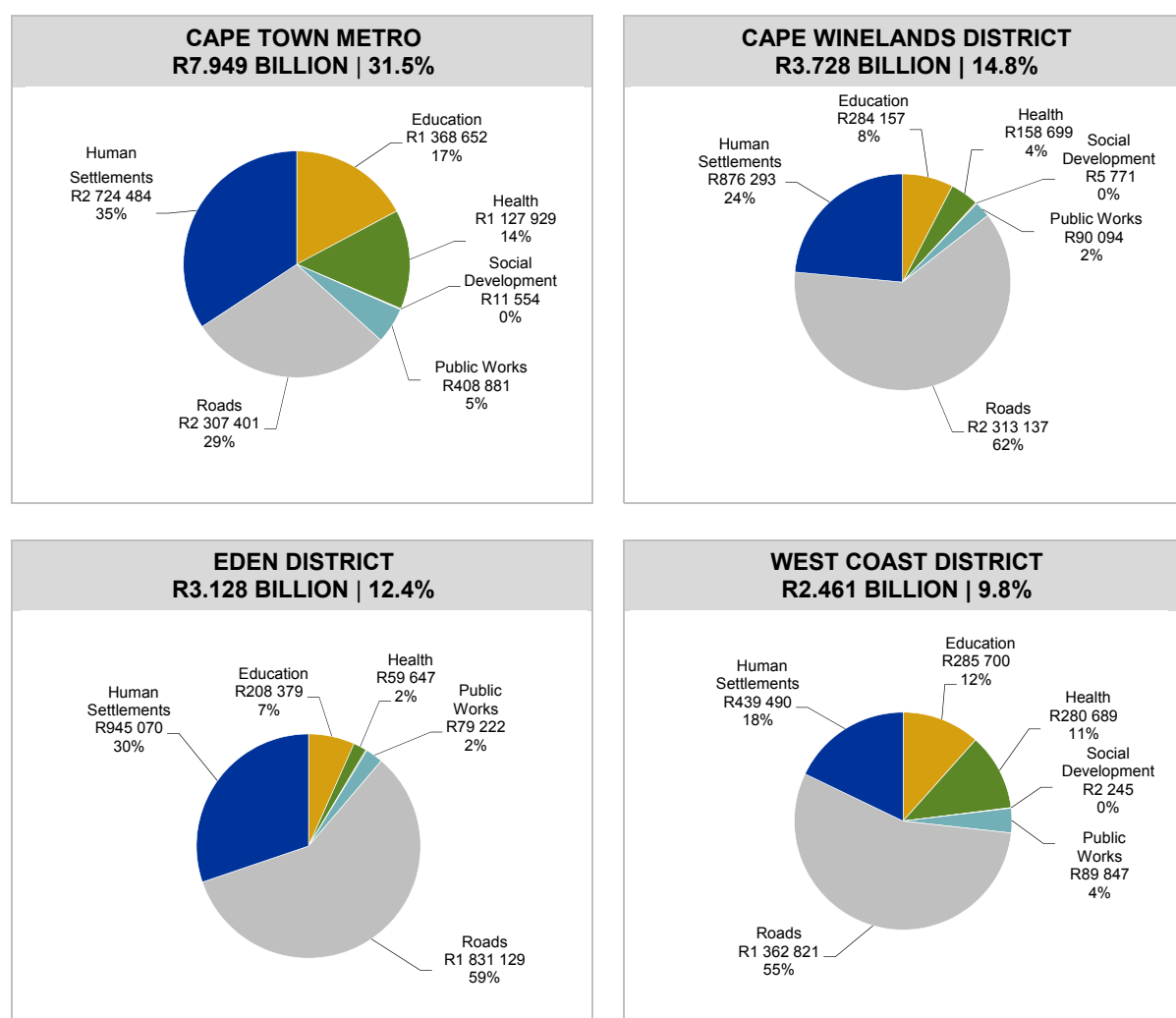
Diagrammatic representation of municipal budgets

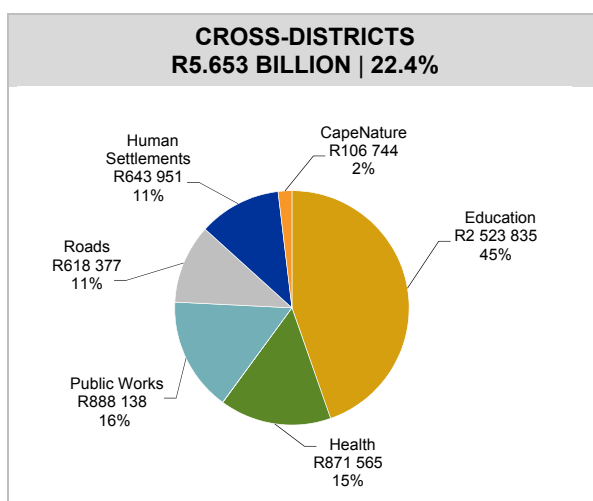
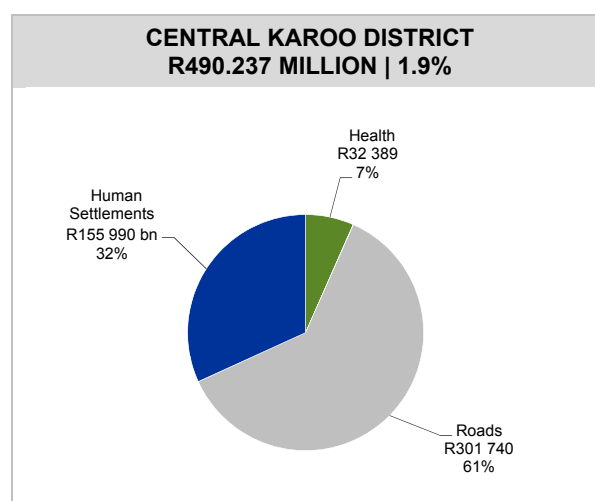
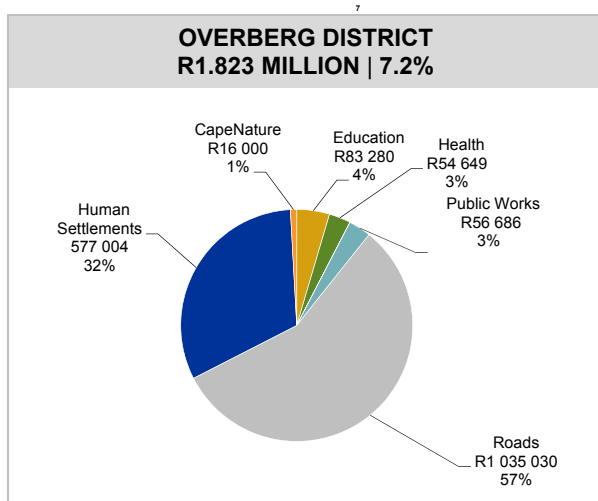
The Western Cape Government's total 2018 MTEF physical infrastructure budget will amount to R25.232 billion, the bulk of which will be directed towards the Cape Town Metro (R7.949 billion; 31.5 per cent). Substantial infrastructure development commitments have also been made towards the Cape Winelands (R3.728 billion; 14.8 per cent) and Eden (R3.128 billion; 12.4 per cent). Districts receiving smaller allocations are the West Coast (R2.461 billion; 9.8 per cent), Overberg (R1.823 billion; 7.2 per cent) and Central Karoo (R490.237 million; 1.9 per cent) regions.

Cape Town Metro infrastructure spend amounts to R7.949 billion

An amount of R5.653 billion (22.4 per cent) has also been set aside for cross-district infrastructure initiatives such as education (R2.524 billion), public works (R888.138 million) as well as road (R618.377 million) projects.

Figure 5.7 2018/19 MTREF Municipal infrastructure spend





Provincial infrastructure spend within the **City of Cape Town** will fund a wide variety of road projects over the 2018 MTEF such as the refurbishment and rehabilitation of the N7 (R325 million) as well as upgrades to the Wingfield interchange (R180 million). Noteworthy housing initiatives include the Penhill Greenfields Housing Project (R209 million), the Blue Downs Forest Village project (R204 million) and the Airport Precinct UISP project (R173 million). A sizeable allocation will also be directed towards health infrastructure in the form of R179 million for the Observatory Forensic Pathology Laboratory to replace the Salt River Forensic Pathology Laboratory.

An amount of R683 million has been attributed towards the maintenance of surfaced and gravel roads within the **Cape Winelands District** such as the refurbishment of the road between Ashton and Montagu (R325 million), the rehabilitation of the Spier Road in the Stellenbosch area (R280 million) as well as the upgrading of the Gouda-Kleinberggrivier Road (R130 million). Sizeable allocations have also been directed towards education infrastructure which includes the Dal Josaphat (R41 million),

Wakkerstroom Wes (R32 million) and Stofland Primary Schools (R53 million). Housing developments include the Vredebes IRDP services project in Witzenberg (R70 million) as well as the Transhex IRDP project in Worcester (R218 million).

A wide array of housing projects is currently underway within the **Eden District**. These include the upgrading of informal settlements in Mossel Bay (R60 million), construction of 967 housing units in Rosevalley, Oudtshoorn (R43 million) and the construction of 1 360 housing units in Kwanokuthula in Bitou (R51 million). A R40 million public works allocation has also been made towards the modernisation of the York Park office building in George. Education infrastructure projects within Eden includes the construction of the Panorama Primary School in Hessequa (R34 million) and the Concordia Primary School in Knysna (R40 million).

Infrastructure allocations within the **Central Karoo District** will mostly be directed towards the upkeep of the region's extensive road network which will include regravelling (R74 million), district road maintenance (R69 million) as well as upgrade (R158 million) projects. A total of 883 and 451 housing units will be constructed in Beaufort West (R65 million) and Prince Albert (R58 million) respectively. An amount of R20.7 million will be directed towards upgrades and additions to the Laingsburg Clinic.

A substantial provincial infrastructure allocation has been made towards the **West Coast District** in the form of R1.155 billion to be applied towards the upgrade and maintenance of various roads. Human settlement projects include the development of 400 service sites on erf 1 288 in Lutzville (R62 million), the servicing of 1 304 IRDP sites in Vredendal North (R50 million) as well as the development of 492 IRDP sites on erf 168 in Lamberts Bay (R32 million). Education infrastructure projects include R18 million towards the Redelinghuys Primary School in Elands Bay and R53 million to the Middelpost Primary School in Saldanha Bay.

An amount of R42 million has been allocated towards the construction of the Umyezo Wama Apile Primary School in Theewaterskloof within the **Overberg District** whilst R403 million has been set aside to fund the maintenance and upgrading of roads across the District. Noteworthy human settlement projects include the Rooidakke IRDP development in Grabouw (R72 million), the construction of 489 housing units in Hawston (R49 million) as well as upgrades to the Masakhane informal settlement in Hermanus (R49.0 million).

Table 5.3 provides a breakdown of spending on the Human Settlements Development Grant (HSDG) per region. The purpose of this grant is to provide human settlement opportunities to the citizens of the Western Cape.

Table 5.3 Summary of Human Settlements Development Grant payments per region

Region	2018/19 (R'000)	2019/20 (R'000)	2020/21 (R'000)	2018 MTEF
City of Cape Town	374 550	534 930	539 280	1 448 760
West Coast	122 700	163 420	153 370	439 490
Cape Winelands	321 113	344 190	210 990	876 293
Overberg	164 695	224 269	188 040	577 004
Eden	330 260	322 900	291 910	945 070
Central Karoo	53 750	45 180	57 060	155 990
Total	1 367 068	1 634 889	1 440 650	4 442 607
Funds to be spent directly by the Department (mainly for departmental projects)	645 208	460 741	804 226	1 910 175

A total of 27.4 per cent of the total HSDG over the 2018 MTEF is directed towards the City of Cape Town (excluding funding spent by the Department on projects in the Metro), bringing the total investment spent in the Cape Metro to approximately 53 per cent.

■ Provincial transfers to local government

The Municipal Finance Management Act, 2003 regulates that the Member of the Executive Council for Finance, when tabling the provincial budget in the Provincial Legislature, must make public any allocations made to municipalities i.e. the estimated amounts to be transferred to each municipality over the 2018 Medium Term Revenue and Expenditure Framework.

The provincial allocations per municipality are outlined in the Local Government Allocations Gazette, which is tabled together with the 2018 Budget in the Provincial Parliament. The Gazette outlines the indicative allocations per municipality for every allocation to be made from the Province's own funds as well as the frameworks for each grant over the 2018 MTEF period in both the provincial and municipal financial years. This information enables municipalities to improve planning and budgeting and implement associated programmes over a three-year budgeting cycle.

Table 5.4 Summary of provincial transfers to local government by category

Vote transfers R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate 2017/18	2018/19	2019/20	2020/21
Category A	1 173 964	1 256 815	1 299 708	1 230 810	1 058 428	1 058 428	1 020 469	(3.59)	1 194 292	1 247 209
Category B	907 348	1 127 442	1 249 652	1 200 101	1 429 381	1 429 381	1 384 327	(3.15)	1 487 778	1 302 796
Category C	8 049	44 232	11 453	7 840	15 938	15 938	9 863	(38.12)	3 413	2 014
Unallocated				56 197	11 536	11 536	36 022	2 12.26	87 450	116 953
Total departmental transfers to local government	2 089 361	2 428 489	2 560 813	2 494 948	2 515 283	2 515 283	2 450 681	(2.57)	2 772 933	2 668 972

Note: Unallocated not yet allocated to a specific district.

The total provincial transfers to municipalities amounts to R2.451 billion in 2018/19. In the outer years of the MTEF, these transfers are projected to increase by 13.2 per cent to R2.773 billion in 2019/20 but then drop by 3.8 per cent to R2.669 billion in 2020/21.

Transfers to municipalities amount to R2.451 billion in 2018/19

In 2018/19, the allocation towards the Category A municipality, i.e. the Cape Town Metro declines by 3.6 per cent to R1.020 billion from the 2017/18 Revised Estimate of R1.058 billion. The allocation to Category B municipalities decreases by 3.15 per cent from the 2017/18 Revised Estimate of R1.429 billion to R1.384 billion in 2018/19. The allocation to Category C municipalities decreases from the 2017/18 Revised Estimate of R15.938 million to R9.863 million in 2018/19.

A small portion (1.47 per cent) of the transfers to local government is reserved as unallocated for municipal support initiatives by the Provincial Treasury and the Department of Local Government. These allocations will be determined in the 2018 Adjusted Estimates following the conclusion of various technical governance and budget engagements which will inform the need for various support initiatives for municipalities.

In terms of the spread between the different categories of municipalities, the bulk of these funds in 2018/19 will be transferred to the Cape Town Metro (41.6 per cent), followed by Category B municipalities (56.5 per cent) and the remainder to Category C municipalities.

Conclusion

The spatial and sectoral distribution of the Province's budget is based on current socio-economic realities, policies and strategies that jointly confront the Province and municipalities. The bulk of the Provincial budget will be spent in the social and economic sectors. It is indicative of the Province's commitment to advance inclusive economic growth, and respond to social needs to create public value by improving the quality of life for all citizens in the Province, taking into account the spatial context.

6

Budget aggregates

In summary

- Total provincial receipts in 2018/19 amounts R63.675 billion and comprises of PES amounting to R47.448 billion, conditional grants amounting to R11.904 billion, financing amounting to R1.301 billion, and provincial own receipts amounting to R3.023 billion.
- The largest provincial expenditure item in 2018/19 is Compensation of Employees at R34.240 billion.
- The personnel budget upper limits introduced in 2016/17 continues over the 2018 MTEF with the view to bring about improved personnel management and fiscal stabilisation.
- Transfers to provincial entities and provincial government business enterprises amount to R755.241 million for 2018/19, while payments for capital assets amount to R4.926 billion for 2018/19.

Budget Summary

The outcome of the Western Cape Government's Fiscal Approach across the 2018 MTEF is reflected in the 2018 Budget, with a particular focus on ensuring that public finances remain on a sustainable path whilst creating public value. The provincial revenue and expenditure across the 2018 MTEF is outlined in the 2018 Budget summary. Further, a programme breakdown for each Vote and the respective disaggregation of each Vote's budget at programme level for the 2018/19 financial year, is provided in Annexure A.

Transfer receipts from National (Provincial Equitable Share and Conditional Grants) in 2018/19 increased by R3.105 billion or 5.5 per cent from the 2017/18 Revised Estimate to R59.351 billion in 2018/19 (Table 6.1). Provincial own receipts decrease at an annual average rate of 0.51 per cent, from R3.023 billion in 2018/19 to R3.008 billion in 2020/21. Total provincial payments and provisions increased by R3.152 billion, or 5.21 per cent, from R60.523 billion in the 2017/18 Revised Estimate to R63.675 billion in 2018/19 and grows to R71.563 billion in 2020/21.

The Social sector account for 77.5 per cent of total expenses

The Social sector (mainly education, health and social welfare services) in 2018/19 account for 77.5 per cent of total expenses, with Health and Education constituting 72.2 per cent of total expenditure in 2018/19.

