



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

2019/20

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FOREWORD

When the fifth Term of Government started, the Province launched Vision 2030 which conceptualised a sustainable future for the Eastern Cape which rests on a people-centred development to achieve five related goals as outlined in the Provincial Development Plan (Vision 2030).

This 2019 budget focuses on consolidating the work done during the ending fifth term of government. It is also a reflection on the successes we have recorded through our budgeting regime, which was informed by the policy priorities of our government which were: quality basic education and skills development; better health for all; rural development, land reform and food security; a transformed economy that creates jobs and sustainable livelihoods; a province free of crime and corruption; integrated human settlements and cohesive communities; and a capable developmental state that practises good governance.

Our budget strategy has been our guiding light as it directed us to prudently manage resources through cutting expenditure on non-core items and provincial wage bill on the one hand and enhancement of own revenue on the other hand. These measures have cushioned us against external fiscal shocks and protected the delivery of core essential services of education and health to our people. Our primary conviction was on our people especially the youth, women and the elderly.

We are proud to report that health outcomes on life expectancy, neonatal health and maternal health have improved during this term. Education outcomes have also gradually improved on both quality and quantity between 2015 and 2018 based on the National Senior Certificate Outcomes. The dignity of many of our people has been restored through the provision of quality free houses that are connected with electricity, water and sanitation.

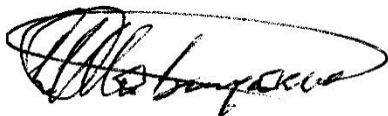
During the same period, social infrastructure projects were accelerated to reduce the backlogs in schools, health facilities such as clinics and hospitals, roads were gravelled and surfaced including those unlocking tourism potential, agriculture, schools and health facilities. To bridge the digital gap in the province, the province has invested in a broadband infrastructure project targeting government facilities. This investment will also address some of the concerns already identified as the Provincial Economic Development Strategy (PEDS) binding constraints to private sector investment attraction.

We have also made significant ground to address the unemployment challenge. During this term our Industrial Development Zones created direct and indirect construction jobs and operational jobs.

During the same period we have received new investments through the efforts of our public entities and the DTI attracting billions of foreign and domestic private sector investments into the zones notably the Beijing Automotive Group Co (BAIC) and Yekani a first of its kind in the province 100 per cent Black-owned communications technology electronics manufacturing factory. There are also many investments in the pipeline including the expansions by Mercedes Benz South Africa (MBSA) and Volkswagen South Africa (VWSA). We are also further encouraged by the changes in Auto Industry Framework, Automotive Production and Development Programme (APDP) and the South African Automotive Master Plan, which target to increase the South Africa share in the sector from 0.6 percent to 1 per cent in global vehicle production. Furthermore, these changes will increase the local content in the sector to 60 per cent by 2035. As a home to more than four original equipment manufacturers (OEM's) the province stands to benefit the most by developing 2nd tier and 3rd tier suppliers to the automotive industry.

To further resuscitate the provincial economy, the provincial government, made policy changes to its procurement regime and introduced 50 per cent Local Economic Development Procurement Framework on Goods and Services to support localisation. Thus far, expenditure patterns indicate that government departments are adhering to this policy directive. In addition to this, we are reprioritised R1,097 billion over the MTEF for a stimulus package that will seek to grow the provincial economy and provide employment opportunities. These resources are meant to encourage the private sector to partner with us as we embark on a new journey to grow our province.

I would like to extend my sincere thanks and appreciation to the Provincial Cabinet, my colleagues in the Provincial Executive Council, Accounting Officer of the Provincial Treasury and other government officials who work tirelessly and relentlessly to finalise the current budget amidst the constrained economic environment.



Honourable Lubabalo Oscar Mabuyane

Member of Executive Council for Finance

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Vote 15: Safety and Liaison

ACRONYMS

AB350	Africa's Best 350
AGSA	Auditor-General South Africa
AIDS	Acquired Immunodeficiency Syndrome
APP	Annual Performance Plan
ARDA	Agrarian Research and Development Agency
ARPs	Annual Recruitment Plans
ART	Antiretroviral Therapy
BCMM	Buffalo City Metropolitan Municipality
BCN	Bhisho Campus Network
CAD	Computer Aided Design
CASP	Comprehensive Agriculture Support Programme
CATHSSETA	Culture Arts Tourism Hospitality Sport Sector Education and Training Authority
CBD	Central Business District
CDC	Coega Development Corporation
CDW	Community Development Workers
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMH	Cecilia Makiwane Hospital
CoE	Compensation of Employees
CPFs	Community Police Forums
CPI	Consumer Price Index
CSD	Central Supplier Database
CSFs	Community Safety Forums
CTG	Cardio Topographic
DBSA	Development Bank of South Africa
DoE	Department of Education
DoT	Department of Transport
DEDEAT	Department of Economic Development, Environment Affairs and Tourism
DM	District Municipality
DR	District Road
DRDAR	Department of Rural Development and Agrarian Reform
DRDLR	Department of Rural Development and Land Reform
DRPW	Department of Roads and Public Works
DSD	Department of Social Development
DSL	Department of Safety and Liaison

DSRAC	Department of Sport, Recreation, Arts and Culture
ECD	Early Childhood Development
ECDC	Eastern Cape Development Corporation
ECGBB	Eastern Cape Gambling and Betting Board
ECFCC	Eastern Cape Frail Care Centre
ECLB	Eastern Cape Liquor Board
ECPACC	Eastern Cape Provincial Arts and Culture Council
ECPTA	Eastern Cape Parks and Tourism Agency
ECRDA	Eastern Cape Rural Development Agency
ECSECC	Eastern Cape Socio-Economic Council
EIA	Environmental Impact Assessment
ELIDZ	East London Industrial Development Zone
EME	Exempted Micro Enterprises
EMS	Emergency Medical Services
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
EXCO	Executive Council
FAS	Foetal Alcohol Syndrome
FDIC	Fashion Design Innovation Centre
FMAF	Financial Management Accountability Framework
GEF	Global Environmental Foundation
GIS	Government Information System
GIZ	Gesellschaft für Internationale Zusammenarbeit
GRAP	Generally Recognized Accounting Practice
G&S	Goods and Services
HIPP	High Impact Priority Programme
HIV	Human Immunodeficiency Virus
HPV	Human Papilloma Virus
HR	Human Resource
ICT	Information Communication Technology
IDMS	Infrastructure Development Management System
IDZ	Industrial Development Zones
IPT	Isoniazid Prophylaxis Therapy
IRDP	Integrated Rural Development Programme
ISHS	Integrated School Health Services
ISU	Individual Subsidy Unit

JOC	Joint Operating Centre
KWT	King Williams Town
LAIS	Learner Attainment Improvement Strategy
LED	Local Economic Development
LLF	Local Labour Forum
LM	Local Municipality
LRED	Local and Regional Economic Development
LSEN	Learners with Special Education Needs
LTSM	Learner Teacher Support Material
MDA	Manufacturing Development Act 187 of 1993
MEC	Member of Executive Council
METT-SA	Management Effective Tracking Tool- South Africa
MP	Members of Parliament
MPL	Member of Provincial Legislature
MPP	Mass Participation Programme
MTC	Mayibuye Transport Corporation
MTEF	Medium-Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAF	National Arts Festival
NCOP	National Council of Provinces
NDA	National Development Agency
NDP	National Development Plan
NFVF	National Film and Video Foundation
NHLS	National Health Laboratory Services
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NPO	Non-Profit Organisation
NSNP	National School Nutrition Programme
NSC	National Senior Certificate
NT	National Treasury
OEM	Original Equipment Manufacture
OTP	Office of the Premier
PAIP	Provincial Audit Improvement Plan
PANSALB	Pan South African Language Board
PCMT	Provincial Coordination and Monitoring Team
PDS	Primary Distribution Sites
PEOH	Port Elizabeth Opera House
PFMA	Public Finance Management Act 1 of 1999 (as amended)
PHC	Primary Health Care
PICC	Presidential Infrastructure Coordinating Committee
PMO	Project Management Office

PPN	Post Provisioning Norm
PPTICRM	Perfect Permanent Teams for Ideal Clinic Realization and Maintenance
PRE	Provincial Regulatory Entity
PRMG	Provincial Roads Maintenance Grant
PSDF	Provincial Spatial Development Framework
PSLDC	Provincial State Land Disposal Committee
PSS	Provincial Safety Strategy
PT	Provincial Treasury
QSEs	Quality Small Enterprises
RAF	Road Accident Fund
RED	Rural Enterprise Development
REF	Request for Proposal
SABC	South African Broadcasting Corporation
SANBI	South African National Bio-diversity Institute
SANRAL	South African National Roads Agency Limited
SAPS	South African Police Service
SASAMS	South African Schools Administration Management System
SATMA	South African Traditional Music Awards
SCOA	Standard Chart of Accounts
SCM	Supply Chain Management
SDM	Service Delivery Model
SEZ	Special Economic Zone
SEZ Act	Special Economic Zone Act 16 of 2014
SIIDP	Social Integrated Infrastructure Development Programme
SIPDM	Standard for Infrastructure Procurement Delivery Model
SITA	State Information Technology Agency
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Services
SOPA	State of the Province Address
SP	Strategic Plan
SPLUMA	Spatial Planning and Land Use Management Act
SRSA	Sport and Recreation South Africa
TARDI	Tsolo Agricultural and Rural Development Institute
TB	Tuberculosis
TEP	Tourism Enterprise Partnership
TVET	Technical and Vocational Education and Training.
UPS	Uninterruptible Power Supply
VCPP	Violence and Crime Prevention Programme
VIP	Very important person
VVIP	Very very important person

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EXECUTIVE SUMMARY

Economic Outlook and Service Delivery

Global economic expansion has slightly weakened recently due to slowing economic activity in some key economies particularly in Europe, Asia and Latin America. For 2018 global economic growth is estimated to have averaged 3.7 per cent, whilst the near-term projections for 2019 and 2020 have been downwardly revised by the International Monetary Fund (IMF) to 3.5 per cent and 3.6 per cent, respectively.

As a consequence of weakening global economic growth domestic economic activity has also remained highly constrained in 2018. After two quarters of consecutive negative economic growth (-2.6 per cent and -0.4 per cent) domestic economic activity rebounded slightly in the third quarter of 2018 growing at an annualised seasonally adjusted rate of 2.2%. The main contributing sectors to the uptick were manufacturing followed by agriculture, transport, storage and communication, whilst mining suffered the most.

With low growth levels of domestic employment remained subdued in 2018. The youth continue to be the most affected with considerably higher rates of joblessness. Most of the employment creation in the province in 2018 was dominated by the Construction, and Community and Social Services sectors which are also the biggest employers in the province. Trade and retailing another significant sector in the province in terms of employment shed jobs in 2018.

Highlights of the 2019/20 Provincial Budget Strategy

The 2019 MTEF provincial budget strategy has been informed by the broader national and provincial government development policies and sector plans most of which are anchored on the National Development Plan, Provincial Development Plan the Medium-term Strategic Framework and other government-wide planning frameworks.

As the country concludes its fifth electoral cycle this strategy has also taken full consideration of the challenges faced by the province as well as the country with regards to the low economic growth which continues to lead to low revenue collection. Furthermore, this has been worsened by the reduction of R5.958 billion in the provincial budget baseline over the 2019 MTEF which resulted from the revised population data updates caused by outward migration and other variables, especially in the Health sector. In light of the tight fiscal framework and the reduced provincial budget baselines, the province continues to implement its budget strategy which amongst others, emphasising the following:

Fiscal Consolidation

Over 2019 MTEF period the province through Provincial Treasury will continue to emphasising the following:

- Controlling expenditure on non-core items, whilst protecting non-negotiables and key service delivery items;
- Reprioritisation of budgets, budget cuts and expenditure ceilings;
- Controlling personnel budgets and expenditure;
- Rationalisation of Public Entities; and
- Provincial Own Revenue Enhancement.

Essential Social Services

The provincial government continues to be steadfast on its mandate of delivering core services to the people, this will ensure that essential social services such as Health and Education services are funded and protected despite the continued decline in budgets. These services include, but are not limited to:

Access to Quality Basic Education

In the current term the following interventions have been key to improving basic education outcomes in the province:

- Ensuring a functional schooling system with better school management, governance and accountability
- Improving school infrastructure and timely provision of Learner Support Material, and
- Enforcing continuous assessment of teaching and learning in class

Up scaling current levels of performance will require fostering quality teaching, promoting greater access to early childhood development programmes for Grade R, and developing a responsive basic education curriculum that equips learners for future skills training needs.

Better Health for all

For the province the delivery of health services has been gradually improving with the impact being evident across key health outcomes measures including rising life expectancy, improving child, maternal and women health. Some of the elements that underpinned these improvements have entailed the strengthening and enforcing of uniform national health core standards across health facilities, investing in health human resources and health facilities, availing essential medicines across primary health care (PHCs) facilities, and increased funding directed to primary health programmes.

Provincial Economic Stimulus Package

Given the weak and uncertain economic environment and the growing demand for government services, the provincial government in alignment with the national government has prioritised and established the economic stimulus package for the province as one of the key medium-term policy priorities of government. This has been done through budget reprioritisation, such that 0.5 per cent was top sliced from the budget baselines of departments in order to create a fund for the implementation of the provincial stimulus package. The provincial stimulus fund will be administered by the Department of Economic Development, Environmental Affairs and Tourism as the strategic driver of economic development in the province. This fund is aimed at funding key catalytic projects identified in the provincial investment book/plan that was developed in line with the national investment book/plan. The key sectors /projects identified in the plan are:

- Agriculture value chains;
- Ocean economy;
- Energy;
- Film Industry;
- Manufacturing;
- Tourism; and
- Infrastructure development projects.

Maintaining Fiscal Discipline

Maintaining fiscal discipline remains one of the critical elements of managing government resources. Therefore, provincial government through Provincial Treasury continues with amongst others ensuring

budget allocative efficacy and fiscal consolidation through maintaining expenditure ceilings, reprioritisation of funds from non-core to core items and curbing of the wage bill (working with OTP).

Provincial Fiscal Framework

The 2019/20 provincial budget is made up of national transfers which consists of Provincial Equitable Share (PES) amounting to R68.824 billion and conditional grants of R12.078 billion as well as provincial own receipts of R1.453 billion.

National Treasury, together with relevant stakeholders (provincial treasuries, Statistics South Africa, Financial and Fiscal Commission and other related national departments) continues with the review process of the Provincial Equitable Share (PES) formula which commenced in 2016. The review in 2018 has resulted in the PES reduction of R5.958 billion over the 2019 MTEF. The reduction was mainly caused by the revision of the Education and Health components:

- *Education Component:* the education component was updated with data from the Learner Unit Record Information Tracking System (LURITS), which tracks learners throughout their entire schooling career. It was also updated with the age cohort data from the 2018 Mid-Year Population Estimates.
- *Health Component:* the revision of the Health component consists of updated data from the patient load data generated by the District Health Information Services; the risk adjusted index; insured population from the 2017 General Household Survey, while the PES was updated with the 2016 Gross Domestic Product by region and the 2010/11 Income and Expenditure Survey by Statistics South Africa.

A small margin of the PES reduction has been offset by the additional funding of R273.331 million that the province received over the 2019 MTEF. This funding has been received for the phasing out of the Social Worker Employment conditional grant into the provincial equitable share (R155.517 million over MTEF); the Substance Abuse Treatment Centre conditional grant conversion (R59.243 million over the MTEF) to allow the province to start operating these substance abuse treatment facilities; Food Relief (R13.707 million over the MTEF) function shift from the national Department of Social Development; Infrastructure technical capacitation within Provincial Treasury (R15 million over MTEF) in order to make infrastructure delivery more effective in the province; strengthening support interventions in municipalities (R29.864 million over the MTEF) according to section 139 of the Constitution; Sanitary dignity project for indigent school girls (R22.815 million in 2019/20); and expansion of the medical intern cohort relating mainly to the students returning from medical training in Cuba as well as the absorption of interns and registrars (R131 799 million in 2021/22).

With the continued slow economic growth and the shrinking PES over time, Own Revenue generation has become the greater part of the provincial budget strategy in order to fund critical provincial priorities. In this regard, the province continues to implement its Revenue Generation Strategy. The strategy focuses on major revenue generating departments such as the Departments of Transport, Health, Public Works as well as Economic Development, Environmental Affairs and Tourism. In addition, a research study was conducted and new revenue sources have been identified, with the Department of Rural Development and Agrarian Reform being added as also critical in maximising revenue generation in the province.

Improving Infrastructure Delivery

Infrastructure development is crucial in stimulating economic growth, and the province has considered the huge infrastructure backlogs that the province carries which continues to hamper development in the province across various sectors. The identified infrastructure backlogs were compiled and submitted to Fiscal Financial Commission (FFC) and National Treasury for consideration in the review process of the PES formula.

Despite such challenges, infrastructure development continues to be one of the key priorities of the provincial government and thus the province is moving towards striking a balance between social and economic infrastructure. In addition, integration across spheres of government, provincial departments and public entities is central in improving efficient and effective infrastructure delivery in the province.

In the 2019/20 MTEF, the focus will be on the completion of all existing projects and ensuring the prioritization of maintenance in line with the requirements of life cycle costing of assets. PT will utilize its increased technical capacity to strengthen the oversight of infrastructure projects such that work performed correlates with the related expenditure. Maintenance of projects has also been emphasized as the critical element of a project life cycle in order to maximise on the benefits of each project as well as value for money. The capacity to support provincial departments and overseeing of the implementation of the infrastructure projects will be enhanced as the National Treasury has shown its commitment through the additional funding. These projects will continue to be monitored.





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

1. SOCIO-ECONOMIC REVIEW

Population Growth and Distribution

Based on the 2018 Midyear Population Estimate by Statistics South Africa (Stats SA), the Eastern Cape (EC) province is estimated to have a total population of 6.52 million, an equivalent of 11.3 per cent of the country's total.

While the majority (about 69.2 per cent) of the provincial population still resides in predominantly rural areas, an increasing share has been moving to urban centres. In terms of regional distribution the largest share at 21.3 per cent resides in the OR Tambo region followed by Nelson Mandela Bay Metro at 18.7 per cent, whilst Joe Gqabi is the least populous district with 5.1 per cent of the provincial total.

Table 1.1: Demographics

	EC	FS	GP	KZN	LIM	MP	NC	NW	WC	RSA
Population Growth (% pa)	-0.7%	1.0%	3.8%	0.7%	0.6%	3.1%	1.6%	2.9%	3.3%	1.9%
Percentage Share of the Total Population (%)										
2010	13.5	5.46	22.39	21.39	10.98	7.23	2.17	6.43	10.45	100
2017	11.3	5.1	25.5	19.7	10	7.8	2.1	6.9	11.5	100
Fertility Rate Over Time (%)										
2001-2006	3.35	2.65	2.19	2.86	3.2	2.91	3.09	3.1	2.32	
2011-2016	3.15	2.65	2.14	2.74	3.14	2.89	2.93	3.05	2.38	
2016-2021	2.89	2.41	2.04	2.51	2.86	2.6	2.71	2.77	2.21	
Share of the total population										
Children under 15	34.34	29.31	24.48	31.48	34.25	31.63	30.13	31.09	26.12	29.53
60 plus	10.25	9.34	8.04	8.13	7.58	7.21	9.86	8.44	9.27	8.47
Migration (2011-2016) - Out Migration										
Out Migration	492 983	157 714	479 461	344 302	389 290	193 479	71 678	191 729	157 210	
In-Migration	172 917	132 917	1 459 549	275 920	248 413	258 374	75 606	288 204	449 308	

2011-2018 Mid-year Population Estimates, Statistics South Africa

For the past 10-15 years the province has experienced a significant outward movement of people, mostly those within the working age. Close to 493 000 people are estimated to have left the Eastern Cape province between 2011-2016 with the majority moving to Gauteng, the Western Cape and KwaZulu Natal. In terms of Stats SA 2016 Community Survey Report, the most commonly cited reason for moving was the search for better economic opportunities.

The age distribution of the provincial population also points to a relatively young population with a median age between 20-24 years, slightly lower than the national median. Above the age of 30, there are considerably more females than males, in part a reflection of current provincial migratory patterns. In terms of the overall gender distribution males constitute 47 per cent while females are 53 per cent of the total.

The declining population numbers in the province has affected how much fiscal transfers the province receives from National Treasury. Since 2012, the province's share of the overall weighted equitable share allocation to provinces decreased from 14.9 per cent in 2012 to an average share of 13.2 per cent in 2019, representing a fiscal transfer loss of more than R4 billion over this period.

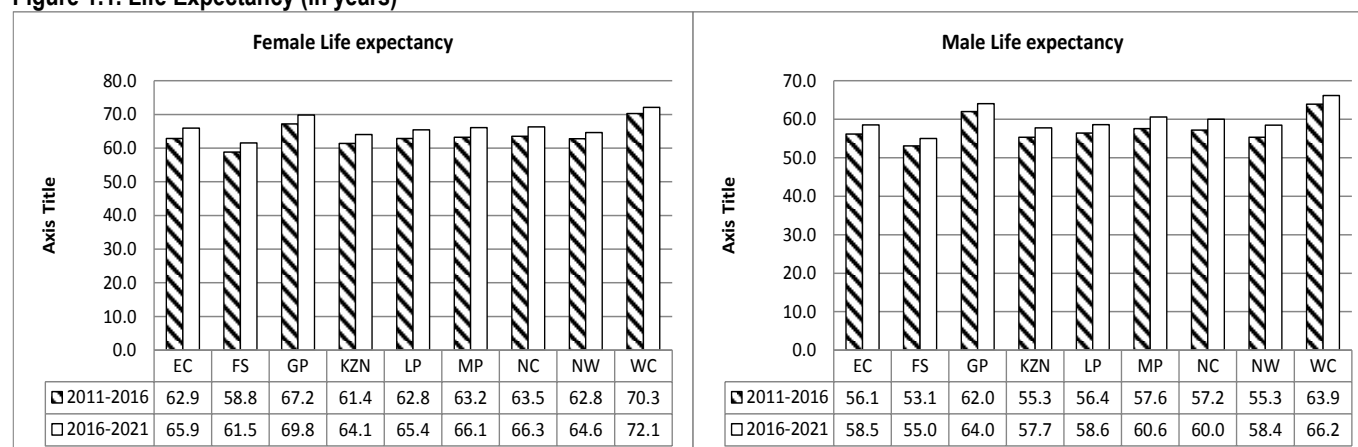
Based on the changing demographics current and future services demand can be expected to significantly change and in response to that the provincial government will need to invest more on urban infrastructure, upscaling women and youth developmental programmes to enhance their economic and employment opportunities, but not neglecting health and other human development programmes.

Provincial Health Services

Universal health coverage (UHC) continues to be the guiding principle of health policy in South Africa. The World Health Organisation ranks South Africa marginally above the global median in terms of universal health services coverage, scoring 67 index points against a global median of 65.

Within the province the delivery of health services has been gradually improving with key health outcomes measures pointing to increasing life expectancy, declining child and maternal deaths and improvements in health services targeting women.

Figure 1.1. Life Expectancy (in years)



Source: Stats SA 2018 Mid-year Population

Elements that have underpinned these health gains include the strengthening and enforcing of uniform national health core standards across health facilities, investing in health human resources and health facilities, the availability of essential medicines across PHCs, and increased funding directed to provincial primary health services.

Investing in Health Human Resources

In 2018 the province had the third highest number of medical practitioners (medical doctors) per 100 000 uninsured population, measured at 32.3 per 100 000, higher than the national average of 31.6 per 100 000 uninsured population and only surpassed by Gauteng, the Western Cape, and KZN. The improvement has been significant when compared to 2016 when the ratio was estimated at 25.9 per 100 000. In terms of actual numbers this represented an increase from 1 631 to a total of 1 903 medical practitioners employed across provincial public health facilities.

In terms of other health personnel categories there has also been some improvements especially for clinical associates, medical specialists, pharmacist, nurses, radiographers, dental practitioners, leading to a reduction in staff workloads and improving staff morale.

Sustaining the improvements in health human resources has been the increase in allocated budgets and spending by the provincial health department on core health personnel totalling R3.591 billion over the period 2014/15 to 2021/22. Additional to this a conditional grant amount of R186.422 million over the 2019 MTEF will be allocated to provincial health specifically for resource capacitation for critical health personnel.

Health Facilities and Availability of Essential Medicines

The Ideal Clinic Initiative was introduced in 2013 by government in order to enhance the quality of care and reduce deficiencies in primary health delivery. An Ideal Clinic was defined to be primary health care (PHC) facility that had good infrastructure, adequate availability of medicines and other bulk supplies, and good administrative processes. When the initiative was first implemented in 2015/16 only 14 facilities in the province managed to achieve the ideal gold standard. Cumulatively the number classified as ideal increased to 157 by end of 2017/18, an improvement from 1.8 per cent to 20.4 per cent of facilities assessed. Despite being lower than the national average (43.5 per cent) the improvement since 2015/16 has been noteworthy.

For the same period the percentage of provincial fixed clinic/CHC/CDC reporting tracer items stock-outs which includes the World Health Organisation (WHO) recommended core list of essential medicines

decreased slightly from 21.2 per cent to 20.9 percent between 2015/16 and 2017/18 but still lower than the national average of 25.3 per cent.

Child and Maternal Health

Table 1.2 provides a selection of key indicators focusing on the delivery of essential child and maternal health services in the province.

Table 1.2: Child and Maternal Health Indicators

Selected Child and Maternal Health Indicators	2013/14	2014/15	2015/16	2016/17	2017/18
Delivery					
Delivery in 10 to 19 years in facility rate	-	-	-	-	15.4
Early neonatal death in facility rate (per 1 000 live births)	14.1	13.3	12.8	10.8	11.8
Maternal mortality in facility ratio (per 100 000 live births)	156.2	148.3	128.0	127.6	128.3
Mother postnatal visit within 6 days rate	54.6	58.0	58.2	61.4	63.3
Stillbirth in facility rate	20.6	19.6	21.6	18.6	19.6
PMTCT					
Antenatal 1st visit before 20 weeks rate	43.3	48.8	59.7	63.8	64.8
HIV test around 18 months uptake rate			85.3	78.4	64.0
Infant PCR test positive around 10 weeks rate				1.6	1.2
Child Health					
Diarrhoea case fatality under 5 years rate	6.9	5.2	3.6	3.7	3.6
Infant exclusively breastfed at DTaP-IPV-Hib-HBV 3rd dose rate			29.4	32.8	46.7
Pneumonia case fatality under 5 years rate	5.7	4.2	3.7	3.0	3.7
Severe acute malnutrition case fatality under 5 years rate	14.0	11.8	10.1	10.2	11.8
School Health					
School Grade 1 screening coverage	17.1	13.4	20.5	17.2	25.5
School Grade 8 screening coverage			9.2	13.8	20.3
Immunisation					
Immunisation under 1 year coverage	72.3	80.9	74.3	64.0	68.5
Measles 2nd dose coverage	67.6	73.6	68.6	75.3	65.6
Reproductive health					
Cervical cancer screening coverage	46.0	56.3	61.6	65.1	64.0
Couple year protection rate	30.9	39.4	72.2	74.7	48.9

Source: SA Health Barometer

Levels of maternal mortality ratio in facilities while still above the national average have been declining. OR Tambo and Chris Hani are the two regions in the province that still experience higher rates of maternal deaths per 100 000 live births.

The early neonatal death in facility rate is a good indicator of the quality of antenatal, intrapartum and postnatal care and is key in addressing preventable deaths among neonates and children under 5 years. For the province, this indicator has generally improved, with the exception of the OR Tambo, Buffalo City Metro, and Alfred Nzo which have been identified as hot spot areas with higher levels of early neonatal deaths. The provision of antenatal care (ANC) services in the province has also improved and this has been critical in ensuring safe pregnancy and in providing early critical care interventions. These interventions have also been the basis of the highly successful Prevention of Mother to Child Transmission (PMTCT) programme.

