

**Western Cape Government  
Provincial Treasury**

**Budget**

**Overview of Provincial Revenue  
and Expenditure**

**2019**

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# Foreword

The 2019 Budget is focused on “**Consolidation for Maximum Citizen Impact**” This Budget provides opportunities for the youth; supports the creation of a safe and secure Province for the citizen; provides an enabling environment for job creation and skills development; builds and maintains economic and social infrastructure; and applies good governance standards to maximise service delivery and citizen impact.

Slow economic growth places pressure on an already constrained fiscal environment. The prolonged effects of the drought continues to impact on the Province, resulting in lower than anticipated economic growth. Guided by the Western Cape Fiscal Strategy and budget and policy principles, the 2019 Budget draws on the collective insight of the Western Cape Government in responding to the identified risks and giving effect to the strategic policy priorities as set out the 2014 - 2019 Provincial Strategic Plan.

The 2019 Budget has been crafted in consultation with key policy decision-makers and stakeholders, and presents a credible, sustainable and responsive allocation of resources in support of improved service delivery and maximum impact.

In aggregate, the 2019 Provincial Budget provides for total expenditure amounting to R67.148 billion in 2019/20, R70.368 billion in 2020/21, and R74.611 billion in 2021/22.

A handwritten signature in black ink, appearing to read 'I. Meyer', with a horizontal line underneath.

**DR IH MEYER**  
**MINISTER OF FINANCE**  
**DATE:** 5 March 2019



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## Acronyms

ACSA	Airports Company South Africa
APFYD	Agricultural Partnership for Youth Development
BCI	Business Confidence Index
BER	Bureau for Economic Research
CASP	Comprehensive Agriculture Support Programme
CCI	Consumer Confidence Index
CoE	Compensation of Employees
CPI	Consumer Price Index
CRDP	Comprehensive Rural Development Programme
CSP	Collaboration Schools Pilot
DCAS	Department of Cultural Affairs and Sport
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
Fed	US Federal Reserve Bank
FNB	First National Bank
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GDPR	Regional Gross Domestic Product
G&S	Goods and Services
Gunya	Gugulethu and Nyanga
GVA	Gross Value Added
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
HSDG	Human Settlements Development Grant
ICT	Information and Communication Technology
I-CAN	Interactive Community Access
IDZ	Industrial Development Zone
LAN	Local Area Network
LURITS	Learner Unit Record Information Tracking System
IMF	International Monetary Fund
MOD	Mass Participation, Opportunity and Access, Development and Growth
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MVL	Motor Vehicle Licence
NGO	Non-Governmental Organisation
NPI	Non-Profit Institutions

PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PoCA	Payments for Capital Assets
PRASA	Passenger Rail Agency of South Africa
PSG	Provincial Strategic Goal
PSP	Provincial Strategic Plan
PV	Photovoltaic
RMB	Rand Merchant Bank
RSEP	Regional Socio-Economic Project
SARB	South African Reserve Bank
SAPS	South African Police Service
SBIDZ	Saldhana Bay Industrial Development Zone
SEDIC	Strategic Economic Development Infrastructure Company
SETA	Skills Education Training Authorities
SEZ	Specific Economic Zone
SIZA	Sustainability Initiative of South Africa
SMMEs	Small, Medium, and Micro Enterprises
SSEG	Small Scale Embedded Generation
T&S	Transfers and Subsidies
TVET	Technical Vocational Education and Training
US	United States
UK	United Kingdom
UISP	Upgrading of Informal Settlements Programme
VPUU	Violence Prevention through Urban Upgrading
WCCRS	Western Cape Climate Change Response Strategy
WCED	Western Cape Education Department
WCIDMS	Western Cape Infrastructure Delivery Management System
WoSA	Whole of Society Approach
YeBo	Year Beyond



# 1

## Economic overview

### In summary

- Due to rising trade tensions, global growth is forecast to slow down to 3.5 per cent in 2019 before marginally increasing to 3.6 per cent in 2020.
- On the back of a technical recession in 2018, South Africa's growth is forecast to expand to 1.3 per cent in 2019 rising to 1.9 per cent in 2020. However, the supply of electricity remains a major risk.
- Due to the impact of the drought on the agricultural value chain, Western Cape's growth is estimated to have contracted by 0.1 per cent in 2018.
- However, due to improved winter rainfall, agricultural output growth is likely to rebound, and Western Cape growth is forecast to expand to 1.9 per cent in 2019 and 2.1 per cent in 2020.