Table 6.1 Provincial receipts and payments

R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main appro- piation	Adjusted appro- piation	Revised estimate	% Change from Revised estimate			
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2017/18	2019/20	2020/21
Provincial receipts										
Transfer receipts from national	45 660 902	49 114 607	51 953 544	56 050 215	56 245 749	56 245 749	59 351 155	5.52	63 167 267	67 989 266
Equitable share	35 591 517	38 579 593	41 062 437	44 470 210	44 470 213	44 470 213	47 447 464	6.69	51 079 855	55 003 034
Conditional grants	10 069 385	10 535 014	10 891 107	11 580 005	11 775 536	11 775 536	11 903 691	1.09	12 087 412	12 986 232
Financing	748 367	883 534	1 966 165	1 521 591	1 956 157	1 956 157	1 301 154	(33.48)	612 763	566 054
Asset Finance Reserve	366 092	290 389	436 250	663 852	663 852	663 852	310 159	(53.28)	307 110	300 000
Provincial Revenue Fund	378 487	593 145	1 529 915	857 739	1 292 305	1 292 305	990 995	(23.32)	305 653	266 054
Provincial Revenue Fund (Direct charge)	3 788									
Provincial own receipts	2 948 964	2 876 452	3 063 230	2 710 739	2 676 644	2 878 401	3 022 966	5.02	2 930 789	3 007 636
Total provincial receipts	49 358 233	52 874 593	56 982 939	60 282 545	60 878 550	61 080 307	63 675 275	4.25	66 710 819	71 562 956
Provincial payments and provisions										
Provincial payments	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224
Current payments	34 921 195	38 083 282	41 422 271	44 883 721	45 172 215	45 150 322	47 852 712	5.99	49 793 202	52 641 539
Transfers and subsidies	8 240 887	8 397 540	9 113 405	9 484 462	9 823 961	9 862 292	9 919 649	0.58	10 192 980	10 766 367
Payments for capital assets	4 601 789	5 021 099	4 916 382	4 982 179	4 802 459	4 759 093	4 925 991	3.51	4 788 717	5 143 265
Payments for financial assets	26 208	15 957	21 470	6 051	17 513	25 599	6 350	(75.19)	6 686	7 053
Provincial provisions	37 627	35 639	36 663	926 132	726 135	726 135	970 573	33.66	1 929 234	3 004 732
Direct charge	37 627	35 639	36 663	41 113	41 113	41 113	43 497	5.80	45 933	48 459
Unforeseen and unavoidable				200 000			187 148		197 628	208 498
Service Load Pressures				351 952	351 952	351 952	362 065	2.87	474 156	489 686
Fiscal Stabilisation				280 251	280 254	280 254	328 863	17.34	446 166	470 983
Acquisition of Property Reserve				52 816	52 816	52 816	49 000	(7.23)	50 000	52 750
ICS Reserve									715 351	1 734 357
Total provincial payments and provisions	47 827 706	51 553 517	55 510 191	60 282 545	60 542 283	60 523 441	63 675 275	5.21	66 710 819	71 562 956
Surplus (Deficit)	1 530 527	1 321 076	1 472 748	-	336 267	556 866	-	(100.00)	-	-

Provincial Revenue

Provincial Equitable Share

Section 214 and 227 of the Constitution require that an equitable share of nationally raised revenue be allocated to provincial government to enable it to provide basic services and perform its allocated functions.

The PES formula consists of six components (Table 6.1) informed by objective data that reflect the demand for services across provinces. These components are Health, Education, Basic, Poverty, Institutional and Economic activity.

To ensure that the PES formula remains responsive to population and service delivery changes, and is reflective of inter-provincial changes, the data used in the formula are updated on an annual basis. The outcome of the provincial equitable share formula review resulted in a revision to the education component as well as all components affected by the Mid-year Population numbers. The review included a change in methodology used to collect learner enrolment numbers to a new system, called the Learner Unit Records Information Tracking System (LURITS).

The provincial equitable share formula reviewed

The combined effect of the full data update is that the Western Cape's share of the Provincial Equitable Share increase marginally by 0.05 per cent, currently at 10 per cent.

Table 6.2 Summary of Provincial Equitable Share component data used

PES component	Key determinants or variables	Data source
Education (48%)	School age cohort	15 - 17 years from Census 2011
	School enrolment data	2017 school enrolment data from School LURITS
Health (27%)	Uses a risk adjusted capitation index based on the Risk Equalisation Fund and output data from public hospitals	2017 Mid-year Population Estimates
		Medical Aid Insured population data from the 2016 General Household Survey
		Data from the District Health Information System (average of 2015/16 and 2016/17 data)
Poverty (3%)	Share of households in the lowest two quintiles	2017 Mid-year Population Estimates
		2010/11 Income and Expenditure Survey
Economic activity (1%)	Provincial share of remuneration	GDPR 2016
Basic (16%)	Provincial share of population	2017 Mid-year Population Estimates
Institutional (5%)	Equal proportions of operational costs for provincial government	Distributed equally and not based on population numbers

The weaker than expected economic and fiscal environment meant that the national budget had to be reprioritised to fund new and changing government priorities. Provincial baselines for 2018/19 have been reduced by R5.2 billion nationally of which 27.7 per cent or R1.4 billion is through the equitable share.

Key revisions to the Provincial Equitable Share include:

- A reduction of R144.941 million for 2018/19 or R475.823 million over the 2018 MTEF. Notwithstanding these reductions, the principle is to continue to protect the delivery of frontline services (education, health and social services).
- Addition of R545.058 million over the 2018 MTEF, mainly in the last year of the current MTEF, to provide for the impact of new data updates over the 2018 MTEF.
- Policy allocations amounting to R124.309 million over the 2018 MTEF for the Department of Social Development include the costing of social welfare services to ensure adequate funding for services and for prevention and early intervention programmes to fight the abuse of women and children.
- Provision of R979.662 million has been added to the Provincial Equitable Share baseline in 2020/21 to compensate for the expected outcome of the wage negotiation.

Conditional Grants

In light of the deteriorating fiscal environment with rising national debt and escalating debt service cost, Government has undertaken a series of consolidation measures to ensure that South Africa's fiscal framework remains on a sustainable path. Reprioritisation and reductions were made to conditional grants with fast growth, low spending and/or where the impact was lesser on economic growth or service delivery. As a result, a number of conditional grants were negatively affected by the revised baseline allocations to conditional grants as part of Government's fiscal consolidation efforts. Within the Province, the largest reductions were within the Human Settlements Development Grant, the Comprehensive HIV and Aids and TB Grant and the Sport and Library Grant. In aggregate, conditional grants to the Province has been reduced by R1.651 billion over the 2018 MTEF.

Province to receive R36.977 billion in conditional grant transfers over 2018 MTEF

Table 6.3 provides a summary of conditional grants by sector for the 2018 MTEF period. Over the 2018 MTEF, the Province is projected to receive R36.977 billion in total conditional grant transfers, with R11.904 billion in 2018/19, R12.087 billion in 2019/20 and R12.986 billion in 2020/21.

Table 6.3 Western Cape conditional grant allocations over the 2018 MTEF

R'000	2018/19	2019/20	2020/21	Total MTEF
Agriculture	207 543	219 797	233 756	661 096
Comprehensive Agricultural Support Programme (CASP) Grant	144 949	155 763	166 199	466 911
Ilima/Letsema Projects Grant	55 662	58 779	62 012	176 453
Expanded Public Works Programme Integrated Grant for Provinces	2 154	-	-	2 154
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 778	5 255	5 545	15 578
Cultural Affairs and Sport	238 077	242 327	255 570	735 974
Community Library Services Grant	176 624	186 263	196 526	559 413
Social Sector EPWP Incentive Grant for Provinces	5 556	-	-	5 556
Expanded Public Works Programme Integrated Grant for Provinces	3 054	-	-	3 054
Mass Participation and Sport Development Grant	52 843	56 064	59 044	167 951
Education	1 489 816	1 378 512	1 511 701	4 380 029
Maths, Science and Technology Grant	32 583	34 416	36 856	103 855
Education Infrastructure Grant	1 021 076	919 146	1 019 882	2 960 104
HIV and AIDS (Life Skills Education) Grant	20 704	21 800	22 878	65 382
Learners with Profound Intellectual Disabilities Grant	25 733	28 198	30 499	84 430
National School Nutrition Programme Grant	357 097	374 952	401 586	1 133 635
Social Sector EPWP Incentive Grant for Provinces	30 402	-	-	30 402
Expanded Public Works Programme Integrated Grant for Provinces	2 221	-	-	2 221
Health	5 857 987	6 123 995	6 589 171	18 571 153
Comprehensive HIV, AIDS and TB Grant	1 531 535	1 666 738	1 848 202	5 046 475
Health Facility Revitalisation Grant	678 829	608 575	642 046	1 929 450
<i>of which:</i>				
<i>Community Outreach Services Component</i>	96 769	103 681	103 681	304 131
Health Professions Training and Development Grant	574 177	606 334	639 682	1 820 193
National Tertiary Services Grant	3 049 284	3 221 651	3 437 406	9 708 341
Social Sector EPWP Incentive Grant for Provinces	2 447	-	-	2 447
Expanded Public Works Programme Integrated Grant for Provinces	2 116	-	-	2 116
Human Papillomavirus Vaccine Grant	19 599	20 697	21 835	62 131
Human Settlements	2 072 151	2 150 307	2 302 475	6 524 933
Human Settlements Development Grant	2 018 776	2 097 130	2 246 376	6 362 282
Expanded Public Works Programme Integrated Grant for Provinces	3 014	-	-	3 014
Title Deeds Restoration Grant	50 361	53 177	56 099	159 637
Environmental Affairs and Development Planning	3 991	-	-	3 991
Expanded Public Works Programme Integrated Grant for Provinces	3 991	-	-	3 991
Community Safety	7 957	-	-	7 957
Social Sector EPWP Incentive Grant for Provinces	7 957	-	-	7 957
Transport and Public Works	1 972 824	1 917 395	2 034 790	5 925 009
Provincial Roads Maintenance Grant	1 007 414	911 213	961 194	2 879 821
Expanded Public Works Programme Integrated Grant for Provinces	12 586	-	-	12 586
Public Transport Operations Grant	952 824	1 006 182	1 073 596	3 032 602
Social Development	53 345	55 079	58 769	167 193
Early Childhood Development Grant	38 893	41 067	43 818	123 778
<i>Maintenance Component</i>	7 968	8 412	8 975	25 355
<i>Subsidy Component</i>	30 925	32 655	34 843	98 423
Social Worker Employment Grant	12 967	14 012	14 951	41 930
Social Sector EPWP Incentive Grant for Provinces	1 485	-	-	1 485
Total Conditional Grants	11 903 691	12 087 412	12 986 232	36 977 335

Changes to Conditional Grants

The provincial *Department of Agriculture* will receive R661.096 million in conditional grants over the 2018 MTEF. The **Comprehensive Agricultural Support Programme (CASP) Grant** and **Ilima/Letsema Projects Grant** account for 97.3 per cent of the agriculture sector grants.

Total grant transfer allocated to the Province for *Cultural Affairs and Sport* amounts to R238.077 million in 2018/19, R242.327 million in 2019/20 and R255.570 million in 2020/21. The **Community Library Services Grant** is the largest sector grant in the Province, comprising 76 per cent of the sector grants over the 2018 MTEF.

R4.380 billion in Education conditional grants over the 2018 MTEF

The *Western Cape Department of Education* is projected to receive R4.380 billion in conditional grants over the MTEF: R1.490 billion in 2018/19, R1.379 billion in 2019/20 and R1.512 billion in 2020/21. Nearly 67.6 per cent of the sector's conditional grant is comprised of the **Education Infrastructure Grant**, followed by the **National School Nutrition Programme Grant** at 25.9 per cent.

Health conditional grants remain the largest category of national conditional transfers to the Province, totalling R18.571 billion, or 50.2 per cent of the total provincial conditional grant transfers over the 2018 MTEF. The two largest health grants in the sector are the **National Tertiary Services** and **Comprehensive HIV, AIDS and TB** grants.

A new component is introduced as a dedicated component to the Comprehensive HIV, AIDS and TB grant, called the Community Outreach Services. The purpose of this component is to integrate community outreach with health services to improve access across the nation, particularly amongst rural and vulnerable populations at the ward-based primary healthcare level.

The **Human Settlements Development Grant** (HSDG) amounts to R6.362 billion over the 2018 MTEF with R2.019 billion in 2018/19, R2.097 billion in 2019/20 and R2.246 billion in 2020/21.

A new **Title Deeds Restoration Grant** is introduced from the shifting of funds that are currently ring-fenced within the HSDG for the eradication of the backlog in title deeds registration. This will ensure that funds allocated for restoration cannot be diverted for other purposes. This grant is projected to receive R159.637 million over the 2018 MTEF: R50.361 million in 2018/19, R53.177 million in 2019/20 and R56.099 million in 2020/21.

The *Department of Transport and Public Works* is projected to receive R5.925 billion in conditional grants over the 2018 MTEF with R1.973 billion in 2018/19, R1.917 billion in 2019/20 and R2.035 billion in

2020/21. The **Provincial Road Maintenance Grant** and **Public Transport Operations Grants** are the two major grants in the transport sector, each comprising around 50 per cent of the transfer allocation to this sector in the Province.

Social Development's **Early Childhood Development (ECD) Grant** is comprised of two components: the subsidy component addresses the access of young children to ECD education, and the maintenance component, which ensures the adequacy of infrastructure facilities. The latter component looks specifically to upgrade registered ECD centres from conditional registration to full registration. In sum, total sector grants to the Province amounts to R167.193 million over the 2018 MTEF at R53.345 million in 2018/19, R55.079 million in 2019/20 and R58.769 million in 2020/21.

New Early Childhood Development grant is comprised of subsidy and maintenance components

Provincial Own Receipts

Own receipts contribute less than 5 per cent of revenue to the total revenue envelope of the Province.

Motor vehicle licence fees is the largest source of own revenue contributing 52.3 per cent to total own revenue, followed by gambling taxes and hospital patient fees which contribute 18.6 per cent and 14.4 per cent to own revenue in 2017/18 respectively. The remaining sources of receipts are derived from user charges for services rendered to citizens, transfers received and payments received from debtors, amongst other.

Motor vehicle licence fees is the largest source of own receipts

Table 6.4 depicts Western Cape own receipts according to category. Own receipts are projected to rise by an annual average growth rate just under 4 per cent from the 2017/18 adjusted budget of R2.677 billion to R3.008 billion in 2020/21.

Table 6.4 Western Cape own receipts by source, 2017/18 - 2020/21

R'000	2017/18 Adjusted Estimates	2018/19	2019/20	2020/21
		Medium Term Estimate		
Tax receipts	1 927 546	2 172 465	2 219 787	2 283 153
Casino taxes	470 141	509 401	537 572	565 028
Motor vehicle licences	1 399 552	1 601 767	1 617 482	1 649 832
Horseracing taxes	28 000	29 616	31 280	33 001
Other taxes (Liquor licence fees)	29 853	31 681	33 453	35 292
Sales of goods and services other than capital assets	562 269	589 539	576 032	584 453
Transfers received	84 886	160 153	27 118	27 120
Fines, penalties and forfeits	5 089	5 238	5 531	5 836
Interest, dividends and rent on land	5 229	5 174	5 304	5 515
Sales of capital assets	-	-	-	-
Financial transactions in assets and liabilities	91 625	90 397	97 017	101 559
Total provincial own receipts	2 676 644	3 022 966	2 930 789	3 007 636

Tax Receipts

Motor vehicle licence fees are projected to grow by R250.280 million or an annual average growth rate of 5.6 per cent from R1.4 billion in the 2017/18 adjusted budget to R1.650 billion in 2020/21. The increase over the period is due to growth in the number of motor vehicles and less than inflation upward adjustments to motor vehicle licence fee tariffs.

Gambling taxes expected to contribute R1.706 billion to own receipts over 2018 MTEF

Gambling taxes, inclusive of casino and horse racing taxes, are expected to contribute R1.706 billion to own revenue over the 2018 MTEF. Gambling taxes have been projected to grow at an annual average growth rate of 6.3 per cent from R498.141 million in the 2017/18 adjusted budget to R598.633 million in 2020/21.

Liquor licence fees arises from fees imposed on liquor retailers and businesses involved in the sale and distribution of liquor. Liquor licence fees are a relatively small portion of own receipts but is an important source of income as its used to regulate and oversee the liquor industry while encouraging the safe and responsible use of alcohol.

Liquor licence fee revenues are projected to grow at an annual average growth rate of 5.7 per cent from the 2017/18 adjusted budget to R35.292 million in 2020/21. The projected growth of liquor licence fees have been based on expected inflation over the period.

The Western Cape Liquor Authority, in consultation with other role players, is considering improving regulatory control and reducing alcohol abuse and the accompanying harm it inflicts on the citizens of the province through revisions in the level and scope of liquor licence fee tariffs.

Hospital patient fees projected to contribute 13.1 per cent to own receipts over 2018 MTEF

Hospital patient fees are budgeted to increase by 5.4 per cent to R405.297 million in 2018/19 from the 2017/18 adjusted budget before reducing to R384.445 million in 2019/20 and 2020/21. Hospital patient fee tariffs are determined by the uniform patient fees schedule at a national level and consists of payments received from the Road Accident Fund, medical aids, individuals and state departments.

Investigations will continue Identifying new sources of donor funding particularly in the areas of Health and Human Settlements.

Decline in transfers received due to ending of Global Fund agreement

The decline in transfers received, by an annual rate of 83.1 per cent in 2019/20, is due mainly to the cessation of Global Fund transfers received by the Department of Health from the European Union in 2018/19. However, the Department also receives transfers from higher education institutions for joint staff establishments and utilisation of hospital resources for teaching purposes.

Financial transactions in assets and liabilities are projected to increase at an annual average growth rate of 3.5 per cent from R91.625 million in the 2017/18 adjusted budget to R101.559 million in 2020/21. The Department of Human Settlements is the main contributor to this revenue item, followed by the Departments of Education and Health. 'Financial transactions in assets and liabilities' consists mainly of 'recovery of previous years' expenditure', loan repayments, debtor's repayments and unallocated credits.

Table 6.5 presents the estimated contributions by departments to provincial own receipts.

Most departments have projected growth in own revenues over the 2018 MTEF. Overall own revenue has been projected to grow over the medium term mainly due to higher expected revenues in motor vehicle licence fees and gambling taxes.