Case fatality rates due to diarrhoea/ dehydration and pneumonia amongst children under five years have declined. Of concern, however, are the high case fatalities due to severe malnutrition, and the apparent regression in immunisation coverage.

The programme for providing access to reproductive health services and contraceptives for women has been progressing well with an increasing number of women receiving cervical cancer screening and contraception services throughout provincial public health facilities.

HIV/AIDS/TB and Non-Communicable Diseases

The country has the largest ART programme in the world, mainly due to good policies, excellent leadership and commitment. However, not everyone who is living with HIV is currently on treatment. With about 7.9 million people living with HIV (PLHIV) in South Africa the DHIS data shows just more than a half (about 4.1 million clients) were on treatment as at end of 2017/18. The President has recently announced a plan to initiate an additional 2 million PLHIV on ART by December 2020. This declaration is a critical step towards reaching the global set targets (UNAIDS' 90-90-90) which aim to achieve the following by 2020:

- 90 per cent of all people living with HIV should know their HIV status,
- 90 per cent of all people with diagnosed HIV infection receive sustained antiretroviral therapy, and
- 90 per cent of all people receiving antiretroviral therapy are virally suppressed.

Table 1.3: HIV/Aids and TB Treatment

90 - 90 - 90 HIV/AIDS Targets	Year	EC	FS	GP	KZN	LP	MP	NC	NW	WC	SA
Number of patients receiving ART	2016	361 175	193 328	770 835	936 727	261 490	323 061	48 330	204 184	203 565	3 302 695
	2017	414 733	215 354	835 305	1 187 999	305 421	377 310	55 181	222 856	230 931	3 845 090
	2018	452 072	246 002	927 825	1 271 116	329 044	411 905	57 429	236 856	256 821	4 189 070
PLHIV with status known (1st 90)	2015	85	86	82	88	86	84	85	88	83	85
HIV testing coverage age 19 months and older	2017/18	22.8	14.7	21.0	26.2	27.0	27.2	22.0	18.8	21.5	23.0
ART Coverage (2nd 90)	2015	56	59	52	62	56	58	73	51	56	57
HIV viral load suppression (3rd 90)	2015	75	81	74	85	70	70	78	86	86	78
TB											
Number of TB DS cases started on treatment (ETR.net)	2015	46 294	15 883	43 772	73 240	17 000	17 011	7 621	19 565	42 559	282 945
	2016	41 291	13 746	17 028	67 257	15 587	16 464	7 565	17 738	42 126	238 802
	2017	36 712	12 407	15 972	59 204	14 208	13 305	7 220	16 465	40 079	215 572

Source: District Health Barometer 2017/18

Within the province currently there are 452 072 people on ART which represents a substantial increase from the 361 175 patients that were on treatment in 2016. However, access to ART country-wide is still lower than the government's 90-90-90 targets.

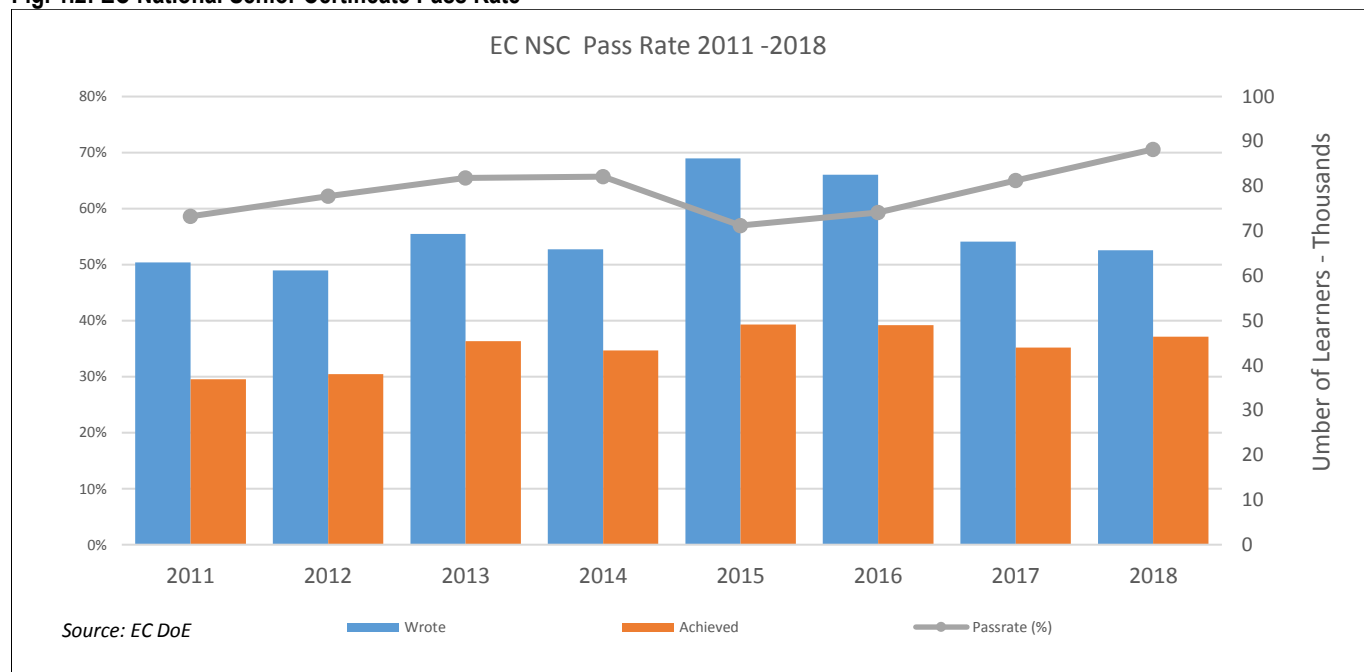
Ensuring that the government comes close to realising its ambitious 2020 targets a concerted effort will be required to improve health supply chain processes to:

- Guarantee that medicines are made available to all health facilities and whilst also introducing non-health facility distribution points;
- Ensure Districts Health management and PHC staff to urgently address issues of defaulting patients through follow ups, and counselling;
- Encourage testing and introducing new clients to treatment regimens, and
- The role of health outreach services teams (WBOTS) should be strengthened to targeted high-risk population groups.

Quality Basic Education

As benchmark for system-wide performance the results of the National Senior Certificate for the past three years point to the gradual improvement in the delivery of quality basic education in the province.

Fig. 1.2: EC National Senior Certificate Pass Rate



Source: EC Dept of Education

In the 2018 academic year the EC class of 2018 achieved a 70.1 per cent pass rate with 65 733 students sitting to write their matric exams and 46 393 passing. This represented a substantial improvement since 2015. The following interventions have been key in improving learner performance:

- Promoting a functional schooling environment through better school management and governance, and ensuring greater accountability to communities and departmental district offices;
- Adequate provision of sufficient LTSM and maintaining good infrastructure;
- Enforcing continuous assessment of teaching and learning as a basis to academic achievement;

Sustaining current progress whilst laying a firm foundation for life-long learning and skills development the provincial education department will prioritise:

- Effective and efficient quality teaching and learning through teacher development, effective utilisation of curriculum delivery methods including E-learning;
- Increasing access to quality Early Childhood development programmes in Grade R, with support from pre-Grade R initiatives;
- Developing a responsive basic education curriculum that sufficiently equips learners for further education and skills training, and labour market needs; and
- Continuing rollout of the Learner Attainment Improvement Strategy (LAIS) through providing extra classes, providing school level appropriate package of support to viable secondary Schools in Quintile 1 to 3 and supporting progressed, and second chance matrics.

Early Childhood Development

Since 2014 access to ECD programmes including grade R has significantly improved in the province. Currently the province has just about 1 million children aged between 0-6 years. Out of this total close to 430 000 children have access to formalised (whether private or public) ECD programmes with close to 160 000 directly receiving support from provincial departments of Education and Social Development.

The progressive universalisation of ECD has been in line with provincial government's policy agenda of ensuring that by 2030 – “a full comprehensive age-and developmental stage appropriate quality early childhood development programme is available and accessible to all infants and young children and their caregivers”. Much more than just increasing access this policy also seeks to promote the availability of ECD centres and facilities that are safe, durable, reliable, equipped with the necessary resources for learning and playing for young children in the province.

Economic Indicators

Slight weakening of global economic expansion and tepid recovery of the domestic economy

Global economic expansion has slightly weakened in recent quarters due to slowing economic activity in some key economies particularly in Europe, Asia and Latin America. For 2018 global economic expansion is estimated to have averaged at 3.7 per cent, whilst the near-term growth projections for 2019 and 2020 have been downwardly revised by the IMF to 3.5 per cent and 3.6 per cent, respectively.

Factors contributing to the global slowdown include the escalation of trade tensions between the United States and China, slower growth in some advanced EU economies particularly Germany (due to soft private consumption and weak industrial production), Italy (heightened sovereign and financial risks) and France (protests and industrial action). Slowing growth across emerging market economies has also contributed to the overall softening of global economic growth.

Across emerging and developing economies growth projection have been revised down to 4.5 per cent in 2019 and only marginally improving to 4.9 per cent in 2020. The downward revisions are mainly driven by an unexpected slowdown of the Chinese economy following the introduction of tighter financial regulatory regimes on lending, and the escalation of trade barriers with the United States. Furthermore, other emerging economies continue to be weighed down by tightening external financial conditions and weakening financial sentiments which led to deep contractions in some key emerging economies such as Turkey, and Argentina.

Table 1.4: Economic Growth in Selected Countries

Region/country	2010-2017	2018	2019	2020	2021-2023
Percentage	Post-crisis	Average GDP forecast			
World	3.8	3.7	3.5	3.6	3.6
Advanced economies	2.0	2.3	2.0	1.7	1.6
United States	2.2	2.9	2.5	1.8	1.5
Euro area	1.3	1.8	1.6	1.7	1.5
United Kingdom	2.0	1.4	1.5	1.6	1.6
Japan	1.5	0.9	1.1	0.5	0.5
Developing countries	5.3	4.6	4.5	4.9	4.9
China	8.0	6.6	6.2	6.2	5.8
India	7.3	7.3	7.5	7.7	7.7
Brazil	1.4	1.3	2.5	2.2	2.2
Russia	1.8	1.7	1.6	1.7	1.4
Mexico	3.1	2.1	2.1	2.2	2.9
Sub-Saharan Africa	4.3	2.9	3.5	3.6	4.0
South Africa ¹	2.0	0.7	1.5	1.7	2.4

1. National Treasury forecast

Source: IMF World Economic Outlook, January 2019 and IMF World Economic Outlook database

Despite the recent slow-down due to moderating oil and other commodity prices, economic expansion in sub-Saharan Africa is expected to pick up in the near-term from 2.9 per cent in 2018 to 3.5 per cent and 3.6 per cent in 2019 and 2020. Kenya and Ethiopia are some of the growth high flyers in the region growing at levels higher than 5 percent per annum.

Notwithstanding current moderate and seemingly benign conditions, the near-term global outlook could prove more severe. Downside risks that could further weaken the outlook include possible adverse outcomes to trade negotiations between the two largest economies (US and China) with negative and distortionary effects on global trade and investment. Furthermore, a sudden and unanticipated adverse shock to global financial sentiments and the tightening of global financial conditions could potentially lead to sharp output contractions particularly in those economies beset with high levels of public and private debt, and this includes both advanced and emerging economies.

To insulate the global economy from any further deceleration, the policy consensus among policy makers continue to emphasise interventions aimed at boosting productivity and free trade, raising labour participation, for women and the youth, ensuring effective delivery of social services (education and health), and strengthening social protection more so for those affected by structural and technological shocks.

On the fiscal front policy concerns should be about addressing rising levels of public and private sector debt so as to ensure debt ratios remain sustainable more so in the current tight external financial environment. Rationalising current expenditure can also help preserve capital and infrastructure outlays that are needed to boost potential growth and enhance economic inclusion.

As for the role of monetary policy, in countries where current and future expected inflation remains low, monetary policy should be more accommodative and provide support to domestic economic activity.

Tepid Recovery in Domestic Production

For the greater part of 2018 economic activity in South Africa remained highly constrained and this is expected to continue into 2019. After two quarters of consecutive negative economic growth (-2.6 per cent and -0.4 per cent) the South African economy rebounded slightly in the third quarter of 2018 and grew at an annualised seasonal adjusted rate of 2.2 per cent.

Table 1.5: SA Sector / Industries Quarterly Growth Rates

South African Economic Growth per Quarter (% annualised)							
Sector / Industry	2017 QRT 1	2017 QRT 2	2017 QRT 3	2017 QRT 4	2018 QRT 1	2018 QRT 2	2018 QRT 3
Agriculture	25.6	36.9	41.7	39.0	-33.6	-31.9	6.5
Mining	12.6	7.8	6.2	-4.4	-10.3	8.1	-8.8
Manufacturing	-4.1	2.9	3.7	4.3	-6.7	0.6	7.5
Electricity, Gas And Water	-5.6	8.1	-6.1	3.3	0.2	2.2	-0.9
Construction	-1.2	-0.7	-1.2	-1.4	-1.9	2.1	-2.7
Wholesale And Retail Trade, Hotels And Restaurants	-5.6	0.9	-0.1	4.8	-3.1	-1.4	3.2
Transport, Storage And Communication	-1.3	2.6	0.8	2.8	0.9	-4.9	5.7
Finance, Real Estate And Business Services	-0.5	3.1	1.9	2.5	1.1	1.9	2.3
General Government Services	-0.5	-1.9	1.1	1.4	1.9	-0.4	1.5
Personal Services	0.3	1.7	1.2	1.0	1.2	0.8	0.7
GDP at Market Prices	-0.5	2.9	2.3	3.1	-2.6	-0.4	2.2

Source: Stats SA GDP Quarter 3 2018

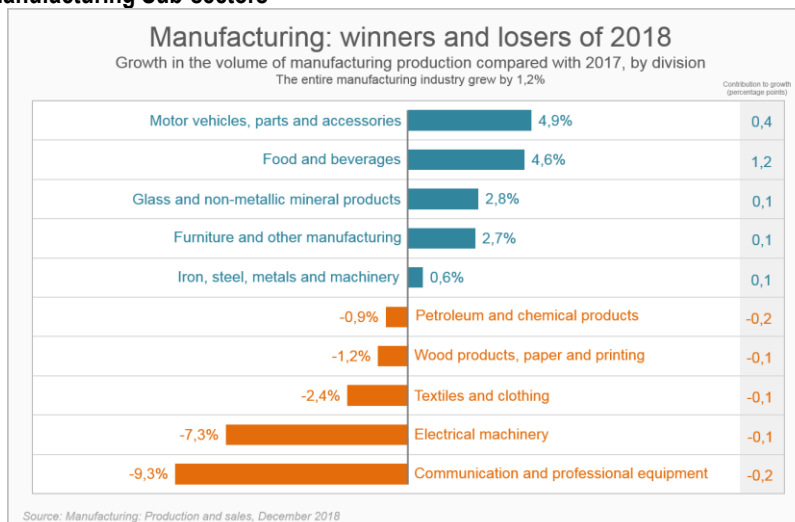
Mining declined at an annualized quarterly rate of 8.8 per cent rate in the third quarter with platinum group of metals, iron ore, gold, copper and nickel accounting for most of the sector's contraction. For the full 2018 year mining output decreased by 1.6% following an increase of 3.9 per cent in 2017.

Manufacturing was the main driver of the rebound in the third quarter followed by agriculture, transport, storage and communication. The 7.5 per cent growth in manufacturing was largely driven by increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles; and this was the largest jump in manufacturing output since the second quarter of 2016.

For the full year of 2018, total manufacturing production increased by 1.2 per cent compared to 2017 with the following manufacturing subdivisions delivering robust growth:

- Food and beverages (4.6% and contributing 1.2 percentage points); and
- Motor vehicles, parts and accessories and other transport equipment (4.9 per cent and contributing 0.4 of a percentage point).

Fig. 1.3: Performance of Manufacturing Sub-sectors



Source: Stats SA: Manufacturing Production and Sales, December 2018

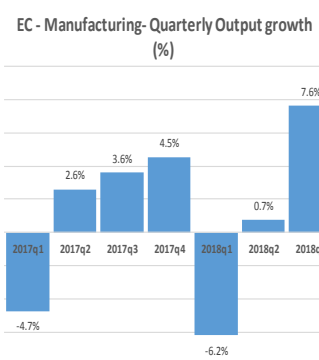
The robust performance of motor vehicles and parts production in 2018 boded well for manufacturing and jobs creation in the province. Based on Stats SA's 2018 labour market data it is estimated that sector created no less than 9 500 jobs in the province in 2018. Manufacturing output increased by 7.6 per cent in the province in quarter 3 of 2018.

Furthermore the sector's near-term outlook has been bolstered by various investment commitments as recently outlined by the two auto manufacturers, Volkswagen (to invest R6.1 billion) and Mercedes-Benz (to invest R10 billion). These commitments will be directed at increasing the productive capacities for the two manufacturers' production plants in Uitenhage and East London.

Table 1.6: Provincial Manufacturing Employment and Output Growth

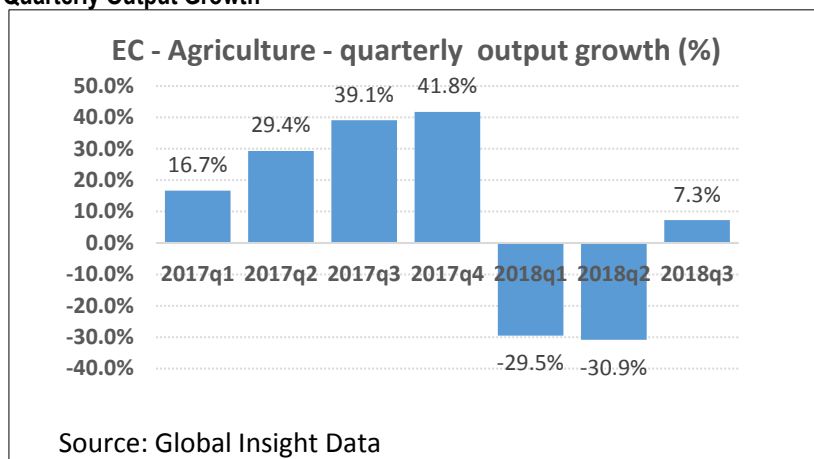
Manufacturing sub-sector	2017 Qrt 4	2018 Qrt 4	Year-Year Change
Parts and accessories for motor vehicles and their engines	13 986	20 341	6 355
Wearing apparel, except fur apparel	5 787	12 084	6 297
Chemical products	5 035	10 439	5 404
Non-metallic mineral products N.E.C.	9 293	12 673	3 380
Motor vehicles	8 088	11 255	3 167
Production, processing and preservation of meat, fish, fruit, vegetables, oils and fats	3 078	5 906	2 828
Rubber products	3 317	4 659	1 342
Dairy products	5 949	5 905	-44
Other food products	5 145	5 088	-56
Furniture	2 628	2 247	-381
Structural metal products, tanks, reservoirs and steam generators	4 634	4 116	-518
Sawmilling and planing of wood	7 607	7 034	-573
Paper and paper products	2 588	1 597	-990
Grain mill products, starches and starch products and prepared animal feeds	2 952	312	-2 640
Products of wood, cork, straw and plaiting material	7 570	2 790	-4 781
Manufacture of beverages	8 595	2 414	-6 181

Source: Derived from Stats SA QLFS



Within agriculture, the resumption of growth in the third quarter reflected generally stronger output growth in field crops, horticultural and animal products countrywide. More specifically the increased foreign demand for citrus products boosted horticultural production in the province which produces about 27 per cent of the county's total citrus output. The increase in animal products partly reflected the recovery in livestock production following the prolonged drought in 2015/16. Within the province agriculture increased by 7.3 per cent in the third quarter of 2018.

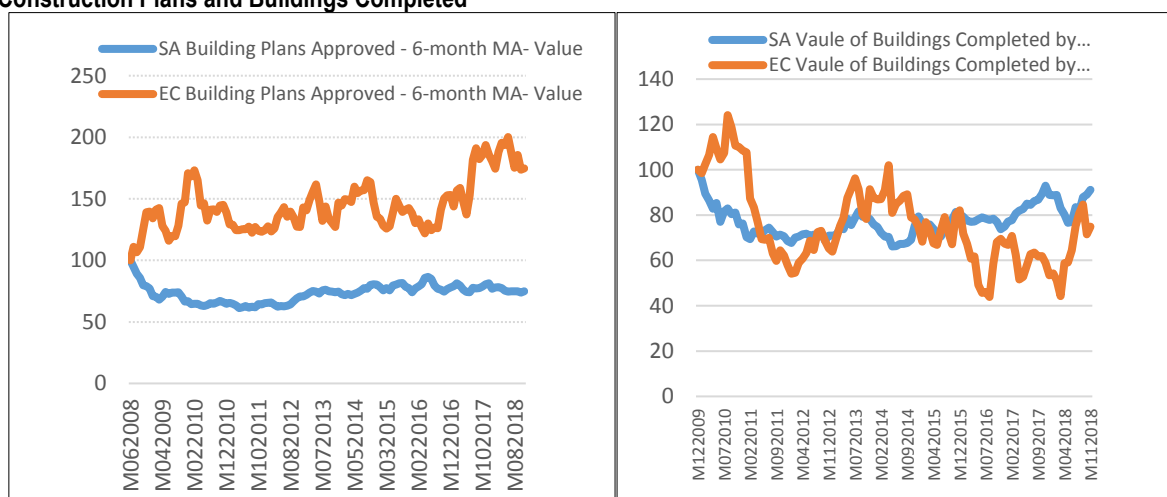
Fig. 1.4: EC Agriculture – Quarterly Output Growth



Source: Global Insight Data

In line with persistent weak business confidence levels, overall activity of the construction sector contracted anew in the third quarter as civil construction works and non-residential building decreased.

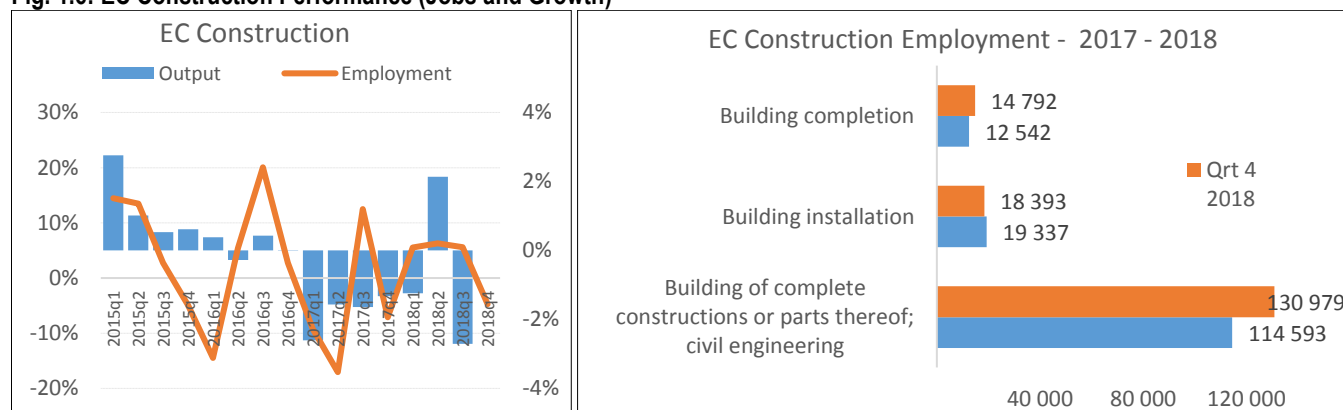
Fig 1.5: Construction Plans and Buildings Completed



Source: Stats SA: Plans and Completed Buildings Reported by Municipalities

For the greater part of 2018 the construction sector struggled to generate any traction in terms of output, but managed to generate 91 000 net jobs between quarters four of 2018 and 2017, of which 19 000 jobs were in the Eastern Cape. Moving forward overall confidence within the sector can be expected to improve as domestic economic conditions recover and government starts to ramp-up its rollout of infrastructure, which is expected to benefit the civils and construction sector which employs almost 131 000 people in the province.

Fig. 1.6: EC Construction Performance (Jobs and Growth)



Source: Stats SA, QLFS, 2018

Country-wide the growth recovery of the tertiary sector (at 2.6 per cent) in quarter 3 was mainly driven by strong growth in wholesaling and increased demand for road freight and passenger transport. Transport and communication in the third quarter of 2018 expanded at a rate of 5.7 per cent. For the province in addition to robust recovery in wholesaling, retailing and transport the finance and business services continued with its modest recovery into the third quarter. When combined with private households sector the tertiary sector lost a total of 20 000 jobs in the province between 4th quarters of 2018 and 2017.

Table 1.6: Gross Value Added Growth (Seasonally adjusted and annualised)

	2017q1	2017q2	2017q3	2017q4	2018q1	2018q2	2018q3
Trade	-6.6%	0.2%	-0.5%	4.7%	-2.9%	-1.5%	3.2%
Transport and Communication	-2.1%	2.3%	0.7%	3.0%	1.3%	-4.8%	5.8%
Finance	-1.1%	2.5%	1.3%	1.7%	-0.1%	1.2%	2.0%
Community services	-0.5%	-1.3%	0.8%	0.9%	1.1%	-0.5%	1.1%

Source: I.H.S Global Insight 2018

Overall economic growth for the country and the province in 2018 is expected to remain subdued growing at less than 1 per cent. For the near-term National Treasury has forecasted national economic growth to recover marginally to 1.5 per cent and 1.7 per cent in 2019 and 2020, respectively. In line with national economic growth, growth in the province is more likely to average at no more than 1.5 per cent annually.

Employment

Due to low growth levels overall employment levels in the country remained restrained for most of 2018 with the country's official unemployment rate estimated at 27.1 per cent in the fourth quarter of 2018. Youth unemployment remains to be of major concern with 52.2 per cent and 29.9 per cent of the labour force between the ages 15-24 and 25-34 remaining unemployed. High levels of unemployment were also recorded throughout 2018 which ended with an estimated 36.1 per cent in joblessness in the fourth quarter of 2018.

Table 1.7: Eastern Cape Employment (Thousands)

Sector / industry	Oct-Dec 2017	Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	Qrt-to-Qrt Change	Year-on-Year change
Agriculture	94	91	97	88	78	-11	-17
Manufacturing	115	144	127	118	123	5	8
Construction	146	154	163	172	164	-8	19
Trade	320	286	301	309	281	-29	-39
Transport	64	70	62	71	71	0	7
Finance	152	134	137	132	148	16	-4
Community and social services	372	403	402	390	390	-1	18
Private households	120	111	108	104	118	14	-2

Source: Stats SA QLFS 3rd Quarter 2018

For 2018 employment creation in the province was dominated by the Construction and the Community and Social Services which created 19 000 and 18 000 jobs, respectively. The second biggest employer in the province Trade and retailing lost 39 000 jobs year-on-year in the fourth quarter of 2018. Low skills, low human capital and unfavourable economic conditions continue to be the major constraints to provincial employment. Across the province those with less skills or those with less than a matric qualification were most likely to remain unemployed or trapped in elementary jobs.

Risks to Economic Outlook

The following developments will determine the medium-term outlook for the provincial economy:

- Domestic and global demand conditions for agricultural goods, manufactured consumer and industrial goods, which constitute a sizable share of exports from the province;
- Low household expenditure, a key driver of short-to-medium term growth, might be held back if the weakness of the domestic labour market gets prolonged.

Medium-Term Policy Responses

In 2018 the President introduced an economic stimulus package that is broadly aimed at improving fixed investment and bolster competitiveness of key targeted sectors and industries. For the short to medium-term the key elements of the national recovery plan will entail:

- Modernising the utilities sectors (energy, water, transport and telecommunications);
- Lowering the barriers to entry in an effort to increase opportunities for small business to enter the local economy;
- Addressing distorted patterns of ownership;
- Labour intensive sectors such as agriculture and tourism; and
- Optimising infrastructure delivery

The overall objective of the stimulus package will be to promote exports, encourage competition and fairness, reduce the cost of doing business and also promote regional opportunities.