### ■ Introduction

The 2019 Budget is premised on driving maximum citizen impact. The Budget is formulated in a weaker economic and fiscal environment with ever increasing budgetary and service delivery risks. Global growth has moderated due to a slowdown in both advanced and emerging economies and a further slowdown is forecast over the medium term. The technical recession in 2018 has weakened South Africa's economic outlook and growth is forecast to remain below population growth. As such, income per capita is expected to decline yet again. The impact of the drought on the agricultural value chain of the Western Cape has weighed on provincial growth in 2018. The provincial economy, however, is expected to rebound, particularly as a result of dam levels that recovered as winter rainfall has improved. The 2019 Budget will continue to maintain the stability of the provincial fiscal framework by giving effect to budget policy priorities and balancing service delivery demands and identified risks.

## Macroeconomic outlook

### Global economic outlook

*Global growth has slowed in 2019*

The International Monetary Fund (IMF) estimates that global growth slowed marginally in 2018 to 3.7 per cent, from 3.8 per cent in 2017. The moderation was due to a slowdown in both advanced and emerging economies. Growth in advanced economies slowed to 2.3 per cent, from 2.4 per cent in 2017. A further slowdown is forecast for 2019 and 2020 to 2.0 per cent and 1.7 per cent respectively (Table 1.1). In emerging economies, growth eased to 4.6 per cent in 2018, from 4.7 per cent in 2017. Growth is forecast to decelerate to 4.5 per cent in 2019 before accelerating to 4.9 per cent in 2020. As a result, growth in world output is projected to slow down to 3.5 per cent in 2019 before improving to 3.6 per cent in 2020.

**Table 1.1 Global economic outlook, 2019 - 2020**

	2018e	2019f	2020f		2018e	2019f	2020f
<b>World output</b>	<b>3.7</b>	<b>3.5</b>	<b>3.6</b>				
<b>Advanced economies</b>	<b>2.3</b>	<b>2.0</b>	<b>1.7</b>	<b>Emerging economies</b>	<b>4.6</b>	<b>4.5</b>	<b>4.9</b>
US	2.9	2.5	1.8	Brazil	1.3	2.5	2.2
Japan	0.9	1.1	0.5	Russia	1.7	1.6	1.7
Eurozone	1.8	1.6	1.7	India	7.3	7.5	7.7
Germany	1.5	1.3	1.6	China	6.6	6.2	6.2
France	1.5	1.5	1.6	sub-Saharan Africa	2.9	3.5	3.6
UK	1.4	1.5	1.6	Nigeria	1.9	2.0	2.2

*e denotes estimate; f denotes forecast*

*Source: International Monetary Fund*

*US set to outperform other advanced economies*

The United States (US) economy outperformed other key advanced economies in 2018. This trend is forecast to continue over the next two years, albeit that growth in the US is also set to slow as fiscal stimulus unwinds. Importantly, the US Federal Reserve (Fed) made a significant change to its interest rate outlook for 2019. The Fed is prepared to pause its rate-hiking cycle for some time until there is more visibility on downside risks instead of implementing additional rate hikes. This may provide some support to the US economy.

In the Eurozone, growth is forecast to slow from 1.8 per cent in 2018, to 1.6 per cent in 2019. Germany, the region's economic powerhouse, is under pressure amid subdued export growth while industrial production is hampered by revised auto-emission standards. The Italian economy entered a technical recession in the second half of 2018 and growth prospects remain subdued. Furthermore, output in France is hindered by continued protest and industrial action. The Eurozone is also negatively affected by continued uncertainty around the United Kingdom's (UK) Brexit plan.

Should a deal not be reached, and the UK has to exit in a disorderly manner, the IMF's forecast of 1.5 per cent and 1.6 per cent growth for the UK in 2019 and 2020, is likely too optimistic.