Table 6.5 Summary of provincial own receipts by vote

Outcome							Medium-term estimate				
				Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate				
Vote R'000		Audited 2014/15	Audited 2015/16	Audited 2016/17	2017/18	2017/18	2017/18	2018/19	2017/18	2019/20	2020/21
1.	Department of the Premier	3 584	8 927	3 373	1 754	1 754	1 754	1 798	2.51	1 899	2 002
2.	Provincial Parliament	299	276	327	60	60	527	464	(11.95)	817	821
3.	Provincial Treasury	523 495	565 826	579 804	499 404	499 404	499 404	540 353	8.20	570 263	599 518
4.	Community Safety	44 858	37 835	41 770	30 340	30 340	30 340	32 099	5.80	33 897	35 761
5.	Education	34 689	22 833	38 696	32 180	32 180	32 180	34 046	5.80	35 953	37 930
6.	Health	618 502	585 741	543 622	559 672	522 263	523 202	617 980	18.11	465 142	465 142
7.	Social Development	1 806	2 184	2 078	1 011	1 011	2 183	1 070	(50.98)	1 130	1 192
8.	Human Settlements	79 149	82 933	172 295	60 000	60 000	69 308	60 000	(13.43)	63 360	66 845
9.	Environmental Affairs and Development Planning	9 788	4 168	7 798	3 800	3 850	3 850	4 000	3.90	4 224	4 456
10.	Transport and Public Works	1 548 701	1 466 341	1 584 998	1 492 379	1 493 199	1 679 218	1 699 978	1.24	1 721 193	1 759 248
11.	Agriculture	34 785	43 681	40 062	27 313	29 226	31 584	28 202	(10.71)	29 781	31 419
12.	Economic Development and Tourism	10 310	12 661	1 059	298	298	664	315	(52.56)	333	351
13.	Cultural Affairs and Sport	38 327	42 610	47 121	2 475	3 006	3 164	2 605	(17.67)	2 738	2 889
14.	Local Government	671	436	227	53	53	1 023	56	(94.53)	59	62
Total provincial own receipts		2 948 964	2 876 452	3 063 230	2 710 739	2 676 644	2 878 401	3 022 966	5.02	2 930 789	3 007 636

Financing and reserves

Financing from a number of available reserves such as the asset finance reserve, fiscal stabilisation reserve and service load pressures reserve are intended to contribute to the funding needs of departments for projects over the medium and longer term.

To this end amounts of R328.863 million in 2018/19, R446.166 million in 2019/20, and R470.983 in 2020/21 are provided for the Fiscal Stabilisation reserve. The Fiscal Stabilisation reserve is to deal with potential volatility in the fiscal framework relating to national

transfers including the provincial equitable share and conditional grants.

Funding held in reserve for Unforeseen and Unavoidable expenditure amounts to R187.148 million in 2018/19, R197.628 million in 2019/20 and R208.498 million in 2020/21.

Amounts to deal with service load pressures of R362.065 million is provided in 2018/19, R474.156 million in 2019/20 and R489.686 million in 2020/21 to deal with increased service load demands to enable the Western Cape Government to deliver on its frontline services mandate, particularly in Health, Education and Social Development.

Provincial Expenditure

Table 6.6 provides a summary of provincial payments and estimates by economic classification.

Table 6.6 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate	2018/19	2019/20	2020/21
Current payments	34 921 195	38 083 282	41 422 271	44 883 721	45 172 215	45 150 322	47 852 712	5.99	49 793 202	52 641 539
Compensation of employees	25 137 117	27 253 806	29 405 044	32 042 919	31 746 724	31 713 628	34 240 051	7.97	36 148 490	38 428 533
Goods and services	9 784 068	10 829 221	12 017 186	12 840 802	13 425 491	13 436 677	13 612 661	1.31	13 644 712	14 213 006
Interest and rent on land	10	255	41			17		(100.00)		
Transfers and subsidies to	8 240 887	8 397 540	9 113 405	9 484 462	9 823 961	9 862 292	9 919 649	0.58	10 192 980	10 766 367
Provinces and municipalities	1 136 257	1 393 051	1 549 777	1 627 362	1 786 948	1 785 618	1 658 787	(7.10)	1 754 668	1 887 626
Departmental agencies and accounts	410 593	414 995	520 101	504 156	475 650	475 475	536 598	12.86	545 338	542 553
Higher education institutions	8 863	5 528	940	10 685	15 495	15 495	15 462	(0.21)	15 661	10 951
Foreign governments and international organisations	239	286	429	263	263	263	279	6.08	295	312
Public corporations and private enterprises	1 143 003	1 044 489	1 149 195	1 154 524	1 211 975	1 185 913	1 196 360	0.88	1 256 754	1 340 549
Non-profit institutions	3 400 003	3 317 372	3 674 774	3 704 623	3 741 254	3 762 524	4 197 377	11.56	4 205 305	4 400 441
Households	2 141 929	2 221 819	2 218 189	2 482 849	2 592 376	2 637 004	2 314 786	(12.22)	2 414 959	2 583 935
Payments for capital assets	4 601 789	5 021 099	4 916 382	4 982 179	4 802 459	4 759 093	4 925 991	3.51	4 788 717	5 143 265
Buildings and other fixed structures	3 742 447	4 073 449	4 080 902	4 212 707	3 954 060	3 931 968	4 112 346	4.59	4 018 217	4 333 138
Machinery and equipment	776 935	809 557	788 721	689 556	782 315	757 347	762 171	0.64	733 591	770 635
Biological assets										
Land and subsoil assets	66 498	107 479	11 990	63 882	32 072	32 065	7 500	(76.61)	7 800	8 200
Softw are and other intangible assets	15 909	30 614	34 769	16 034	34 012	37 713	43 974	16.60	29 109	31 292
Payments for financial assets	26 208	15 957	21 470	6 051	17 513	25 599	6 350	(75.19)	6 686	7 053
Total economic classification	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224
Direct charge	37 627	35 639	36 663	41 113	41 113	41 113	43 497	5.80	45 933	48 459
Total economic classification (including direct charge)	47 827 706	51 553 517	55 510 191	59 397 526	59 857 261	59 838 419	62 748 199	4.86	64 827 518	68 606 683

For the 2018/19 financial year, the total appropriated funds plus direct charges amount to R62.748 billion, which represents a 4.9 per cent increase from the 2017/18 Revised Estimate.

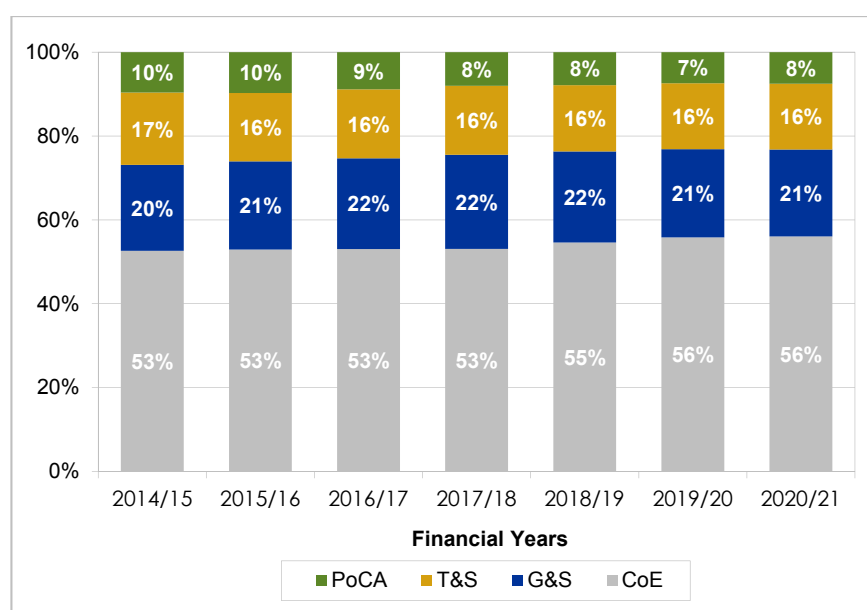
The aggregate budget for 2018/19 comprises of current payments amounting to R47.853 billion, transfers and subsidies (T&S) of R9.920 billion, payments for capital assets (PoCA) amounting to R4.926 billion and payments for financial assets amounting to R6.350 million.

The majority of the budget consists of current payments amounting to 76.3 per cent of the budget driven by compensation of employees. Compensation of employees (CoE) makes up for R34.240 billion, while Goods and Services (G&S) accounts for R13.613 billion.

*Current payments
comprise the bulk of the
provincial expenditure*

Figure 6.1 below further demonstrates the percentage share of the total provincial budget by economic classification for the period 2014/15 to 2020/21.

Figure 6.1 Percentage share of economic classification to total provincial budget, 2014/15 - 2020/21

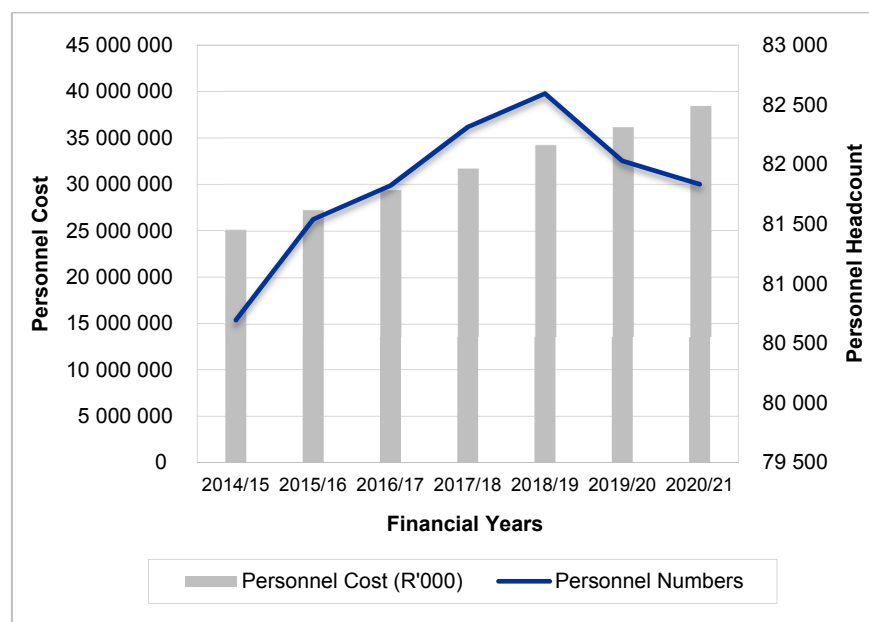


Compensation of employees

Personnel budget upper limits, introduced in the 2016/17 budget, will continue to be part of the Province's strategy in improving personnel management in bringing about fiscal consolidation, fiscal discipline and fiscal stabilisation.

Departments will be required to implement further measures to contain the wage bill as part of fiscal consolidation initiatives. During 2018/19, the focus will shift to improving the effectiveness of personnel to improve service delivery and create public value.

Figure 6.2 Western Cape Government personnel data, 2014/15 - 2020/21



Personnel upper limits continues to bring about personnel stabilisation

The implementation of personnel upper limits in 2016/17 had a stabilising effect on personnel headcount and shows a degree of fiscal prudence. Personnel headcounts, as indicated in Figure 6.2, are projected to increase and they stabilise over the period between 2016/17 to 2020/21 with a net increase in headcounts of 11 staff members over the period. Personnel upper limits will remain, however, these limits will not be legislated as in previous budgets. Administrative and budgetary oversight by the Provincial Treasury will continue in accordance with the Public Finance Management Act and Treasury Directives.

Personnel headcounts are projected to decline by 480 staff over the 2018 MTEF period from 82 315 in 2017/18 to 81 835 in 2020/21. This projected reduction is mainly driven by the Department of Health.

Personnel headcounts increases in 2018/19 are primarily driven by the Department of Education. The increase in Education's personnel of 274 is primarily for the provision of additional educator posts to address the teacher-learner ratio and the increase service load as a result of the growth in learner numbers.

Over the 2018 MTEF, personnel costs on average will increase by 6.6 per cent per annum. It must be noted that the 2018 wage agreement has not as yet been finalised and therefore no provision has been made over the 2018 MTEF for increases in excess of what has already been provided for in the Budget.

Table 6.7 Summary of personnel numbers and cost by vote

Cost in R million	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over MTEF			
	2014/15		2015/16		2016/17		2017/18				2018/19		2019/20		2020/21		2017/18 - 2020/21			
	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Filled posts	Additional posts	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs
Votes																				
Department of the Premier	1 299	448 541	1 291	493 760	1 256	544 460	1 264		1 264	587 684	1 264	631 569	1 262	674 333	1 262	711 421	(0.1%)	7.1%	100.0%	
Provincial Parliament	97	46 751	104	49 404	95	53 291	107		107	58 158	110	68 712	110	72 976	110	77 568	0.7%	7.1%	100.0%	
Provincial Treasury	318	137 911	327	148 038	312	157 405	244	130	374	172 194	425	192 055	400	214 927	387	230 548	1.1%	10.2%	100.0%	
Community Safety	393	108 349	391	118 742	384	129 430	365		365	140 191	368	150 990	368	158 481	368	167 197	0.3%	6.0%	100.0%	
Education	39 592	12 132 442	40 305	13 117 244	40 611	14 133 743	40 385	363	40 748	15 258 313	41 022	16 477 816	41 022	17 403 089	41 022	18 519 072	0.2%	6.7%	100.0%	
Health	31 221	10 072 353	31 366	10 949 652	31 384	11 833 864	31 505		31 505	12 718 881	31 362	13 606 180	30 798	14 284 374	30 589	15 164 817	(1.0%)	6.0%	100.0%	
Social Development	2 243	571 040	2 175	620 270	2 180	678 650	2 200		2 200	743 479	2 240	812 267	2 240	874 960	2 240	938 383	0.6%	8.1%	100.0%	
Human Settlements	510	170 543	495	177 003	475	195 774	475		475	213 835	473	229 296	473	246 475	473	260 014	(0.1%)	6.7%	100.0%	
Environmental Affairs and Development Planning	441	153 192	452	174 737	436	190 418	358	42	400	204 351	402	221 559	395	237 284	401	250 366	0.1%	7.0%	100.0%	
Transport and Public Works	2 347	637 746	2 298	692 452	2 447	737 031	2 383	120	2 503	793 220	2 508	928 784	2 522	994 263	2 536	1 073 376	0.4%	10.6%	100.0%	
Agriculture	914	281 900	1 044	310 004	996	326 389	1 015	57	1 072	350 757	1 119	391 373	1 157	435 355	1 179	459 300	3.2%	9.4%	100.0%	
Economic Development and Tourism	229	95 483	256	98 052	211	104 660	242		242	118 055	245	136 246	234	136 559	227	144 070	(2.1%)	6.9%	100.0%	
Cultural Affairs and Sport	648	157 140	643	172 948	624	182 456	651		651	197 682	646	216 037	646	229 728	646	243 621	(0.3%)	7.2%	100.0%	
Local Government	443	123 726	394	131 500	413	137 473	353	56	409	156 828	412	177 167	404	185 686	395	188 780	(1.2%)	6.4%	100.0%	
Total ²	80 695	25 137 117	81 541	27 253 806	81 824	29 405 044	81 547	768	82 315	31 713 628	82 596	34 240 051	82 031	36 148 490	81 835	38 428 533	2.0%	6.4%	100.0%	
Direct charge against the Provincial Revenue Fund	31	33 839	31	35 318	31	35 671	31		31	39 322	31	39 081	31	40 635	31	42 258		2.4%	36.8%	

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

² Total excludes direct charge.

Goods and services

In 2018/19, the Western Cape Government envisages to spend 21.7 per cent or R13.613 billion of the total provincial budget on goods and services. This allocation is just under 8 per cent increase from the 2017/18 Revised Estimate.

Of the total Goods and services allocation, 92.4 per cent is allocated to the following departments: Department of Health (53.8 per cent or R7.320 billion), Department of Education (17 per cent or R2.318 billion), Department of Transport and Public Works (15.9 per cent or R2.160 billion) and Department of the Premier (5.8 per cent or R782.846 million).

Within the Goods and services budget, funding is essentially targeted towards:

- Property Payments - R2.326 billion (mainly for property maintenance and payments for Municipal Services);
- Medical Supplies - R1.549 billion;
- Medicines - R1.539 billion;
- Contractors - R1.091 billion (includes contracting medical services and maintenance of roads infrastructure); and
- Agency and Outsourced Services - R992.294 million (mainly for the provision of nutrition services at education facilities as well as medical doctor and nursing staff services).

Goods and services items within the Department of Health experiences budget pressures due to various factors such as the impact of medical inflation (consistently above CPI), the exchange rate depreciation and the ever increasing patient load. In addition, all the departments, but especially Health, Education, Transport and Public Works and the Department of the Premier, budgets for Goods and Services from 2018 onwards will be under pressure due to the 1 percentage point Value Added Tax increase, announced by the Minister of Finance in the 2018 National Budget.

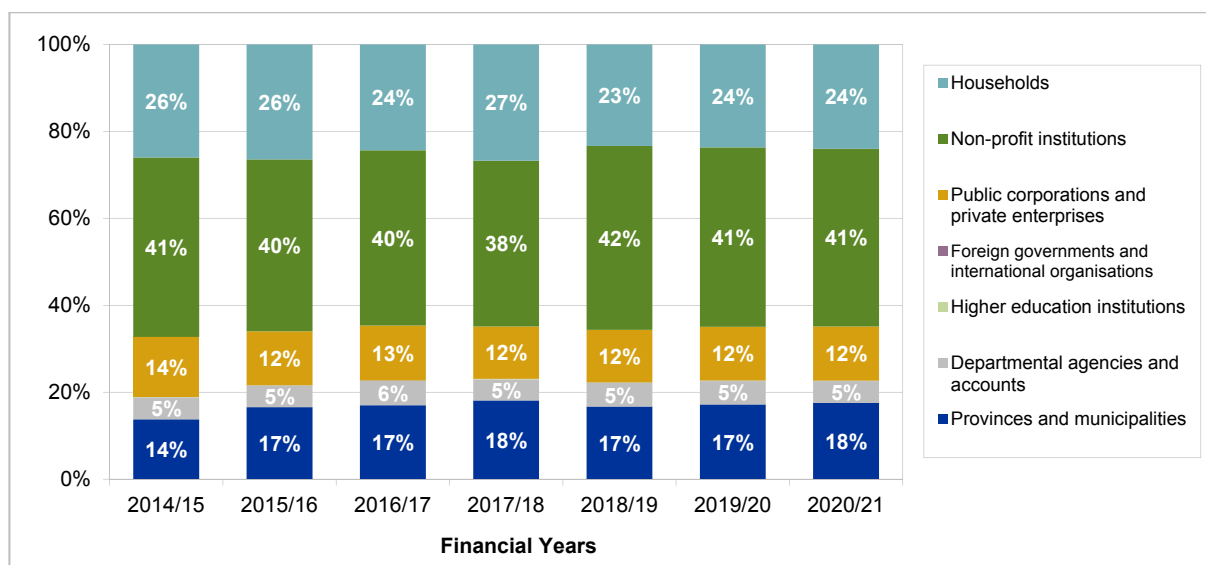
Expenditure on training

Investment in training remains important. Provincial payments on training increases by 3.9 per cent from the 2017/18 Revised Estimate of R621.869 million to R645.793 million in 2018/19. For 2018/19, the allocation will be used to offer a total of 31 551 training opportunities, 2 488 bursaries, 1 086 internships and 2 390 learnerships.