Aligning with the national economic stimulus package the provincial government has formulated its own economic recovery and stimulus plan that will focus on:

- Identifying and co-funding with the private sector credible and high return investment projects in agriculture, light manufacturing, tourism and creative industries, oceans economy and renewable energy;
- Supporting local production and SMME development through preferential procurement;
- Introducing strategies to improve training and skills transfers with a special focus on partnerships between local universities, local TVET colleges and private sector skills and tooling initiatives targeting youth and women;
- Improving inter-governmental planning and coordination at all levels of government to ensure sustainable funding for mega economic projects ; and
- Improved infrastructure planning and delivery especially for access roads, school facilities and toilets, hostels, health care facilities, ICT and broadband connectivity.

2. MEDIUM TERM BUDGET STRATEGY AND AGGREGATES

“SCALING UP DELIVERY OF ESSENTIAL SOCIAL SERVICES WHILST SUPPORTING JOBS CREATION THROUGH INVESTMENT LED ECONOMIC RECOVERY”

The Eastern Cape provincial government has been tasked with formulating a medium-term budget that takes full cognisance of the highly constrained economic and fiscal environment. Economic growth and national tax revenues are expected to remain moderate and below forecasts, whilst government aggregate expenditure on key social programmes such as education, health and economic development continue to increase. Furthermore, a reduction of R5.958 billion of the Provincial equitable share over the 2019 MTEF which was caused mainly by the outward migration of people and data updates (decrease in school enrolment, age-cohort and mid-year population estimates) has put an enormous pressure on the province to maintain existing levels of service delivery.

At its core, the 2019 MTEF Budget Strategy represents the final conclusion of the 2014 Provincial Strategic Framework which in turn was informed by the National Development Plan (NDP) and Provincial Development Plan (PDP). The following were the main commitments made by the provincial government in its 2014/15 Programme of Action (POA):

- Quality Basic Education and Skills Development;
- Better Health for All;
- Rural Development, Land Reform and Food Security;
- A transformed economy that creates jobs and sustainable livelihoods;
- A province free of crime and corruption;
- Integrated Human Settlements and Cohesive Communities; and
- A capable and developmental state that practices good governance.

Budget Strategy

As the 5th administration draws to an end and the provincial government prepares for its 6th electoral cycle, the province has reflected frankly on its past service delivery successes and failures, and has identified areas for further improvement. On the fiscal front greater commitment to fiscal prudence, good financial governance and accountability have been the basis for sustainable fiscal resources management.

Moving forward the provincial government will keep to its fiscal promise of protecting expenditures on core essential social services, whilst enhancing own revenue, curbing expenditure on non-core and other forms of wasteful expenditure. Fiscal support for economic growth and jobs creation will receive added impetus in order to catalyse fixed investment and jobs creation in the province.

In short, the 2019 provincial budget strategy seeks to carve out an expenditure path that balances expenditure growth on core government services including education, health and social development whilst also availing additional resources through budget and programmes reprioritisation for economic recovery and jobs creation.

Fiscal Consolidation

Fiscal Consolidation remains to be at the core of the provincial budget strategy given the unlimited demand for government services in an environment with limited fiscal resources. Fiscal consolidation measures will continue to be directed by the following interventions:

- Controlling expenditure on non-core items, whilst protecting non-negotiable and key service delivery items;
- Reprioritisation of budgets, budget cuts and expenditure ceilings;
- Controlling personnel budgets and expenditure;

- Rationalisation of Public Entities; and
- Provincial Own Revenue Enhancement.

Controlling Expenditure on Non-Core Items

Personnel costs continue to be the biggest expenditure item of the provincial government, and as such the province will continue with its strategy of managing the wage bill through the Provincial Coordinating Monitoring Team (PCMT) which evaluates all funded vacant posts prior to them being filled. The centralisation of the opening of codes for personnel expenditure (such as appointments, overtime, arrear salaries and other allowances) as a control measure will also remain with provincial treasury. The PCMT, since its resuscitation in 2016/17, has managed to achieve some level of success in stabilising Compensation of Employees (CoE) expenditure in the province, though there is still much more to be done.

Budget Reprioritisation and Budget Cuts

Despite the continuous reduction in the PES, the provincial government has commitments that it has to fulfil in order to ensure that service delivery is not compromised. Although baseline funding for provincial departments were decreased, departments reprioritised internally to ensure that non-negotiable areas mainly in Health and Education were protected.

Responding to weakening economic conditions, the province, through the Provincial Treasury, implemented further budget cuts or reprioritisation across provincial departments in order to avail funds for a Provincial Economic Stimulus Package. This will be utilised to fund identified projects that can have a big impact in stimulating the provincial economy.

The proposed budget ceilings will not only be limited to goods and services, but will include among other things, freezing of non-critical posts, decreasing expenditure on non-essential overtime, implementing stricter controls around transfers and subsidies as well as closer monitoring of infrastructure projects so as to minimise on variation orders.

Protection of Non-Negotiable

Despite the budget cuts as already mentioned, expenditure non-negotiables have been protected as departments were required to reprioritise funds only from non-core areas. Some of the protected budget items are highlighted below, with the amounts given for the three years over the 2019 MTEF:

Health

- Inventory medicines allocated R6.506 billion
- Inventory; medical supplies allocated R2.446 billion
- Laboratory services is allocated R2.932 billion
- Property payments allocated R1.637 billion

Education

- School funding in terms of norms and standards – R4.848 billion
- School nutrition programme – R3.943 billion
- Learner teacher support material is allocated R1.864 billion
- Property payments (municipal services for schools) is allocated R1.223 billion
- School furniture – R741.294 million

- Training and development of educators and practitioners – R308.9 million

Social Development

- Non-profit institutions – R2.031 billion
- Property payments (security services for institutions) – R306.701 million
- Training and development of non-profit organisations – R78.640 million

Provincial Own Revenue Enhancement and Research

Given the continued reduction of the PES, Own Revenue generation has become the great opportunity that the province has to ensure that the provincial priorities are funded, especially infrastructure investment that will have multiplier effects in respect of regional economic growth. In this regard the province continues to implement its Revenue Generation Strategy which commenced in 2017/18. The strategy focuses on major revenue generating departments such as the Departments of Transport, Health, Public Works, Economic Development, Environmental Affairs and Tourism as well as Rural Development and Agrarian Reform. This strategy was augmented with the research study to determine new sources of revenue at the above departments. Refer to Chapter 3 for further details on the potential new sources of revenue.

Rationalisation of Entities

The province has identified the need to rationalise its public entities to cut costs but more importantly to be more effective for service delivery. The process of rationalisation of Public entities is still work in progress which is hampered by the fact that Public entities are established through a legal process involving endorsement by the Legislature and listing/ delisting by National Treasury in the Public Finance Management Act (PFMA).

The process of closing and or amalgamating public entities and subsidiary companies is further complicated by dissolving of boards, unbundling of assets, settling of creditors including South African Revenue Services (SARS) and other legal matters like labour related issues.

Provincial Economic Stimulus and Economic Recovery Plan

Taking cue from the national government, the provincial administration has resolved to top-slice the 2019 MTEF provincial budget in order to reprioritise funding for the provincial Economic Stimulus Package that will seek to catalyse investment-ready projects in the province. The investment plan will target sectors in agriculture value chains, ocean economy, energy, manufacturing, tourism and creative industries and infrastructure development projects.

Three departments have been identified as key drivers in implementing the stimulus and recovery plan: Economic Development, Environmental Affairs and Tourism; Rural Development and Agrarian Reform; and Sport, Recreation, Arts and Culture for creative industries development in the province.

The intention of the stimulus is not to fully fund all investment proposals, but rather to leverage on the limited available public financial resources in order to attract third party funding (especially from the private sector and development finance institutions). The stimulus package is allocated a budget of R1.1 billion over the coming three-year period with R339.402 million already set aside for 2019/20. Included in this amount, is an amount of R90 million allocated to Coega Development Corporation (CDC) over the 2019 MTEF to attract more investors.

These funds will be ring-fenced and jointly managed by Provincial Treasury and the Department of Economic Development, Environmental Affairs and Tourism. Provincial Treasury will review and oversee project selection and rigorously monitor project implementation in order ensure value for money and return on investment.

Implementation of International Agreements

The Province established has relations with Córdoba Province (Argentina), Chungcheongnam-do Province (South Korea) Guangdong Province (China), Lower Saxony (Germany), Zhejiang Province (China) and South East Region (Tunisia).

Argentina (Cordoba Province) : Pilot projects are already implemented earmarking a total of 200 000 hectares over a six-year investment period in partnership with co-operatives that are farming in Chris Hani, OR Tambo, Alfred Nzo and Joe Gqabi District Municipalities, targeting emerging black farmers, women and the youth.

The ECDC has been working actively to promote access to the Chinese markets for exports from the Eastern Cape and has made gains in the following:

- Trial procurement of 10 000 bottles of Eastern Cape wines for distribution via 400 stores across China;
- Long term partnership with SEEA Restaurant Co Ltd to promote and sell Eastern Cape cherry peppers and honey mead products;
- Increasing demand for mohair products

China (Guangdong Province): Shenzen Hengyue Industrial Development Company which is based in Guangdong Province has committed to invest an amount of R300 million in a tile manufacturing plant which will be situated in the East London Development Zone. The investment will result in the creation of 1000 jobs when the plant is fully operational.

Germany (Lower Saxony): Renewable Energy - A mini-grid electrification project which is currently under construction in Upper Blinkwater in Raymond Mhlaba municipality to supply energy and further create employment opportunities to the community

Germany (Lower Saxony) Sport - Exchange programs were undertaken in boxing, canoeing, handball, women football codes to advance the JD in the Field of Sport that was concluded between the Eastern Cape and Lower Saxony.

Germany (Lower Saxony) Agriculture:

- 5 mobile clinics were donated to the Eastern Cape;
- Donation of a rapid response trailer by Lower Saxony;
- Two EC veterinary technologists underwent specialist training at TiHo;
- Fourteen (14) extension service officials were trained at DEULA; and
- Participation of two EC scientists in training and interactive engagements hosted at the Julius Kuehn institute and Goettingen University.

Germany (Lower Saxony) Volunteer Programme - In a reciprocal exchange of volunteers, the Eastern Cape volunteers placed 4 volunteers in Hannover and the 30 Lower Saxony volunteers are deployed in various areas in the Eastern Cape to contribute to building social cohesion, inculcate life skills amongst the youth, talent identification and promoting healthy lifestyles.

Delivery of Core Social Services

Basic Education

The provincial government has a constitutional mandate to provide quality education to all learners of school going age, from grade R to 12 in the province. Access to quality basic education empowers learners to become responsible citizens by equipping them with skills, knowledge and values which will enable them to contribute positively to the development of the individuals and the society at large.

Up until recently delivery backlogs have been the major stumbling blocks to efficient and effective delivery of improved educational outcomes. Through the effective implementation of the Education System Transformation Plan (2016 – 2018), government has, however, been able to minimize delivery backlogs while building effective capacity in the provincial education. The key achievements of Transformation Plan have included:

- Professionalising grade R practitioners to permanent educators;
- Introducing the expanded skills programmes;
- Rolling out of the teacher laptop initiative;
- Implementing the data driven districts programme;
- Establishing of four teacher development institutions; and
- Implementing a programme to address the Grade 1 repetition rate.

Moving forward the provincial government will continue to focus on improving the matric pass rate noting the improvement over the past three academic years. In the 2019/20 financial year provincial education department will continue to provide quality education by improving the capacity of educators, school managers, and school governing bodies whilst also enhancing the support to schools through an appropriate Service Delivery Model (SDM) and the establishment of functional circuits that are realigned to districts and Head Office.

All schools that performed below the 60% pass mark in the National Certificate School Examinations will be required to set quality targets in terms of availing subject advisors, ensuring continuous and timely submission of school based assessments and consistent availability of teachers to provide effective teaching and learning.

In support of inclusive education, the department recruited 20 additional therapists and psychologists at special schools and identified five (5) Special Schools to function as resource centres.

Towards Better Health

Towards enhancing universal health coverage and the progressive rollout of the National Health Insurance (NHI) scheme, provincial health services have been allocated the second biggest slice of the provincial budget estimated at R79.7 billion over the 2019 MTEF, of which R25.189 billion has been allocated for 2019/20. These allocations will fund the following critical elements of quality health care delivery:

- Health Infrastructure – expenditure, maintenance and upgrading of PHCs facilities
- Continued rollout of comprehensive HIV/AIDS and TB programme
- Training and development of health professionals (nurses, doctors, and medical specialists)
- Funding of Tertiary, Specialized Hospital Services and clinical support services such as the National Health Laboratory Services for health screening of HIV, Diabetes, High Blood Pressure, Cancer, etc.
- Essential medicines and tracer stocks
- Medical Supplies and emergency Medical Services
- Health Human Resources and Capacitation: the department is allocated R58.253 million for the provision of critical staff at health facilities and R186.422 million over the 2019 MTEF.

Focus on Agriculture

Despite the relatively small share of the GDP (nationally 3 per cent and provincially 1.7 per cent), agriculture remains a significant provider of food security, agro-entrepreneurship and job creation (nationally 11 per cent and 8 per cent provincially), especially in rural areas. Agriculture's prominent, indirect role in the economy is a function of its backward and forward linkages to other sectors. Purchases of goods such as fertilizers, chemical and machinery form backward linkages while forward linkages are established through the supply of raw materials to the manufacturing industry. About 70 per cent of the agricultural output is used as intermediate products in the sector.

Agriculture remains critically in stimulating the provincial economy given the agricultural potential that the province possesses. Therefore, the department continues to implement the Agricultural Economic Transformation Strategy, which focuses on the following commodities for expansion.

Grain production

Eastern Cape Province has a high potential for grain production especially in the Eastern part of the province that is influenced by the favourable climatic and soil conditions, however, such potential is not fully utilised. Farmers mainly in rural areas are producing yellow maize mostly for food security as well as to support the livestock development. The production of white maize does not meet the demands of consumption, even the established regional economic development (RED) hubs import the maize for milling purposes.

Currently, the smallholder farmers are producing maize at a level of 1.6 to 1.8 tons per hectare, whereas the potential could be at a level of 6 tons. The interventions made by the Department of Rural Development and Agrarian Reform is engaging the strategic partners so as to work with the smallholders to maximise potential. The department has identified Grain Farmer Development Association (GFADA) to support the farmers with liming, crop insurance, skills development and organise markets.

In communal areas, arable land has been clustered to form bigger areas for maize production, and partners, like Grain SA, WHIPHOLD and Masisizane, were identified to provide technical support, funding and organising markets.

In light of the above, during the 2019/20 financial year, the department is targeting to plant 60 000 ha (grain production especially maize) with an estimated yield of 4 tons per ha, from the 55 000 targeted in 2018/19. This will benefit 6 980 clustered grain producers and create 1 100 jobs. The increase in production will be focussed in and around the four RED Hubs in Mqanduli, Ncora, Emalahleni and Mbizana, to promote the local maize value chain i.e. processing, packaging and marketing of grain within the smallholder and communal farmers. These initiatives will afford a total of 24 327 local grain producers to be trained and capacitated in commercial grain production. The plan is to expand production by increasing the area to ensure full utilisation of the facility.

Citrus

The province has a potential to produce Citrus for commercial purposes and the bulk of what is currently produced is exported. In the horticultural sector, sustainable growth and transformation are compounded by inadequate and uncoordinated producer support, inequitable access to resources, participation in the value chain and access to markets particularly black farmers. DRDAR has taken initiative to partner with the Citrus Growers Association (CGC) so as to transform the industry, expand production and improve quality that will meet the export requirements. In ensuring that farmers remain competitive in the market, the department continues to provide an appropriate support to Citrus farmers in terms of infrastructure development and provision of production input.

A total budget of R20 million is allocated to establish a 50 ha new citrus orchard area in the Sarah Baartman district, 20 ha around the Amatole district (Ripplemead area) this will ensure that the recently completed state of the art facility for grading and packaging is fully utilised. The department will continue to provide support for maintenance of 567 ha of established orchard, enable future expansion and entry of new

producers into the industry through support of EIA processes for 70 ha. This expansion benefits 40 farming entities with 124 permanent jobs and 600 seasonal jobs to be created.

Deciduous fruit

Eastern Cape has a potential to produce various types of deciduous fruit (Apples, pears, peaches and nectarines) for export purposes, the industry covers an area of 24 212 ha in extent. The deciduous industry is more located in the western part of the province around the Laangkloof area. There are black farmers in the Gubengxa area showing an interest to participate in the apple production. Engagements with DRDAR have taken place as a result there is investment made mainly for planning purposes.

In the 2019/20 financial year, the department in partnership with the Deciduous Fruit Development Chamber (HortGro), will invest R2.7 million towards the establishment of a new orchard covering an extent of 40ha. The support will include the installation of the irrigation system benefitting 14 farmers, creating 8 permanent and 40 seasonal jobs. The expansion in Langkloof is projected over 5 years on account of it involving some upgrading of existing orchards while the greenfields expansion at Gubenxa is projected over 7 years.

Pineapple

The establishment of pineapple orchards for black farmers has been prioritized due to the existing strong commercial farming base and integrated value chains that are in place in the Province. The commodity is integrated into well-established export markets as well as domestic. Furthermore, the transformation of the industry has placed 120 farm units, the management of poorly resourced black farmers that have not been in a position to reflect the desired transformation. The Agricultural Economic Transformation (AET) strategy puts in place a development model to address the challenges and provide the basis for expanding the extent of these commodity value chains in the Province targeting under resourced land reform farms.

The department identified Pineapple Growers Association as a strategic partner to do business with the black farmers. In the 2019/20 financial year, an amount of R5.5 million will be allocated to provide support to two farms with an extent of 150 ha for erecting 16 kilometres of fencing for new farms and maintenance of 180ha of existing orchards. The initiative will benefit 101 farmers and 83 projected jobs to be created.

Vegetable production

Vegetable production is in line with the revitalisation of irrigation schemes where intensive production for commercial purposes will be undertaken. In the 2019/20 financial year the Department will support 850 ha to be on vegetable production. Furthermore, the department will provide support for the production of tomato, cucumber and pepper to be grown in the tunnels. In order for farmers to access formal markets, DRDAR will provide infrastructure support to ensure South African Good Agricultural Practices (SA GAP), Hazard Analysis and Critical Control Points (HACCP) compliance.

Livestock production

The province has a great potential on livestock production given the high number of livestock when compared to other provinces. However, livestock production in the province is currently under developed. The department through its strategy continues to drive the commercialisation of livestock through the following initiatives:

Animal Fibres

The province is making a mark in the country with its mohair production, accounting for about 90 per cent of the South African mohair production. In advancing the development of animal fibre industry the department in 2019/20 will implement the Animal Fibre Value Chain Project.

In partnership with the Mohair South Africa (MSA) and National Wool Growers Association (NWGA) as strategic partners in the sector. The support will include infrastructure development (shearing sheds), genetic improvement and skills development to improve quality and increase production and income for the farmers. The department has made available an amount of R16.3 million for this programme.

Red Meat

Approximately 90 per cent of EC agricultural land is suitable for red meat production. The province is the leader country wide in cattle (3.2 million), sheep (6.8 million) and goats (2.1 million). The country beef markets over the past three years have changed when production have surpassed consumption leading to more beef exports from South Africa. The country in 2016 was declared foot and mouth disease free opening new international markets. The Province participation in local (8 per cent) and international (5 per cent). This contribution is heavily influenced by low levels of processing within the Province, whereby, exports are based on live cattle.

The department in partnership with strategic partners in the sector aims at assisting 200 black smallholder farmers for commercialisation over a period of five years, whilst the communal cattle-farming sector will be supported through partnerships with National Agriculture Marketing Council (NAMC) and Nguni Cattle Development Trust (NCDT). The partnerships will focus on genetic improvement and implementation of custom feeding program to operationalise the 16 feeding centres.

Aquaculture

The department has developed aquaculture strategy for the province; the focus of the strategy is to promote entry of new participants into the sector generally. The sector growth opportunity has been opened by the declining wild capture stock worldwide. This opportunity will be realised with the strategy that seeks to address skills gap, coordinate governing legislation and promote partnerships. Catfish is the promising and striving sector in the province, currently the sector has capacity to produce and process 20 tonnes per month.

The marine finfish sector is currently striving operating in the Hamburg Fish Farm, abalone produced in the Wild Coast Abalone being the third largest producer and exporter in the country. In the 2019/20 financial year, the department has set aside R4.6 million to support oyster production in Hamburg Aquaculture Farm with infrastructure and environmental authorisation for the expansion of the production in areas close to the catfish processing factory in Graaf-Reinet. Hundred and Twenty tonnes of fish are expected to be processed with estimated 120 job opportunities created.

Agricultural Infrastructure

Infrastructure remains critical in agricultural development. Therefore, the department has designed the Infrastructure Development programme to support prioritised commodities for increasing production, marketing and value addition. The infrastructure programme will focus on the commodity support in the following manner:

- Citrus- irrigation and fencing to expand production in the Ripplemead area
- Deciduous Fruit-fencing and trellising for orchard establishment.
- Macadamia – irrigation, fencing, land preparation and tree planting for orchard establishment.
- Maize – fencing, storage facilities
- Vegetable production- irrigation fencing and Good Agricultural Practises (GAP) compliance infrastructure
- Livestock – fencing, feedlots, diptanks, stock handling facilities, stock water facilities, shearing sheds, piggery and poultry structures
- Aquaculture – Oyster racks and fencing

- Landcare – fencing, soil conservation works
- Colleges – Maintenance and development of basic facilities and building infrastructure

Training

The agricultural training seeks to encourage and enhance entrepreneurs whose focus is to establish commercially viable agricultural businesses. This will be achieved through partnerships between colleges (Fort Cox, Tsolo, Grootfontein and Mpofu) and commodity / industry organisations. The Department will enrol 578 full-time students at TARDI and Fort Cox ATI for a two year diploma in various specialisations in Animal Health, Crop and Animal Production.

Furthermore, Fort Cox and TARDI are supported with infrastructure development in order to enable these colleges to keep up with the demand for access to higher education in terms of student accommodation, study facilities and more modern approaches to teaching and learning. This is mainly funded through the Comprehensive Agriculture Support Programme (CASP) conditional grant.

Youth Development

In 2017 the provincial government adopted the Eastern Cape Youth Development Strategy targeting youth skills, youth employment and entrepreneurship. Through the efforts of the provincial government to date the following are some of the flagship projects emanating from that strategy:

- Youth in Infrastructure Training Programme currently implemented by the Office of the Premier in partnership with the South African National Defence Force and has been allocated R33.008 million for 2017/18 – 2018/19. Further R25.136 million is allocated for 2019/20 – 2020/21;
- The Auto sector skills development for youth has been allocated a once off amount of R7 million in 2018/19 to ensure previously disadvantaged individuals are up skilled to progress to management levels;
- Youth in Agriculture programme which jointly managed by provincial Office of the Premier and ECRDA has provided support to youth agricultural initiatives with inputs and skills training. For 2019/20 the programme has been allocated R3.5 million; and
- Maritime Youth Development Programme continues to focus on skills development in the maritime sector and has been allocated R15 million for 2019/20.

The Accelerated Professional and Trade Competency Development Programme (APTCoD) has in the past and will continue in the future to provide learners of TVET colleges with the opportunity to acquire academic as well as practical vocational skills to become fully qualified artisans.

The Expanded Public Works Programme (EPWP) currently in its 16th year of implementation has been the most comprehensive public works programme that has afforded the unemployed and mostly youth with exposure to the practical work environment and skills transfer whilst also creating thousands of work opportunities.

Moving forward youth programmes in the province will continue to focus on skills training, learnerships, internships and EPWP; and collectively these programmes have been allocated a total of R5.6 billion, with a total of 11 891 beneficiaries over the 2019 MTEF period.

For 2019/20 an amount of R3.366 million has been allocated for youth programmes in social development. Over the 2019 MTEF this amount accumulates to R8.826 million targeting 1506 youths for skills development programmes.

Summary of Budget Aggregates

Table 2.1: Provincial Budget Summary

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% Change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
Provincial receipts										
Transfers from national	64 699 626	68 313 563	73 244 126	76 762 810	76 818 760	76 808 214	80 903 186	84 950 857	89 396 729	5.3
Equitable share	54 866 979	58 060 456	61 847 808	65 499 660	65 499 660	65 499 660	68 824 353	72 743 508	76 292 982	5.1
Conditional grants	9 832 647	10 253 107	11 396 318	11 263 150	11 319 100	11 308 554	12 078 833	12 207 349	13 103 747	6.8
Total Transfers from National	64 699 626	68 313 563	73 244 126	76 762 810	76 818 760	76 808 214	80 903 186	84 950 857	89 396 729	5.3
Provincial payments										
Current payments	52 612 421	56 428 712	60 763 762	65 708 996	65 997 747	66 196 655	68 611 110	72 780 073	76 136 045	3.6
Transfers and subsidies	8 595 874	8 248 156	9 114 011	8 272 114	8 454 458	9 280 545	8 844 685	8 726 053	8 928 281	(4.7)
Payments for capital assets	3 868 514	4 783 478	4 738 094	4 452 837	4 652 938	4 585 213	4 742 451	4 607 777	4 672 287	3.4
Payments for financial assets	91 469	26 642	13 952	-	3 976	3 977	-	-	-	(100.0)
Total provincial payments	65 168 278	69 486 988	74 629 820	78 433 947	79 109 119	80 066 390	82 198 245	86 113 903	89 736 613	2.7
Surplus/(deficit) before financing	(468 652)	(1 173 425)	(1 385 694)	(1 671 137)	(2 290 359)	(3 258 176)	(1 295 059)	(1 163 046)	(339 884)	(60.3)
Provincial own receipts	1 641 317	1 924 581	1 943 776	1 414 636	1 414 636	1 672 784	1 453 671	1 502 870	1 552 890	(13.1)
Surplus/(deficit) before financing	1 172 665	751 156	558 082	(256 501)	(875 723)	(1 585 392)	158 612	339 824	1 213 006	(60.3)
Provincial Roll Overs	247 816	57 382	100 825	-	78 300	78 300	-	-	-	(100.0)
National Roll-Overs	271 921	37 172	78 759	-	92 110	92 110	-	-	-	(100.0)
Section 22 reallocation	27 447	168 873	-	-	-	-	-	-	-	-
Other - Funding from Reserves	1 204 972	2 393 575	3 101 345	2 720 633	3 169 447	3 169 447	2 414 492	1 359 405	441 130	(23.8)
Surplus/(deficit) after financing	2 924 821	3 408 158	3 839 011	2 464 132	2 464 134	1 754 465	2 573 104	1 699 229	1 654 137	46.7

Source: Provincial treasury database, 2019

Budget Process and Medium-Term Expenditure Framework

The budget process aims to ensure that resources are allocated to meet the provinces priorities, which are aligned to the national outcomes, identified in the Medium Term Strategic Framework. Furthermore, the process seeks to improve the quality and effectiveness of spending within sustainable fiscal limits in order to address the following:

- Strengthening the alignment between the budget process and the strategic planning processes within government. The focus is on institutional performance and the attainment of value for money in this pursuit;
- Strengthening the political and technical interface in relation to budget and policy decision making; and
- Strengthening intergovernmental processes to improve the budgeting for areas of concurrent national and provincial legislative competence within a function budgeting framework.

Some key activities in the provincial budget process include:

- Provincial budget review and budget format guidelines workshops with the provincial departments and public entities.
- Provincial Budget achievability exercise were held in August 2018 in with collaboration National Treasury, Office of the Premier and Cooperative Governance and Traditional Affairs (CoGTA) to evaluate the previous year performance and first quarter performance of 2018/19.
- MTEC hearings for infrastructure were held in September 2018 with the provincial departments (infrastructure) and also Department of Water and Sanitation, Nelson Mandela Bay and Buffalo City metropolitan municipalities.
- This was followed by Medium-Term Expenditure Committee (MTEC) hearings, which offered provincial departments and their public entities the opportunity to outline policy priorities underpinning their budgets.