The Chinese economy is expected to slow over the coming years. This is in part due to the trade tensions between the US and China affecting its export performance. Part of the slowdown is however due to financial regulatory tightening and a shift to a more consumer-driven economy, which is expected to make growth more sustainable over the long run. In contrast, India's economy is set to accelerate in the next two years reaching a growth rate of 7.7 per cent in 2020. The country is benefitting from a lower oil price, which also alleviates inflationary pressure and even allowed the Central Bank to cut its interest rate in February 2019.

*Rising trade tensions between US and China will affect export performance*

After growing at a slower pace for several years, growth in sub-Saharan Africa is forecast to register in line with global growth in 2019 and 2020. However, the region is still held back by lacklustre growth in South Africa and risks posed by the lower oil price, which has already resulted in downward revisions to the growth rates for oil producers Nigeria and Angola. Nonetheless, more than one third of sub-Saharan economies, including Kenya, Ethiopia and Ghana, are forecast to grow faster than 5 per cent in 2019 and 2020.

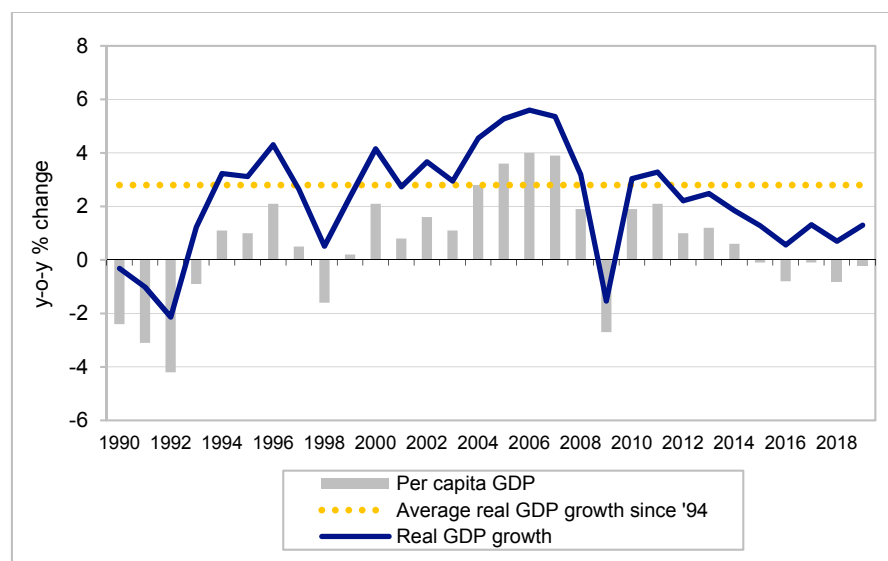
*Growth in sub-Saharan Africa will be in line with global growth*

Risks to the global growth forecast are tilted to the downside. These include the possibility of the UK leaving the EU without a negotiated exit agreement or a faster-than-expected slowdown in China. The latter could be caused by an escalation of trade tensions between the US and the rest of the world. Emerging markets may find some support in the US holding off on further interest rate hikes over the short term, which makes their local assets more attractive for international investors.

## South Africa's economic outlook

National Treasury anticipates a weaker economic outlook since the National 2018 Medium Term Budget Policy Statement as growth is estimated at 0.7 per cent in 2018 and forecast to grow by 1.5 per cent in 2019 and 1.7 per cent in 2020 as reflected in the National 2019 Budget. The Bureau for Economic Research (BER) estimates that economic output rose by only 0.7 per cent in 2018 in line with the National Treasury's estimate. In 2019, the BER forecast growth at 1.3 per cent before improving to 1.9 per cent in 2020. However, even with the acceleration in 2019, real gross domestic product (GDP) growth is expected to remain below population growth and real income per capita is expected to contract for the fifth consecutive year (Figure 1.1).