Transfers and subsidies

Transfers and subsidies amount to R9.920 billion in 2018/19, representing an increase of 0.6 per cent from the 2017/18 Revised Estimate.

Figure 6.3 shows that Non-Profit Institutions (NPIs) represents 42.3 per cent of the total transfers and subsidies allocation in 2018/19.

Figure 6.3 Provincial transfers and subsidies: Percentage share per item, 2014/15 - 2020/21

The allocation for Education, primarily for public and independent schools and Early Childhood Development (ECD) amounts to R6.715 billion over the 2018 MTEF. The allocation towards schools allows for the provision of Norms and Standards mainly towards Learner Teacher Support Material (LTSM), infrastructure maintenance and operational requirements for section 21 schools (schools that have the capacity to manage their own finances). The ECD learner subsidy for schools and registered ECD sites is intended to fund operational costs at these facilities.

The Department of Social Development transfers funds to various NPIs amounting to R3.762 billion over the 2018 MTEF. These transfers are for various programmes including Early Childhood Development (ECD) and Partial Care; Child Care and Protection; Services to older persons; and Services to persons with disabilities.

Transfers to provinces and municipalities represents 16.7 per cent or R1.658 billion of the aggregate transfers and subsidies in the 2018 Budget. This allocation is mainly to subsidise and assist municipalities to construct and maintain roads; provide personal primary healthcare services; provide library services; and municipal support to strengthen governance.

Transfers to public entities

The fiscal and budget policy principles of allocative efficiency, fiscal consolidation, fiscal sustainability and fiscal discipline also apply to provincial public entities, government business enterprises and entities wholly or partly funded by the Western Cape Government.

Table 6.8 Summary of departmental transfers to public entities and business enterprises by transferring vote

Public entities (transferring vote) R'000	Outcome			Main appropriation 2017/18	Adjusted appropriation 2017/18	Revised estimate 2017/18	Medium-term estimate		
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2019/20	2020/21
Major Public Entities									
South African Broadcasting Corporation Limited (Various Votes)	192	229	129	201	243	253	198	211	225
National Public Entities									
SETA	10 440	11 029	11 640	12 665	12 665	12 665	15 099	15 935	16 811
Vote 5: Education	6 096	6 450	6 850	7 268	7 268	7 268	9 400	9 917	10 462
Vote 6: Health	4 344	4 579	4 790	5 397	5 397	5 397	5 699	6 018	6 349
Housing Development Agency (HDA)									
Vote 8: Human Settlements	20 000			22 302					
Social Housing Regulatory Authority (SHRA)									
Vote 8: Human Settlements	1 340	2 660							
Water Research Commission									
Vote 8: Human Settlements		500							
South African Revenue Services									
Vote 11: Agriculture		1 090	71		4	4			
National Agricultural Marketing Council									
Vote 11: Agriculture		500	500				58	58	59
National Empowerment Fund									
Vote 12: Economic Development and Tourism	9 000	6 448					5 000	5 280	5 570
Artscape									
Vote 13: Cultural Affairs and Sport	168	178	190	173	173	173	175	175	183
Provincial Government Business Enterprises									
Casidra SOC Ltd	346 568	210 544	238 041	198 140	257 221	257 221	215 036	218 910	233 344
Vote 11: Agriculture	341 568	210 544	235 041	198 140	257 221	257 221	215 036	218 910	233 344
Vote 12: Economic Development and Tourism	5 000		3 000						
Western Cape Public Entities									
Western Cape Cultural Commission									
Vote 13: Cultural Affairs and Sport	363	384	420	383	1 183	1 183	1 506	424	444
Western Cape Gambling and Racing Board									
Vote 3: Provincial Treasury	10 406	5 244	9 908	16 407	19 707	19 707	29 342	30 636	30 211
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	48 474	59 196	76 004	76 196	79 938	79 938	88 799	89 774	94 725
Vote 1: Department of the Premier		500	500						
Vote 11: Agriculture	1 739	1 196	1 277	1 100	1 262	1 262	1 100	1 000	1 070
Vote 12: Economic Development and Tourism	46 735	57 500	74 227	75 096	78 676	78 676	87 699	88 774	93 655
Western Cape Language Committee									
Vote 13: Cultural Affairs and Sport	221	233	242	221	221	221	247	258	270
Western Cape Liquor Authority									
Vote 4: Community Safety	38 239	38 733	36 016	37 663	37 663	37 663	39 882	42 108	44 424
Western Cape Nature Conservation Board	246 095	253 742	249 717	287 050	274 050	274 050	302 531	297 884	313 808
Vote 9: Environmental Affairs and Development Planning	246 095	253 392	249 717	287 050	274 050	274 050	302 531	297 884	313 808
Vote 12: Economic Development and Tourism									
Vote 14: Local Government		350							
Western Cape Saldanha Bay IDZ Licencing Company (SOC) Ltd									
Vote 12: Economic Development and Tourism	28 091	28 958	130 224	47 906	46 955	46 955	55 632	64 587	37 966
Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure									
Heritage Western Cape									
Vote 13: Cultural Affairs and Sport	3 838	2 270	3 000	1 611	1 611	1 611	1 736	1 844	1 927
Total	763 435	621 938	756 102	700 918	731 634	731 644	755 241	768 084	779 967

Table 6.8 above reflects that in 2018/19, a total of R755.241 million will be transferred to national and provincial public entities and provincial government business enterprises.

R755.241 million to be transferred to provincial public entities and business enterprises in 2018/19

For 2018/19 the transfers to public entities and business enterprises, will increase by an amount of R23.603 million or 3.2 per cent from a 2017/18 Revised Estimate of R731.644 million. The year-on-year increase is mainly reflected under Western Cape Nature Conservation Board (CapeNature).

Transfers to CapeNature increases by R28.481 million or 10.4 per cent in 2018/19 from the 2017/18 Revised Estimate. The increase is a result of an earmarked priority allocation for disaster prevention measures for the management of wildfires, floods and other risks. Furthermore, in the 2017 Adjusted Estimates an amount of R16 million was surrendered and made available in 2018/19 for capital expenditure at the Kogelberg Nature Reserve (Phase 2).

The Western Cape Gambling and Racing Board allocation in 2018/19 increases by an amount of R9.635 million or 48.9 per cent due to further funding allocated mainly as a result of the loss of the annual Limited Payout Machine (LPM) operator fees.

Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) allocation increases by R9.023 million or 11.5 per cent, due to funding made available for the establishment of the Atlantis Special Economic Zone.

Transfers to the Saldanha Bay Industrial Development Zone Licencing Company SOC Limited increases by R8.677 million or 18.5 per cent from the 2017/18 Revised Estimate. This increase relates to the allocation made in 2018/19 towards the long term leasing of Transnet National Ports Authority land.

The transfer to Casidra SOC Ltd decreases by an amount of R42.185 million or 16.4 per cent from the 2017/18 Revised Estimate. The decrease in 2018/19 relates to the once-off allocation of the National Conditional Grant: Provincial Disaster Grant funding amounting to R40 million in the 2017/18 financial year for the provision and transportation of livestock feed.

Payments for capital assets

Table 6.6 depicts that R4.926 billion has been allocated in 2018/19 towards payments for capital assets in the Province. Infrastructure departments such as the Departments of Education, Health and Transport and Public Works accounts for R4.768 billion or 96.8 per cent of the total allocation for payments of provincial capital assets in 2018/19.

In 2018/19 capital assets amounts to R4.926 billion

Infrastructure spending, reflected as buildings and other fixed structures, accounts for 83.5 per cent of the capital assets budget in 2018/19.

Machinery and Equipment constitutes a 15.5 per cent share of capital assets in 2018/19. In 2018/19 this category marginally increases by R4.824 million (0.6 per cent) from the 2017/18 Revised Estimate.

Infrastructure, a key catalyst for economic development, is discussed in detail in Chapter 4.

Conclusion

The economic outlook will continue to place pressure on fiscal resources. The national fiscal risks pose a significant threat to transfers to provincial and local government through equitable shares and conditional grants. The Western Cape Government's expenditure allocations gives effect to the Province's fiscal approach towards strengthening accountability for spending public finances and creating public value. Building on the 2017/18 expenditure results, the key focus will continue to be on maintaining fiscal discipline, especially on personnel and key goods and services items.

Annexures

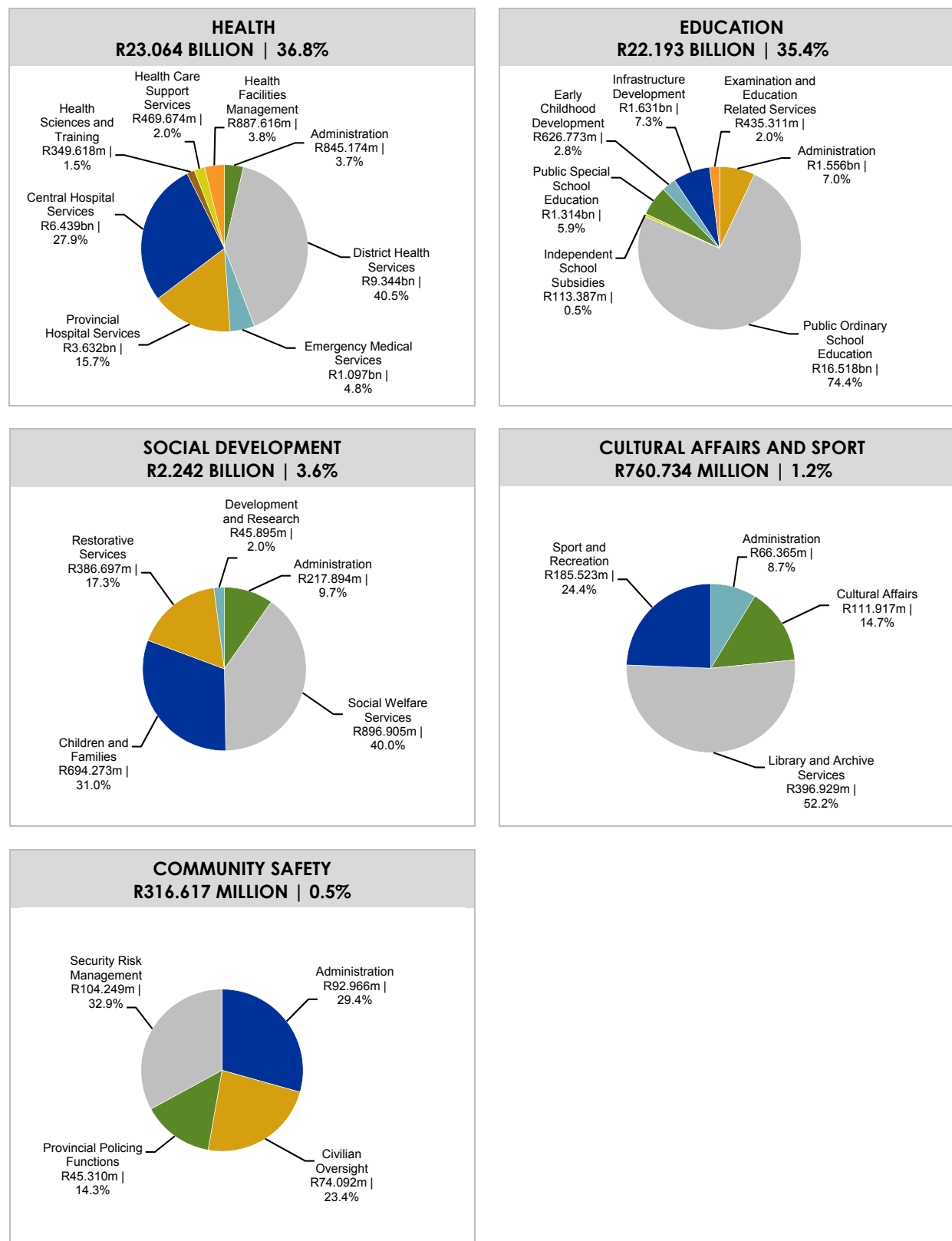
Annexure A: Diagrammatic representation of sector budgets

Annexure B: Additional tables

Annexure A

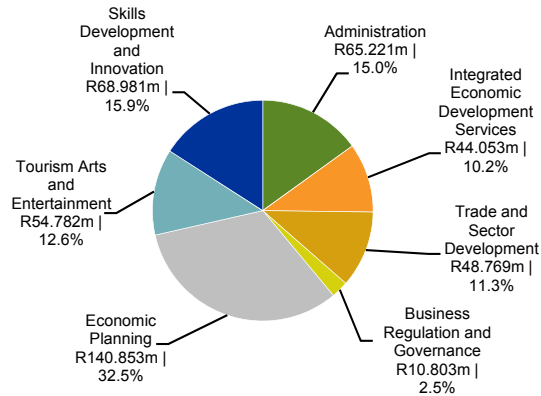
Diagrammatic representation of sector budgets

Social sector budget summary, 2018/19

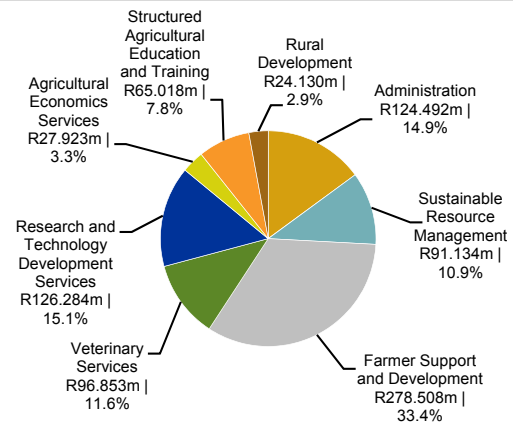


Economic sector budget summary, 2018/19

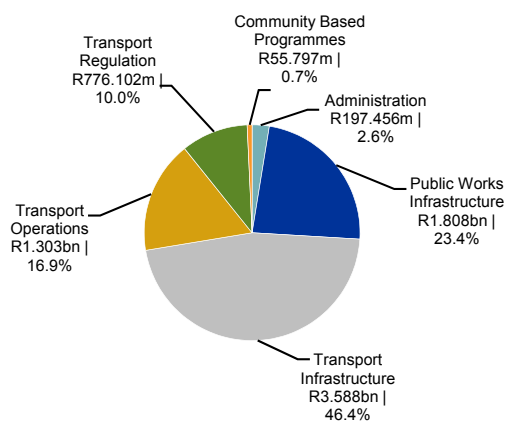
ECONOMIC DEVELOPMENT AND TOURISM R433.462 MILLION | 0.7%



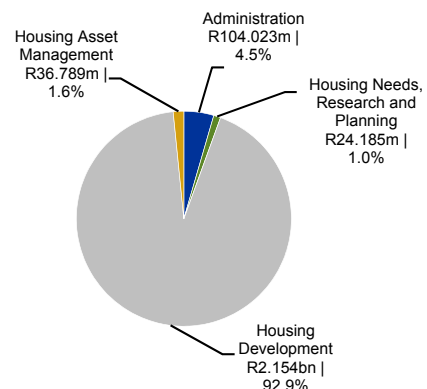
AGRICULTURE R834.342 MILLION | 1.3%



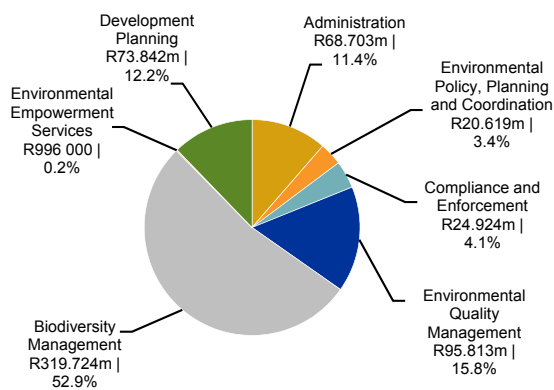
TRANSPORT AND PUBLIC WORKS R7.729 BILLION | 12.3%