- The recommendations of the MTEC hearings and the proposed allocation of resources for the adjusted appropriation for the 2018/19 financial year and the main budget for the 2019 MTEF were tabled at the Cabinet Budget Committee and the Executive Council in October 2018.
- Provincial Treasury attends the National Benchmark Exercise in December 2018, to present to National Treasury the funding of policy priorities including the cost pressures and fiscal risks facing the province.
- The Technical Committee on Finance and the Budget Council Meetings discussions with provinces took place in January 2019 to discuss the 2019 MTEF fiscal framework that were submitted to Cabinet for approval.
- Approved final allocations were submitted to provinces and the allocations finalised by the province, followed with the tabling of the 2019 MTEF budget by the MEC for Finance in March 2019.
- The process finally ends with the MEC for Finance who will present the 2019 Appropriation Bill in the Provincial Legislature (Portfolio Committee on Finance), which will then be enacted into law by the House.

3. RECEIPTS AND PROVINCIAL REVENUE

Overall Position

Table 3.1 below depicts the 2019 MTEF provincial fiscal framework with a total fiscal envelope of R82.356 billion in the 2019/20 financial year. The 2019/20 provincial budget is made up of national transfers which consists of Provincial Equitable Share (PES) amounting to R68.824 billion, conditional grants of R12.078 billion and provincial own receipts of R1.453 billion.

Table 3.1: Provincial Receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% Change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
Transfers receipts from national										
Equitable share	54 866 979	58 060 456	61 847 808	65 499 660	65 499 660	65 499 660	68 824 353	72 743 508	76 292 982	5.1
Conditional grants	9 832 647	10 253 107	11 396 318	11 263 150	11 319 100	11 308 554	12 078 833	12 207 349	13 103 747	6.8
Total receipts: Treasury funding	64 699 626	68 313 563	73 244 126	76 762 810	76 818 760	76 808 214	80 903 186	84 950 857	89 396 729	5.3
Provincial own receipts										
Tax receipts	680 017	808 180	820 488	888 767	888 767	858 987	925 410	950 463	985 072	7.7
Casino taxes	150 632	159 638	168 800	177 359	177 359	176 999	187 291	197 592	208 460	5.8
Horse racing taxes	9 294	14 028	12 106	15 421	15 421	15 135	16 285	17 180	18 125	7.6
Liquor licences	24 070	20 442	19 967	23 430	23 430	24 979	24 743	26 103	27 539	(0.9)
Motor vehicle licences	496 021	614 072	619 615	672 557	672 557	641 874	697 091	709 588	730 948	8.6
Sales of goods and services other	244 085	301 871	296 090	370 265	370 265	326 769	362 716	373 805	379 571	11.0
Transfers received	–	22 547	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	6 911	7 662	5 682	7 153	7 153	9 412	12 131	16 769	17 674	28.9
Interest, dividends and rent on land	574 056	735 665	758 392	105 793	105 793	431 131	112 129	118 284	124 671	(74.0)
Sales of capital assets	10 411	14 666	5 346	2 438	2 438	3 901	2 125	2 258	2 366	(45.5)
Transactions in financial assets and	125 837	33 990	57 778	40 220	40 220	42 585	39 160	41 291	43 536	(8.0)
Total provincial own receipts	1 641 317	1 924 581	1 943 776	1 414 636	1 414 636	1 672 784	1 453 671	1 502 870	1 552 890	(13.1)
Total provincial receipts	66 340 943	70 238 144	75 187 902	78 177 446	78 233 396	78 480 998	82 356 857	86 453 727	90 949 619	4.9

Source: Provincial Treasury Database, 2019/20

Provincial Equitable Share

The Provincial Equitable Share (PES) is the main source of provincial receipts from national government, which allows the province to deliver on its constitutional mandates. The PES comprises of six components namely, education, health, basic share, institutional, poverty and economic output for distribution of nationally raised funds across the nine provinces.

The PES for the 2019 MTEF takes into consideration the updated data from Statistics South Africa in respect of the 2018 Mid-Year Population Estimates (MYPE), which affect the education, health and poverty components. The education component was updated with data from the Learner Unit Record Information Tracking System (LURITS), which tracks learners throughout their entire schooling career. In addition, the age cohort data that was previously used in the education component of the PES from Census has been updated with data from the 2018 Mid-Year Population Estimates.

Revisions to the health component consist of updated data from the patient load data generated by the District Health Information Services, the risk adjusted index, insured population from the 2017 General Household Survey, while the PES was updated with the 2016 Gross Domestic Product by region and the 2010/11 Income and Expenditure Survey by Statistics South Africa.

Revisions to the PES allocation consider the shifts in population across provinces and result in changes in the relative demand for public services across provinces. The revisions to the PES has seen the PES weighted average share for the province decreasing from 13.7 per cent in 2018 MTEF to 13.2 per cent in 2019 MTEF. The PES was also adjusted due to fiscal framework reductions and this has resulted in the EC province losing a cumulative amount of R5.958 billion over the 2019 MTEF period.

An increase in the PES over the 2019 MTEF is in respect of an allocation of R48.710 million in 2019/20, R51.974 million in 2020/21 and R54.833 million in 2021/22 for the phasing out of the *Social Worker Employment Conditional Grant* into the provincial equitable share. The *Substance Abuse Treatment Centre Conditional Grant* conversion have added the amounts of R18.7 million in 2019/20, R19.729 million in 2020/21 and R20.814 million in 2021/22 to the provincial equitable share to allow the province to start

operating these substance abuse treatment facilities. The Food Relief function shift from the National Department of Social Development has increased by R6.635 million in 2020/21 and R7.072 million in 2021/22.

With regard to capacity building, additional allocations of R5 million in each financial year of 2019/20, 2020/21 and 2021/22 were made to assist the province to increase technical capacity within infrastructure units at the Provincial Treasury in order to make infrastructure delivery more effective in the province. Additional funding of R9.642 million in 2019/20, R9.889 million in 2020/21 and R10.333 million in 2021/22 were made to assist the province to strengthen support interventions in municipalities according to section 139 of the Constitution.

The sanitary dignity project was allocated an additional amount of R22.815 million in 2019/20 for indigent school girls from Grade 4 upwards. In the Health sector, an additional allocation of R131.799 million is made available in 2021/22 for the expansion of the medical intern cohort relating mainly to the students returning from medical training in Cuba as well as the absorption of interns and registrars.

National Treasury, together with provincial treasuries, Statistics South Africa, Financial and Fiscal Commission and related national departments is continuing with the review of the provincial equitable share formula which commenced in 2016. The review that was conducted in 2018 has resulted in the revision to the education component of the PES and specifically the data used for learner enrolment and school age cohort data and these have affected the 2019 MTEF allocations. The review process also focused on the cost of service delivery in 2018 especially in rural provinces, which has higher costs for goods and services due to vast distances that are covered. The exercise on the cost of service delivery still needs to be finalised. Changes to the equitable share formula must adhere to the principles of predictability and stability and allocations must be based on the legitimate burden provinces face in delivering social services to their citizens.

The province has previously submitted a consolidated infrastructure backlogs request to the Financial and Fiscal Commission (FFC) to allow for the evaluation of backlogs in the Eastern Cape Province. The FFC has yet to provide the province with its assessment on whether the province received its rightful share of funds to reduce and address the backlogs that existed since the dawn of democracy. The assessment may result in additional funding to address the infrastructure backlogs in the province.

Conditional Grants

Table 3.2: Conditional Grants

	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	% Change
		Amount Received		Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium Term Expenditure Estimates			from 2018/19
Department/Grant										
Agriculture, Forestry and Fisheries	314 071	337 998	327 214	344 390	400 340	400 340	330 418	357 010	384 349	(17.5)
Comprehensive Agricultural Support Programme Grant	254 399	263 490	248 046	262 161	282 161	282 161	244 101	265 946	287 800	(13.5)
Ilimala/Lelema Projects Grant	49 672	63 876	67 356	71 263	71 263	71 263	75 254	79 393	84 236	5.6
Land Care Programme Grant: Poverty Relief and Infrastructure Development	10 000	10 632	11 812	10 966	46 916	46 916	11 063	11 671	12 313	(76.4)
Arts and Culture	142 976	149 320	156 105	160 584	160 584	160 584	169 824	179 156	190 114	5.8
Community Library Services Grant	142 976	149 320	156 105	160 584	160 584	160 584	169 824	179 156	190 114	5.8
Basic Education	2 150 677	2 676 781	2 822 273	2 810 211	2 810 211	2 804 222	2 984 238	3 040 689	3 242 785	6.4
Dinalo Schools Grant	-	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant	1 064 472	1 505 088	1 581 750	1 479 828	1 479 828	1 479 828	1 585 532	1 564 208	1 685 128	7.1
HIV and Aids (Life Skills Education) Grant	34 504	39 591	41 936	43 062	43 062	43 062	45 455	47 878	50 511	5.6
National School Nutrition Programme Grant	1 013 057	1 085 204	1 149 353	1 216 559	1 216 559	1 216 559	1 278 635	1 348 960	1 423 153	5.1
Occupation Specific Dispensation for Education Sector Therapists Grant	2 058	-	-	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation Grant	-	-	-	-	-	-	-	-	-	-
Maths, Science and Technology Grant	36 586	46 898	46 685	46 805	46 805	46 805	49 434	51 875	54 698	5.6
Learners With Profound Intellectual Disabilities Grant	-	-	2 549	23 957	23 957	17 968	25 182	27 768	29 295	40.1
Health	3 169 566	3 433 642	3 778 750	3 966 532	3 966 532	3 966 532	4 524 858	4 697 087	5 139 209	14.1
Comprehensive HIV and Aids Grant	1 569 506	1 755 385	2 040 454	2 098 633	2 098 633	2 098 633	2 397 703	2 657 743	2 972 861	14.3
Forensic Pathology Services Grant	-	-	-	-	-	-	-	-	-	-
Health Disaster Response (Cholera) Grant	-	-	-	-	-	-	-	-	-	-
Hospital Facility Revitalisation Grant	592 073	619 041	620 757	652 071	652 071	652 071	784 988	610 773	658 646	20.4
Health Professions Training and Development Grant	204 430	213 212	226 566	239 707	239 707	239 707	253 131	267 063	281 741	5.6
National Tertiary Services Grant	802 565	838 458	890 973	942 650	942 650	942 650	995 438	1 062 132	1 120 549	5.6
National Health Insurance Grant	992	7 546	-	-	-	-	-	-	-	-
Human Papillomavirus Vaccine Grant	-	-	-	33 471	33 471	33 471	35 345	37 289	39 340	5.6
Human Resources Capacitation Grant	-	-	-	-	-	-	58 253	62 097	66 072	-
Human Settlements	2 462 372	1 991 457	2 339 316	1 974 022	1 974 022	1 974 022	2 021 182	2 034 402	2 111 778	2.4
Housing Disaster Relief Grant	100 000	100 000	134 261	-	-	-	-	-	-	-
Human Settlements Development Grant	2 362 372	1 891 457	2 205 055	1 908 439	1 908 439	1 908 439	1 960 278	1 634 932	1 631 302	2.7
Title Deeds Restoration Grant	-	-	-	65 583	65 583	65 583	60 904	64 254	-	(7.1)
Informal Settlements Upgrading Partnership Grant for Provinces	-	-	-	-	-	-	-	335 216	480 476	-
Public Works	82 780	98 830	126 838	120 908	120 908	118 053	157 225	-	-	33.2
Expanded Public Works Programme Incentive Grant for Provinces	72 575	77 370	112 335	90 077	90 077	87 658	106 862	-	-	21.9
Education	2 432	2 144	2 411	2 673	2 673	2 673	4 190	-	-	56.8
Health	2 632	3 826	2 000	2 225	2 225	556	2 439	-	-	338.7
Social Development	1 028	2 000	2 000	2 000	2 000	2 000	-	-	-	(100.0)
Office Of the Premier	-	-	-	-	-	-	-	-	-	-
Provincial Legislature	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	5 008	5 008	5 008	6 814	-	-	36.1
Corporate Governance	1 933	2 000	2 036	2 144	2 144	2 144	2 081	-	-	(2.9)
Rural Development and Agrarian Reform	1 993	2 000	2 000	2 502	2 502	1 752	2 328	-	-	32.9
Economic Development ,Environmental affairs and Tourism	1 370	2 026	2 554	2 204	2 204	2 204	2 670	-	-	21.1
Transport	57 690	58 509	94 695	66 821	66 821	66 821	81 821	-	-	22.4
Human Settlements	1 484	2 865	2 639	2 500	2 500	2 500	2 498	-	-	(0.1)
Provincial Treasury	-	-	-	-	-	-	-	-	-	-
Sports, Recreation Arts and Culture	2 013	2 000	2 000	2 000	2 000	2 000	2 021	-	-	1.1
Safety and Liaison	-	-	-	-	-	-	-	-	-	-
Social Sector Expanded Public Works Programme Incentive Grant for Provinces	10 205	21 460	14 503	30 831	30 831	30 395	50 363	-	-	65.7
Education	2 546	10 160	5 022	23 175	23 175	23 175	24 396	-	-	5.3
Health	4 994	4 200	4 662	1 455	1 455	1 019	13 179	-	-	1193.3
Social Development	1 000	3 500	1 496	1 455	1 455	1 455	11 112	-	-	663.7
Sports, Recreation Arts and Culture	1 000	1 800	1 467	1 448	1 448	1 448	-	-	-	(100.0)
Safety and Liaison	665	1 800	1 856	3 298	3 298	3 298	1 676	-	-	(49.2)
Social Development	2 000	-	112 252	141 497	141 497	141 497	85 397	91 117	96 129	(39.6)
Substance Abuse Treatment Grant	2 000	-	14 238	17 708	17 708	17 708	-	-	-	(100.0)
Early Childhood Development Grant	-	-	56 365	78 715	78 715	78 715	85 397	91 117	96 129	8.5
Social Worker Employment Grant	-	-	41 649	45 074	45 074	45 074	-	-	-	(100.0)
Sport and Recreation South Africa	60 563	67 137	67 183	67 020	67 020	66 015	70 037	73 888	78 175	6.1
Mass Participation and Sport Development Grant	60 563	67 137	67 183	67 020	67 020	66 015	70 037	73 888	78 175	6.1
Transport	1 447 642	1 497 942	1 666 386	1 677 986	1 677 986	1 677 986	1 735 654	1 734 000	1 861 208	3.4
Gautrain Rapid Rail Link Grant	-	-	-	-	-	-	-	-	-	-
Provincial Roads Maintenance Grant	1 248 047	1 279 725	1 435 134	1 439 241	1 439 241	1 439 241	1 483 539	1 464 993	1 577 405	3.1
Public Transport Operations Grant	199 595	218 217	231 252	238 745	238 745	238 745	252 115	269 007	283 803	5.6
Total National Conditional Grants	9 832 647	10 253 107	11 396 317	11 263 150	11 319 100	11 309 251	12 078 833	12 207 349	13 103 747	6.8

Source: Provincial Treasury Database, 2019/20

Table 3.2 above shows the conditional grants received by the province over a 7-year period. Actual receipts increased from R9.832 billion in 2015/16 to the estimated of R13.103 billion in 2021/22.

Changes to Conditional Grants

The *Substance Abuse Treatment Centre Grant* and the *Social Worker Employment Grant* discontinues in 2018/19 as the grant phases into the provincial equitable share in the 2019 MTEF.

With regard to the *Human Settlements Development Grant*, for the urban and human settlement, new conditions and ring-fenced funding for upgrading is included in 2019/20. Subsidies within the finance-linked individual subsidy programme that is administered through the National Housing Finance Corporation will be increased, with funding shifted from the Human Settlements Development Grant. The *Title Deeds Restoration Grant* will be phased back into the Human Settlements Development Grant after 2021/22.

Funding from the *Comprehensive Agricultural Support Programme Grant* was decreased to produce and fund a foot-and-mouth disease facility that will be established by the Agricultural Research Council.

There has been a change in the *Education Infrastructure Grant* as a portion of the conditional grant funding that was initially allocated through the *Education Infrastructure Grant* to provide safe and appropriate sanitation at schools has been allocated in the 2019 MTEF to the *School Infrastructure Backlogs Grant* as an indirect conditional grant in order for the national Department of Basic Education to leverage both public and private funds as well as expertise to achieve economies of scale.

In the Health sector, funds have been reprioritised to fight malaria within the *Comprehensive HIV, AIDS, and TB Grant*. The Tuberculosis portion of the grant was split into a separate component in the grant to monitor spending and outcomes of Tuberculosis. The community outreach services component of the grant was increased to fund the minimum wage of community health workers. The *Human Resources Capacitation Grant* was introduced to accommodate the cost overruns associated with hiring of critical staff at health facilities.

Total Provincial Own Revenue

The bulk of provincial own revenue is collected from Tax receipts and consists of motor vehicle license fees, casino taxes, horse racing taxes and liquor license fees. A significant portion of revenue is collected from Sale of goods and services other than capital assets and includes the cost recoveries and collections of patient fees from the funders. Revenue sources which represent once-off collections (i.e. higher interest earned on positive bank balances, the sale of capital assets and once-off recoveries of surpluses by public entities) are not factored into the estimated revenue collection due to their unpredictability for estimation.

Own Revenue Sources

The province is estimating to collect total revenue of R1.453 billion in 2019/20, which is a decrease when compared to the estimates receipts of R1.672 billion in the 2018/19 revised estimates. The decrease in own revenue is in respect of once-off collections (i.e. higher interest earned on positive bank balances, the sale of capital assets and once-off recoveries of surpluses by public entities) which are not factored into the estimated revenue in 2019/20 due to their unpredictability for estimation.

Table 3.3 below reflects a summary of provincial own revenue from 2015/16 to 2021/22 by department.

Table 3.3: Summary of Provincial Own Receipts by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% Change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
1. Education	110 816	63 562	78 407	77 110	77 110	80 580	81 737	86 233	90 889	1.4
2. Health	147 494	199 180	213 375	242 136	242 136	239 343	242 451	255 628	269 462	1.3
3. Social Development	5 490	7 331	8 836	2 577	2 577	2 726	3 333	3 494	3 665	22.3
4. Office Of The Premier	638	502	333	342	342	753	363	383	402	(51.8)
5. Provincial Legislature	148	1 053	1 336	428	428	853	452	477	503	(47.0)
6. Public Works	25 817	30 706	18 634	49 017	49 017	14 424	37 556	31 052	18 553	160.4
7. Corporate Governance	1 557	2 260	1 415	2 304	2 304	1 833	1 575	1 663	1 752	(14.1)
8. Rural Development And Agrarian Reform	9 749	29 160	6 000	10 737	10 737	13 041	6 833	7 215	7 605	(47.6)
9. Economic Development ,Environmental Affairs And Tourism	230 282	201 567	206 230	218 333	218 333	219 070	230 560	243 240	256 376	5.2
10. Transport	526 519	651 103	648 540	706 214	706 214	667 873	737 048	755 574	779 416	10.4
11. Human Settlements	12 437	2 401	7 226	1 423	1 423	2 164	1 508	1 591	1 667	(30.3)
12. Provincial Treasury	568 914	734 115	751 815	102 818	102 818	428 522	108 987	114 982	121 190	(74.6)
13. Sports, Recreation Arts And Culture	1 395	1 558	1 545	1 150	1 150	1 535	1 219	1 286	1 355	(20.6)
14. Safety And Liaison	61	83	84	47	47	67	49	52	55	(26.9)
Total provincial own receipts	1 641 317	1 924 581	1 943 776	1 414 636	1 414 636	1 672 784	1 453 671	1 502 870	1 552 890	(13.1)

Source: Provincial Treasury Database, 2019/20

The Department of Transport collects own revenue mainly from motor vehicle license fees (MVLF), which is determined by the vehicle population and individual approved tariffs per category according to the vehicle tare weight. There was a low increase in motor vehicle licence fees in the 2018/19 financial year as MVLF have only increased against the categories where there were scope for adjustment. Total departmental revenue is estimated to increase to R737.048 million in 2019/20 when compared to the 2018/19 revised estimates of R667.873 million, which is in respect of the efficient collection of motor vehicle license fees from collection agents according to the agreed timelines of the service level agreement

(SLA). The increase in own revenue takes into account the improvement in the collection of traffic fines with the provincial initiative to collect current and arrear motor vehicle license penalties through the Provincial Traffic Infringement Management Centre.

The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) collects own revenue mainly from casino and horse racing taxes through Eastern Cape Gambling and Betting Board (ECGBB) as well as from liquor license fees through Eastern Cape Liquor Board (ECLB). Own revenue is increasing from R219.070 million in the 2018/19 revised estimate to R230.560 million in 2019/20, which is mainly as a result of operationalisation of the Zone 4 casino in Mthatha and the implementation of the revised gambling fees tariffs in 2019/20.

The Department of Health collects the bulk of its own revenue from patient fees in respect of cost recoveries of health services provided to the general public. Revenue is estimated to increase slightly from R239.343 million in the 2018/19 revised estimate to R242.451 million in 2019/20, which is due to the annual patient fees tariff review. Tariff adjustment for patient fees is a national competency and is administered through the Uniform Patient Fees Schedule (UPFS) and these are determined by the National Department of Health in consultation with provincial departments of Health. UPFS defines the charges of health services based on affordability of public health services. The bulk of the revenue collections are at the thirteen hospital sites where electronic billing is in place and where the hospitals represent the highest bed utilisation rate. Revenue collections are continuing through the validation of claims and recoveries from the Road Accident Fund (RAF), Government Employees Medical Scheme (GEMS) and other medical schemes.

The Department of Public Works (DPW) collects own revenue mainly from rental income from the leasing of state-owned properties. Rental income is lower than anticipated due to the poor conditions of rental properties which are resulting in lower than anticipated revenue collections. Revenue estimates are increasing to R37.556 million in 2019/20, when compared to the 2018/19 revenue estimates of R14.424 million as a result of the sale of vacant land which were not finalised in 2018/19 as originally planned. DPW is planning to implement its revenue strategy which focuses on maximisation of property management and revenue will increase from sources such as the collection parking tariffs and revised tariffs for cellular phone masts and radio networks in government buildings.

Provincial Treasury (PT) contributes significantly to own revenue, which is mainly as a result of interest earned on positive cash balances in exchequer investments and bank accounts due to departments having cash available in their bank accounts.

Other departments receive insignificant own revenue when compared to the major revenue generating departments. These departments' revenue collections consist mainly of commission earned on insurance premiums and garnishee orders. Furthermore, interest earned is also due to all monies banked including own revenue, unallocated funds, surpluses returned by entities, and interest charges retained.

Own revenue maximisation

Provincial departments implemented the Provincial Revenue Generation Strategy from the 2017/18 financial year onward and the strategy focuses on the major revenue generating departments, such as the Departments of Transport, Health, Public Works as well as Economic Development, Environmental Affairs and Tourism. The Revenue Strategy was developed in consultation with departments and departmental revenue strategies outline the detailed operations for the achievement of specific revenue sources.

The *Department of Transport* has planned to construct three traffic control centres, which incorporate integrated weighbridges at sites in Queenstown, Van Staden and Middelburg to enforce the overload control and revenue generation in respect of traffic fines. The construction of the modernised weighbridge (traffic control centre) in Middelburg was prioritised. Collections of traffic fines are managed through the Provincial Traffic Infringement Management Centre and a service provider is assisting with the collection of current and outstanding traffic fines with the assistance of speed cameras and Automatic Number Plate Recognition (ANPR) equipment by enforcing traffic law violations.

DEDEAT has amended the Gambling Act and regulations for the casino tax tariff review approval and implementation. The expansion of limited pay-out machines (LPM) sector by 400 machines to

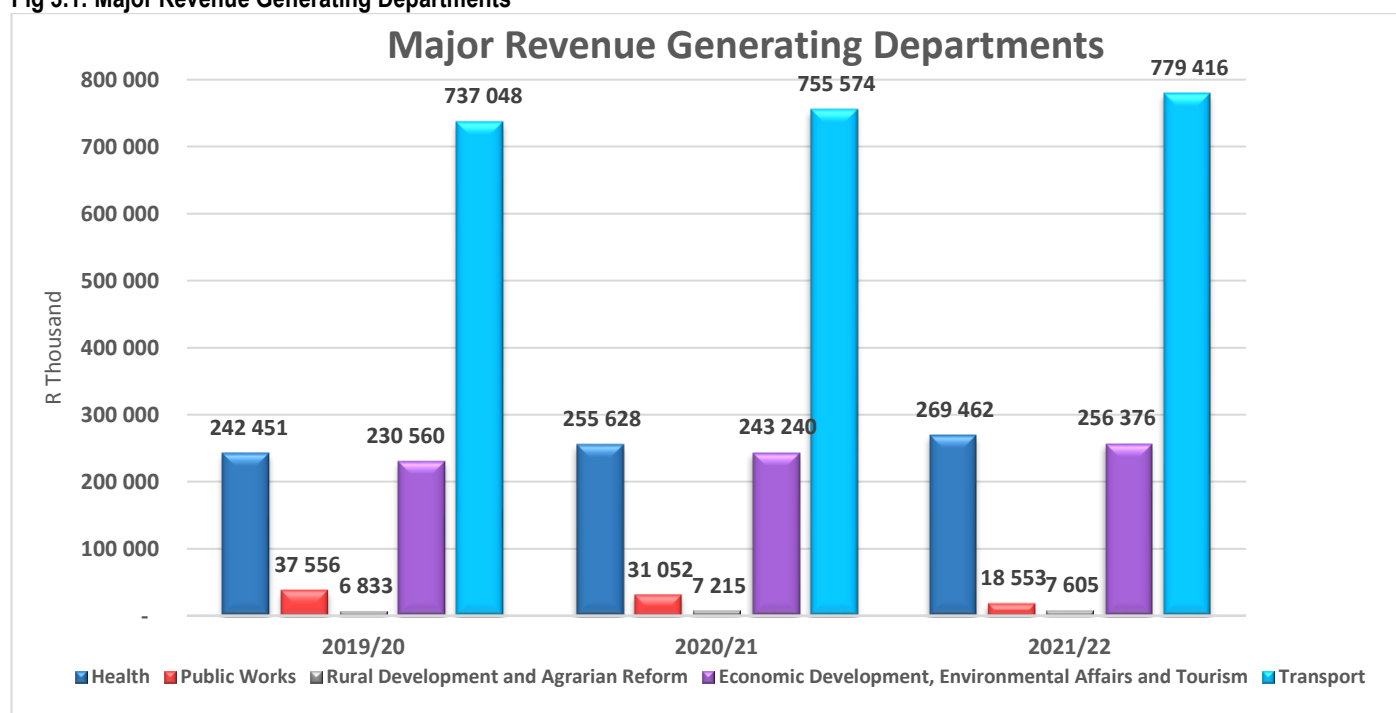
Independent Site Operators was approved by the ECGBB as recommended by research and the roll-out of new sites has the potential to generate an additional R7.5 million in tax revenues. Liquor licenses will utilise the existing tariffs as per the 2014 Regulations of the Eastern Cape Liquor Act due to the Eastern Cape Liquor Bill that requires amendment.

Revenue improvement at the *Department of Health* centres around the Frere Hospital and Cecilia Makiwane Hospital as best practice models to replicate the electronic billing and collection system to improve own revenue collections. The department intends to increase the electronic billing to 20 hospitals in order to collect revenue more efficiently. Potential additional revenue sources include ambulance services on road and airlifting of patients that are utilised in the event of accidents in remote areas as well as oncology services to private funders and health institutions to improve revenue collections.

The *Department of Public Works* is in the process of disposing two hundred and fifty-seven (257) properties and revenue of R45 million is expected to be generated. Other properties are also being identified especially those properties that are in poor conditions, in order for them to be disposed or upgraded to generate additional own revenue. Disposal of properties is considered where these are vacant and not utilised and rental income is very low as a result of the poor condition of these properties. Market related rentals are expected to be achieved at various state properties which will augment revenue collections.