*SA growth slowed in 2018 but expected to improve in 2019*

**Figure 1.1 South African real GDP growth and per capita GDP growth (1990 - 2019)**

*e denotes estimate 2018; f denotes forecast 2019*

*Source: Statistics South Africa, South African Reserve Bank, Bureau for Economic Research*

*Agriculture and manufacturing boosted SA growth in third quarter of 2018*

The South African economy expanded by 2.2 per cent quarter-on-quarter<sup>1</sup> in the third quarter of 2018, thereby exiting the technical recession recorded in the first half of 2018. The biggest contributor to third-quarter growth was the manufacturing sector (+0.9 percentage points) on the back of a 7.5 per cent increase in gross value added (GVA). The agricultural sector also returned to growth after sharp declines in the first two quarters of 2018. In contrast, mining subtracted 0.7 percentage points off GDP due to an 8.8 per cent contraction in GVA.

Measured from the expenditure side, a rebound in inventory investment lifted growth in the third quarter of 2018. Furthermore, household consumption growth returned to positive territory and expanded by 1.6 per cent quarter-on-quarter. However, a 5.1 per cent decline in fixed investment held back overall growth. The decline in fixed investment was rooted in the third consecutive contraction in private sector capital formation, along with public corporation investment which also plunged.

<sup>1</sup> Unless indicated otherwise, all the quarter-on-quarter figures referred to in this section are seasonally adjusted and annualised.



**Table 1.2 South African macroeconomic forecast for selected variables, 2019 - 2020**

	2018e	2019f	2020f
Final household consumption expenditure	1.6	1.5	2.1
Government consumption expenditure	0.7	1.3	1.1
Gross fixed capital formation	-0.5	0.7	2.6
<b>Real GDE</b>	<b>1.2</b>	<b>1.4</b>	<b>2.1</b>
Total exports	2.8	2.1	1.9
Total imports	4.3	2.4	2.8
<b>Real GDP</b>	<b>0.7</b>	<b>1.3</b>	<b>1.9</b>
<b>Inflation (annual averages)</b>			
CPI (Headline)	4.6	5.0	5.4
PPI (All items)	5.5	5.0	5.2
<b>Exchange rates (annual averages)</b>			
R/US\$	13.24	14.33	14.43
R/Euro	15.61	16.60	17.32
R/Pound sterling	17.64	18.81	19.19

*e denotes estimate; f denotes forecast*

*Source: Bureau for Economic Research*

## Consumer spending

Growth in real household consumer expenditure is estimated to have slowed to just 1.6 per cent in 2018, from 2.2 per cent in 2017. A further moderation is forecast at 1.5 per cent in 2019, with an acceleration to 2.1 per cent in 2020 (Table 1.2). The subdued outlook for consumer spending is rooted in a sustained weakness in real income growth on the back of muted employment and wage growth. This is further depressed by higher inflation in 2019 compared to 2018. Furthermore, the latest FNB/BER Consumer Confidence Index (CCI) also suggests that while confidence remains high historically, it has come down sharply from the record-high level reached at the start of 2018. While most of the drivers of consumer spending are relatively worse in 2019 compared to 2018, there may be some support in the form of an uptake in household credit extensions.

*Consumer spending under pressure*

## Investment

Private investment is forecast to increase by 1.3 per cent in 2019, with an acceleration to 3.3 per cent in 2020. The slightly more upbeat outlook for 2020 is, in part, driven by additional investment in the green energy and network-related infrastructure as well as an improvement in investment by the mining sector. The latest RMB/BER Business Confidence Index (BCI) shows that confidence declined to 31 index points in the fourth quarter of 2018. This means that almost seven out of ten respondents were dissatisfied with prevailing

*Green energy set to boost private investment*

business conditions. General government investment as well as capex spend by State-Owned Enterprises is forecast to remain more subdued within an environment of fiscal consolidation. In all, gross fixed capital formation is forecast to increase by 0.7 per cent and 2.6 per cent in 2019 and 2020, after an estimated contraction of 0.5 per cent in 2018 (Table 1.2).