HUMAN SETTLEMENTS R2.319 BILLION | 3.7%

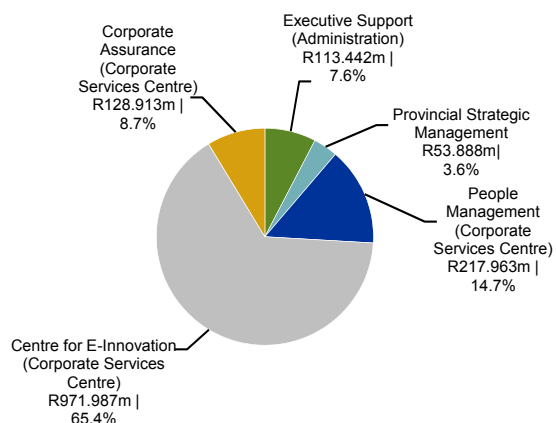


ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING R604.621 MILLION | 1.0%

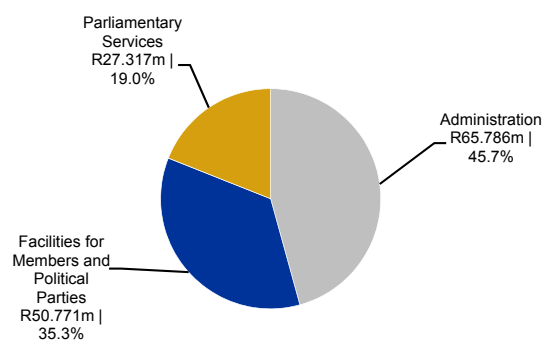


Governance and Administration sector budget summary, 2018/19

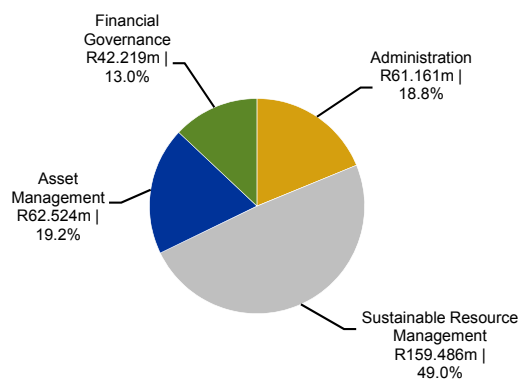
DEPARTMENT OF THE PREMIER R1.486 BILLION | 2.4%



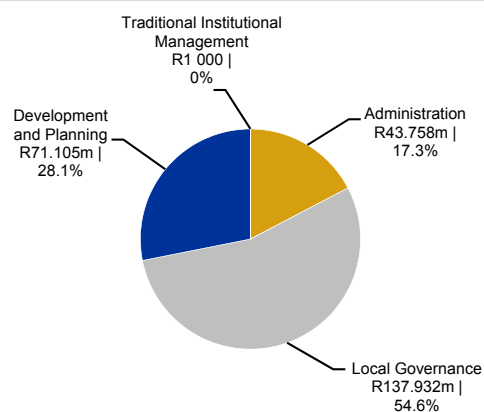
PROVINCIAL PARLIAMENT R143.874 MILLION | 0.2%



PROVINCIAL TREASURY R325.390 MILLION | 0.5%

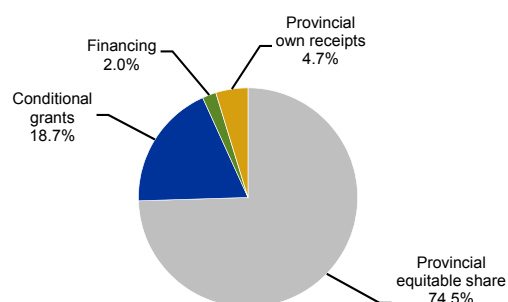


LOCAL GOVERNMENT R252.796 MILLION | 0.4%



Total provincial receipts, 2018/19

PROVINCIAL TOTAL RECEIPTS COMPONENTS (2018/19 BUDGETED)



Annexure B

Additional tables

Table B.1 Conditional grants: Information relating to Chapter 6

Vote and grant R'000	2014/15			2015/16			2016/17			2017/18			Medium-term estimate		
	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimat e	2018/19	2019/20	2020/21
Vote 4: Community Safety	3 970	3 970	3 970	1 000	1 000	1 000	3 144	3 144	3 144	3 328	3 328	3 328	7 957		
Social Sector EPWP Incentive Grant for Provinces	3 970	3 970	3 970	1 000	1 000	1 000	3 144	3 144	3 144	3 328	3 328	3 328	7 957		
Vote 5: Education	874 170	1 416 180	1 402 076	1 401 255	1 414 010	1 463 974	1 375 283	1 519 499	1 463 927	1 503 461	1 558 992	1 558 992	1 489 816	1 378 512	1 511 701
Education Infrastructure Grant	485 024	1 021 334	1 008 579	1 032 237	1 044 992	1 094 992	992 212	1 134 704	1 079 173	1 093 580	1 149 111	1 149 111	1 021 076	919 146	1 019 882
Maths, Science and Technology Grant				26 535	26 535	26 535	27 841	27 841	27 841	30 217	30 217	30 217	32 583	34 416	36 856
Dinaledi Schools Grant	10 673	10 673	10 673												
Technical Secondary Schools Recapitalisation Grant	12 597	17 643	17 643												
HIV and AIDS (Life Skills Education) Grant	17 077	17 731	17 690	19 631	19 631	19 631	18 728	18 728	18 717	20 028	20 028	20 028	20 704	21 800	22 878
Learners with Profound Intellectual Disabilities Grant										11 874	11 874	11 874	25 733	28 198	30 499
National School Nutrition Programme Grant	282 486	282 486	282 466	299 435	299 435	299 400	315 305	317 029	316 999	337 370	337 370	337 370	357 097	374 952	401 586
Social Sector EPWP Incentive Grant for Provinces	13 354	13 354	13 193	4 747	4 747	4 746	18 677	18 677	18 677	8 243	8 243	8 243	30 402		
Expanded Public Works Programme Integrated Grant for Provinces	2 564	2 564	1 437	2 818	2 818	2 818	2 520	2 520	2 520	2 149	2 149	2 149	2 221		
Occupational Specific Dispensation for Education Sector Therapists Grant	50 395	50 395	50 395	15 852	15 852	15 852									
Vote 6: Health	4 719 898	4 807 916	4 703 203	5 037 997	5 112 965	5 001 687	5 181 678	5 246 572	5 244 906	5 485 476	5 485 476	5 485 476	5 857 967	6 123 995	6 589 171
National Tertiary Services Grant	2 537 554	2 537 554	2 537 554	2 594 901	2 594 901	2 594 901	2 706 888	2 706 888	2 706 888	2 876 410	2 876 410	2 876 410	3 049 284	3 221 651	3 437 406
Health Facility Revitalisation	639 786	720 848	619 755	804 142	871 194	762 671	673 472	733 366	733 366	605 786	605 786	605 786	678 829	608 575	642 046
Health Professions Training and Development Grant	478 767	478 767	478 767	489 689	489 689	489 689	510 716	510 716	510 716	542 700	542 700	542 700	574 177	606 334	639 682
National Health Insurance Grant	7 000	13 956	10 712	7 204	14 862	12 114	17 337	22 337	20 675						
Comprehensive HIV, AIDS and TB Grant	1 051 794	1 051 794	1 051 793	1 138 481	1 138 481	1 138 480	1 267 209	1 267 209	1 267 206	1 454 773	1 454 773	1 454 773	1 531 535	1 666 738	1 848 202
<i>of which:</i>															
Community Outreach Services Component													96 769	103 681	103 681
Human Papillomavirus Vaccine Grant													19 599	20 697	21 835
Social Sector EPWP Incentive Grant for Provinces	2 580	2 580	2 526	1 000	1 000	996	3 732	3 732	3 731	3 334	3 334	3 334	2 447		
Expanded Public Works Programme Integrated Grant for Provinces	2 417	2 417	2 096	2 580	2 838	2 836	2 324	2 324	2 324	2 473	2 473	2 473	2 116		
Vote 7: Social Development	2 580	2 580	2 580	1 866	1 866	1 866	9 916	9 916	9 916	47 069	47 069	47 069	53 345	55 079	58 769
Early Childhood Development Subsidy Component										19 150	19 150	19 150	38 893	41 067	43 818
Maintenance Component										18 578	18 578	18 578	30 925	32 655	34 843
Social Worker Employment										572	572	572	7 968	8 412	8 975
Social Sector EPWP Incentive Grant for Provinces	2 580	2 580	2 580	1 866	1 866	1 866	9 916	9 916	9 916	11 981	11 981	11 981	12 967	14 012	14 951
										15 938	15 938	15 938	1 485		
Vote 8: Human Settlements	1 918 778	1 938 778	1 938 778	1 978 612	1 978 612	1 978 612	2 004 237	2 004 237	2 004 237	2 230 132	2 330 132	2 330 132	2 072 151	2 150 307	2 302 475
Human Settlements Development Grant	1 914 936	1 934 936	1 934 936	1 975 122	1 975 122	1 975 122	2 000 811	2 000 811	2 000 811	2 226 758	2 326 758	2 326 758	2 018 776	2 097 130	2 246 376
<i>of which:</i>															
City of Cape Town	1 350 467	783 000	783 000												
Expanded Public Works Programme Integrated Grant for Provinces	3 842	3 842	3 842	3 490	3 490	3 490	3 426	3 426	3 426	3 374	3 374	3 374	3 014		
Title Deeds Restoration Grant													50 361	53 177	56 099

Table B.1 Conditional Grants: Information relating to Chapter 6 (continued)

Vote and grant R'000	2014/15			2015/16			2016/17			2017/18			Medium-term estimate		
	Main appro- priation	Adjusted appro- priation	Audited outcome	Main appro- priation	Adjusted appro- priation	Audited outcome	Main appro- priation	Adjusted appro- priation	Audited outcome	Main appro- priation	Adjusted appro- priation	Revised estimate	2018/19	2019/20	2020/21
Vote 9: Environmental Affairs and Development Planning	2 748	2 748	2 748	2 959	2 959	2 959	3 815	3 815	3 815	4 385	4 385	4 385	3 991		
Expanded Public Works Programme Integrated Grant for Provinces	2 748	2 748	2 748	2 959	2 959	2 959	3 815	3 815	3 815	4 385	4 385	4 385	3 991		
Vote 10: Transport and Public Works	1 473 691	1 473 691	1 472 477	1 663 843	1 665 057	1 665 057	1 716 320	1 716 320	1 716 320	1 879 462	1 879 462	1 879 462	1 972 824	1 917 395	2 034 790
Provincial Roads Maintenance Grant	685 849	685 849	685 849	858 962	858 962	858 962	830 729	830 729	830 729	940 089	940 089	940 089	1 007 414	911 213	961 194
Expanded Public Works Programme Integrated Grant for Provinces	8 477	8 477	7 263	8 301	9 515	9 515	14 691	14 691	14 691	16 452	16 452	16 452	12 586		
Public Transport Operations	779 365	779 365	779 365	796 580	796 580	796 580	870 900	870 900	870 900	922 921	922 921	922 921	952 824	1 006 182	1 073 596
Vote 11: Agriculture	353 007	353 007	352 938	202 594	202 594	202 594	220 966	220 966	220 966	197 988	237 988	237 988	207 543	219 797	233 756
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 070	4 070	4 070	3 933	3 933	3 933	4 106	4 106	4 106	4 380	4 380	4 380	4 778	5 255	5 545
Comprehensive Agricultural Support Programme (CASP)	292 336	292 336	292 267	147 054	147 054	147 054	164 199	164 199	164 199	136 197	136 197	136 197	144 949	155 763	166 199
Disaster Management Grant: Agriculture											40 000	40 000			
Ilima/Letsema Projects Grant	54 353	54 353	54 353	49 607	49 607	49 607	50 593	50 593	50 593	55 349	55 349	55 349	55 662	58 779	62 012
Expanded Public Works Programme Integrated Grant for Provinces	2 248	2 248	2 248	2 000	2 000	2 000	2 068	2 068	2 068	2 062	2 062	2 062	2 154		
Vote 13: Cultural Affairs and Sport	190 674	190 674	190 615	217 295	217 295	217 265	233 186	223 952	223 876	228 704	228 704	228 704	238 077	242 327	255 570
Mass Participation and Sport Development Grant	58 711	58 711	58 679	55 216	55 216	55 186	62 199	52 965	52 889	52 707	52 707	52 707	52 843	56 064	59 044
Community Library Services	126 347	126 347	126 347	158 469	158 469	158 469	164 162	164 162	164 162	171 264	171 264	171 264	176 624	186 263	196 526
Expanded Public Works Programme Integrated Grant for Provinces	2 224	2 224	2 224	2 223	2 223	2 223	2 771	2 771	2 771	3 237	3 237	3 237	3 054		
Social Sector EPWP Incentive Grant for Provinces	3 392	3 392	3 365	1 387	1 387	1 387	4 054	4 054	4 054	1 496	1 496	1 496	5 556		
Total Conditional grants	9 539 516	10 189 544	10 069 385	10 507 421	10 596 358	10 535 014	10 748 545	10 948 421	10 891 107	11 580 005	11 775 536	11 775 536	11 903 691	12 087 412	12 986 232

Note: Allocations earmarked for flood repair:

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

Comprehensive Agricultural Support Programme Grant

2018/19 2019/20 2020/21

17 483 - -

17 483 - -

Table B.2 Details of total provincial own receipts: Information relating to Chapter 6

Outcome							Medium-term estimate			
Receipts R'000	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	% Change from Revised estimate			
							2018/19	2017/18	2019/20	2020/21
Tax receipts	1 776 238	1 922 195	2 034 042	1 927 546	1 927 546	2 079 928	2 172 465	4.45	2 219 787	2 283 153
Casino taxes	478 819	513 252	524 384	470 141	470 141	470 141	509 401	8.35	537 572	565 028
Horse racing taxes	40 521	40 662	48 405	28 000	28 000	28 000	29 616	5.77	31 280	33 001
Other taxes (Liquor licence fees)	27 411	26 178	27 589	29 853	29 853	29 853	31 681	6.12	33 453	35 292
Motor vehicle licences	1 229 487	1 342 103	1 433 664	1 399 552	1 399 552	1 551 934	1 601 767	3.21	1 617 482	1 649 832
Sales of goods and services other than capital assets	591 804	623 979	632 415	560 463	562 269	571 468	589 539	3.16	576 032	584 453
Sales of goods and services produced by department (excluding capital assets)	590 259	622 219	630 226	559 500	561 306	570 432	588 554	3.18	575 023	583 420
Sales by market establishments	77 157	75 926	73 962	70 922	70 935	79 923	74 728	(6.50)	78 888	83 094
Administrative fees	45 351	43 995	52 314	30 413	30 413	35 685	32 564	(8.75)	33 868	35 330
Agricultural activities										
Inspection fees	961	1 047	1 143	1 180	1 180	1 180	1 459	23.64	1 180	1 180
Licences or permits	35 952	33 207	42 416	23 277	23 311	28 605	25 103	(12.24)	26 615	28 002
Registration	51	45	44	58	24	2	33	1550.00	34	35
Request for information	5 807	6 140	5 851	4 697	4 697	4 697	4 698	0.02	4 697	4 697
Other	2 580	3 556	2 860	1 201	1 201	1 201	1 271	5.83	1 342	1 416
Other sales	467 751	502 298	503 950	458 165	459 958	454 824	481 262	5.81	462 267	464 996
of which										
Academic services: Registration, tuition & examination fees	8 987	9 284	9 079	7 705	7 705	6 705	7 833	16.82	8 272	8 727
Boarding services	15 926	16 954	15 862	13 502	13 502	13 502	13 864	2.68	13 880	14 080
Commission on insurance	14 763	14 818	15 138	15 354	15 354	15 341	15 820	3.12	16 406	17 012
External examinations										
Health services										
Hospital fees	393 360	418 401	417 784	384 445	384 445	384 445	405 297	5.42	384 445	384 445
Laboratory services	1 946	2 269	3 284	1 672	1 672	1 672	1 753	4.84	1 850	1 952
Lost library books										
Miscellaneous capital receipts										
Parking		12	12			8		(100.00)		
Rental of buildings, equipment and other services	83	209	920	298	178	199	314	57.79	331	349
Sales of goods	4 690	5 227	12 053	9 304	9 304	9 304	9 940	6.84	9 494	9 510
Sales of agricultural products	12 211	13 566	8 834	11 898	13 811	10 819	12 600	16.46	13 306	14 038
Sport gatherings										
Subsidised motor transport										
Tender documentation	695	530	387	589	589	384	507	32.03	536	565
Trading account surplus										
Tuition fees										
Vehicle repair service	158	307	267	109	109	109	115	5.50	109	109
Services rendered	11 780	15 447	16 855	11 933	11 933	10 933	11 793	7.87	12 126	12 616
Photocopies and faxes	314	395	351	288	288	288	296	2.78	318	334
Replacement: Security cards										
Other	2 838	4 879	3 124	1 068	1 068	1 115	1 130	1.35	1 194	1 259
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	1 545	1 760	2 189	963	963	1 036	985	(4.92)	1 009	1 033

Table B.2 Details of total provincial own receipts: Information relating to Chapter 6 (continued)

Outcome							Medium-term estimate			
				Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
Receipts R'000	Audited 2014/15	Audited 2015/16	Audited 2016/17	2017/18	2017/18	2017/18	2018/19	2017/18	2019/20	2020/21
Transfers received from	302 075	164 799	118 815	120 894	84 886	84 039	160 153	90.57	27 118	27 120
Other governmental units	136 311	57 038	58 397		1 401	582	400	(31.27)	750	750
Higher education institutions	24 149	27 115	29 709	26 335	26 335	26 335	32 467	23.28	26 335	26 335
Foreign governments										
International organisations	141 094	79 494	24 569	94 530	57 121	57 121	127 255	122.78		
Public corporations and private enterprises	21	152	6 090	28	28		30		32	34
Households and non-profit institutions	500	1 000	50	1	1	1	1		1	1
Fines, penalties and forfeits	7 798	6 584	9 874	4 969	5 089	5 713	5 238	(8.31)	5 531	5 836
Interest, dividends and rent on land	10 165	25 552	29 271	5 242	5 229	22 806	5 174	(77.31)	5 304	5 515
Interest	10 104	25 483	29 211	5 011	4 998	22 575	4 930	(78.16)	5 046	5 243
Dividends	16	14								
Rent on land	45	55	60	231	231	231	244	5.63	258	272
Sales of capital assets	120 874	4 700	3 760			714		(100.00)		
Land and subsoil assets	120 536	4 443	3 369			475		(100.00)		
Other capital assets	338	257	391			239		(100.00)		
Financial transactions in assets and liabilities	140 010	128 643	235 053	91 625	91 625	113 733	90 397	(20.52)	97 017	101 559
Arrear wages income										
Loan repayments	33 649	15 050	11 494	18 900	18 900	18 900	19 289	2.06	20 369	21 489
Recovery of previous year's expenditure	79 949	81 840	187 361	55 936	55 936	57 918	55 235	(4.63)	58 539	61 272
Staff debt	18 924	13 054	13 176	10 311	10 311	10 645	10 828	1.72	11 357	11 904
Stale cheques										
Unallocated credits	5 167	4 985	18 210	5 855	5 855	5 855	4 385	(25.11)	6 054	6 157
Cash surpluses	70	6 717	2 223	1	1	14	1	(92.86)	1	1
Other	2 251	6 997	2 589	622	622	20 401	659	(96.77)	697	736
Total departmental receipts	2 948 964	2 876 452	3 063 230	2 710 739	2 676 644	2 878 401	3 022 966	5.02	2 930 789	3 007 636