The graph below depicts the estimated revenue improvement of the major revenue generating departments over the 2019 MTEF.

Fig 3.1: Major Revenue Generating Departments



Source: Provincial Treasury Database, 2019/20

Own revenue research study

As part of the provincial revenue generation strategy, a research study was completed that has identified new sources of own revenue. A detailed report was prepared in consultation with the *Departments of Transport, Health, Public Works, DEDEAT, DRDAR and Education* on the newly identified revenue sources. The findings of the revenue research study reveals that the province can generate additional revenue in respect of the efficiencies in the current sources and newly identified revenue sources. Departments are currently developing their implementation plans which include funding requests (where applicable) for the implementation of the new revenue sources.

New sources that were identified for the *Department of Transport* include the Mthatha Airport car rentals, that is, car parking bays, office space and wash bays to be charged per square meter at the prevailing market prices.

In the case of the *Department of Public Works*, the research identified the rental of government buildings at market prices, leasing of office space for catering to private clients, the sale of publications such as research reports that may benefit clients and billboard and digital advertising for private clients on the state properties.

The *Department of Rural Development and Agrarian Reform* has the potential of introducing new revenue sources by offering training, which includes registration, tuition and examination fees at the Tsolo Agricultural Institute. Laboratory services can also generate revenue but it requires the department to obtain accreditation and registration to offer formal training.

DEDEAT has the opportunity to expand the roll out of LPMs to gambling operators taking up 600 LPMs, instead of the 400 LPMs that the ECGBB had identified. Liquor licensing can increase revenue if licenses are issued based on the size of operators' properties, however, this process requires consultation and the amendment of legislation. Accommodation for visitors at reserves is another revenue sources, but infrastructure improvement around reserves is required to ensure ease of access. Rental income from properties according to market rates is another area but improvements of facilities are required.

The *Department of Health* has the prospect with enhanced amenities, which requires a portion of hospital beds to be made available for private patients at higher tariffs. Additionally, the other areas include enhanced billing for emergency medical services for transportation of patients, enhanced billing on Designated Service Providers (DSP) for medical scheme members that require diagnosis and treatment, psychiatric services for psycho-legal evaluation assessment, and the leasing of high value equipment for private patients and private health license fees chargeable to institutions that desires to render health services.

New sources at the *Department of Education* consist of the sale of the departmental publications and charges for photocopies and facsimile services. Other revenue sources consist of the rental of equipment such as audio-visual equipment, music instruments, radio equipment, and the rental of school facilities such as halls at market related rates.

Donor Funding

Table 3.4: Summary of the donor funding receipts by Vote

Department	Audited Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
R thousand										
Health	8 998	1 691	6 892	-	-	-	-	-	-	-
Economic Development, Environmental Affairs and Tourism	-	-	8 915	17 806	17 806	17 806	13 679	-	-	(23.2)
Transport	2 798	8 234	1 278	-	-	964	-	-	-	(100.0)
Total	11 796	9 925	17 085	17 806	17 806	18 770	13 679	-	-	(27.1)

Source: Provincial Treasury Database, 2019/20

Table 3.4 above shows the summary of donor funding receipts for the province from 2015/16 to 2021/22. The province received donor funds through the Departments of Health, Economic Development, Environmental Affairs and Tourism (DEDEAT) and Transport.

The Department of Health received donor funding from the Health and Welfare Sector Education and Training Authority (HWSETA) for skills levy related training activities from 2015/16 to 2017/18.

DEDEAT received donor funding of R8.915 million in the 2017/18 financial year for skills development. Donor funding received in 2019/20 amounts to R13.679 million and the funds received in 2018/19 are mainly in respect of managing school toilets waste in order to generate fertiliser and cooking gas for school garden and feeding schemes, which will be implemented by the ECDC. The funding in 2018/19 is also in respect of the sustainable rural village project for the Chris Hani District Municipality expansion programme.

The Department of Transport received donor funding from the Transport Education and Training Authority (TETA), Public Service Sector Education and Training Authority (PSETA) and the Road Traffic Management Corporation (RTMC). TETA funds were used for the Mathematics and Science project to assist pupils who want to pursue careers in the transportation sector. In 2018/19, funds were received from TETA and RTMC for learnerships, bursaries and the launch of the learner driver project.

Conclusion

The slow economic growth is a challenge in terms of the revenue collection and this results in fiscal constraints in respect of resource allocations to fund the priority areas including key infrastructure projects. National transfers to the province have reduced and thus a greater emphasis is placed on the improvement of public spending effectiveness and efficiency, as well as the provincial drive and strategies to enhance own revenue collection. In the light of decreasing national transfers, provincial own revenue must therefore seek to augment the fiscus as provincial own revenue collection is intended to make a progressive impact regarding the infrastructure investment that will have multiplier effects in respect of regional economic growth.

4. INFRASTRUCTURE

Introduction

In this Government term, the Eastern Cape institutionalized a comprehensive and integrated well informed planning process, which involves all spheres of Government. Infrastructure Planning should arise from a needs analysis (assessment of the demand) and must be aligned with National and Provincial priorities, specifically, the provincial priority of priorities, Program of Action, Provincial Economic Development Strategy and the Provincial Spatial Development Framework (PSDF).

Infrastructure delivery in the Province is currently implemented within the ambit of the Infrastructure Delivery Management System (IDMS/SIPDM) which reinforces stage gate approvals in the project cycle before proceeding with subsequent stages, and thus ensures that projects are viable and thoroughly assessed before funds are allocated for detailed planning and implementation. This approach is crucial taking into account the current limited resources and has been reinforced by the Provincial support of the recently launched One IDMS and the institutionalization IDMS across all spheres of government. The Province is also now supporting the implementation of the City IDMS (CIDMS) for Metros and the Local Government IDMS for Municipalities.

PT has continued to provide robust hands on support to all sector departments in the implementation of the Infrastructure Performance based System which is a requirement of the IDMS. This includes support in the formulation of the User Asset Management Plan (UAMPs), End of Year Evaluation Report, Infrastructure Program Management Plan (IPMP), Construction Procurement Strategy (CPS), Infrastructure Program Implementation Plan (IPIP), Infrastructure Reporting Model (IRM) and the Infrastructure Human Resources Capacitation. These efforts have culminated in the Province receiving incentive grants due to the improved quality of the plans although there are still gaps in which the province needs to improve.

2018/19 Infrastructure Performance

During the 2018/19 financial year, the Provincial Treasury continued with its efforts in the validation of value created on the ground, strengthened the implementation on the Infrastructure Delivery Management System (IDMS) and institutionalized the checklists to support departments for demonstrating the implementation readiness in-line with the IDMS Control Stage Gates. In the 2019/20 MTEF, the Provincial Treasury (PT) will focus on the completion of all existing projects and ensure the prioritization of maintenance in line with the requirements of life cycle costing of assets. PT received a total allocation of R5 million from National Treasury to increase technical capacity aimed at strengthening the oversight of infrastructure projects such that work performed correlates with the related expenditure. The service delivery gaps will continue to be mapped so that it serves as a guiding instrument for development planning in the absence of the approved Provincial Spatial Development Framework.

The Province also continued to strengthen the integration process through expanding on the mapping of the infrastructure projects utilising the Geographical Information System (GIS) to enhance planning integration, prioritization of projects and the identification of service delivery gaps. PT undertook the moderation of the Built Environment Performance Plans (BEPPS) wherein the shortfalls were identified and metros supported in the integration of the inter-governmental project pipeline. PT also participated and provided guidance during the mid-year expenditure and BEPP review sessions. National Treasury in conjunction with PT will support the metros in the rollout of the CIDMS after conducting a readiness assessment.

Provincial infrastructure spending as at the end of December 2018 reflected at R5.745 billion or 72.3 per cent of the adjusted infrastructure budget of R7.948 billion as compared to the projected expenditure of R5.841 billion thus under-spending its projections by R95.764 million. Infrastructure site visits were undertaken by the Infrastructure unit to ensure that the expenditure patterns correlate with value created on the ground. The results of these visits highlighted that whilst there has been improvement in some projects in respect of value for money, there are still areas which requires some improvements as highlighted by the PT site visit reports findings and recommendations.

Over and above PT prioritised the strengthening of integrated infrastructure delivery through the hosting of the Infrastructure MTEC hearings which encouraged collaboration with state owned enterprises and central government (PT, OTP and COGTA).

The province had further invested R1.1 billion since the 2015/16 Financial Year for projects relating to the provision of social infrastructure located in various town in the province. The Social Infrastructure Programme implemented the following key strategic projects:

- In the KSD District Municipality R175 million was invested for the Construction of R61 by-pass/ring road; R160 million for the Upgrading of Mthatha Electrification Western Side
- In the Mbhashe Municipality, R70 million was invested for the Mbhashe Rural Access Roads programme to re-gravel 302 km.
- R230 million was invested in the Joe Gqabi District Municipality Drought Relief programme
- In the Ntabankulu Municipality, R55 million was invested for the Ntabankulu internal streets upgrade

Infrastructure Challenges

The crucial issues that still need to be addressed in terms of Integrated Infrastructure Planning and Delivery relate to:

- The implementation of the resolutions of the one Infrastructure Delivery Management System (IDMS) launch with metros (CIDMS) in respect of the readiness of the metros.
- Misalignment on the intergovernmental project pipeline and the Division of Revenue Act submission timeframes with the all spheres of government.
- Inefficiencies in the value chain of Infrastructure delivery starting from Planning, Procurement and Implementation.
- Measures to realise convergence between the spheres (Infrastructure planning and delivery).
- The current Infrastructure Service Delivery model was not backed by a scientific investigation into infrastructure capacitation across all spheres of government and to this end, was further discussed at the recent Benchmark Hearings wherein assistance was sought from National Treasury in the provision of experts to determine the ideal Infrastructure delivery capacity for the Province, and this will feed into an appropriate Infrastructure Delivery Model suitable to the Eastern Cape dynamics.

Provincial Strategy to Deal with Under Performance

In the 2019/20 MTEF, the Provincial Treasury (PT) will focus on the completion of all existing projects and ensure the prioritization of maintenance in line with the requirements of life cycle costing of assets. PT will utilize its increased technical capacity to strengthen the oversight of infrastructure projects such that work performed correlates with the related expenditure. The service delivery gaps will continue to be mapped so that it serves as a guiding instrument for development planning in the absence of the approved Provincial Spatial Development Framework.

In terms of the provincial service delivery model, the province will continue with the review to ensure that the model combines the use of private sector and government resources to augment the capacitation shortfall.

OTP / COGTA and PT have developed an approved framework for co-ordination and integration in order to improve the alignment of tasks, efforts and performance on Municipal Infrastructure grants between provincial and local government spheres.

Over and above in improving integration in implementation, Public Works is in a process of ensuring that all Implementing Agents are reporting to the department as the Implementer of choice.

2019/20 Infrastructure Allocations

Table 4.1 reflects that the bulk of the infrastructure allocations resides with the departments of Transport (27 per cent), Human Settlements (24 per cent), Education (19 per cent) and Health (20 per cent). These allocations account for 90 per cent of the total Provincial Infrastructure Budget.

Table 4.1 Infrastructure Payments Summary per Department

	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	% Change
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2018/19
R 000's										
Payments for Infrastructure by Department										
Education	1 450 374	1 631 633	1 659 618	1 492 501	1 597 001	1 661 443	1 589 722	1 564 208	1 685 128	(4.3)
Health	1 199 522	1 295 934	1 274 514	1 585 071	1 457 570	1 440 387	1 656 655	1 506 016	1 477 289	15.0
Social Development	67 431	83 109	31 181	66 316	62 801	64 105	66 423	67 377	65 265	3.6
Office Of the Premier	1 500	4 600	105 158	210 173	210 173	212 829	173 726	94 469	-	(18.4)
Public Works	272 278	239 196	262 162	248 554	255 314	254 787	257 302	272 606	287 435	1.0
Corporate Governance and Traditional Affairs	33 467	6 979	94 794	6 957	10 957	10 387	7 681	10 962	11 370	(26.1)
Rural Development and Agrarian Reform	124 820	172 075	167 314	211 597	201 156	180 611	190 314	150 853	159 209	5.4
Economic Development, Environmental affairs and Tourism	1 370	12 156	78 983	64 181	64 181	60 253	31 624	-	-	(47.5)
Transport	2 007 916	2 085 923	2 282 527	2 240 906	1 987 392	1 992 985	2 220 228	2 079 142	2 167 893	11.4
Human Settlements	2 460 751	1 998 380	2 354 444	1 976 522	2 009 022	1 926 570	2 023 680	2 034 402	2 111 778	5.0
Provincial Treasury	169 435	544 767	344 717	191 575	74 509	70 824	14 000	-	-	(80.2)
Sports, Recreation Arts and Culture	48 426	37 448	48 335	46 569	47 069	45 826	60 447	57 347	59 698	31.9
Total	7 837 290	8 112 200	8 703 747	8 340 922	7 977 145	7 921 007	8 291 801	7 837 381	8 025 065	4.7

Source: Provincial Treasury Database, 2019/2020

Table 4.2 reflects the Provincial infrastructure allocations per category. The Infrastructure allocation has increased from a revised estimate of R7.921 billion in 2018/19 to R8.291 billion in 2019/20 of which: Expanded Public Works Programme amounts to R157.225 million allocated in the 2019/20 financial year for ensuring that various departments in the province create 108 783-jobs opportunities. In addition, in the 2019/20 financial year, the bulk of the allocations (56%) are residing in existing infrastructure assets as compared to new assets (11%). This trend is in keeping with the current provincial priority to allocate funds towards the maintenance, upgrade and rehabilitation of existing infrastructure as opposed to creating new facilities.

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

To this end, the prioritization of maintenance has been factored into the 2019/20 financial year as 24 per cent of the total infrastructure allocation is for maintenance. PT is continuing to advocate the prioritization of funds towards maintenance taking cognisance that Infrastructure maintenance is a strategic tool, and this will ensure that assets operate efficiently and are maintained cost effectively.

The Province is investing in the following key strategic projects on various departments over the 19/20 MTEF:

- Health Department is investing R193.740 million for the Saint Elizabeth Hospital project in Ingquza Hill Municipality; R164.340 million at the Khutsong Hospital and R94.604 million in the Nyaniso Hospital in Matatiele municipality; R69.564 million at Mthatha Hospital in KSD Municipality as well as R13.905 million for the completion of Emergency Medical Service Base and Training College in Nelson Mandela Bay from a Total Project Cost of R268.442 million.
- Public Works is investing R 99.444 million at the Mount Fletcher Cluster Offices in Elundini Municipality; R89.370 million at the Komani Office Park extension and additions to the existing Komani Hospital Office Park in the Enoch Mgijima municipality; R47.319 million for the upgrade of Botha Sigcau Open Plan building and entrance in the KSD municipality as well as R44.320 million at the Ex- Mary Theresa Conversion of Nurses Home into offices in Mzimvubu Municipality.
- The Department of Education has invested R114.145 million at the Documentation Management Centre Harker in Amathole District Municipality; R97.054 million at the Tembisa Special School (Hostel) and R90.299 million at the Ntsonkotha Senior Secondary School both in the Chris Hani

District Municipality; R44.271 million for Laerskool Grens in the Buffalo City Metro and R5.848 million for Thubalethu Secondary School in the Amathole District.

- The Department of Transport has invested R166.212 million at the Willowvale to Dwesa Nature Reserve Phase 1 in Mbashe Municipality; R159.842 million for the Cofimvaba to Asketon road in the Intsika Yethu Municipality; R56.711 million for the Wild Coast Meander: Madwaleni Hospital Road – Phase 2 in Mbashe Municipality and R23 million for completion of the Cedarville to Mvenyane road in Matatiele Municipality.
- The Department of Rural Development and Agrarian Reform (DRDAR) has invested R21.676 million at the OR Tambo Woolclip Commercialization in OR Tambo District; R16.360 million for Amajingqi Macadamia Nut production at the Amathole District Municipality and R12.886 million for the Revitalisation of irrigation schemes (Upper Gxulu and Zanyokhwe and Tyefu) in the Amathole District Municipality.

The Municipality Infrastructure Investment on Capital Grants amounts to R6.860million in 18/19 as at December 2018. The Metropolitan Municipalities have further invested R2.041billion. The municipalities have invested in the following key strategic projects:

Regional Bulk Infrastructure Grant (RBIG) 2018/2019

- R129.160 million has been invested on the Nooitgedacht Bulk Water Supply project in the Nelson Mandela Bay Municipality
- R18 million on the James Kleynhans BWS project in the Makana Local Municipality

Municipal Infrastructure Grant (MIG) 2018/2019

- R57.603 million has been invested on the Ntsonyeni Ngqongweni Regional Water Supply Scheme at the OR Tambo District Municipality.
- R35.450 million on the Elundini Rural Sanitation Programme: Phase 2, 3 and 4 in the Joe Gqabi District Municipality.

Overview of the Provincial Revenue and Expenditure (OPRE) - 2019/20 Financial Year

Table 4.2 Infrastructure Payments Summary per Category

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% Change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
Existing infrastructure assets	4 823 646	3 970 141	5 021 885	4 889 711	4 574 135	4 616 587	4 636 861	4 449 176	4 540 964	0.4
Maintenance and repairs	1 480 012	1 595 859	1 802 533	2 058 579	1 811 243	1 825 735	2 024 072	1 764 992	1 865 199	10.9
Upgrades and additions	2 368 984	2 021 384	2 670 862	2 152 484	2 132 114	2 204 814	2 015 332	2 055 464	2 036 014	(8.6)
Refurbishment and rehabilitation	974 650	352 898	548 490	678 648	630 778	586 038	597 457	628 720	639 751	1.9
New infrastructure assets	346 253	1 563 644	694 232	750 585	783 029	751 523	937 241	795 485	812 807	24.7
Infrastructure transfers	2 653 198	2 561 909	2 943 521	2 458 813	2 363 247	2 254 502	2 222 268	2 125 771	2 111 778	(1.4)
Current	7 000	12 000	21 958	58 690	43 690	23 140	16 360	–	–	(29.3)
Capital	2 646 198	2 549 909	2 921 563	2 400 123	2 319 557	2 231 362	2 205 908	2 125 771	2 111 778	(1.1)
Infrastructure payments for financial assets	–	–	–	–	–	–	–	–	–	
Infrastructure leases	–	–	7 970	–	–	–	–	–	–	
Non infrastructure	14 193	16 506	36 140	241 813	256 734	298 395	495 431	466 950	559 515	66.0
Total department infrastructure	7 837 290	8 112 200	8 703 747	8 340 922	7 977 145	7 921 007	8 291 801	7 837 381	8 025 065	4.7

1. Total provincial infrastructure is the sum of "Capital" plus "Recurrent maintenance". This includes non infrastructure items.

Source: Provincial treasury database, 2019

Table 4.3 reflects that the provincial Infrastructure allocations are funded by both Equitable Share and Grant funding. In the 2019/20 financial year, the provincial infrastructure allocation is mainly funded by Grant funding (74 per cent) as compared to Equitable Share funding (26 per cent).

Table 4.3 Summary of Provincial Infrastructure Payments and Estimates per funding source

R thousand	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	% change from 2019/20
	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
Provincial Equitable Share	2 058 322	2 508 354	2 493 925	2 530 640	2 076 452	1 918 103	2 130 958	1 985 532	1 786 412	11.1
Conditional grants ¹	5 778 969	5 603 846	6 209 823	5 810 282	5 900 693	6 002 904	6 160 842	5 851 849	6 238 653	2.6
Comprehensive Agricultural Support Grant	89 140	97 228	117 299	138 625	139 702	101 294	127 636	125 092	151 039	26.0
Land Care Grant	6 479	6 081	2 739	1 889	3 136	1 350				(100.0)
Education Infrastructure Grant	1 136 427	1 505 088	1 582 835	1 479 828	1 479 828	1 614 268	1 585 532	1 564 208	1 685 128	(1.8)
Health Facility Revitalisation Grant	603 874	584 160	636 286	652 071	664 570	679 203	784 988	610 773	658 646	15.6
Community Library Service Grant	43 484	29 475	30 123	31 193	31 193	30 328	42 500	43 200	44 971	40.1
Provincial Roads Maintenance Grant	1 366 913	1 306 082	1 388 915	1 439 241	1 482 329	1 482 763	1 483 539	1 464 993	1 577 405	0.1
Human Settlements Development Grant	2 458 180	1 998 378	2 339 316	1 908 439	1 940 939	1 986 989	1 960 278	1 634 932	1 631 302	(1.3)
Title Deeds Restoration Grant				65 583	65 583	15 779	60 904	64 254		286.0
Informal Settlements Upgrading Partnership Grant for Provinces								335 216	480 476	
Health EPWP Integrated Grant for Provinces	2 499	4 013	1 992	2 225	2 225	2 225	2 439			9.6
DRDAR EPWP Integrated Grant for Provinces	2 188	2 000	2 000	2 502	2 502	2 452	2 328			(5.1)
Education EPWP Integrated Grant for Provinces	2 170	1 993	2 411	2 673	2 673	3 259	4 190			28.6
Social development EPWP Integrated Grant for Provinces	2 000	1 758	2 000	2 000	2 000	2 006				(100.0)
Public Works EPWP Integrated Grant for Provinces				5 008	5 008	5 008	6 814			36.1
COGTA EPWP Integrated Grant for Provinces	1 986	1 987	2 035	2 144	2 144	2 124	2 081			(2.0)
DEDEAT EPWP Integrated Grant for Provinces	1 370	2 656	2 554	2 204	2 204	3 196	2 670			(16.5)
Transport EPWP Integrated Grant for Provinces	57 689	58 409	94 690	66 821	66 821	62 941	81 821			30.0
Human Settlements EPWP Integrated Grant for Provinces	2 571	2 738	2 628	2 500	2 500	2 351	2 498			6.3
DSRAC EPWP Integrated Grant for Provinces	1 999	1 800	2 000	2 000	2 000	2 032	2 021			(0.5)
Early Childhood Development Grant	-	-	-	3 336	3 336	3 336	8 603	9 181	9 686	157.9
Total provincial infrastructure payments and estimates ²	7 837 290	8 112 200	8 703 747	8 340 922	7 977 145	7 921 007	8 291 801	7 837 381	8 025 065	4.7

Source: Provincial Treasury Database, 2019/20

Conclusion

The delivery of public infrastructure is an important enabler for economic growth and as such the funds allocated to Infrastructure needs to be spent in line with value for money principals. Therefore, the Provincial initiatives relating to the implementation of the One IDMS require a focussed approach to facilitate integration across all spheres of government, as this will ensure that inroads are made towards improving integrated infrastructure performance in the entire infrastructure value chain.

5. PAYMENTS

Overall position

Expenditure planning for the 2019 MTEF continues to be developed in the context of weak economic growth and a tight fiscal framework as presented in Chapters 2 and 3. Coupled to this is the budget cuts of R5.958 billion over the 2019 MTEF by National Treasury, which resulted in reduced baselines of provincial departments. Furthermore, Provincial Treasury further reduced provincial departments' baseline budgets by R1.097 billion over the 2019 MTEF to make provision for stimulus funding that will be utilised on economic development projects that seeks to grow the provincial economy.

After taking into account the budget cuts over the 2019 MTEF to fund the national and provincial priorities, the total outlay for the province is R82.198 billion in 2019/20, R86.113 billion in 2020/21 and R89.736 billion in 2021/22. The result of the national budget cuts is that departments' baselines are growing below the inflation rate. Despite this, departments have reprioritised internally to ensure that non-negotiable areas are protected and adequately funded.

Payment by Vote

Table 5.1: Summary of Provincial Payments and Estimates by Vote

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	from 2018/19
Social Sector	50 516 145	54 765 785	58 592 961	62 352 518	62 837 884	63 787 976	65 627 317	69 175 136	72 221 353	2.9
1. Education	28 425 927	30 966 951	32 807 620	34 772 126	34 898 153	35 359 487	36 328 510	38 286 665	39 798 200	2.7
2. Health	18 943 943	20 506 179	22 272 679	23 699 560	24 025 525	24 553 654	25 189 632	26 588 537	27 953 147	2.6
3. Social Development	2 253 881	2 360 311	2 516 448	2 836 581	2 857 872	2 799 844	3 020 607	3 155 799	3 275 775	7.9
4. Sports, Recreation Arts And Culture	809 114	841 713	901 054	942 760	954 845	973 477	983 069	1 033 998	1 078 146	1.0
5. Safety And Liaison	83 280	90 631	95 160	101 490	101 490	101 514	105 499	110 138	116 085	3.9
Economic	12 074 169	11 898 552	12 978 469	13 006 747	13 281 064	13 309 625	13 605 469	13 931 172	14 503 569	2.2
6. Public Works	1 828 897	1 981 967	2 197 494	2 344 172	2 412 295	2 436 122	2 365 265	2 477 929	2 570 396	(2.9)
7. Rural Development And Agrarian Reform	1 968 065	2 184 529	2 200 991	2 328 236	2 386 164	2 386 506	2 340 324	2 467 269	2 572 537	(1.9)
8. Economic Development, Environmental Affairs And Tourism	1 246 351	1 039 524	1 077 779	1 146 006	1 167 052	1 161 421	1 481 960	1 533 091	1 566 238	27.6
9. Transport	4 231 035	4 330 234	4 754 533	4 811 584	4 901 304	4 916 006	4 974 537	4 976 400	5 224 169	1.2
10. Human Settlements	2 799 821	2 362 298	2 747 672	2 376 749	2 414 249	2 409 570	2 443 382	2 476 483	2 570 229	1.4
Governance and Administration	2 577 964	2 822 651	3 058 389	3 074 683	2 990 170	2 968 789	2 965 459	3 007 595	3 011 691	(0.1)
11. Office Of The Premier	644 886	506 303	763 246	973 396	976 782	962 827	973 083	921 727	848 581	1.1
12. Provincial Legislature	472 137	483 552	506 578	525 999	559 038	567 084	541 734	565 767	586 646	(4.5)
13. Corporate Governance and Traditional Affairs	968 519	953 532	1 083 986	983 800	986 660	981 184	1 009 712	1 072 739	1 112 593	2.9
14. Provincial Treasury	492 422	879 264	704 579	591 487	467 690	457 694	440 930	447 361	463 872	(3.7)
Total payments and estimates	65 168 278	69 486 988	74 629 820	78 433 947	79 109 119	80 066 390	82 198 245	86 113 903	89 736 613	2.7
Less:										
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected (to s22(1) of the PFMA)]	(148)	(1053)	(1336)	(428)	(428)	(853)	(452)	(477)	(503)	(47.0)
Total	65 168 130	69 485 935	74 628 484	78 433 519	79 108 691	80 065 537	82 197 793	86 113 426	89 736 110	2.7

Source: Provincial Treasury Database 2019/20

Table 5.1 above provides a summary of provincial payments and estimates by Vote from 2015/16 to 2021/22. Total provincial expenditure increases by 2.7 per cent from the revised estimate of R80.065 billion in 2018/19 to R82.197 billion in 2019/12. Education and Health remain the primary focus of the province and together accounts for approximately 75 per cent of the provincial budget in 2019/20. The allocations for Education and Health are R36.328 billion and R25.189 billion in 2019/20, respectively.

Social Cluster

For the 2019/20 financial year, the resource envelope for the cluster amounts to R65.627 billion and it further grows to R72.221 billion in the outer year of the 2019 MTEF.

- The **Department of Education** budget allocation is for the provision of adequate Learner Support Material (LTSM), universalisation on Early Childhood Development (ECD), quality education through the timely provisioning of qualified teachers in line with outcome 1, that of an improved quality of basic education. The department is projecting to spend R114.413 billion over the 2019 MTEF. In 2019/20, the budget grows by 2.7 per cent to R36.328 billion mainly due to baseline reductions of R699.820 million (and R3.420 billion over the 2019 MTEF).