### Ensuring the sustainability of electricity supply

Eskom is responsible for the provision of 95 per cent of the electricity used in South Africa and 45 per cent of the electricity used in Africa. As a result of years of bad governance and operational inefficiencies, Eskom has become financially unsustainable and unable to fulfil the country's energy demands. The extent of Eskom's financial crisis has necessitated government to augment the utility's balance sheet with R69 billion over the 2019 MTEF. The funding will enable Eskom to meet its debt obligations and to fund urgent operational improvements. As part of a long term solution to the Eskom's financial crisis, the President announced in his 2019 State of the Nation Address, that the utility would be reconfigured into three viable operating entities under a single state-owned holding company. Government will give consideration to the proposed operational plans of each business unit over the next three months. Diversifying the energy mix to create a more competitive electricity sector will ensure more reliable energy supply thereby improving business and consumer confidence while encouraging private investment. This reform includes the expansion of independent renewable energy power producers who to date have contributed 6 422 MW of electricity to the national grid.

*Source: Eskom, National Treasury*

### Exchange rate

*Expected global slowdown to weigh on rand*

As in 2018, the rand exchange rate experienced a strong start to the year and gained about 8 per cent against the US dollar in January 2019. The stronger currency was mainly driven by favourable global factors, mainly the US Fed moving away from further interest rate hikes. However, going forward, the expected slowdown in global growth is expected to weigh on the local currency. Uncertainty about key domestic political events such as the outcome of the South African general elections may also weigh on the rand. As such, the rand is forecast to trade in a range of R14.00/\$ to R14.50/\$ through 2019 and 2020.

### Inflation

*Inflation to increase somewhat due to expected higher fuel prices and a weaker rand*

Headline consumer inflation slowed to 4.6 per cent in 2018, from 5.3 per cent in 2017. Excluding fuel costs, food and electricity, core inflation was even more subdued and came in at 4.3 per cent in 2018. Going forward, inflation is forecast to accelerate somewhat in 2019 and 2020, partly due to higher expected fuel prices and a weaker rand compared to 2018 (Table 1.2). Furthermore, food price inflation may also increase at a faster pace. Against the backdrop of weak economic growth and inflation remaining well within the South African Reserve Bank's (SARB) target range of 3 - 6 per cent, the policy interest rate is expected to remain unchanged over the medium term. However, the electricity tariff increase that will be awarded to Eskom for the next three years poses a significant

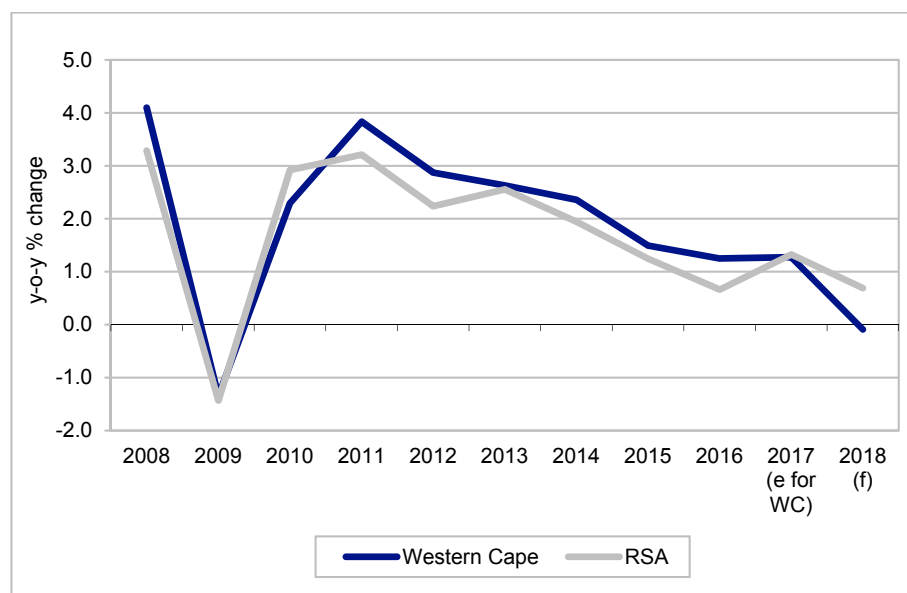
upward risk to the inflation outlook. In addition, should inflation expectations lift on the back of a weaker-than-forecast rand, the SARB may be forced to hike its interest rate.