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

Economic classification R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate 2017/18	2018/19	2019/20	2020/21
Current payments	34 921 195	38 083 282	41 422 271	44 883 721	45 172 215	45 150 322	47 852 712	5.99	49 793 202	52 641 539
Compensation of employees	25 137 117	27 253 806	29 405 044	32 042 919	31 746 724	31 713 628	34 240 051	7.97	36 148 490	38 428 533
Salaries and wages	22 147 250	23 841 801	25 778 431	28 105 293	27 819 771	27 768 306	30 002 189	8.04	31 632 267	33 601 333
Social contributions	2 989 867	3 412 005	3 626 613	3 937 626	3 926 953	3 945 322	4 237 862	7.41	4 516 223	4 827 200
Goods and services	9 784 068	10 829 221	12 017 186	12 840 802	13 425 491	13 436 677	13 612 661	1.31	13 644 712	14 213 006
Of which										
Administrative fees	254 377	288 271	303 329	272 529	293 186	293 370	322 976	10.09	329 561	324 321
Advertising	82 705	97 189	83 817	99 410	106 688	101 122	66 573	(34.17)	64 204	64 811
Minor Assets	104 632	102 394	101 733	86 079	102 985	112 318	99 409	(11.49)	101 963	108 295
Audit cost: External	93 454	100 666	84 795	96 766	88 999	89 398	91 065	1.86	96 022	100 801
Bursaries: Employees	18 416	16 323	16 884	19 392	20 037	19 859	19 908	0.25	20 685	22 003
Catering: Departmental activities	35 158	45 514	44 733	65 021	53 689	53 112	54 253	2.15	54 995	58 219
Communication (G&S)	129 225	128 976	121 327	141 388	135 726	117 210	135 367	15.49	141 718	149 695
Computer services	569 069	608 236	772 199	884 400	832 198	813 752	902 305	10.88	815 345	855 754
Consultants and professional services: Business and advisory services	377 984	422 747	453 380	596 357	692 303	673 760	744 672	10.52	624 376	589 157
Infrastructure and planning	83 703	151 382	166 134	54 465	122 605	204 953	157 745	(23.03)	146 437	157 559
Laboratory services	570 373	555 858	557 827	618 778	628 853	644 135	650 904	1.05	684 486	730 767
Scientific and technological services		11	76							
Legal costs	39 937	33 913	46 640	42 387	47 486	44 976	46 121	2.55	43 377	45 693
Contractors	728 160	841 395	945 041	1103 098	1202 789	1201 361	1 090 658	(9.21)	1 134 372	1 205 889
Agency and support/outourced services	884 757	873 775	905 918	932 599	959 948	965 313	992 294	2.80	1 032 699	1 095 761
Entertainment	510	556	601	1539	1565	1346	1 400	4.04	1517	1572
Fleet services (including government motor transport)	282 213	296 294	305 024	318 242	317 854	317 034	330 281	4.18	348 092	363 205
Housing										
Inventory: Clothing material and accessories	721		1174	1	899	1604	1 217	(24.13)	1329	1454
Inventory: Farming supplies	180	(1)		650						
Inventory: Food and food	51481	49 496	53 519	53 441	54 542	57 330	53 908	(5.97)	56 146	59 268
Inventory: Chemicals, fuel, oil,	26									
Inventory: Learner and teacher support material	88 909	153 065	122 419	169 313	203 626	195 481	198 797	1.70	211 420	215 678
Inventory: Materials and supplies	53 908	41 146	48 342	48 546	8 591	9 816	10 289	4.82	10 870	11412
Inventory: Medical supplies	1174 505	1298 695	1344 775	1446 215	1442 237	1457 423	1 549 471	6.32	1619 594	1714 660
Inventory: Medicine	1028 175	1186 188	1358 040	1449 031	1476 550	1489 947	1 538 924	3.29	1620 824	1729 895
Medsas inventory interface						(1)		(100.00)		
Inventory: Other supplies	211 393	233 344	402 151	431 594	519 008	446 897	405 310	(9.31)	385 163	394 300
Consumable supplies	357 936	402 800	424 883	450 567	504 098	522 221	518 416	(0.73)	536 975	567 409
Consumable: Stationery, printing and office supplies	130 516	131 661	137 861	152 243	151 286	148 944	155 417	4.35	162 354	170 899
Operating leases	256 862	262 342	270 493	294 734	295 152	290 935	300 019	3.12	320 101	342 061
Property payments	1513 305	1830 236	2 229 050	2 206 971	2 392 700	2 403 130	2 326 261	(3.20)	2 192 422	2 212 933
Transport provided: Departmental activity	242 216	273 468	280 671	317 775	277 318	273 797	342 543	25.11	363 581	369 297
Travel and subsistence	167 686	180 691	179 257	206 752	203 291	201 703	205 980	2.12	217 418	227 225
Training and development	108 565	115 544	110 173	120 326	129 513	125 071	140 869	12.63	149 791	159 413
Operating payments	94 085	108 492	106 000	111 254	111 196	111 920	105 570	(5.67)	100 522	104 561
Venues and facilities	27 165	17 329	17 471	23 874	22 848	22 966	27 272	18.75	28 822	29 984
Rental and hiring	21761	31225	21449	25 065	25 725	24 474	26 466	8.14	27 531	29 055
Interest and rent on land	10	255	41			17		(100.00)		
Interest (Incl. interest on finance leases)	10	255	41			17		(100.00)		
Rent on land										

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

Economic classification R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate			
							2018/19	2017/18	2019/20	2020/21
Transfers and subsidies to (Current)	6 271 488	6 311 173	7 061 321	7 114 410	7 263 393	7 290 692	7 808 902	7.11	8 018 882	8 429 451
Provinces and municipalities	1 083 154	1 326 965	1 472 753	1 507 667	1 634 588	1 630 958	1 603 381	(1.69)	1 682 168	1 792 626
Provinces	3 838	3 827	3 774	3 411	3 428	3 327	3 638	9.35	3 857	4 079
Provincial Revenue Funds										
Provincial agencies and funds	3 838	3 827	3 774	3 411	3 428	3 327	3 638	9.35	3 857	4 079
Municipalities	1 079 316	1 323 138	1 468 979	1 504 256	1 631 160	1 627 631	1 599 743	(1.71)	1 678 311	1 788 547
Municipal bank accounts	1 075 116	1 321 225	1 464 321	1 499 269	1 621 344	1 617 815	1 593 859	(1.48)	1 672 547	1 782 483
Municipal agencies and funds	4 200	1 913	4 658	4 987	9 816	9 816	5 884	(40.06)	5 764	6 064
Departmental agencies and accounts	358 292	374 307	501 790	438 028	447 824	447 649	486 926	8.77	509 780	505 039
Social security funds		519	472	396	255	336	400	19.05	418	437
Departmental agencies (non-business entities)	358 292	373 788	501 318	437 632	447 569	447 313	486 526	8.77	509 362	504 602
Western Cape Gambling and Racing Board	10 406	5 244	9 908	16 407	19 707	19 707	29 342	48.89	30 636	30 211
Environmental Commissioner										
Western Cape Nature Conservation Board	215 134	224 694	231 406	243 224	246 224	246 224	252 859	2.69	262 326	276 294
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency	48 474	59 196	76 003	75 245	79 938	79 938	88 799	11.08	89 773	94 725
Western Cape Cultural Commission	363	384	420	383	1 183	1 183	1 506	27.30	424	444
Western Cape Liquor Board	38 239	38 733	36 016	37 663	37 663	37 663	39 882	5.89	42 108	44 424
Western Cape Language Committee	221	233	242	221	221	221	247	11.76	258	270
Artscape	168	178	190	173	173	173	175	1.16	175	183
Heritage Western Cape	3 838	2 270	3 000	1 611	1 611	1 611	1 736	7.76	1 844	1 927
SETA	10 440	11 029	11 640	12 665	12 665	12 665	15 099	19.22	15 935	16 811
Government Motor Trading Account		271								
Saldanha Bay IDZ Licencing Company SOC Limited										
Other	31 009	31 556	132 493	50 040	48 184	47 928	56 881	18.68	65 883	39 313
Higher education institutions	8 863	5 528	940	5 685	5 495	5 495	5 462	(0.60)	5 661	5 951
Foreign governments and international organisations	239	286	429	263	263	263	279	6.08	295	312
Public corporations and private enterprises	1 143 003	1 044 489	1 149 195	1 154 524	1 211 975	1 185 913	1 196 360	0.88	1 256 754	1 340 549
Public corporations	347 155	210 544	241 641	199 770	257 221	257 221	215 036	(16.40)	218 910	233 344
Subsidies on products and production (pc)	19 488	205 790	233 557							
Other transfers to public corporations	327 667	4 754	8 084	199 770	257 221	257 221	215 036	(16.40)	218 910	233 344
Private enterprises	795 848	833 945	907 554	954 754	954 754	928 692	981 324	5.67	1 037 844	1 107 205
Subsidies on products and production (pe)		31 823	30 509							
Other transfers to private enterprises	795 848	802 122	877 045	954 754	954 754	928 692	981 324	5.67	1 037 844	1 107 205
Non-profit institutions	3 368 180	3 241 420	3 626 574	3 679 612	3 618 254	3 641 024	4 135 377	13.58	4 170 305	4 365 441
Households	309 757	318 178	309 640	328 631	344 994	379 390	381 117	0.46	393 919	419 533
Social benefits	153 143	155 153	154 890	105 500	172 786	172 330	172 110	(0.13)	180 461	192 329
Other transfers to households	156 614	163 025	154 750	223 131	172 208	207 060	209 007	0.94	213 458	227 204

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

Economic classification R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate % Change from Revised estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2017/18	2019/20	2020/21
Transfers and subsidies to (Capital)	1 969 399	2 086 367	2 052 084	2 370 052	2 560 568	2 571 600	2 110 747	(17.92)	2 174 098	2 336 916
Provinces and municipalities	53 103	66 086	77 024	119 695	152 360	154 660	55 406	(64.18)	72 500	95 000
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	53 103	66 086	77 024	119 695	152 360	154 660	55 406	(64.18)	72 500	95 000
Municipal bank accounts	53 103	66 086	77 024	119 695	152 360	154 660	55 406	(64.18)	72 500	95 000
Municipal agencies and funds										
Departmental agencies and accounts	52 301	40 688	18 311	66 128	27 826	27 826	49 672	78.51	35 558	37 514
Social security funds										
Departmental agencies (non-business entities)	52 301	40 688	18 311	66 128	27 826	27 826	49 672	78.51	35 558	37 514
Western Cape Gambling and Racing Board										
Environmental Commissioner										
Western Cape Nature Conservation Board	30 961	29 048	18 311	43 826	27 826	27 826	49 672	78.51	35 558	37 514
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading Account		8 480								
Saldanha Bay IDZ Licencing										
Company SOC Limited										
Other	21 340	3 160		22 302						
Higher education institutions				5 000	10 000	10 000	10 000		10 000	5 000
Foreign governments and international organisations										
Public corporations and private enterprises										
Public corporations										
Subsidies on products and production (pc)										
Other transfers to public corporations										
Private enterprises										
Subsidies on products and production (pe)										
Other transfers to private enterprises										
Non-profit institutions	31 823	75 952	48 200	25 011	123 000	121 500	62 000	(48.97)	35 000	35 000
Households	1 832 172	1 903 641	1 908 549	2 154 218	2 247 382	2 257 614	1 933 669	(14.35)	2 021 040	2 164 402
Social benefits										
Other transfers to households	1 832 172	1 903 641	1 908 549	2 154 218	2 247 382	2 257 614	1 933 669	(14.35)	2 021 040	2 164 402

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

Economic classification R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate 2018/19	2017/18	2019/20	2020/21
Transfers and subsidies to (Total)	8 240 887	8 397 540	9 113 405	9 484 462	9 823 961	9 862 292	9 919 649	0.58	10 192 980	10 766 367
Provinces and municipalities	1 136 257	1 393 051	1 549 777	1 627 362	1 786 948	1 785 618	1 658 787	(7.10)	1 754 668	1 887 626
Provinces	3 838	3 827	3 774	3 411	3 428	3 327	3 638	9.35	3 857	4 079
Provincial Revenue Funds										
Provincial agencies and funds	3 838	3 827	3 774	3 411	3 428	3 327	3 638	9.35	3 857	4 079
Municipalities	1 132 419	1 389 224	1 546 003	1 623 951	1 783 520	1 782 291	1 655 149	(7.13)	1 750 811	1 883 547
Municipal bank accounts	1 128 219	1 387 311	1 541 345	1 618 964	1 773 704	1 772 475	1 649 265	(6.95)	1 745 047	1 877 483
Municipal agencies and funds	4 200	1 913	4 658	4 987	9 816	9 816	5 884	(40.06)	5 764	6 064
Departmental agencies and accounts	410 593	414 995	520 101	504 156	475 650	475 475	536 598	12.86	545 338	542 553
Social security funds		519	472	396	255	336	400	19.05	418	437
Departmental agencies (non-business entities)	410 593	414 476	519 629	503 760	475 395	475 139	536 198	12.85	544 920	542 116
Western Cape Gambling and Racing Board	10 406	5 244	9 908	16 407	19 707	19 707	29 342	48.89	30 636	30 211
Environmental Commissioner										
Western Cape Nature Conservation Board	246 095	253 742	249 717	287 050	274 050	274 050	302 531	10.39	297 884	313 808
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency	48 474	59 196	76 003	75 245	79 938	79 938	88 799	11.08	89 773	94 725
Western Cape Cultural Commission	363	384	420	383	1 183	1 183	1 506	27.30	424	444
Western Cape Liquor Board	38 239	38 733	36 016	37 663	37 663	37 663	39 882	5.89	42 108	44 424
Western Cape Language Committee	221	233	242	221	221	221	247	11.76	258	270
Artscape	168	178	190	173	173	173	175	1.16	175	183
Heritage Western Cape	3 838	2 270	3 000	1 611	1 611	1 611	1 736	7.76	1 844	1 927
SETA	10 440	11 029	11 640	12 665	12 665	12 665	15 099	19.22	15 935	16 811
Government Motor Trading Account		8 751								
Saldanha Bay IDZ Licencing Company SOC Limited										
Other	52 349	34 716	132 493	72 342	48 184	47 928	56 881	18.68	65 883	39 313
Higher education institutions	8 863	5 528	940	10 685	15 495	15 495	15 462	(0.21)	15 661	10 951
Foreign governments and international organisations	239	286	429	263	263	263	279	6.08	295	312
Public corporations and private enterprises	1 143 003	1 044 489	1 149 195	1 154 524	1 211 975	1 185 913	1 196 360	0.88	1 256 754	1 340 549
Public corporations	347 155	210 544	241 641	199 770	257 221	257 221	215 036	(16.40)	218 910	233 344
Subsidies on products and production (pc)	19 488	205 790	233 557							
Other transfers to public corporations	327 667	4 754	8 084	199 770	257 221	257 221	215 036	(16.40)	218 910	233 344
Private enterprises	795 848	833 945	907 554	954 754	954 754	928 692	981 324	5.67	1 037 844	1 107 205
Subsidies on products and production (pe)		31 823	30 509							
Other transfers to private enterprises	795 848	802 122	877 045	954 754	954 754	928 692	981 324	5.67	1 037 844	1 107 205
Non-profit institutions	3 400 003	3 317 372	3 674 774	3 704 623	3 741 254	3 762 524	4 197 377	11.56	4 205 305	4 400 441
Households	2 141 929	2 221 819	2 218 189	2 482 849	2 592 376	2 637 004	2 314 786	(12.22)	2 414 959	2 583 935
Social benefits	153 143	155 153	154 890	105 500	172 786	172 330	172 110	(0.13)	180 461	192 329
Other transfers to households	1 988 786	2 066 666	2 063 299	2 377 349	2 419 590	2 464 674	2 142 676	(13.06)	2 234 498	2 391 606
Payments for capital assets	4 601 789	5 021 099	4 916 382	4 982 179	4 802 459	4 759 093	4 925 991	3.51	4 788 717	5 143 265
Buildings and other fixed structures	3 742 447	4 073 449	4 080 902	4 212 707	3 954 060	3 931 968	4 112 346	4.59	4 018 217	4 333 138
Buildings	1 608 686	1 541 774	1 450 770	1 475 445	1 290 638	1 285 182	1 071 566	(16.62)	1 294 032	1 509 450
Other fixed structures	2 133 761	2 531 675	2 630 132	2 737 262	2 663 422	2 646 786	3 040 780	14.89	2 724 185	2 823 688
Machinery and equipment	776 935	809 557	788 721	689 556	782 315	757 347	762 171	0.64	733 591	770 635
Transport equipment	279 401	320 319	324 588	302 097	334 238	334 982	330 489	(1.34)	333 696	354 599
Other machinery and equipment	497 534	489 238	464 133	387 459	448 077	422 365	431 682	2.21	399 895	416 036
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets	66 498	107 479	11 990	63 882	32 072	32 065	7 500	(76.61)	7 800	8 200
Software and other intangible assets	15 909	30 614	34 769	16 034	34 012	37 713	43 974	16.60	29 109	31 292
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>										
Payments for financial assets	26 208	15 957	21 470	6 051	17 513	25 599	6 350	(75.19)	6 686	7 053
Total economic classification	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224