- The **Department of Health** budget allocation is for the improvement of health outcomes including the increased implementation of the National Health Insurance, prevention and reduction of the disease burden and promotion of health in line with outcome 2, “a long and healthy life for all South Africans”. The department is projecting to spend R79.731 billion over the 2019 MTEF. In 2019/20, the budget grows by 2.6 per cent to R25.189 billion due to baseline reductions of R407.683 million (and R1.941 billion over the 2019 MTEF).
- The **Department of Social Development** budget allocation is for addressing social challenges directly linked to poverty in communities which include prevention of substance abuse, child care and protection, care of older persons, crime prevention and support services as well as victim support services in line with the outcome 13, “an inclusive and responsive social protection system”. The department is projecting to spend R9.452 billion over the 2019 MTEF. In 2019/20, the budget grows by 7.9 per cent to R3.020 billion due to the additional funding of R29.616 million for the NAWONGO court judgement and R22.815 million for the Sanitary Dignity Project.
- The **Department of Sport, Recreation, Arts and Culture** budget allocation is for the development of programmes and projects that contribute to the promotion of healthy living and active citizenry in line with national outcome 14, “Nation building and social cohesion”. The department is projecting to spend R3.095 billion over the 2019 MTEF. In 2019/20, the budget grows by 1 per cent to R983.069 million due to baseline reductions R12.252 million (and R66.292 million over the 2019MTEF). The budget includes an additional allocation of R3 million in 2019/20 as well as over the 2019 MTEF period for the National Arts Festival.
- The **Department of Safety and Liaison** budget allocation is for improving safety and security in line with outcome 3, “All people in South Africa are and feel safe”. The department is projecting to spend R331.722 million over the 2019 MTEF. In 2019/20, the budget grows by 3.9 per cent to R105.499 million.

Economic Cluster

For the 2019/20 financial year, the resource envelope for the cluster amounts to R13.605 billion and it further grows to R14.503 billion in the outer year of the 2019 MTEF.

- The **Department of Public Works** budget is for the upgrading, building, maintenance and construction in line with government outcomes of developing and empowering emerging contractors. The department is projecting to spend R7.413 billion over the 2019 MTEF. In 2019/20, the budget declines by 2.9 per cent to R2.365 billion due to baseline reductions of R49.304 million (and R238.671 million over the 2019 MTEF). However, included in the allocation is R28.684 million in 2019/20 for rates and taxes due to municipal valuations being higher than anticipated as well as further allocations of R30.233 million in 2020/21 and R31.866 million in 2021/22.
- The **Department of Rural Development and Agrarian Reform** budget allocation is for the commercialisation of primary agriculture, development of agricultural infrastructure and the support to the irrigation schemes in line with outcome 7, “Develop vibrant, equitable and sustainable rural communities that contribute to adequate food supply”. The department is projecting to spend R7.380 billion over the 2019 MTEF. In 2019/20, the budget declines by 1.9 per cent to R2.340 billion due to baseline reductions of R40.652 million (and R203.028 million over the 2019 MTEF).
- The **Department of Economic Development, Environmental Affairs and Tourism** budget allocation is for enterprise, trade and tourism development in line with outcome 4, “Decent employment through inclusive growth”. The department is projecting to spend R4.581 billion over the 2019 MTEF. In 2019/20, the budget increases by 27.6 per cent to R1.481 billion. Included in the allocations is additional funding of R28.954 million for the social infrastructure implemented by Coega Development Corporation (CDC) in 2019/20. Furthermore, R314.402 million in 2019/20, R336.898 million in 2020/21 and R356.284 million in 2021/22 has been allocated to DEDEAT as the co-ordinating department for the provincial economic stimulus projects. A further R25 million in 2019/20, R30 million in 2020/21, R35 million in 2021/22 is allocated and ring-fenced to CDC to further support the entity in the development of the zone to lure more investors.
- **Department of Transport** budget allocation is for, amongst others, the upgrade, rehabilitation and maintenance of provincial roads, the extension of subsidised buses, the transportation of qualifying

learners to the nearest public school and the empowering of emerging contractors in line with outcome 6, “Ensure the efficient, competitive and responsive infrastructure network”. The department is projecting to spend R15.175 billion over the 2019 MTEF. In 2019/20, the budget increases by 1.2 per cent to R4.974 billion due to baseline reductions of R62.759 million (and R312.538 million over the 2019 MTEF). However, included in the allocation is an additional R17.513 million in 2019/20 for scholar transport (reflecting 6 per cent increase in the fixed component of the costing formula).

- The **Department of Human Settlements** budget is for facilitating and coordinating housing access across the province, provision for connecting households to basic water and sanitation, as well as improve social rental housing access in line with outcome 8, “Sustainable human settlements and improved quality of household life”. The department is projecting to spend R7.490 billion over the 2019 MTEF. In 2019/20, the budget increases by 1.4 per cent to R2.443 billion due to baseline reductions of R8.577 million (and R42.112 million over the 2019 MTEF). However, included in the allocation is R5.280 million in 2019/20 for the overhead costs on monitoring and reporting on housing related projects as well as further allocations of R5.565 million in 2020/21 and R5.866 million in 2021/22.

Governance and Administration Cluster

For the 2019/20 financial year, the proposed resource envelope for the cluster amounts to R2.965 billion and it further grows to R3.011 billion in the outer year of the 2019 MTEF.

- The **Office of the Premier** is projecting to spend R2.743 billion over the 2019 MTEF. In 2019/20, the budget increases by 1.1 per cent to R973.083 million due to baseline reductions of R11.081 million (and R73.858 million over the 2019 MTEF) as well as the reduction in budget allocation for Small Town Revitalisation project.
- The **Provincial Legislature** is projecting to spend R1.694 billion over the 2019 MTEF. In 2019/20, the budget decreases by 4.5 per cent to R541.734 million due to baseline reductions of R11.226 million (and R54.544 million over the 2019 MTEF). However, included in the allocations is R4 million per annum over the 2019 MTEF period for the GRAP Compliant System (Enterprise Resource Planning System).
- The **Department of Cooperative Governance and Traditional Affairs** is projecting to spend R3.195 billion over the 2019 MTEF. In 2019/20, the budget grows to R1.009 billion which results in a 2.9 per cent growth rate. This rate is below the inflation rate due to baseline reductions of R20.845 million (and R103.636 million over the 2019 MTEF).
- The **Provincial Treasury** is projecting to spend R1.352 billion over the 2019 MTEF. In 2019/20, the budget decreases by 3.7 per cent to R440.930 billion due to baseline reductions of R8.704 million (and R42.081 million over the 2019 MTEF). Included in the 2019/20 allocation is an additional allocation of R14 million for the completion of the Joe Gqabi drought relief project. Furthermore, R5 million is allocated to increase the technical capacity of the infrastructure unit (with further allocation of R5 million each in 2020/21 and 2021/22) as well as R9.642 million for the strengthening of municipal support interventions (with further allocations of R9.889 million in 2020/21 and R10.333 million in 2021/22).

Payments by Economic Classification

Table 5.2: Summary of Provincial Payments and Estimates by Economic Classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	from 2018/19
Current payments	52 612 421	56 428 712	60 763 762	65 708 996	65 997 747	66 196 655	68 611 110	72 780 073	76 136 045	3.6
Compensation of employees	41 556 829	44 010 170	47 489 651	51 378 622	51 375 818	51 253 105	54 152 699	57 961 946	61 022 756	5.7
Goods and services	11 043 543	12 404 109	13 268 675	14 330 375	14 621 929	14 935 405	14 458 411	14 818 127	15 113 289	(3.2)
Interest and rent on land	12 049	14 433	5 436	-0	-0	8 145	-	-	-	(100.0)
Transfers and subsidies to:	8 595 874	8 248 156	9 114 011	8 272 114	8 454 458	9 280 545	8 844 685	8 726 053	8 928 281	(4.7)
Provinces and municipalities	582 057	699 739	825 052	824 768	876 825	925 312	662 586	611 098	547 010	(28.4)
Departmental agencies and accounts	1 129 114	1 258 442	1 254 662	1 193 188	1 156 502	1 155 751	1 331 834	1 390 687	1 420 550	15.2
Higher education institutions	19 765	27 876	54 885	65 318	57 218	57 218	55 904	57 035	57 672	(2.3)
Foreign governments and international organisations	-	-	-	0	-	-	-	-	-	-
Public corporations and private enterprises	633 804	487 760	539 261	579 810	584 410	594 265	554 665	579 692	611 287	(6.7)
Non-profit institutions	2 852 517	2 859 481	2 962 111	3 007 953	3 142 676	3 317 787	3 573 035	3 362 387	3 516 786	7.7
Households	3 378 617	2 914 858	3 478 041	2 601 076	2 636 827	3 230 211	2 666 661	2 725 154	2 774 976	(17.4)
Payments for capital assets	3 868 514	4 783 478	4 738 094	4 452 837	4 652 938	4 585 213	4 742 451	4 607 777	4 672 287	3.4
Buildings and other fixed structures	3 123 870	3 548 117	3 728 876	3 420 747	3 390 186	3 443 290	3 635 517	3 441 945	3 486 450	5.6
Machinery and equipment	717 047	1 192 538	984 722	1 014 695	1 247 452	1 121 349	1 073 002	1 134 785	1 154 219	(4.3)
Heritage Assets	160	91	147	676	676	676	500	753	784	(26.0)
Specialised military assets	-	-	-	-	-	-	-	-	-	-
Biological assets	15 238	30 787	-	0	200	246	16 500	17 677	18 649	6607.3
Land and sub-soil assets	-	-	-	-	-	-	-	0	-	-
Software and other intangible assets	12 199	11 945	24 349	16 718	14 423	19 652	16 932	12 617	12 185	(13.8)
Payments for financial assets	91 469	26 642	13 952	-	3 976	3 977	-	-	-	(100.0)
Total economic classification	65 168 278	69 486 988	74 629 820	78 433 947	79 109 119	80 066 390	82 198 245	86 113 903	89 736 613	2.7
Less:										
Departmental receipts not to be surrendered to the Provincial Revenue Fund [Amount to be financed from revenue collected in s22(1) of the PFMA]	(148)	(1 053)	(1 336)	(428)	(428)	(853)	(452)	(477)	(503)	(47.0)
	65 168 130	69 485 935	74 628 484	78 433 519	79 108 691	80 065 537	82 197 793	86 113 426	89 736 110	2.7

Provincial Treasury Database 2019/20

Table 5.2 above shows the summary of provincial payments and estimates by economic classification from 2015/16 to 2021/22. In 2019/20, the budget increases by 2.7 per cent from the 2018/19 revised estimate with the bulk of the budget allocated under current payments at R68.611 billion.

In 2018/19, the Compensation of Employees budget grows from the 2018/19 revised estimate of R51.253 billion by 5.7 per cent to R54.152 billion, which is mainly for the Improvement of Condition of Services (ICS) provision and the employment of critical staff in departments.

Goods and Services decreases by 3.2 per cent to R14.458 billion in 2019/20 from the 2018/19 revised estimate of R14.935 billion, which is mainly due to the baseline cuts.

Transfers and Subsidies overall decreases by 4.7 per cent to R8.844 billion in 2019/20 from the 2018/19 revised estimate of R9.280 billion mainly due to payment of medico legal claims by the Department of Health, which are not allocated in the budget.

Payments for Capital Assets budget increases by 3.4 per cent in 2019/20 to R4.742 billion from the 2018/19 revised estimate of R4.585 billion. The marginal increase is due to the current provincial focus towards allocating funds for maintenance, upgrade and rehabilitation of existing infrastructure instead of creating new facilities.

Payments by Functional Area

Table 5.3: Summary of Provincial Payments and Estimates by Functional Area

Policy area	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	% change from 2018/19
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			
R'000										
General public services	4 406 861	4 804 618	5 255 883	5 418 855	5 402 465	5 404 911	5 330 724	5 485 524	5 582 087	(1.4)
Public Order and Safety	83 280	90 631	95 160	101 490	101 490	101 514	105 499	110 138	116 085	3.9
Economic Affairs	7 155 867	7 258 460	7 744 790	7 966 049	8 141 738	8 151 901	8 460 762	8 622 858	8 998 159	3.8
Environmental Protection	289 584	295 827	288 513	319 777	312 783	312 032	336 060	353 902	364 785	7.7
Housing and Community Amenities	2 799 821	2 362 298	2 747 672	2 376 749	2 414 249	2 409 570	2 443 382	2 476 483	2 570 229	1.4
Health	18 943 943	20 506 179	22 272 679	23 699 560	24 025 525	24 553 654	25 189 632	26 588 537	27 953 147	2.6
Recreation, Culture and Religion	809 114	841 713	901 054	942 760	954 845	973 477	983 069	1 033 998	1 078 146	1.0
Education	28 425 927	30 966 951	32 807 620	34 772 126	34 898 153	35 359 487	36 328 510	38 286 665	39 798 200	2.7
Social protection	2 253 881	2 360 311	2 516 448	2 836 581	2 857 872	2 799 844	3 020 607	3 155 799	3 275 775	7.9
Total	65 168 278	69 486 988	74 629 820	78 433 947	79 109 119	80 066 390	82 198 245	86 113 903	89 736 613	2.7

Source: Provincial Treasury Database 2019/20

Table 5.3 above shows the summary of provincial payments and estimates for the 2019 MTEF by policy area. The spending increased from R65.168 billion in 2015/16 to R80.066 billion in the 2018/19 revised estimate. In 2019/20, the budget increases by 2.7 per cent to R82.198 billion.

Even though the growth is minimal in 2019/20, the budget distribution shows the largest share of the budget is allocated to Education at R36.328 billion and Health at R25.189 billion to show the province's continued commitment to strive for quality education and improved health outcomes.

The budget for the education sector will mainly be utilised for improving the matric pass rate, improving the capacity of educators, school managers, and school governing bodies, enhancing support to schools, and the establishment of functional circuits that are realigned to districts and Head Office.

The Health sector budget will be utilised mainly on the maintenance of health infrastructure, HIV/AIDS, TB, specialised hospital services and clinical support services, medical supplies and emergency medical services.

The allocation of R8.460 billion in 2019/20 for the Economic Affairs sector is in line with the implementation the provincial economic stimulus through the identified Departments of Agriculture and Agrarian Reform; Economic Development, Environmental Affairs and Tourism; as well as Sport, Recreation, Arts and Culture for creative industries development in the province.

In 2019/20, the General Public Service sector is allocated R5.330 billion to ensure the smooth running of the provincial government and supporting local government, the Social Protection sector is allocated R3.020 billion while the Housing and Community Amenities sector is allocated R2.443 billion to provide decent human settlements through integrated planning.

The 2019 MTEF allocations, continue to be responsive to the key policy priorities of the province as outlined in the Provincial Development Plan (PDP) including the Priorities of Priorities.

Transfers

Transfers to Public Entities

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

Table 5.4 below, indicates the provincial public entities have received R4.089 billion in funding over the past 4 years while an estimated R4.202 billion is planned to be transferred over the 2019 MTEF. In 2019/20, R1.350 billion is allocated representing a 17.4 per cent increase in total transfers.

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Public entities directly employ over 1 933 people excluding board members, and generate approximately R1.439 billion in own revenue in 2019/20. The number of people employed has decreased drastically from the previous years due to the implementation of cost containment measures including the non-filling of less critical vacant posts within public entities. Details of transfers to public entities are presented in the relevant Votes in the Estimates of Provincial Revenue and Expenditure, and a full report is presented in the publication for public entities.

Table 5.4: Summary of Provincial Transfers to Public Entities by Transferring Departments

	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	% Change
Entities	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2018/19
Office Of the Premier	43 736	37 011	39 158	41 429	41 429	41 429	43 752	46 202	48 743	5.6
EC Socio-Economic Consultative Council	43 736	37 011	39 158	41 429	41 429	41 429	43 752	46 202	48 743	5.6
Rural Development and Agrarian Reform	153 573	188 767	221 148	248 928	263 928	263 928	192 564	184 385	186 244	(27.0)
EC Rural Development Agency	153 573	188 767	221 148	248 928	263 928	263 928	192 564	184 385	186 244	(27.0)
Economic Development ,Environmental affairs and To	649 828	590 940	636 482	645 654	703 267	703 267	980 675	1 039 835	1 056 631	39.4
East London Industrial Development Zone Corporation	94 932	100 866	106 767	112 172	112 172	112 172	115 604	120 244	123 857	3.1
Eastern Cape Development Corporation	221 180	153 023	184 022	181 375	236 344	236 345	472 139	502 231	529 269	99.8
EC Gambling and Betting Board	43 843	49 454	53 072	55 761	55 761	55 761	58 710	60 634	62 969	5.3
EC Liquor Board	43 792	48 392	56 668	59 541	59 541	59 540	62 483	66 413	69 066	4.9
EC Parks and Tourism Agency	193 081	196 205	195 953	206 805	208 179	208 179	215 119	226 986	236 470	3.3
Coega Development Corporation	53 000	43 000	40 000	30 000	31 270	31 270	56 620	63 327	35 000	81.1
Transport	108 990	113 801	117 704	114 581	129 581	129 581	120 997	127 772	134 799	(6.6)
Mayibuye Transport Corporation	108 990	113 801	117 704	114 581	129 581	129 581	120 997	127 772	134 799	(6.6)
Sports, Recreation Arts and Culture	13 591	12 300	12 400	12 300	12 300	12 300	12 720	13 179	13 719	3.4
EC Provincial Arts and Culture Council	13 591	12 300	12 400	12 300	12 300	12 300	12 720	13 179	13 719	3.4
Total	969 718	942 819	1 026 892	1 062 892	1 150 505	1 150 505	1 350 708	1 411 373	1 440 136	17.4

Source: Provincial Treasury Database: 2019/20

Transfers to Development Corporations

The province has two (2) Industrial Development Zones i.e. East London Industrial Development Zone (ELIDZ) and Coega Development Corporation (CDC) Industrial Development Zone, which receive R115.604 million and R56.620 million, respectively, in 2019/20. Funds transferred to ELIDZ will be utilised to fund the operations and maintenance of the zone, while the funds to CDC are for operations and to further support CDC in the development of the zone to lure more investors.

Eastern Cape Development Corporation (ECDC) and Mayibuye Transport Corporation (MTC), which are listed as government business enterprises (Schedule 3D) in the PFMA. The total transfers to these government business enterprises increases from R221.180 million and R108.990 million in 2015/16 to R236.345 million and R129.581 million in the 2018/19 revised estimate, respectively. In 2019/20, these transfers are projected to increase by 99.8 per cent to R472.139 million resulting from the funding provided for the economic stimulus under ECDC while MTC decreases by 6.6 per cent to R120.997 million.

Transfers to Local Government

The province will continue to support initiatives at municipalities over the 2019 MTEF in order to strengthen capacity for the provision of basic services and to ensure that municipalities discharge their mandate as per their constitutionally assigned functions. There are three (3) categories of municipalities in the province in terms of the Constitution. There are two Category A municipalities, namely, Buffalo City and Nelson Mandela Bay Metropolitan municipalities. Category B refers to the local municipalities and Category C refers to the six (6) district municipalities.

Table 5.5: Summary of Provincial Transfers to Local Government by Category

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change
R thousand	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	from 2018/19
Category A	180 483	180 957	229 881	240 688	244 580	251 638	193 041	213 470	225 083	(23.3)
Category B	321 950	386 655	507 285	530 996	581 988	626 169	438 114	359 638	282 096	(30.0)
Category C	79 624	132 127	87 886	52 085	44 150	41 791	23 539	10 063	10 616	(43.7)
Unallocated	-	-	-	1 000	1 000	1 000	1 000	20 731	21 631	0.0
Total provincial transfers	582 057	699 739	825 052	824 768	871 718	920 598	655 694	603 902	539 425	(28.8)

Source: Provincial Treasury Database 2019/20

Table 5.5 above shows the transfers to local government per category increasing from R582.057 million in 2015/16 to R920.598 million in the 2018/19 revised estimate. In 2019/20, the total transfers budget decreases by 28.8 per cent to R655.694 million resulting from the following departments:

- Public Works decrease to municipalities is due to once-off allocation of R92 million funded in the main budget for 2018/19 for settlement of old municipal debt and the court case for the King Williams Town Housing Association (KWTTHA) as well as a further allocation of R61.623 million (arrear debt and higher municipal valuations) in the 2018/19 adjustments estimate; and
- CoGTA is due to there being no further transfer of funds to municipalities over the 2019 MTEF, following the decision taken to capacitate municipal financial management officials through training needs to be identified by the department.

In 2019/20, the bulk of the budget is allocated to Public Works at R378.104 million for the payment of property rates and taxes for provincial owned properties.

The unallocated amounts over the 2019 MTEF is due to DEDEAT not having finalised its allocations for the greenest municipality as well as identify municipalities who must benefit from the EPWP environmental projects.

Personnel Numbers and Costs

Table 5.6: Personnel Numbers and Costs by Department

R thousands	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over MTEF		
	2015/16		2016/17		2017/18		2018/19				2019/20		2020/21		2021/22		2018/19 - 2021/22		
	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Filled posts	Additional posts	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel growth rate	Costs growth rate	% Costs of Total
Vote																			
1. Education	69 167	22 632 239	67 664	23 871 773	68 157	25 833 475	69 092	32	69 124	27 445 185	70 127	28 979 772	70 156	30 929 681	70 357	32 414 066	0.6%	5.7%	53.3%
2. Health	49 408	12 562 282	47 416	13 454 333	46 939	14 558 949	39 366	8 627	47 993	16 181 178	48 928	16 962 268	48 928	18 282 295	48 928	19 402 920	0.6%	6.2%	31.6%
3. Social Development	4 576	1 306 762	4 586	1 400 889	4 532	1 544 700	3 762	820	4 582	1 683 562	4 783	1 807 055	4 783	1 925 818	4 783	2 029 815	1.4%	6.4%	3.3%
4. Office Of The Premier	372	223 056	399	242 324	383	255 128	382	24	416	276 990	436	298 054	436	317 724	436	331 313	1.6%	6.2%	0.5%
5. Provincial Legislature	381	263 552	354	276 852	390	295 600	304	107	411	319 192	391	321 511	379	333 131	379	351 453	-2.7%	3.3%	0.6%
6. Public Works	3 724	696 236	3 126	757 464	3 266	768 240	2 357	670	3 027	820 711	3 258	887 102	3 258	945 515	3 258	1 002 637	2.5%	6.9%	1.6%
7. Corporate Governance	2 928	706 999	2 709	700 597	2 781	763 355	2 906	-	2 906	814 680	2 926	851 615	2 926	906 633	2 926	942 276	0.2%	5.0%	1.6%
8. Rural Development And Agrarian	2 939	1 055 869	2 815	1 112 748	2 815	1 154 722	2 588	7	2 595	1 237 380	2 898	1 319 011	2 898	1 393 935	2 898	1 455 536	3.7%	5.6%	2.4%
9. Economic Development ,Environmental	555	216 292	545	225 822	557	240 050	540	26	566	258 058	585	269 962	585	287 532	585	299 362	1.1%	5.1%	0.5%
10. Transport	3 155	872 639	3 010	887 839	3 192	919 459	2 762	369	3 131	970 830	3 508	1 098 024	3 508	1 186 421	3 508	1 250 504	3.9%	8.8%	2.0%
11. Human Settlements	555	281 579	652	302 888	616	328 021	552	46	598	349 846	647	373 904	647	401 811	647	423 912	2.7%	6.6%	0.7%
12. Provincial Treasury	470	252 873	471	268 800	470	284 819	439	45	484	306 957	505	349 435	501	366 511	500	381 940	1.1%	7.6%	0.6%
13. Sports, Recreation Arts And Culture	1 203	426 719	1 276	442 565	1 238	474 075	1 184	72	1 256	517 495	1 406	555 753	1 488	600 489	1 488	647 927	5.8%	7.8%	1.0%
14. Safety And Liaison	154	59 732	159	65 276	159	69 058	159	-	159	71 042	159	79 233	159	84 450	159	89 094	-	7.8%	0.1%
Total	139 587	41 556 829	135 182	44 010 170	135 495	47 489 652	126 403	10 845	137 248	51 253 105	140 557	54 152 699	140 652	57 961 946	140 852	61 022 755	0.9%	6.0%	100.0%

Source: Provincial Treasury Database 2019/20

Table 5.6 above depicts the total personnel cost, which increases from R41.556 billion in 2015/16 to the 2018/19 revised estimate of R51.253 billion. In 2019/20, the budget increases to R54.152 billion due to the provision made for annual ICS. The Compensation of Employees (COE) as a percentage of the total provincial budget amounts to 65.9 per cent in 2019/20. Furthermore, COE in terms of the percentage share of the department's total, Education is 79.8 per cent and Health is 67.3 per cent due to the labour intensive nature of these sectors.

The total number of personnel employed is projected to decrease from 139 587 in 2015/16 to 137 248 in 2018/19. The Health, Public Works and Rural Development sectors are the major contributors to this decrease. The total estimated personnel headcount as at the end of 2019/20 increases to 140 557. The increase caters largely for the filling of critical posts across departments due to the drive to contain the public sector wage bill. The departments mainly responsible for the increase are:

- Education increases from 69 124 in 2018/19 to 70 127 in 2019/20 as these numbers are based on the Post Provisioning Norm (PPN) as declared by the Executing Authority for 2019 academic year;
- Health increases from 47 993 in 2018/19 to 48 928 in 2019/20 due to appointment of additional doctors and clinical staff, including the absorption of nurses, Cuban student doctors and other locally trained clinical personnel;
- Social Development increases from 4 582 in 2018/19 to 4 783 in 2019/20 due to provision made for an increase in employment of Social Services Practitioners;
- Rural Development and Agrarian Reform increases from 2 595 in 2018/19 to 2 898 in 2019/20 due to provision made for prioritising the filling of critical posts that will add value in the implementation of the Agriculture Economic Transformation strategy; and
- Transport increases from 3 131 in 2018/19 to 3 508 in 2019/20 due to provision made for appointment of roads personnel and traffic officers.

Payments on Training

Table 5.7: Payment on Training

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% Change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
1. Education	124 208	157 401	190 941	177 400	177 475	177 630	191 927	202 483	213 417	8.0
2. Health	15 596	7 956	12 410	22 752	27 708	19 072	23 933	28 003	22 873	25.5
3. Social Development	9 723	25 411	20 293	16 257	30 902	33 448	27 789	27 037	23 814	(16.9)
4. Office Of The Premier	2 136	1 589	2 080	3 278	1 214	830	1 811	1 911	2 016	118.2
5. Provincial Legislature	1 126	2 496	2 081	1 839	1 839	1 839	1 941	2 048	2 161	5.5
6. Public Works	20 101	23 545	20 305	20 853	22 947	16 227	27 224	27 525	26 414	67.8
7. Corporate Governance	1 792	1 400	1 268	3 289	2 729	2 422	5 141	3 300	3 496	112.3
8. Rural Development And Agrarian Reform	1 007	8 583	4 403	8 949	8 949	6 949	9 105	9 607	10 135	31.0
9. Economic Development, Environmental Affairs And Tourism	6 554	1 599	2 168	1 654	1 654	2 708	1 673	1 766	1 863	(38.2)
10. Transport	12 596	8 587	10 146	13 270	12 578	13 756	18 168	18 145	19 125	32.1
11. Human Settlements	1 809	1 587	1 116	1 847	1 575	1 457	1 900	1 603	1 599	30.4
12. Provincial Treasury	2 198	2 738	3 454	3 319	2 673	2 664	3 600	3 802	4 008	35.1
13. Sports, Recreation Arts And Culture	8 348	3 465	8 912	9 443	9 443	9 443	10 022	10 888	11 486	6.1
14. Safety And Liaison	730	383	471	485	383	396	840	563	594	112.1
Total payments on training	207 924	246 740	280 048	284 635	302 069	288 841	325 074	338 681	343 001	12.5

Source: Provincial Treasury Database 2019/20

Table 5.7 above shows departmental payments on training from 2015/16 to 2021/22. The expenditure increased from R207.924 million in 2015/16 to R288.841 million in the 2018/19 revised estimate. In 2019/20, the budget increases by 12.5 per cent to R325.074 million. The departments contributing to the increase are:

- OTP at 118.2 per cent is due to provision made for training on short courses and this is in line with the Workplace Skills Plan as well as the departmental training plan;
- COGTA at 112.3 per cent is due to provision made for the planned increase in the training provided for the Traditional Leaders;
- Safety and Liaison at 112.1 per cent is due to the provision made for training in terms of the work skills plan; and
- Public Works at 67.8 per cent is due to the provision made for employees bursaries, training and development programmes as well as external bursaries.