## Developments in the Western Cape economy

Growth in economic output in the Western Cape slowed to 1.2 per cent in 2016<sup>2</sup> at basic prices, from 1.5 per cent in 2015 (Figure 1.2). Gross value added in three sectors contracted in the Province, compared to 2015. The agriculture, forestry and fishing sector reported the biggest contraction of 7.2 per cent year-on-year, followed by electricity, gas and water (-2.4 per cent). A marginal decline of 0.1 per cent in the mining and quarrying subsector was also registered. In addition to the contraction in these sectors, growth slowed in the Province's biggest sector namely, finance, insurance, real estate and business services (further referred to as the finance sector). Growth in the finance sector moderated to 2.3 per cent from 3.1 per cent in 2015, still being the fastest growing sector in the region. Furthermore, growth in the construction sector declined from 2.4 per cent to just 1.3 per cent. On a positive note, the manufacturing sector registered growth of 0.9 per cent after a slight contraction (-0.1 per cent) in 2015.

*WC growth slowed in 2016*

**Figure 1.2 Western Cape and South African economic growth performance, 2008 - 2018**



*e denotes estimate; f denotes forecast*

*Source: Bureau for Economic Research, Statistics South Africa*

<sup>2</sup> The 2016 figure is the most recent official figure available as official provincial GDP figures are released with a more than two-year lag.

WC growth marginally increased in 2017

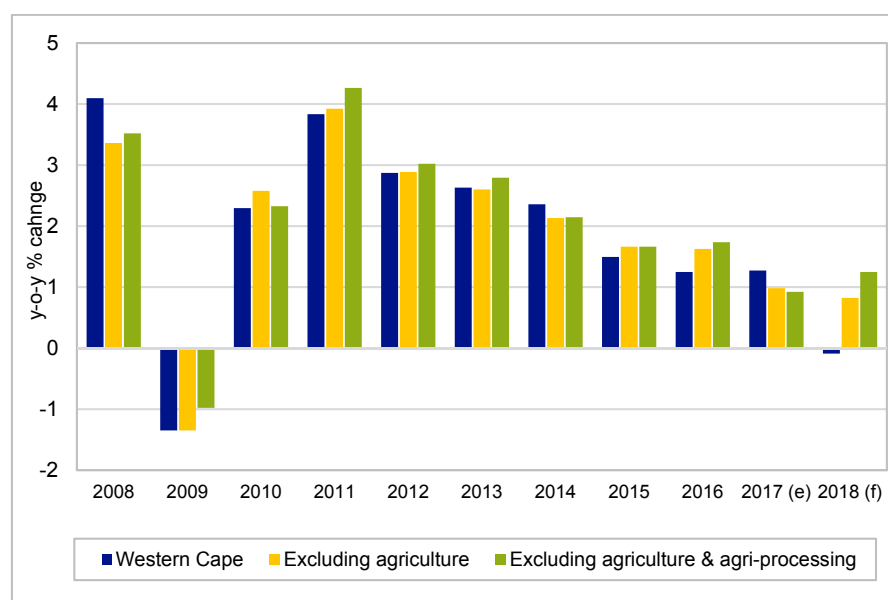
In 2017, the BER and Quantec Research estimate that the economic growth rate ticked up slightly to 1.3 per cent (Figure 1.2). The acceleration in overall growth was despite an expected further moderation in the finance sector and a contraction in the wholesale and retail trade, catering and accommodation sector (further referred to as the trade sector). The key driver of the acceleration was the expected (temporary) rebound in agricultural output.

## Economic outlook for the Western Cape

WC estimated to have contracted in 2018 mainly due to the drought

The Western Cape economy is estimated to have contracted by 0.1 per cent in 2018. This is mainly due to the impact of the drought on the agricultural value chain of the Province. Gross value added in the agriculture, forestry and fishing sector is estimated to have contracted by 21 per cent in 2018, compared to 1.1 per cent growth in the agricultural sector in the rest of the country. In turn, the closely-linked food, beverages and tobacco subsector (also known as agri-processing) is also expected to have contracted by a sizeable 8.4 per cent in 2018. Because agri-processing is about 26 per cent of manufacturing output in the Western Cape, the decline led to a drop of 1.8 per cent in overall manufacturing output in 2018. Sharp swings in growth in the agriculture and agri-processing sectors had a significant impact on the Western Cape's economic performance over the last few years (Figure 1.3).