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

Outcome							Medium-term estimate			
Vote R'000	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
				2017/18	2017/18	2017/18	2018/19	2017/18	2019/20	2020/21
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	1 439 491	1 549 959	1 573 028	1 614 044	1 760 553	1 760 553	1 630 559	(7.38)	1 495 504	1 627 940
6. Health	712 923	780 431	877 438	815 463	832 723	832 723	887 616	6.59	826 254	871 697
7. Social Development	17 000			572	572	572	7 968	1 293.01	8 412	8 975
8. Human Settlements	1 934 936	1 975 122	2 000 811	2 226 758	2 326 758	2 326 758	2 018 776	(13.24)	2 097 130	2 246 376
9. Environmental Affairs and Development Planning	29 821	29 049	15 350	43 826	27 826	27 826	49 672	78.51	35 558	37 514
10. Transport and Public Works	2 984 979	3 462 886	3 687 982	3 899 561	3 781 042	3 781 042	3 777 568	(0.09)	3 714 909	3 890 026
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates by vote	7 119 150	7 797 447	8 154 609	8 600 224	8 729 474	8 729 474	8 372 159	(4.09)	8 177 767	8 682 528

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	% Change from Revised estimate			
							2018/19	2017/18	2019/20	2020/21
Existing infrastructure assets	3 637 516	4 381 730	4 902 979	4 971 531	5 037 176	5 009 234	5 207 987	3.97	4 761 987	4 825 955
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	397 792	566 268	791 333	845 759	950 077	938 693	1 030 732	9.81	784 619	740 231
6. Health	353 944	470 184	556 145	528 043	501 655	485 097	600 209	23.73	492 764	478 535
7. Social Development	17 000			572	572	572		(100.00)		
8. Human Settlements										
9. Environmental Affairs and Development Planning	12 063	19 344	15 350	26 865	26 865	26 865	25 384	(5.51)	26 695	28 163
10. Transport and Public Works	2 856 717	3 325 934	3 540 151	3 570 292	3 558 007	3 558 007	3 551 662	(0.18)	3 457 909	3 579 026
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Maintenance and repairs	1 152 077	1 487 022	1 730 396	1 853 651	2 009 232	2 025 437	1 860 262	(8.16)	1 712 808	1 715 492
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	249 843	407 856	563 103	522 233	626 751	633 090	469 631	(25.82)	424 336	352 455
6. Health	209 818	297 022	358 923	329 583	333 603	343 469	378 091	10.08	221 281	227 496
7. Social Development				572	572	572		(100.00)		
8. Human Settlements										
9. Environmental Affairs and Development Planning	12 063	19 344	12 171	26 865	26 865	26 865	25 384	(5.51)	26 695	28 163
10. Transport and Public Works	680 353	762 800	796 199	974 398	1 021 441	1 021 441	987 156	(3.36)	1 040 496	1 107 378
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Upgrades and additions	736 482	735 026	943 860	926 300	879 475	855 959	987 142	15.33	985 776	1 307 840
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	147 949	158 412	228 230	323 526	323 326	305 603	561 101	83.60	360 283	387 776
6. Health	60 725	40 836	57 558	59 811	51 179	45 386	43 777	(3.55)	109 932	113 318
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning			3 179							
10. Transport and Public Works	527 808	535 778	654 893	542 963	504 970	504 970	382 264	(24.30)	515 561	806 746
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	% Change from Revised estimate			
	2018/19	2017/18	2019/20	2020/21						
Refurbishment and rehabilitation	1 748 957	2 159 682	2 228 723	2 191 580	2 148 469	2 127 838	2 360 583	10.94	2 063 403	1 802 623
Note										
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	83 401	132 326	139 664	138 649	116 873	96 242	178 341	85.30	161 551	137 721
7. Social Development	17 000									
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	1 648 556	2 027 356	2 089 059	2 052 931	2 031 596	2 031 596	2 182 242	7.42	1 901 852	1 664 902
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
New infrastructure assets	1 242 853	1 130 230	952 752	1 118 588	933 877	957 013	782 578	(18.23)	971 295	1 225 273
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	998 391	903 726	717 518	710 628	639 019	656 742	501 597	(23.62)	639 524	814 847
6. Health	138 682	139 595	147 102	129 225	140 897	146 310	97 981	(33.03)	150 771	198 426
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning	17 758	9 705		16 961	961	961	16 000			
10. Transport and Public Works	88 022	77 204	88 132	261 774	153 000	153 000	167 000	9.15	181 000	212 000
11. Agriculture										
12. Economic Development and										
13. Cultural Affairs and Sport										
14. Local Government										
Infrastructure transfers	2 006 933	2 078 289	2 078 981	2 312 981	2 530 043	2 528 543	2 065 211	(18.32)	2 128 185	2 285 532
Infrastructure transfers - current	2 322	7 627	3 237	16 778	28 300	28 300	13 468	(52.41)	13 912	14 975
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	62	4 627	489	10 000	24 800	24 800	2 000	(91.94)	2 000	2 000
6. Health				3 278			7 968		8 412	8 975
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	2 260	3 000	2 748	3 500	3 500	3 500	3 500		3 500	4 000
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	% Change from Revised estimate 2018/19	2017/18	2019/20	2020/21
Infrastructure transfers - capital	2 004 611	2 070 662	2 075 744	2 296 203	2 501 743	2 500 243	2 051 743	(17.94)	2 114 273	2 270 557
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	31 592	64 838	33 165	15 000	111 500	111 500	62 000	(44.39)	35 000	35 000
6. Health	231	10 000	15 000	15 000	21 500	20 000	10 000	(50.00)	10 000	5 000
7. Social Development										
8. Human Settlements	1 934 808	1 939 076	1 970 628	2 202 208	2 302 208	2 302 208	1 924 337		1 996 773	2 135 557
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	37 980	56 748	56 951	63 995	66 535	66 535	55 406	(16.73)	72 500	95 000
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Infrastructure payments for financial assets										
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Infrastructure leases										
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Human Settlements										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

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

Category R'000	Outcome						Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- piation 2017/18	Adjusted appro- piation 2017/18	Revised estimate 2017/18	% Change from Revised estimate			
							2018/19	2017/18	2019/20	2020/21
Non Infrastructure	231 848	207 198	219 897	197 124	228 378	234 684	316 383	34.81	316 300	345 768
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	11 654	10 500	30 523	32 657	35 157	28 818	34 230	18.78	34 361	35 862
6. Health	220 066	160 652	159 191	139 917	168 671	181 316	179 426	(1.04)	172 719	189 736
7. Social Development										
8. Human Settlements	128	36 046	30 183	24 550	24 550	24 550	94 439	284.68	100 357	110 819
9. Environmental Affairs and Development Planning							8 288		8 863	9 351
10. Transport and Public Works										
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
Total provincial infrastructure payments and estimates	7 119 150	7 797 447	8 154 609	8 600 224	8 729 474	8 729 474	8 372 159	(4.09)	8 177 767	8 682 528
<i>of which</i>										
Professional fees ^a										
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	573 572	256 900	261 866	257 042	257 042	257 042	271 763	5.73	286 982	302 766
6. Health	47 550	78 935	55 554	80 745	90 534	83 769	89 491	6.83	80 000	80 498
7. Social Development										
8. Human Settlements	35 053	36 046	30 183	8 810	8 810	19 149	10 850	(43.34)	16 163	17 052
9. Environmental Affairs and Development Planning	11 489	12 257	12 124	12 730	12 730	12 730	13 469	5.81	13 469	14 210
10. Transport and Public Works	641 943	741 422	619 720	782 565	782 565	782 565	737 210	(5.80)	764 389	800 025
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

^a Professional fees based on estimated amounts.

Note: Inclusive of Professional fees.

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

R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate		
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2019/20	2020/21
Provincial Equitable Share & Other finance sources	3 478 990	3 853 202	4 224 361	3 712 365	3 686 084	3 686 084	3 621 173	3 633 291	3 804 055
Conditional grants	3 640 160	3 944 245	3 930 248	4 887 859	5 043 390	5 043 390	4 750 986	4 544 476	4 878 473
Education Infrastructure Grant	1 008 579	1 094 992	1 079 173	1 093 580	1 149 111	1 149 111	1 021 076	919 146	1 019 882
Expanded Public Works Programme Grant (Education)	1 437	2 818	2 520	2 149	2 149	2 149	2 221		
Health Facility Revitalisation Grant				605 786	605 786	605 786	678 829	608 575	642 046
Expanded Public Works Programme Grant (Health)	2 096	2 836	2 324	2 473	2 473	2 473	2 116		
Provincial Roads Maintenance Grant	685 849	858 962	830 729	940 089	940 089	940 089	1 007 414	911 213	961 194
Expanded Public Works Programme Grant (Transport and Public Works)	7 263	9 515	14 691	16 452	16 452	16 452	12 586		
Human Settlements Development Grant (Human Settlements)	1 934 936	1 975 122	2 000 811	2 226 758	2 326 758	2 326 758	2 018 776	2 097 130	2 246 376
Early Childhood Development Grant				572	572	572	7 968	8 412	8 975
Total provincial infrastructure payments and estimates by source of funding	7 119 150	7 797 447	8 154 609	8 600 224	8 729 474	8 729 474	8 372 159	8 177 767	8 682 528

Table B.5 Summary of provincial payments on training by vote: Relating to Chapter 6

Vote R'000	Outcome						Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17	Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	% Change from Revised estimate			
							2018/19	2017/18	2019/20	2020/21
1. Department of the Premier	6 266	5 539	8 456	6 326	8 127	8 127	6 244	(23.17)	5 919	6 245
2. Provincial Parliament	524	691	1 261	1 193	1 193	818	687	(16.01)	772	816
3. Provincial Treasury	1 651	1 275	1 450	3 010	2 590	2 590	2 890	11.58	3 111	3 266
4. Community Safety	911	817	2 863	1 599	3 501	3 240	3 062	(5.49)	3 307	3 459
5. Education	200 584	200 875	146 687	196 697	196 697	196 697	204 809	4.12	214 700	227 791
6. Health	330 521	341 987	340 374	342 952	366 624	366 624	382 886	4.44	405 393	428 954
7. Social Development	4 597	5 310	3 398	4 925	4 925	4 925	4 338	(11.92)	4 581	4 833
8. Human Settlements	1 421	1 575	1 620	1 726	1 500	1 500	1 270	(15.33)	1 441	1 521
9. Environmental Affairs and Development Planning	1 742	2 297	2 092	2 607	2 003	1 572	1 085	(30.98)	1 134	1 241
10. Transport and Public Works	19 386	19 549	22 958	24 333	23 986	23 640	23 632	(0.03)	24 962	25 924
11. Agriculture	10 401	9 868	7 289	7 495	6 618	4 917	8 031	63.33	7 263	7 512
12. Economic Development and Tourism	1 565	6 922	2 971	2 864	2 864	2 864	2 105	(26.50)	2 164	2 295
13. Cultural Affairs and Sport	3 016	2 897	1 342	2 717	3 321	3 103	3 454	11.31	3 609	3 789
14. Local Government	2 018	2 400	1 076	1 144	1 254	1 252	1 300	3.83	1 367	1 423
Total provincial payments on training	584 603	602 002	543 837	599 588	625 203	621 869	645 793	3.85	679 723	719 069

Table B.6 Information on training: Relating to Chapter 6

Description	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate 2018/19	2017/18	2019/20	2020/21
Number of staff	80 726	81 572	81 855	81 915	82 344	82 344	82 627	0.34	82 062	81 866
Number of personnel trained	33 989	35 804	44 925	54 818	53 973	53 753	55 509	3.27	56 384	59 433
<i>of which</i>										
Male	11 205	11 782	15 424	23 713	23 439	23 372	23 838	1.99	24 473	25 798
Female	22 784	24 022	29 501	31 105	30 534	30 381	31 671	4.25	31 911	33 635
Number of training opportunities	35 519	29 376	34 789	29 714	29 430	29 842	31 551	5.73	31 540	32 925
<i>of which</i>										
Tertiary	695	983	1 038	1 063	1 022	952	1 076	13.06	1 064	1 124
Workshops	816	1 143	811	910	817	855	1 087	27.21	1 088	1 140
Seminars	364	220	366	277	127	138	293	112.54	293	309
Other	33 644	27 030	32 574	27 464	27 464	27 898	29 096	4.29	29 096	30 352
Number of bursaries offered	3 451	905	2 644	3 033	2 506	2 506	2 488	(0.70)	2 554	2 576
Number of interns appointed	850	886	2 895	781	825	994	1 086	9.33	1 094	971
Number of learnerships appointed	2 224	2 219	2 253	2 308	243	193	2 390	1137.45	2 440	2 571
Number of days spent on training	6 590	12 868	9 506	13 576	12 659	14 225	14 420	1.37	14 420	15 115

Table B.7 Transfers to local government by category and municipality: Information relating to Chapter 5

Municipalities R'000	Outcome			Main appro- piation 2017/18	Adjusted appro- piation 2017/18	Revised estimat e 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				% Change from Revised estimate 2018/19	2017/18	2019/20	2020/21
Category A	1 173 964	1 256 815	1 299 708	1 230 810	1 058 428	1 058 428	1 020 469	(3.59)	1 194 292	1 247 209
City of Cape Town	1 173 964	1 256 815	1 299 708	1 230 810	1 058 428	1 058 428	1 020 469	(3.59)	1 194 292	1 247 209
Category B	907 348	1 127 442	1 249 652	1 200 101	1 429 381	1 429 381	1 384 327	(3.15)	1 487 778	1 302 796
Matzikama	12 915	35 904	39 444	12 162	28 662	28 662	32 807	14.46	73 669	64 516
Cederberg	21 356	8 567	24 040	38 840	28 713	28 713	22 388	(22.03)	30 900	17 561
Bergrivier	15 045	37 747	23 121	19 540	19 833	19 833	16 043	(19.11)	10 489	7 401
Saldanha Bay	33 941	72 647	56 469	32 578	77 030	77 030	46 561	(39.55)	52 358	61 398
Swartland	23 283	74 704	49 795	56 687	75 877	75 877	55 568	(26.77)	62 238	43 311
Witzenberg	51 578	50 521	53 391	51 518	51 134	51 134	47 438	(7.23)	67 130	58 181
Drakenstein	45 877	84 366	59 979	147 803	182 704	182 704	164 630	(9.89)	168 025	138 880
Stellenbosch	17 779	48 022	61 245	23 884	41 754	41 754	64 949	55.55	54 560	57 733
Breede Valley	53 380	35 995	67 895	133 759	124 735	124 735	131 780	5.65	121 127	56 176
Langeberg	23 389	27 530	48 309	43 632	55 612	55 612	30 054	(45.96)	30 907	29 558
Theewaterskloof	87 779	78 060	50 154	80 036	83 786	83 786	71 893	(14.19)	87 244	74 972
Overstrand	35 371	63 378	57 068	51 100	86 740	86 740	66 798	(22.99)	88 605	76 676
Cape Agulhas	30 550	12 418	22 019	27 414	35 744	35 744	43 407	21.44	59 042	56 047
Swellendam	43 098	13 030	10 976	8 815	9 211	9 211	15 546	68.78	21 364	11 690
Kannaland	7 111	12 729	45 545	4 623	14 698	14 698	3 411	(76.79)	2 625	2 413
Hessequa	19 201	17 310	38 781	30 434	26 829	26 829	10 293	(61.63)	34 431	23 971
Mossel Bay	59 375	29 689	59 938	35 669	40 955	40 955	47 815	16.75	75 927	90 412
George	87 918	172 625	239 444	172 365	176 150	176 150	258 945	47.00	240 295	269 147
Oudtshoorn	36 344	47 609	57 349	40 918	45 764	45 764	30 316	(33.76)	42 409	33 638
Bitou	76 931	65 037	60 003	55 077	57 273	57 273	72 538	26.65	53 404	40 116
Knysna	53 610	74 432	65 889	86 491	92 371	92 371	80 626	(12.72)	54 001	19 492
Laingsburg	12 360	22 282	3 215	1 446	10 441	10 441	2 201	(78.92)	1 753	1 605
Prince Albert	33 661	11 515	18 667	13 608	16 038	16 038	21 116	31.66	16 074	31 506
Beaufort West	25 496	31 325	36 916	31 702	47 327	47 327	47 204	(0.26)	39 201	36 396
Category C	8 049	44 232	11 453	7 840	15 938	15 938	9 863	(38.12)	3 413	2 014
West Coast District Municipality	900	36 437	1 350	1 690	3 006	3 006	2 160	(28.14)	317	37
Cape Winelands District Municipality	2 295	2 607	1 175	2 014	2 560	2 560	1 814	(29.14)	1 254	974
Overberg District Municipality	1 604	2 138	4 798	1 156	2 171	2 171	2 226	2.53	382	103
Eden District Municipality	1 900	1 680	530	1 940	4 450	4 450	3 023	(32.07)	1 180	900
Central Karoo District Municipality	1 350	1 370	3 600	1 040	3 751	3 751	640	(82.94)	280	
Unallocated ^{Note 1}				56 197	11 536	11 536	36 022	212.26	87 450	116 953
Total transfers to local government	2 089 361	2 428 489	2 560 813	2 494 948	2 515 283	2 515 283	2 450 681	(2.57)	2 772 933	2 668 972
Funds retained by the Department of Human Settlements (not included in the transfers to local government)	569 123	493 265	468 986	847 565	1 074 095	1 074 095	695 569	(35.24)	513 918	860 325

Table B.7 Transfers to local government by category and municipality: Information relating to Chapter 5 (continued)