Annexures to the Overview of Provincial Revenue and Expenditure

Overview of the Provincial Revenue and Expenditure (OPRE) - 2019/20 Financial Year

Table A.1 Details of Information on provincial own receipts

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates			% Change from 2018/19
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22	
Tax receipts	680 017	808 180	820 488	888 767	888 767	858 987	925 410	950 463	985 072	7.7
Casino taxes	150 632	159 638	168 800	177 359	177 359	176 999	187 291	197 592	208 460	5.8
Horse racing taxes	9 294	14 028	12 106	15 421	15 421	15 135	16 285	17 180	18 125	7.6
Liquor licences	24 070	20 442	19 967	23 430	23 430	24 979	24 743	26 103	27 539	(0.9)
Motor vehicle licences	496 021	614 072	619 615	672 557	672 557	641 874	697 091	709 588	730 948	8.6
Sales of goods and services other than capital assets	244 085	301 871	296 090	370 265	370 265	326 769	362 716	373 805	379 571	11.0
Sale of goods and services produced by department (excluding capital assets)	243 692	301 541	295 730	369 893	369 893	326 395	362 312	373 379	379 122	11.0
Sales by market establishments	31 052	24 409	2 594	17 345	17 345	17 206	18 857	19 944	20 852	9.6
Administrative fees	23 575	33 029	23 638	24 707	24 707	16 779	25 958	27 264	28 737	54.7
Other sales	189 065	244 103	269 498	327 841	327 841	292 410	317 497	326 171	329 533	8.6
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	393	330	360	372	372	374	404	426	449	8.0
Transfers received from:	–	22 547	–	–	–	–	–	–	–	
Other governmental units	–	22 547	–	–	–	–	–	–	–	
Higher education institutions	–	–	–	–	–	–	–	–	–	
Foreign governments	–	–	–	–	–	–	–	–	–	
International organisations	–	–	–	–	–	–	–	–	–	
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–	
Households and non-profit institutions	–	–	–	–	–	–	–	–	–	
Fines, penalties and forfeits	6 911	7 662	5 682	7 153	7 153	9 412	12 131	16 769	17 674	28.9
Interest, dividends and rent on land	574 056	735 665	758 392	105 793	105 793	431 131	112 129	118 284	124 671	(74.0)
Interest	573 075	735 665	758 392	105 793	105 793	431 131	112 129	118 284	124 671	(74.0)
Dividends	–	–	–	–	–	–	–	–	–	
Rent on land	981	–	–	–	–	–	–	–	–	
Sales of capital assets	10 411	14 666	5 346	2 438	2 438	3 901	2 125	2 258	2 366	(45.5)
Land and sub-soil assets	–	–	–	–	–	–	–	–	–	
Other capital assets	10 411	14 666	5 346	2 438	2 438	3 901	2 125	2 258	2 366	(45.5)
Transactions in financial assets and liabilities	125 837	33 990	57 778	40 220	40 220	42 585	39 160	41 291	43 536	(8.0)
Total provincial receipts	1 641 317	1 924 581	1 943 776	1 414 636	1 414 636	1 672 784	1 453 671	1 502 870	1 552 890	(13.1)

Source: Provincial treasury database, 2019

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Table A.2 Details of Information on conditional grants

	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22	% change from 2018/19
Department/Grant /Purpose	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
Rural Development and Agrarian Reform	314 071	322 106	309 502	337 998	351 770	348 142	327 214	328 164	323 087	344 390	400 340	400 340	330 418	357 010	384 349	(17.5)
<u>Comprehensive Agricultural Support Programme Grant</u> Purpose: To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land restitution and redistribution, and other previously disadvantaged producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or involved in export to address damage to infrastructure caused by floods	254 399	261 768	250 153	263 490	276 803	273 941	248 046	248 996	244 115	262 161	282 161	282 161	244 101	265 946	287 800	(13.5)
<u>Ilima/Letsema Projects Grant</u> Purpose: To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production.	49 672	49 672	48 737	63 876	64 335	63 580	67 356	67 356	67 282	71 263	71 263	71 263	75 254	79 393	84 236	5.6
<u>Land Care Programme Grant: Poverty Relief and Infrastructure Development</u> Purpose: To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all.	10 000	10 666	10 612	10 632	10 632	10 621	11 812	11 812	11 690	10 966	46 916	46 916	11 063	11 671	12 313	(76.4)
Arts and Culture	142 976	158 124	153 399	149 320	152 762	150 759	156 105	156 105	156 105	160 584	160 584	160 584	169 824	179 156	190 114	5.8
<u>Community Library Services Grant</u> Purpose: To provide direct access to information and knowledge, contributing to education and self-empowerment.	142 976	158 124	153 399	149 320	152 762	150 759	156 105	156 105	156 105	160 584	160 584	160 584	169 824	179 156	190 114	5.8
Education	2 150 677	2 222 615	2 218 153	2 676 781	2 680 751	2 601 922	2 822 273	2 836 736	2 806 492	2 810 211	2 810 211	2 804 222	2 984 238	3 0406 89	3 242 785	6.4
<u>Education Infrastructure Grant</u> Purpose: To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accomodation to enhance capacity to deliver infrastructure in education, to address damage to infrastructure caused by natural disasters.	1 064 472	1 136 410	1 136 427	1 505 088	1 505 088	1 505 088	1 581 750	1 581 750	1 582 835	1 479 828	1 479 828	1 479 828	1 585 532	1 564 208	1 685 128	7.1

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	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22	% change from 2018/19
Department/Grant /Purpose	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
<u>HIV and Aids (Life Skills Education) Grant</u> Purpose: To support South Africa's HIV prevention strategy by increasing sexual and reproductive health knowledge, skills and appropriate decision making among learners and educators to mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment in school.	34 504	34 504	35 331	39 591	39 591	38 703	41 936	41 936	41 936	43 062	43 062	43 062	45 455	47 878	50 511	
<u>National School Nutrition Programme Grant</u> Purpose: To provide a nutritious meal and deworming to all targeted learners.	1 013 057	1 013 057	1 017 979	1 085 204	1 085 204	999 890	1 149 353	1 163 816	1 146 466	1 216 559	1 216 559	1 216 559	1 278 635	1 348 960	1 423 153	5.1
<u>Occupation Specific Dispensation for Education Sector Therapists Grant</u> Purpose: To augment the baseline compensation budget of the Provincial Education Departments (PEDs) to enable them to comply with the Education Labour Relations Council Collective Agreement 1 of 2012	2 058	2 058	2 067	-	-	-	-	-	-	-	-	-	-	-	-	
<u>Maths, Science and Technology Grant</u> Purpose: To provide resources to learners, teachers and schools for improvements of Maths, Science and Technology teaching and learning in selected public schools to improve the achievement of learner participation and success rates, teacher demand, supply utilisation, development and support, school resourcing and partnerships, consistent with targets set in the Action Plan 2019 and the National Development Plan	36 586	36 586	26 349	46 898	50 868	58 241	46 685	46 685	34 527	46 805	46 805	46 805	49 434	51 875	54 698	5.6
<u>Learners with Profound Intellectual Disabilities Grant</u> Purpose: To provide the necessary support, resources and equipment to identified care centres and schools for the provision of education to children with severe to profound intellectual disabilities.	-	-	-	-	-	-	2 549	2 549	728	23 957	23 957	17 968	25 182	27 768	29 295	
Health	3 169 566	3 228 132	3 216 880	3 433 642	3 454 131	3 385 095	3 778 750	3 828 025	3 798 941	3 966 532	3 966 532	3 966 532	4 524 858	4 697 087	5 138 209	14.1
<u>HIV, AIDS and TB Grant</u> Purpose: To enable the health sector to develop an effective response to HIV/AIDS and TB	1 569 506	1 579 888	1 582 506	1 755 385	1 757 792	1 745 377	2 040 454	2 050 454	2 042 315	2 098 633	2 098 633	2 098 633	2 397 703	2 657 743	2 972 861	14.3
<u>Health Facility Revitalisation Grant</u> Purpose: To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in Health, including Health Technology, Organisational Systems and Quality Assurance.	592 073	603 876	603 874	619 041	619 041	584 160	620 757	652 422	636 286	652 071	652 071	652 071	784 988	610 773	658 646	20.4
<u>Health Professions Training and Development Grant</u> Purpose: Support provinces to fund services costs associated with the training of health science trainees on the public service platform	204 430	204 430	204 430	213 212	213 212	207 518	226 566	229 367	226 652	239 707	239 707	239 707	253 131	267 053	281 741	5.6

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	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22	% change from 2018/19
Department/Grant /Purpose	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
<u>National Health Insurance Grant</u> Purpose: Test innovations in health service delivery for implementing NHI, allowing for each district to interpret and design innovations relevant to its specific context in line with the vision for realising universal health coverage for all. To undertake health system strengthening activities in identified focus areas. To assess the effectiveness of interventions/activities undertaken in the district funded through this grant	992	992	5 132	7 546	7 723	6 221	-	-	-	-	-	-	-	-	-	
<u>National Tertiary Services Grant</u> Purpose: To ensure provision of tertiary health services for all South African citizens. To compensate tertiary facilities for the costs associated with the provision of these services	802 565	838 946	820 938	838 458	856 363	841 819	890 973	895 782	893 688	942 650	942 650	942 650	995 438	1 062 132	1 120 549	5.6
<u>Human Papillomavirus Grant</u> Purpose: To enable the health sector to prevent cervical cancer by making available Human Papillomavirus vaccination for grade four school girls in all public and special schools.	-	-	-	-	-	-	-	-	-	33 471	33 471	33 471	35 345	37 289	39 340	5.6
Human Resources Capacitation Grant	-	-	-	-	-	-	-	-	-	-	-	-	58 253	62 097	66 072	
Human Settlements	2 462 372	2 462 372	2 458 180	1 991 457	1 991 457	1 995 642	2 339 316	2 339 316	2 339 316	1 974 022	1 974 022	1 974 022	2 111 778			2.4
<u>Housing Disaster Relief Grant</u> Purpose: To provide emergency relief in support of reconstruction work to housing and related infrastructure damaged in natural disasters.	100 000	100 000	100 000	100 000	100 000	29 923	134 261	134 261	134 261	-	-	-	-	-	-	
<u>Human Settlements Development Grant</u> Purpose: To provide funding for the creation of sustainable human settlements	2 362 372	2 362 372	2 358 180	1 891 457	1 891 457	1 965 719	2 205 055	2 205 055	2 205 055	1 908 439	1 908 439	1 908 439	1 960 278	1 634 932	1 631 302	2.7
<u>Title Deeds Restoration Grant</u> Purpose: To provide funding for the eradication of the pre-1994 title deeds registration backlog and the professional fees associated with it include beneficiary vrfication.	-	-	-	-	-	-	-	-	-	65 583	65 583	65 583	60 904	64 254	-	(7.1)
<u>Informal Settlements Upgrading Partnership Grant for Provinces</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	335 216	480 476	
Public Works	82 780	83 364	85 658	98 830	99 519	108 248	126 838	126 838	126 617	120 908	120 908	118 053	157 225	-	-	33.2

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	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22	% change from 2018/19
Department/Grant /Purpose	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
<u>Expanded Public Works Programme Integrated Grant for Provinces</u> Purpose: Provides incentives to provinces and municipalities to increase spending on labour-intensive programmes.	72 575	72 770	74 472	77 370	78 059	77 354	112 335	112 335	112 229	90 077	90 077	87 658	106 862	-	-	21.9
EDUCATION	2 432	2 432	2 170	2 144	2 144	1 993	2 411	2 411	2 411	2 673	2 673	2 673	4 190	-	-	56.8
HEALTH	2 632	2 632	2 499	3 826	3 826	4 013	2 000	2 000	1 992	2 225	2 225	556	2 439	-	-	338.7
SOCIAL DEVELOPMENT	1 028	1 028	2 000	2 000	2 000	1 758	2 000	2 000	2 000	2 000	2 000	2 000	-	-	-	(100.0)
OFFICE OF THE PREMIER	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PROVINCIAL LEGISLATURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ROADS AND PUBLIC WORKS	-	-	-	-	-	-	-	-	-	5 008	5 008	5 008	6 814	-	-	36.1
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	1 933	1 933	1 986	2 000	2 000	1 987	2 036	2 036	2 035	2 144	2 144	2 144	2 081	-	-	(2.9)
RURAL DEVELOPMENT AND AGRARIAN REFORM	1 993	2 188	2 188	2 000	2 000	2 000	2 000	2 000	2 000	2 502	2 502	1 752	2 328	-	-	32.9
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM	1 370	1 370	1 370	2 026	2 656	2 656	2 554	2 554	2 554	2 204	2 204	2 204	2 670	-	-	21.1
WSPORT	57 690	57 690	57 689	58 509	58 568	58 409	94 695	94 695	94 609	66 821	66 821	66 821	81 821	-	-	22.4
HUMAN SETTLEMENTS	1 484	1 484	2 571	2 865	2 865	2 738	2 639	2 639	2 628	2 500	2 500	2 500	2 498	-	-	(0.1)
SPORTS,RECREATION ARTS AND CULTURE	2 013	2 013	1 999	2 000	2 000	1 800	2 000	2 000	2 000	2 000	2 000	2 000	2 021	-	-	1.1
SAFETY AND LIAISON																
<u>Social Sector Expanded Public Works Programme Incentive Grant for Provinces</u> Purpose: Provides incentives to provinces and municipalities to increase spending on labour-intensive programmes.	10 205	10 594	11 186	21 460	21 460	30 894	14 503	14 503	14 388	30 831	30 831	30 395	50 363	-	-	65.7
EDUCATION	2 546	2 546	3 379	10 160	10 160	19 871	5 022	5 022	5 022	23 175	23 175	23 175	24 396	-	-	5.3
HEALTH	4 994	4 994	5 000	4 200	4 200	4 025	4 662	4 662	4 662	1 455	1 455	1 019	13 179	-	-	1 193.3

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	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22	% change from 2018/19
Department/Grant /Purpose	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
SOCIAL DEVELOPMENT	1 000	1 000	968	3 500	3 500	3 436	1 496	1 496	1 484	1 455	1 455	1 455	11 112	-	-	663.7
PROVINCIAL TREASURY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SPORTS,RECREATION ARTS AND CULTURE	1 000	1 000	916	1 800	1 800	1 762	1 467	1 467	1 467	1 448	1 448	1 448	-	-	-	(100.0)
SAFETY AND LIAISON	665	1 054	923	1 800	1 800	1 800	1 856	1 856	1 753	3 298	3 298	3 298	1 676	-	-	(49.2)
Social Development	2 000	2 000	1 963	-	-	-	112 252	112 252	67 743	141 497	141 497	141 497	85 397	91 117	96 129	(39.6)
Substance Abuse Treatment Grant Purpose: To fund the construction of the new state owned Nelson Mandela Metropolitan Substance Abuse Treatment Centre.	2 000	2 000	1 963	-	-	-	14 238	14 238	14 234	17 708	17 708	17 708	-	-	-	(100.0)
Early Childhood Development Grant Purpose: To increase the number of poor children accessing subsidised early childhood development services through centre-based early childhood development services; to improve the registration status of centre-based early childhood development centres providing an early childhood development programme to meet basic requirements.	-	-	-	-	-	-	56 365	56 365	27 315	78 715	78 715	78 715	85 397	91 117	96 129	15.8
Social Worker Employment Grant Purpose: Grant received for appointment of the Social Work Graduates who were granted bursary by the sector	-	-	-	-	-	-	41 649	41 649	26 194	45 074	45 074	45 074	-	-	-	(100.0)
Sport and Recreation South Africa	60 563	60 563	59 287	67 137	67 640	67 205	67 183	67 183	62 813	67 020	67 020	66 015	70 037	73 888	78 175	6.1
Mass Participation and Sport Development Grant Purpose: Promotes mass participation by historically disadvantaged communities in a selected number of developmental sporting activities.	60 563	60 563	59 287	67 137	67 640	67 205	67 183	67 183	62 813	67 020	67 020	66 015	70 037	73 888	78 175	6.1
Transport	1 447 642	1 447 642	1 333 870	1 497 942	1 539 046	1 675 768	1 666 386	1 680 457	342 267	1 677 986	1 677 986	1 677 986	1 735 654	1 734 000	1 861 208	3.4

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	2015/16			2016/17			2017/18			2018/19			2019/20	2020/21	2021/22	% change from 2018/19
Department/Grant /Purpose	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Amount Received	Total Available	Actual Payments	Main Appropriation	Adjusted Appropriation	Revised Estimates	Medium Term Expenditure Estimates			
<u>Provincial Roads Maintenance Grant</u> To supplement provincial investments for road infrastructuremaintenance (routine, periodic and special maintenance); to ensure that all roads are classified as per the Road Infrastructure Strategic Framework for South Africa and the technical recommendations for highways, and the Road Classification and Access agement guidelines; to implement and maintain Road Asset Management Systems; to supplement provincial projects for the repair of roads and bridges damaged by unforeseen incidences including natural disasters; to improve the state of the road network serving electricity generation infrastructure; to improve road safety with a special focus on pedestrian safety in rural areas	1 248 047	1 248 047	1 134 275	1 279 725	1 320 829	1 457 551	1 435 134	1 449 205	110 492	1 439 241	1 439 241	1 439 241	1 483 539	1 464 993	1 577 405	3.1
<u>Public Transport Operations Grant</u> Purpose: To provide supplementary funding towards public transport services provided by provincial departments of transport.	199 595	199 595	199 595	218 217	218 217	218 217	231 252	231 252	231 775	238 745	238 745	238 745	252 115	269 007	283 803	5.6
Total National Conditional Grants	9 832 647	9 986 918	9 836 892	10 253 107	10 337 076	10 332 781	11 396 317	11 475 076	10 023 381	11 263 150	11 319 100	11 309 251	12 078 833	12 207 349	13 103 747	6.8

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

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			% Change
R thousand	2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	from 2018/19
Current payments	52 612 421	56 428 712	60 763 762	65 708 996	65 997 747	66 196 655	68 611 110	72 780 073	76 136 045	3.6
Compensation of employees	41 556 829	44 010 170	47 489 651	51 378 622	51 375 818	51 253 105	54 152 699	57 961 946	61 022 756	5.7
Salaries and wages	36 082 306	38 162 519	41 294 794	44 529 116	44 546 427	44 510 108	46 963 631	50 345 229	53 072 444	5.5
Social contributions	5 474 523	5 847 651	6 194 857	6 849 506	6 829 391	6 742 997	7 189 068	7 616 717	7 950 312	6.6
Goods and services	11 043 543	12 404 109	13 268 675	14 330 375	14 621 929	14 935 405	14 458 411	14 818 127	15 113 289	(3.2)
Administrative fees	9 473	10 146	6 940	11 171	13 907	11 703	11 286	13 659	19 498	(3.6)
Advertising	53 095	50 905	58 941	58 468	82 202	77 551	60 428	59 398	55 907	(22.1)
Minor assets	38 735	47 111	41 501	95 370	98 151	76 541	120 505	81 682	90 217	57.4
Audit cost: External	112 846	103 798	134 455	138 288	136 588	145 461	146 846	142 449	152 099	1.0
Bursaries: Employees	81 022	78 060	121 133	174 791	133 552	104 494	184 417	182 012	197 169	76.5
Catering: Provincial activities	79 626	87 183	108 527	111 057	127 834	123 289	98 543	109 942	114 668	(20.1)
Communication (G&S)	243 042	266 962	263 357	318 297	400 036	533 315	224 260	296 627	279 923	(57.9)
Computer services	316 243	344 349	498 360	607 967	670 646	617 532	563 119	615 067	626 339	(8.8)
Consultants and professional services: Business and advisory services	328 601	548 462	568 407	330 881	333 634	402 471	296 781	283 561	279 131	(26.3)
Infrastructure and planning	83 675	64 184	66 470	163 886	173 037	203 996	281 851	240 222	272 266	38.2
Laboratory services	573 176	504 850	634 595	747 208	806 790	732 018	1 007 160	901 752	1 025 256	37.6
Scientific and technological services	—	—	—	—	—	—	—	—	—	—
Legal services	108 201	213 951	122 456	114 092	114 135	100 616	104 548	107 054	80 063	3.9
Contractors	1 642 293	1 367 022	1 416 832	2 075 775	1 788 875	1 717 373	1 717 887	1 748 474	1 864 264	0.0
Agency and support / outsourced services	723 163	754 007	580 887	538 111	729 824	790 514	537 754	514 288	510 818	(32.0)
Entertainment	797	1 195	538	861	718	717	654	—	909	(8.8)
Fleet services (including government motor transport)	311 502	396 156	360 618	428 292	395 889	339 505	440 209	545 381	507 276	29.7
Housing	—	—	—	—	—	—	—	—	—	—
Inventory: Clothing material and accessories	6 110	1 655	23 362	1 853	8 423	6 921	6 638	6 983	7 363	(4.1)
Inventory: Farming supplies	197 301	227 653	121 705	127 850	117 491	112 336	130 184	168 235	185 556	15.9
Inventory: Food and food supplies	119 679	120 577	131 198	131 152	171 126	300 843	174 306	176 020	186 310	(42.1)
Inventory: Fuel, oil and gas	59 315	79 673	71 833	95 204	118 087	86 047	100 147	124 280	131 801	16.4
Inventory: Learner and teacher support material	588 350	1 059 265	584 599	731 345	654 868	902 530	597 592	766 613	506 653	(33.8)
Inventory: Materials and supplies	56 558	28 945	50 692	24 150	72 708	70 678	63 947	75 589	79 267	(9.5)
Inventory: Medical supplies	557 975	714 957	682 731	747 822	848 624	677 624	728 406	871 820	857 288	7.5
Inventory: Medicine	1 100 703	1 425 486	2 039 744	1 995 836	1 661 665	1 774 089	1 926 611	2 263 407	2 435 017	8.6
Medsas inventory interface	—	—	—	—	—	—	-0	—	—	—
Inventory: Other supplies	256 372	239 545	290 766	268 669	294 740	309 585	277 466	262 384	276 300	(10.4)
Consumable supplies	163 686	201 894	134 061	170 868	190 501	183 225	181 061	244 603	274 714	(1.2)
Consumable: Stationery, printing and office supplies	182 439	255 296	268 780	251 793	289 603	261 814	146 587	169 618	176 203	(44.0)
Operating leases	444 569	486 537	461 047	539 368	578 511	552 171	587 745	582 654	591 230	6.4
Property payments	969 773	1 068 711	1 614 600	1 650 880	1 531 549	1 626 850	1 640 748	1 343 913	1 369 575	0.9
Transport provided: Provincial activity	446 594	474 675	523 958	537 174	585 308	597 952	634 781	641 068	674 245	6.2
Travel and subsistence	840 025	759 097	831 074	671 401	849 101	869 103	794 168	648 067	638 801	(8.6)
Training and development	101 104	167 767	166 174	209 930	258 221	245 411	293 678	261 507	239 076	19.7
Operating payments	135 295	152 068	154 623	164 279	190 583	182 766	199 646	249 311	282 321	9.2
Venues and facilities	56 636	49 117	75 272	49 645	77 862	87 340	52 424	44 402	46 471	(40.0)
Rental and hiring	55 569	52 851	58 437	46 641	117 141	111 024	126 029	75 210	79 296	13.5
Interest and rent on land	12 049	14 433	5 436	-0	-0	8 145	—	—	—	(100.0)
Interest	11 434	14 380	3 559	—	—	8 145	—	—	—	(100.0)
Rent on land	615	53	1 877	-0	-0	—	—	—	—	—
Transfers and subsidies	8 595 874	8 248 156	9 114 011	8 272 114	8 454 458	9 280 545	8 844 685	8 726 053	8 928 281	(4.7)
Provinces and municipalities	582 057	699 739	825 052	824 768	876 825	925 312	662 586	611 098	547 010	(28.4)
Provinces	—	—	—	—	5 107	4 714	6 892	7 196	7 585	46.2
Provincial Revenue Funds	—	—	—	—	5 107	4 714	6 892	7 196	7 585	46.2
Departmental agencies and funds	—	—	—	—	—	—	—	—	—	—
Municipalities	582 057	699 739	825 052	824 768	871 718	920 598	655 694	603 902	539 425	(28.8)
Municipalities	350 690	413 271	449 973	374 714	367 648	376 208	277 590	186 008	98 577	(26.2)
Municipal agencies and funds	231 367	286 468	375 079	450 054	504 070	544 390	378 104	417 894	440 848	(30.5)
Departmental agencies and accounts	1 129 114	1 258 442	1 254 662	1 193 188	1 156 502	1 155 751	1 331 834	1 390 687	1 420 550	15.2
Social security funds	—	2 195	—	—	—	—	—	—	—	—
Provide list of entities receiving transfers	1 129 114	1 256 247	1 254 662	1 193 188	1 156 502	1 155 751	1 331 834	1 390 687	1 420 550	15.2
Higher education institutions	19 765	27 876	54 885	65 318	57 218	57 218	55 904	57 035	57 672	(2.3)
Foreign governments and international organisations	—	—	—	0	—	—	—	—	—	—
Public corporations and private enterprises	633 804	487 760	539 261	579 810	584 410	594 265	554 665	579 692	611 287	(6.7)
Public corporations	307 348	136 238	132 704	144 209	159 209	160 104	140 997	147 772	155 772	(11.9)
Subsidies on production	—	—	—	—	—	—	—	—	—	—
Other transfers	307 348	136 238	132 704	144 209	159 209	160 104	140 997	147 772	155 772	(11.9)
Private enterprises	326 456	351 522	406 557	435 601	425 201	434 161	413 668	431 920	455 515	(4.7)
Subsidies on production	—	—	—	—	—	—	—	—	—	—
Other transfers	326 456	351 522	406 557	435 601	425 201	434 161	413 668	431 920	455 515	(4.7)
Non-profit institutions	2 852 517	2 859 481	2 962 111	3 007 953	3 142 676	3 317 787	3 573 035	3 362 387	3 516 786	7.7
Households	3 378 617	2 914 858	3 478 041	2 601 076	2 636 827	3 230 211	2 666 661	2 725 154	2 774 976	(17.4)
Social benefits	228 183	267 652	199 221	131 760	146 390	147 800	122 472	121 934	128 313	(17.1)
Other transfers to households	3 150 434	2 647 206	3 278 820	2 469 316	2 490 437	3 082 411	2 544 189	2 603 220	2 646 663	(17.5)
Payments for capital assets	3 868 514	4 783 478	4 738 094	4 452 837	4 652 938	4 585 213	4 742 451	4 607 777	4 672 287	3.4
Buildings and other fixed structures	3 123 870	3 548 117	3 728 876	3 420 747	3 390 186	3 443 290	3 635 517	3 441 945	3 486 450	5.6
Buildings	361 434	981 352	1 109 229	1 239 018	1 263 974	1 306 534	1 407 297	1 203 826	1 168 908	7.7
Other fixed structures	2 762 436	2 566 765	2 619 647	2 181 729	2 126 213	2 136 757	2 228 220	2 238 119	2 317 542	4.3
Machinery and equipment	717 047	1 192 538	984 722	1 014 695	1 247 452	1 121 349	1 073 002	1 134 774	1 154 219	(4.3)
Transport equipment	302 401	396 323	457 871	367 265	353 178	337 990	408 844	416 182	419 775	21.0
Other machinery and equipment	414 646	796 215	526 851	647 430	894 274	783 358	664 158	718 592	734 444	(15.2)
Heritage Assets	160	91	147	676	676	676	500	753	784	(26.0)
Specialised military assets	—	—	—	—	—	—	—	—	—	—
Biological assets	15 238	30 787	—	0	200	246	16 500	17 677	18 649	6607.3
Land and sub-soil assets	—	—	—	—	—	—	—	0	—	—
Software and other intangible assets	12 199	11 945	24 349	16 718	14 423	19 652	16 932	12 628	12 185	(13.8)
Payments for financial assets	91 469	26 642	13 952	—	3 976	3 977	—	—	—	(100.0)
Total economic classification	65 168 278	69 486 988	74 629 820	78 433 947	79 109 119	80 066 390	82 198 245	86 113 903	89 736 613	2.7

Source: Provincial treasury database, 2019

Overview of the Provincial Revenue and Expenditure (OPRE) - 2019/20 Financial Year

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

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

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Function	Category	Department	Programme
			Rural Development Coordination
	Transport	Transport	Administration Transport Operations Transport Regulation Community Based Programme Transport Infrastructure
Environmental Protection	Environmental protection	Economic Development, Environmental Affairs & Tourism	Environmental Affairs
Housing and community amenities	Housing development	Housing	Administration Housing Needs, Research and Planning Housing Development Housing Asset Management
Health	Outpatient services	Health	District Health Services Emergency Medical Services
	Research & Development		Health Sciences and Training
	Hospital services		Provincial Hospitals Services Central Hospital Services Health Care Support Services
	General		Administration Health Facilities Management
Recreation, culture and religion	Recreational & sporting services	Sports, recreation, arts & culture	Sports And Recreation
	Cultural services		Cultural Affairs Library And Archives Services
	General		Administration
Education	Pre-primary	Education	Early Childhood Development
	Primary & secondary		Public Ordinary School Education Independent School Subsidies Public Special School Education
	Subsidiary service to education		Administration Infrastructure Development Examination and Education Related Services
Social protection	Social security services	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research

Overview of the Provincial Revenue and Expenditure (OPRE) - 2019/20 Financial Year

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

Policy area	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22	% change
	Audited			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates			from 2018/19
R'000										
GENERAL PUBLIC SERVICES	4 406 861	4 804 618	5 255 883	5 418 855	5 402 465	5 404 911	5 330 724	5 485 524	5 582 087	(1.4)
Executive and Legislature	1 117 023	989 855	1 269 824	1 499 396	1 535 820	1 529 911	1 514 817	1 487 494	1 435 227	(1.0)
Office of the Premier	644 886	506 303	763 246	973 396	976 782	962 827	973 083	921 727	848 581	1.1
Provincial Legislature	472 137	483 552	506 578	525 999	559 038	567 084	541 734	565 767	586 646	(4.5)
Financial and fiscal services	492 422	879 264	704 579	591 487	467 690	457 694	440 930	447 361	463 872	(3.7)
Provincial Treasury	492 422	879 264	704 579	591 487	467 690	457 694	440 930	447 361	463 872	(3.7)
General services	2 797 416	2 935 499	3 281 480	3 327 972	3 398 955	3 417 306	3 374 977	3 550 669	3 682 989	(1.2)
Public Works	1 828 897	1 981 967	2 197 494	2 344 172	2 412 295	2 436 122	2 365 265	2 477 929	2 570 396	(2.9)
Local Government & Traditional Affairs	968 519	953 532	1 083 986	983 800	986 660	981 184	1 009 712	1 072 739	1 112 593	2.9
PUBLIC ORDER AND SAFETY	83 280	90 631	95 160	101 490	101 490	101 514	105 499	110 138	116 085	3.9
Police services	83 280	90 631	95 160	101 490	101 490	101 514	105 499	110 138	116 085	3.9
Safety & Liaison	83 280	90 631	95 160	101 490	101 490	101 514	105 499	110 138	116 085	3.9
ECONOMIC AFFAIRS	7 155 867	7 258 460	7 744 790	7 966 049	8 141 738	8 151 901	8 460 762	8 622 858	8 998 159	3.8
General economic affairs	956 767	743 697	789 266	826 229	854 269	849 389	1 145 900	1 179 189	1 201 453	34.9
Economic Development, Environmental Affairs & Tourism	956 767	743 697	789 266	826 229	854 269	849 389	1 145 900	1 179 189	1 201 453	34.9
Agriculture	1 968 065	2 184 529	2 200 991	2 328 236	2 386 165	2 386 506	2 340 324	2 467 269	2 572 537	(1.9)
Rural Development & Agrarian Reform	1 968 065	2 184 529	2 200 991	2 328 236	2 386 165	2 386 506	2 340 324	2 467 269	2 572 537	(1.9)
Transport	4 231 035	4 330 234	4 754 533	4 811 584	4 901 304	4 916 006	4 974 537	4 976 400	5 224 169	1.2
Transport	4 231 035	4 330 234	4 754 533	4 811 584	4 901 304	4 916 006	4 974 537	4 976 400	5 224 169	1.2
ENVIRONMENTAL PROTECTION	289 584	295 827	288 513	319 777	312 783	312 032	336 060	353 902	364 785	7.7
Environmental Protection	289 584	295 827	288 513	319 777	312 783	312 032	336 060	353 902	364 785	7.7
Economic Development, Environmental Affairs & Tourism	289 584	295 827	288 513	319 777	312 783	312 032	336 060	353 902	364 785	7.7
HOUSING AND COMMUNITY AMENITIES	2 799 821	2 362 298	2 747 672	2 376 749	2 414 249	2 409 570	2 443 382	2 476 483	2 570 229	1.4
Housing Development	2 799 821	2 362 298	2 747 672	2 376 749	2 414 249	2 409 570	2 443 382	2 476 483	2 570 229	1.4
Human Settlements	2 799 821	2 362 298	2 747 672	2 376 749	2 414 249	2 409 570	2 443 382	2 476 483	2 570 229	1.4
HEALTH	18 943 943	20 506 179	22 272 679	23 699 560	24 025 525	24 553 654	25 189 632	26 588 537	27 953 147	2.6
Outpatient services	10 462 696	11 488 257	12 621 583	13 316 559	13 521 634	13 980 505	14 255 740	15 273 772	16 288 369	2.0
Research & development	769 372	749 372	727 692	885 346	880 512	762 491	929 809	965 335	991 446	21.9
Hospital services	5 844 092	6 265 679	7 059 432	7 430 385	7 604 606	7 723 711	7 843 167	8 314 500	8 672 190	1.5
General	1 867 783	2 002 871	1 863 972	2 067 270	2 018 773	2 086 947	2 160 916	2 034 929	2 001 142	3.5
RECREATION, CULTURE AND RELIGION	809 114	841 713	901 054	942 760	954 845	973 477	983 069	1 033 998	1 078 146	1.0
Recreational and sporting services	159 788	168 149	174 576	180 611	178 512	184 448	176 845	188 235	194 946	(4.1)
Cultural services	170 749	175 229	207 546	215 774	224 567	228 422	222 934	239 711	249 416	(2.4)
General	478 577	498 335	518 933	546 375	551 766	560 607	583 290	606 052	633 784	4.0
EDUCATION	28 425 927	30 966 951	32 807 620	34 772 126	34 898 153	35 359 487	36 328 510	38 286 665	39 798 200	2.7
Pre-primary	469 447	502 863	532 639	490 367	490 367	527 060	499 787	554 610	565 803	(5.2)
Primary & secondary	24 263 651	26 225 924	27 897 665	29 779 907	29 791 294	30 290 558	31 180 203	32 729 530	33 812 266	2.9
Subsidiary services to education	2 244 624	2 608 524	2 717 698	3 012 024	3 022 164	2 883 099	3 062 988	3 438 316	3 735 003	6.2
Education not definable by level	1 448 205	1 629 640	1 659 618	1 489 828	1 594 328	1 658 770	1 585 532	1 564 208	1 685 128	(4.4)
SOCIAL PROTECTION	2 253 881	2 360 311	2 516 448	2 836 581	2 857 872	2 799 844	3 020 607	3 155 799	3 275 775	7.9
Social security services	1 532 670	1 616 747	1 785 160	2 074 739	2 091 303	2 035 426	2 196 596	2 288 966	2 379 154	7.9
Development and research	300 818	298 853	287 912	278 245	282 731	281 149	294 072	309 861	320 965	4.6
General	420 393	444 711	443 376	483 597	483 838	483 269	529 939	556 972	575 656	9.7
TOTAL - All Functions	65 168 278	69 486 988	74 629 820	78 433 947	79 109 119	80 066 390	82 198 245	86 113 903	89 736 613	2.7

Source: EC Provincial Treasury, 2019

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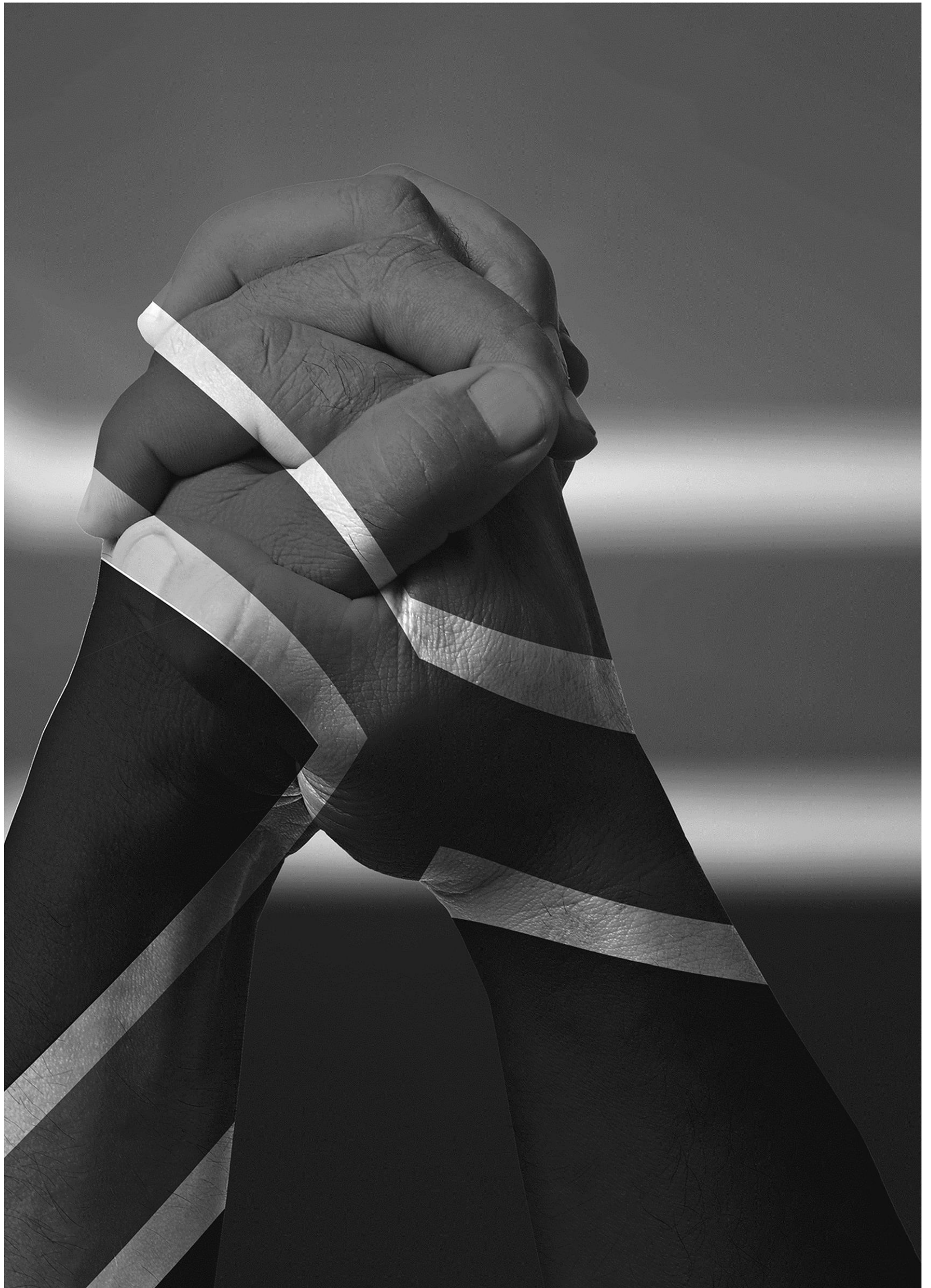
Table A.5: Details of transfers to local government by category and municipality

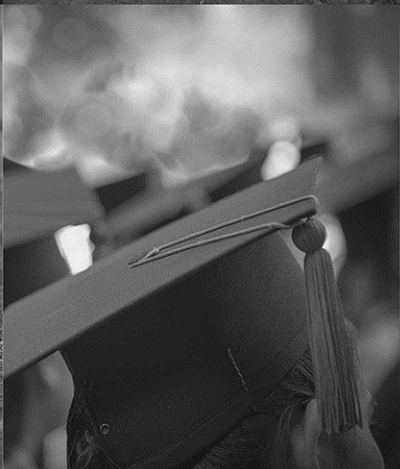
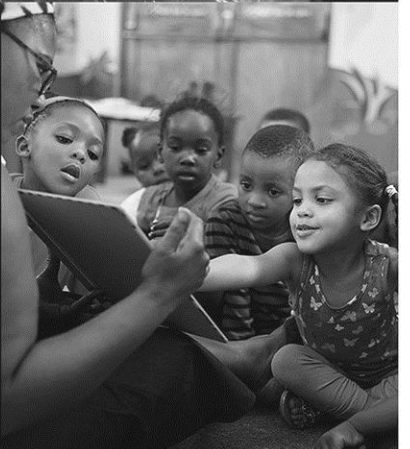
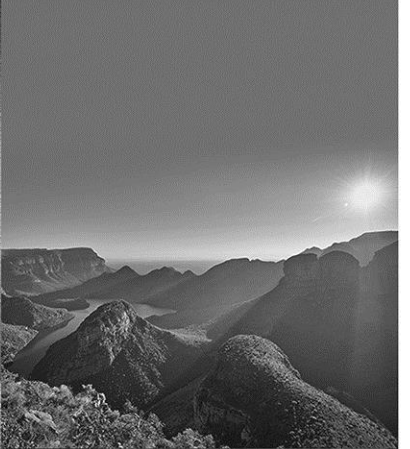
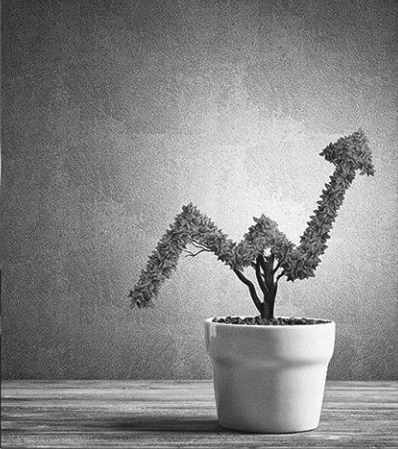
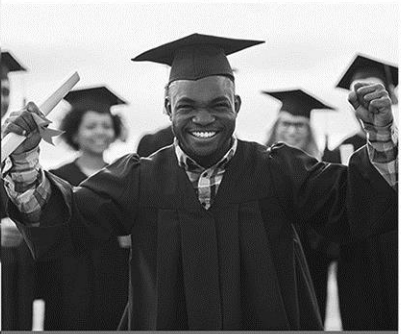
Rand thousand	Audited Outcome		Preliminary Outcome	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			% change
	2015/16	2016/17	2017/18		2018/19		2019/20	2020/21	2021/22	from 2018/19
Category A	180 483	180 957	229 881	240 688	244 580	251 638	193 041	213 470	225 083	(23.3)
Buffalo City	45 573	67 323	81 927	103 037	104 537	109 205	87 171	98 553	103 963	(20.2)
Nelson Mandela Bay	134 910	113 634	147 954	137 650	140 043	142 433	105 870	114 917	121 120	(25.7)
Category B	321 950	386 655	507 285	530 996	581 988	626 169	438 114	359 638	282 096	(30.0)
Dr Beyers Naude	13 516	13 330	18 234	19 473	22 473	20 906	10 420	10 433	10 975	(50.2)
Blue Crane Route	3 711	3 958	4 042	4 418	4 113	6 413	4 558	4 621	4 843	(28.9)
Makana	35 329	15 761	17 165	14 960	16 960	20 960	15 678	16 007	16 831	(25.2)
Ndlambe	4 959	7 207	5 060	10 095	10 095	11 038	7 589	9 842	5 572	(31.2)
Sundays River Valley	2 734	3 914	39 965	41 628	41 621	40 499	22 319	11 869	4 840	(44.9)
Kouga	3 420	3 600	3 390	4 239	4 239	4 239	4 383	4 448	4 664	3.4
Kou-Kamma	1 195	1 937	1 464	2 995	3 002	3 002	5 776	3 157	3 312	92.4
Mbhashe	1 454	2 183	1 086	1 274	1 274	8 349	5 325	1 348	1 416	(36.2)
Mnquma	515	847	-	7 552	6 052	6 820	5 988	6 143	6 474	(12.2)
Great Kei	860	1 078	1 121	4 331	6 979	7 281	932	944	989	(87.2)
Amahlathi	2 421	3 076	2 489	3 156	3 156	3 991	3 285	3 343	3 510	(17.7)
Ngqushwa	3 259	13 969	16 866	11 821	22 821	23 221	5 211	5 344	5 631	(77.6)
Raymond Mhlaba	25 382	18 260	44 292	80 096	68 022	68 814	39 014	27 319	19 321	(43.3)
Inxuba Yethemba	6 653	7 974	8 290	8 321	2 510	9 161	11 702	8 876	9 329	27.7
Intsika Yethu	1 486	2 554	16 272	5 762	6 421	6 210	4 000	4 112	4 341	(35.6)
Emalahleni	1 850	1 801	1 379	4 749	4 049	4 049	1 854	1 880	1 970	(54.2)
Engcobo	725	771	919	1 066	1 499	1 499	1 143	1 155	1 209	(23.7)
Sakhisizwe	1 212	1 991	970	1 614	7 099	9 201	1 772	1 807	1 900	(80.7)
Enoch Mgijima	16 131	13 788	17 061	13 390	12 021	12 021	13 313	13 540	14 211	10.7
Elundini	6 511	8 137	22 539	47 411	42 111	40 085	32 688	27 950	14 157	(18.5)
Senqu	1 465	1 670	1 640	1 780	6 580	3 526	2 530	2 612	2 772	(28.2)
Walter Sisulu	39 732	31 629	61 431	19 167	23 667	27 189	6 366	4 433	4 649	(76.6)
Ngquza Hill	11 209	9 855	7 757	12 598	14 598	17 259	48 586	18 429	2 910	181.5
Port St Johns	2 811	4 539	5 591	29 252	31 252	35 644	39 437	23 787	2 858	10.6
Nyandeni	4 266	5 629	38 478	41 079	46 179	49 487	25 996	18 035	3 646	(47.5)
Mhlontlo	6 157	4 451	7 014	1 756	18 756	19 347	5 550	5 954	6 456	(71.3)
King Sabata Dalindyebo	86 125	133 538	86 380	127 189	82 646	87 028	78 195	92 492	97 555	(10.1)
Matatiele	3 895	5 948	13 051	2 493	39 222	47 951	10 650	10 185	9 683	(77.8)
Umtzimvubu	3 210	8 418	8 564	1 214	5 214	5 769	8 969	7 165	2 642	55.5
Mbizana	7 255	10 905	27 247	4 793	11 793	14 345	9 286	6 369	6 861	(35.3)
Ntabankulu	22 502	43 937	27 528	1 325	15 564	10 865	5 600	6 040	6 569	(48.5)
Category C	79 624	132 127	87 886	52 085	44 150	41 791	23 539	10 063	10 616	(43.7)
Cacadu District Municipality	8 500	3 075	-	-	-	-	-	-	-	-
Amatole District Municipality	7 240	9 759	3 861	9 007	7 507	6 957	6 289	6 635	7 000	(9.6)
Chris Hani District Municipality	27 737	16 761	19 547	-	7 566	4 066	-	-	-	(100.0)
Joe Gqabi District Municipality	32 065	97 718	63 123	40 000	26 000	27 691	14 000	-	-	(49.4)
O.R. Tambo District Municipality	3 449	4 179	1 355	2 453	2 453	2 453	2 590	2 732	2 882	5.6
Alfred Nzo District Municipality	633	635	-	625	624	624	660	696	734	5.8
Whole Province	-	-	-	1 000	1 000	1 000	1 000	20 731	21 631	-
Total transfers to municipalities	582 057	699 739	825 052	824 768	871 718	920 598	655 694	603 902	539 425	(28.8)

Overview of the Provincial Revenue and Expenditure (OPRE) - 2019/20 Financial Year

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

Rand thousand	Audited Outcome		Preliminary Outcome	Main: appropriation	Adjusted: appropriation	Revised estimate	Medium-term estimates			% change
	2015/16	2016/17	2017/18		2018/19		2019/20	2020/21	2021/22	from 2018/19
Buffalo City	8 084 038	8 224 989	8 876 981	9 014 855	9 064 197	9 098 033	9 920 476	10 286 573	10 662 888	9.0
Nelson Mandela Bay	8 390 138	7 274 748	9 627 231	7 921 735	9 375 019	9 497 323	10 256 168	10 605 272	11 143 649	8.0
Cacadu District Municipality	2 821 243	2 546 268	3 167 024	3 003 130	3 450 178	3 476 249	3 599 358	3 785 236	3 971 252	3.5
Dr Beyers Naude	894 845	910 545	984 251	1 037 069	1 039 672	1 047 206	1 098 063	1 157 897	1 218 917	4.9
Blue Crane Route	358 641	9 941	408 459	22 336	450 669	460 142	472 416	498 709	524 250	2.7
Makana	902 650	911 945	976 033	1 084 211	1 086 915	1 089 276	1 105 423	1 166 379	1 227 598	1.5
Ndlambe	23 262	14 146	11 174	29 097	29 097	30 031	25 750	29 246	25 834	(14.3)
Sundays River Valley	34 298	25 278	59 317	59 789	59 789	58 667	41 006	31 721	25 598	(30.1)
Kouga	288 774	321 272	345 588	381 516	383 099	77 902	84 102	88 770	93 313	8.0
Kou-Kamma	318 772	353 139	382 202	389 112	400 936	682 120	740 907	779 059	820 565	8.6
Amatole District Municipality	8 404 980	9 149 694	9 815 472	10 478 345	10 491 403	10 597 834	10 963 863	11 452 397	10 763 683	3.5
Mbhashe	1 493 376	1 584 682	1 656 489	1 736 261	1 728 051	1 734 816	1 825 019	1 920 835	1 923 542	5.2
Mnquma	1 690 595	2 025 643	2 149 515	2 274 175	2 274 737	2 281 126	2 391 801	2 423 546	2 553 119	4.9
Great Kei	7 818	6 012	8 232	10 056	11 204	9 272	6 958	7 352	7 695	(25.0)
Amahlathi	732 476	786 436	869 295	921 353	919 483	939 218	963 838	1 017 454	1 069 774	2.6
Ngqushwa	59 780	72 560	77 650	99 151	99 271	95 778	107 395	113 234	119 232	12.1
Raymond Mhlaba	4 420 934	4 674 361	5 054 290	5 437 349	5 458 656	5 537 623	5 668 852	5 969 976	5 090 321	2.4
Chris Hani District Municipality	4 906 180	5 128 752	5 450 951	5 851 584	5 825 006	5 850 409	6 086 251	6 369 843	6 609 465	4.0
Inxuba Yethemba	614 906	613 622	653 560	694 550	696 134	701 331	735 726	772 443	813 428	4.9
Intsika Yethu	1 043 459	1 081 286	1 155 269	1 254 641	1 238 338	1 243 192	1 274 358	1 344 490	1 416 573	2.5
Emalahleni	767 407	845 773	896 680	930 220	925 916	930 756	965 769	1 019 032	1 073 413	3.8
Engcobo	1 170 676	1 235 891	1 312 987	1 392 677	1 390 715	1 398 279	1 464 836	1 545 654	1 528 096	4.8
Sakhisizwe	155 608	1 018 834	1 073 788	214 964	211 079	215 133	221 420	233 710	245 772	2.9
Enoch Mgijima	1 154 123	333 346	358 667	1 364 532	1 362 824	1 361 718	1 424 142	1 454 515	1 532 183	4.6
Joe Gqabi District Municipality	2 056 188	2 146 976	2 316 858	2 544 155	2 547 628	2 562 112	2 586 168	2 703 739	3 708 921	0.9
Elundini	842 644	904 087	970 487	1 072 207	1 073 629	1 079 472	1 114 386	1 161 063	1 207 762	3.2
Senqu	1 051 133	1 097 748	1 161 042	1 234 540	1 236 223	1 243 310	1 297 191	1 368 845	1 441 645	4.3
Walter Sisulu	162 411	145 141	185 328	237 407	237 776	239 330	174 591	173 831	182 615	(27.1)
O.R. Tambo District Municipality	9 258 786	10 639 162	11 316 833	12 027 260	12 025 479	12 111 821	12 309 912	13 172 133	14 056 851	1.6
Ngqiza Hill	1 842 974	2 150 282	2 266 919	2 410 533	2 405 848	2 418 160	2 461 582	2 670 267	2 795 675	1.8
Port St Johns	106 969	106 417	113 137	126 536	124 093	127 074	140 122	130 124	114 797	10.3
Nyandeni	2 166 796	2 466 877	2 641 622	2 788 157	2 791 136	2 806 991	2 822 994	2 974 852	3 052 770	0.6
Mhlontlo	1 275 689	1 370 972	1 461 994	1 538 725	1 541 177	1 551 503	1 623 694	1 713 550	1 804 718	4.7
King Sabata Dalindyebo	3 866 358	4 544 615	4 833 160	5 163 308	5 163 226	5 208 093	5 261 520	5 683 340	6 001 885	1.0
Alfred Nzo District Municipality	4 739 347	5 125 698	5 553 604	5 741 250	5 715 644	5 743 116	5 942 746	6 026 371	6 345 217	3.5
Matatiele	246 210	265 437	293 820	308 740	317 496	345 025	352 763	371 356	390 229	2.2
Umtzimvubu	2 649 808	2 952 888	3 098 388	3 323 025	3 293 902	3 294 502	3 508 388	3 505 755	3 688 100	6.5
Mbizana	1 716 745	1 752 609	2 016 518	1 989 421	1 977 237	1 981 337	1 953 700	2 014 129	2 124 241	(1.4)
Ntabankulu	126 584	154 764	144 879	120 064	127 008	122 251	127 895	135 131	142 647	4.6
District Municipalities	5 529 550	5 307 605	6 019 660	5 619 567	5 614 179	5 626 541	5 635 921	5 604 207	5 808 156	0.2
Cacadu District Municipality	1 438 576	1 529 337	1 817 911	1 834 093	1 727 782	1 569 561	1 788 050	1 733 708	1 767 176	13.9
Amatole District Municipality	758 041	686 967	735 690	852 424	751 372	893 506	838 256	957 848	1 001 697	(6.2)
Chris Hani District Municipality	745 463	763 718	764 899	809 122	983 692	948 303	898 425	749 319	786 161	(5.3)
Joe Gqabi District Municipality	402 480	538 261	773 663	552 936	545 996	596 046	531 472	524 418	553 302	(10.8)
O.R. Tambo District Municipality	850 726	887 153	825 249	830 361	819 406	824 785	848 897	831 484	861 546	2.9
Alfred Nzo District Municipality	1 334 264	902 169	1 102 248	740 632	785 930	794 340	730 820	807 430	838 273	(8.0)
Whole Province	10 977 829	13 943 097	12 485 206	16 232 065	15 000 389	15 502 953	14 897 384	16 108 131	16 665 530	(3.9)
Total payments and estimates by district and municipal area	65 168 278	69 486 988	74 629 819	78 433 946	79 109 120	80 066 390	82 198 245	86 113 903	89 736 613	2.7





SECTION B

**ESTIMATES OF PROVINCIAL
REVENUE AND EXPENDITURE**