Note 1 Unallocated		2018/19 Allocation (R'000)	2019/20 Allocation (R'000)	2020/21 Allocation (R'000)
Western Cape Financial Management Support Grant	The allocations will be based on the outcomes and recommendations of the Municipal Governance Review and Outlook (MGRO), Technical Integrated Municipal Engagement (TIME) and Local Government Medium Term Expenditure Committee (LG MTEC) processes. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2018/19 Adjusted Estimates.	16 467	12 927	25 489
Western Cape Financial Management Capacity Building Grant	The outer years' municipal-specific allocations will be published in the relevant budget year.		11 394	12 021
Greenest Municipality Competition	As part of a national process, the Department biennially invite municipalities to participate in the Greenest Municipality Competition. The eventual outcome and announcement of the winners are known during the course of the financial year; hence the municipalities and the prize awards will be included biennially in the Adjusted Estimates of Provincial Expenditure.		500	
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	The distribution of the outer years' allocations is dependent on the 20 per cent co-funding by the relevant municipalities. As this has not yet been finalised, provided for in the municipal budgets and approved, it cannot be gazetted in the provincial gazette and transferred.		19 500	20 500
Community Library Services Grant	The allocations indicated in the outer years are provisional amounts subject to confirmed departmental allocations.		9 601	16 367
Development of Sport and Recreation facilities	The allocation of amounts in the outer years is dependent on municipalities submitting Business Plans. As the Business Plans for the outer years have not been submitted, these amounts cannot be gazetted and transferred.		1 605	1 676
Municipal Electrical Master Plan Grant	The allocations will be based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Municipal Governance Review and Outlook, Integrated Development Planning Indaba and Back to Basic meetings. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2018/19 Adjusted Estimates process.	1 417	1 490	1 570
Fire Service Capacity Building Grant	The outer years' allocations will be based on the outcomes and recommendations of the annual Intergovernmental Relation oversight, monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Category of Authorised Persons in terms of Fire Brigade Services Act 99 of 1987, Integrated Development Planning Indaba and Back to Basic meetings. The grant for 2019/20 and 2020/21 is unallocated at this stage and will be allocated in the 2019/20 and 2020/21 budget.		7 026	6 731
Municipal Drought Relief Grant	The outer years' allocations will be based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Municipal Governance Review and Outlook, Integrated Development Planning Indaba and Back to Basic meetings and Drought Task Team meetings. The grant for 2019/20 and 2020/21 is unallocated at this stage and will be allocated in the 2019/20 and 2020/21 budget.		4 352	12 518
Municipal Service Delivery and Capacity Building Grant	The allocations will be based on the outcomes and recommendations of the annual Intergovernmental Relation monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Municipal Governance Review and Outlook, Integrated Development Planning Indaba and Back to Basic meetings. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2018/19 Adjusted Estimates process.	18 138	19 055	20 081
Total		36 022	87 450	116 953

Table B.8 Summary of provincial payments and estimates by policy area

Policy Area R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				Change from Revised estimate 2017/18	2018/19	2019/20	2020/21
General public services	1 579 542	1 770 306	1 946 624	2 135 854	2 184 145	2 183 265	2 208 253	1.14	2 180 100	2 292 489
Public order and safety	264 966	269 233	285 919	302 056	304 356	301 739	316 617	4.93	314 815	332 119
Economic affairs	7 096 150	7 812 902	8 395 885	8 649 103	8 831 580	8 831 580	8 997 244	1.88	9 056 285	9 456 655
Environmental protection	457 181	502 648	537 950	591 570	555 720	555 720	604 621	8.80	604 611	625 955
Housing and community amenities	2 151 327	2 210 713	2 244 423	2 536 087	2 693 318	2 693 318	2 318 554	(13.91)	2 410 490	2 576 961
Health	17 305 808	18 737 118	20 078 184	21 679 806	21 686 482	21 671 137	23 063 703	6.43	23 964 555	25 431 524
Recreation, culture and religion	612 490	685 544	723 373	725 049	727 333	727 333	760 734	4.59	727 627	767 583
Education	16 588 773	17 637 342	19 301 177	20 629 914	20 722 693	20 722 693	22 193 312	7.10	23 128 725	24 547 773
Social protection	1 733 842	1 892 072	1 959 993	2 106 974	2 110 521	2 110 521	2 241 664	6.21	2 394 377	2 527 165
Total payments and estimates by policy area	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	4.86	64 781 585	68 558 224

Table B.9 Payments: Summary by policy area

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

Table B.9 Payments: Summary by policy area (continued)

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

Table B.10 Details of provincial payments and estimates by policy area

GFS function R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate		
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2019/20	2020/21
FUNCTION - GENERAL PUBLIC SERVICES									
Category - Legislative									
Department of the Premier (Programme 1.1)	73 023	80 245	93 764	105 376	106 026	106 026	113 442	103 526	110 336
Provincial Parliament (Vote 2)	107 041	116 126	120 745	137 715	137 715	137 715	143 874	153 221	157 387
Total for Category - Legislative	180 064	196 371	214 509	243 091	243 741	243 741	257 316	256 747	267 723
Category - Financial and fiscal affairs									
Department of Provincial Treasury (Vote 3)	232 148	240 387	248 001	308 184	288 593	287 713	325 390	343 127	359 392
Total for Category - Financial and fiscal affairs	232 148	240 387	248 001	308 184	288 593	287 713	325 390	343 127	359 392
Category - General services									
Department of the Premier (Programme 1.2 to 1.5)	969 851	1 120 528	1 249 180	1 335 373	1 292 098	1 292 098	1 372 751	1 317 765	1 388 759
Department of Local Government (Vote 14)	197 479	213 020	234 934	249 206	359 713	359 713	252 796	262 461	276 615
Total for Category - General services	1 167 330	1 333 548	1 484 114	1 584 579	1 651 811	1 651 811	1 625 547	1 580 226	1 665 374
TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES	1 579 542	1 770 306	1 946 624	2 135 854	2 184 145	2 183 265	2 208 253	2 180 100	2 292 489
FUNCTION - PUBLIC ORDER AND SAFETY									
Category - Police services									
Department of Community Safety (Vote 4)	264 966	269 233	285 919	302 056	304 356	301 739	316 617	314 815	332 119
Total for Category - Police services	264 966	269 233	285 919	302 056	304 356	301 739	316 617	314 815	332 119
TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY	264 966	269 233	285 919	302 056	304 356	301 739	316 617	314 815	332 119
FUNCTION - ECONOMIC AFFAIRS									
Category - General economic affairs									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	424 807	353 992	510 044	370 839	348 384	348 384	378 680	385 193	375 930
Department of Transport and Public Works (Programme 10.2)	1 479 203	1 565 889	1 696 286	1 917 249	1 925 494	1 925 494	1 808 441	1 880 302	1 983 369
TOTAL FOR FUNCTION - General economic affairs	1 904 010	1 919 881	2 206 330	2 288 088	2 273 878	2 273 878	2 187 121	2 265 495	2 359 299

Table B.10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate		
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2019/20	2020/21
Category - Agriculture									
Department of Agriculture (Vote 11)	855 436	750 633	807 792	795 179	877 648	877 648	834 342	878 985	929 103
Total for Category - Agriculture	855 436	750 633	807 792	795 179	877 648	877 648	834 342	878 985	929 103
Category - Transport									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	4 291 605	5 102 506	5 332 422	5 509 330	5 623 094	5 623 094	5 920 999	5 854 277	6 107 354
Total for Category - Transport	4 291 605	5 102 506	5 332 422	5 509 330	5 623 094	5 623 094	5 920 999	5 854 277	6 107 354
Category - Communication									
Department of Economic Development and Tourism (Programme 12.6)	45 099	39 882	49 341	56 506	56 960	56 960	54 782	57 528	60 899
Total for Category - Communication	45 099	39 882	49 341	56 506	56 960	56 960	54 782	57 528	60 899
TOTAL FOR FUNCTION - ECONOMIC AFFAIRS	7 096 150	7 812 902	8 395 885	8 649 103	8 831 580	8 831 580	8 997 244	9 056 285	9 456 655
FUNCTION - ENVIRONMENTAL PROTECTION									
Category - Environmental protection									
Department of Environmental Affairs and Development Planning (Vote 9)	457 181	502 648	537 950	591 570	555 720	555 720	604 621	604 611	625 955
Total for Category - Environmental protection	457 181	502 648	537 950	591 570	555 720	555 720	604 621	604 611	625 955
TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION	457 181	502 648	537 950	591 570	555 720	555 720	604 621	604 611	625 955
FUNCTION - HOUSING AND COMMUNITY AMENITIES									
Category - Housing Development									
Department of Human Settlements (Vote 8)	2 151 327	2 210 713	2 244 423	2 536 087	2 693 318	2 693 318	2 318 554	2 410 490	2 576 961
Total for Category - Housing Development	2 151 327	2 210 713	2 244 423	2 536 087	2 693 318	2 693 318	2 318 554	2 410 490	2 576 961
TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES	2 151 327	2 210 713	2 244 423	2 536 087	2 693 318	2 693 318	2 318 554	2 410 490	2 576 961

Table B.10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate		
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2019/20	2020/21
FUNCTION - HEALTH									
Category - Health n.e.c.									
Department of Health (Programme 6.1)	583 602	614 141	635 774	858 793	754 909	703 526	845 174	879 451	930 969
Total for Category - Health n.e.c.	583 602	614 141	635 774	858 793	754 909	703 526	845 174	879 451	930 969
Category - Outpatient service									
Department of Health Services (Programme 6.2)	6 767 273	7 352 880	7 953 437	8 719 001	8 770 309	8 784 810	9 344 338	9 707 899	10 352 767
Total for Category - Outpatient service	6 767 273	7 352 880	7 953 437	8 719 001	8 770 309	8 784 810	9 344 338	9 707 899	10 352 767
Category - R & D Health (CS)									
Department of Health Services (Programme 6.6)	312 111	319 793	320 291	316 453	340 063	355 792	349 618	369 434	390 253
Total for Category - R & D Health (CS)	312 111	319 793	320 291	316 453	340 063	355 792	349 618	369 434	390 253
Category - Hospital services									
Department of Health Services (Programmes 6.3 to 6.8, excluding 6.6)	9 642 822	10 450 304	11 168 682	11 785 559	11 821 201	11 827 009	12 524 573	13 007 771	13 757 535
Total for Category - Hospital services	9 642 822	10 450 304	11 168 682	11 785 559	11 821 201	11 827 009	12 524 573	13 007 771	13 757 535
TOTAL FOR FUNCTION - HEALTH	17 305 808	18 737 118	20 078 184	21 679 806	21 686 482	21 671 137	23 063 703	23 964 555	25 431 524
FUNCTION - RECREATION CULTURE AND RELIGION									
Category - Recreation and sporting services									
Department of Cultural Affairs and Sport (Programme 13.4)	170 270	180 173	198 161	180 954	183 666	183 666	185 523	148 711	156 624
Total for Category - Recreation and sporting services	170 270	180 173	198 161	180 954	183 666	183 666	185 523	148 711	156 624
Category - Cultural services									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	442 220	505 371	525 212	544 095	543 667	543 667	575 211	578 916	610 959
Total for Category - Cultural services	442 220	505 371	525 212	544 095	543 667	543 667	575 211	578 916	610 959
TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION	612 490	685 544	723 373	725 049	727 333	727 333	760 734	727 627	767 583

Table B.10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate		
	Audited 2014/15	Audited 2015/16	Audited 2016/17				2018/19	2019/20	2020/21
FUNCTION - EDUCATION									
Category - Pre-primary and primary education									
Department of Education (Programme 5.2.1 and 5.5)	7 787 817	8 253 553	9 232 172	9 516 274	9 453 456	9 453 456	10 507 549	11 054 926	11 691 329
Total for Category - Pre-primary and primary education	7 787 817	8 253 553	9 232 172	9 516 274	9 453 456	9 453 456	10 507 549	11 054 926	11 691 329
Category - Secondary education									
Department of Education (Programme 5.2.2)	4 489 245	4 789 855	5 172 184	5 830 695	5 710 069	5 710 069	6 140 226	6 455 784	6 816 414
Total for Category - Secondary education	4 489 245	4 789 855	5 172 184	5 830 695	5 710 069	5 710 069	6 140 226	6 455 784	6 816 414
Category - Subsidiary service to education									
Department of Education (Programme 5.3)	89 845	95 384	101 026	107 578	107 578	107 578	113 387	119 623	126 202
Total for Category - Subsidiary service to education	89 845	95 384	101 026	107 578	107 578	107 578	113 387	119 623	126 202
Category - Education not definable by level									
Department of Education (Programmes 5.1, 5.2.3, 5.2.4, 5.4, 5.6 and 5.7)	4 221 866	4 498 550	4 795 795	5 175 367	5 451 590	5 451 590	5 432 150	5 498 392	5 913 828
Total for Category - Education not definable by level	4 221 866	4 498 550	4 795 795	5 175 367	5 451 590	5 451 590	5 432 150	5 498 392	5 913 828
TOTAL FOR FUNCTION - EDUCATION	16 588 773	17 637 342	19 301 177	20 629 914	20 722 693	20 722 693	22 193 312	23 128 725	24 547 773
FUNCTION - SOCIAL PROTECTION									
Category - Social security services									
Social Development (Vote 7)	1 733 842	1 892 072	1 959 993	2 106 974	2 110 521	2 110 521	2 241 664	2 394 377	2 527 165
Total for Category - Social security services	1 733 842	1 892 072	1 959 993	2 106 974	2 110 521	2 110 521	2 241 664	2 394 377	2 527 165
TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT	1 733 842	1 892 072	1 959 993	2 106 974	2 110 521	2 110 521	2 241 664	2 394 377	2 527 165
TOTAL: BY FUNCTION	47 790 079	51 517 878	55 473 528	59 356 413	59 816 148	59 797 306	62 704 702	64 781 585	68 558 224

Table B.11 Summary of Expanded Public Works Programme (EPWP) payments and estimates

Provincial department R'000	Outcome			Main appro- priation 2017/18	Adjusted appro- priation 2017/18	Revised estimate 2017/18	Medium-term estimate			
	Audited 2014/15	Audited 2015/16	Audited 2016/17				Change from Revised estimate 2018/19	2017/18	2019/20	2020/21
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety	16 888	17 362	17 712	16 552	16 552	16 552	18 680	12.86	10 208	10 506
5. Education	98 865	113 526	127 302	122 970	122 970	122 970	151 525	23.22	125 442	132 341
6. Health	112 326	111 851	131 050	126 828	128 650	128 650	134 184	4.30	141 698	149 491
7. Social Development	7 815	10 167	13 986	20 105	20 105	20 105	7 796	(61.22)	6 311	6 658
8. Human Settlements	3 842	3 490	3 426	3 374	3 374	3 374	3 014	(10.67)		
9. Environmental Affairs and Development Planning	22 260	23 262	25 001	26 630	26 630	26 630	27 526	3.36	24 853	26 220
10. Transport and Public Works	1 438 679	2 007 963	1 896 587	2 206 066	2 206 066	2 206 066	2 191 562	(0.66)	2 143 786	2 196 194
11. Agriculture	2 248	2 000	2 068	2 062	2 062	2 062	2 154	4.46		
12. Economic Development and Tourism										
13. Cultural Affairs and Sport	16 138	14 886	18 558	17 052	17 052	17 052	21 644	26.93	13 764	14 521
14. Local Government										
Total EPWP	1 719 061	2 304 507	2 235 690	2 541 639	2 543 461	2 543 461	2 558 085	0.57	2 466 062	2 535 931
Financed from:										
Equitable share	984 505	1 410 922	1 333 824	1 535 079	1 536 901	1 536 901	1 473 688	(4.11)	1 554 849	1 574 737
Conditional Grants	734 556	893 585	901 866	1 006 560	1 006 560	1 006 560	1 084 397	7.73	911 213	961 194
Other										
Total EPWP	1 719 061	2 304 507	2 235 690	2 541 639	2 543 461	2 543 461	2 558 085	0.57	2 466 062	2 535 931

Note: The figures provided for Transport and Public Works are estimates.

Glossary

Baseline	The initial allocations used during the budget process, derived from the previous year's forward estimates.
Basic prices	The measure of Gross Domestic Product that does not take into account the value of taxes levied and subsidies received on production.
Budget Policy	The means by which government directs and adjusts its overall and differentiated levels of spending in order to foster and influence a nation's economy and social welfare.
Burden of disease	Refers to the nature and drivers of the causes of mortality and morbidity.
Conditional Grants	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
Consumer price inflation (CPI)	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
Core Inflation	An inflation measure which excludes transitory or temporary price volatility as in the case of some commodities.
European Union	The European Union is a political and economic union of 28 member states that are located primarily in Europe.
Eurozone	Officially called the euro area, is a monetary union of 19 European Union (EU) member states that have adopted the euro (€) as their common currency and sole legal tender.
Equitable share	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution.
Financial year	The 12 months according to which companies and organisations budget and account.

Fiscal framework	A framework for integrating fiscal policy and budgeting over the medium-term by linking a system of aggregate fiscal forecasting to a disciplined process of maintaining detailed medium-term budget estimates by ministries reflecting existing government policies.
Fiscal policy	Policy on taxation, spending and borrowing by government.
Gross domestic product (GDP)	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services produced outside the market economy.
Headline Inflation	The main measure of inflation, charting the price movements of a basket of consumer goods and services.
Industrial development zone	Designated sites linked to an international air or sea port, supported by incentives to encourage investment in export-oriented manufacturing and job creation.
Inflation	An increase in the general level of prices.
Labour force	Number of employed and unemployed individuals of working age.
Medium term expenditure framework (MTEF)	The three-year spending plans of national and provincial governments published at the time of the Budget.
Narrow unemployment rate	Rate of unemployment that does not take into account the discouraged employment seekers from the labour force.
National budget	The projected revenue and expenditure that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
Provincial own receipts	Refers to taxes/fees and/or user charges, which a provincial department receives.
Public entities	Companies, agencies, funds and accounts that are fully or partly owned by government or public authorities and are regulated by law.
Recession	Decline of Gross Domestic Product for two or more consecutive quarters.
Working age population	Individuals aged between 15 and 65.