**Figure 1.3 Western Cape economic growth performance excluding the agriculture and agri-processing subsectors, 2008 - 2018**



*e denotes estimate; f denotes forecast*

*Source: Bureau for Economic Research*

Due to improved winter rainfall as well as lower water consumption, Western Cape dam levels have recovered and are now more than double compared to 2018. The alleviation of water scarcity means that agricultural output growth is likely to rebound in 2019 (+6.7 per cent growth), but this is insufficient to fully recover from the decline in gross value added experienced in 2018.

In fact, output will take some time to recover back to pre-drought peak – 2014 – levels and is forecast to remain well below the output-peak through 2023. This is because the drought and longer-term changes to the climate have eroded some of agriculture's output capacity over the medium term. Other disruptions to output such as the outbreak of foot and mouth disease will also weigh on output.

*Expected rebound in agriculture and agro-processing in 2019*

### **Improving dam levels in the Western Cape**

The City of Cape Town together with the National Department of Water and Sanitation continuously monitor dam levels to assess how much water is available for the region and to determine whether water restrictions are necessary for residents and businesses. In February 2018, the seven major dams making up the Western Cape Water Supply System held only 24.5 per cent of their maximum storage capacity as a result of ongoing low rainfall in the previous years. Improved rainfall in the winter of 2018 as well as reduced water consumption by households and businesses in the Western Cape resulted in an improvement of the dam levels to 56 per cent capacity in February 2019.

Drawing on the lessons learnt from the recent drought, the City of Cape Town is in the process of finalising a dedicated Water Strategy. This strategy has a central vision where *'Cape Town will be a water-sensitive city by 2040 that optimises and integrates the management of water resources to improve resilience, competitiveness and livability for the prosperity of its people'* and has been structured around 5 strategic considerations, namely *Safe access to water and sanitation; Wise use; Sufficient, reliable water from diverse sources; Shared benefits from regional water resources; and A water-sensitive City*. The draft Cape Town Water Strategy document is currently open for public comment.

*Source: City of Cape Town*

While dam levels in the Cape Town Metro and the Western Cape as a whole have improved significantly compared to previous years, some regions deeper inland are still faced with extremely dry conditions. Nonetheless, because agricultural output is coming from such a low base in 2018, the sector is forecast to grow by the fastest rate of all subsectors in the next five years at an average of 3.8 per cent per year (Table 1.3).

**Table 1.3 Western Cape economic growth forecast per sector, 2019 - 2020, and 2019 - 2023 average growth forecast**

Description	2018e	2019f	2020f	Average growth 2019 - 2023
Agriculture, forestry and fishing	-21.0	6.7	2.4	3.8
Mining and quarrying	1.0	2.5	2.1	2.2
Manufacturing	-1.8	1.7	2.1	2.2
Electricity, gas and water	1.0	1.1	1.1	1.1
Construction	0.3	1.8	2.6	2.9
Wholesale and retail trade; catering and accommodation	0.6	1.9	2.1	2.5
Transport, storage and communication	1.1	2.2	2.6	2.6
Finance, insurance, real estate and business services	2.0	2.3	2.6	2.8
Community, social and personal services	1.4	1.1	1.5	1.7
General government services	0.9	0.3	0.6	0.8
<b>All industries at basic prices</b>	<b>-0.1</b>	<b>1.9</b>	<b>2.1</b>	<b>2.4</b>

*e denotes estimate; f denotes forecast*

*Source: Bureau for Economic Research/Quantec research*

The agri-processing sector is also forecast to recover from its sharp contraction in 2018, with growth averaging 3.1 per cent per year from 2019 to 2023. Faster growth in this sector is one of the key drivers of the expected better performance in the overall manufacturing sector compared to the previous five years. Indeed, all but one of the sectors are forecast to grow faster (on average) from 2019 to 2023 compared to 2014 to 2018. The exception is the general government sector, which is likely to register slower growth in line with fiscal consolidation efforts.

*Finance sector to remain  
a key driver of growth*

As the region's biggest sector, the finance sector will remain a key driver of growth over the next five years. An acceleration in growth recorded by the trade sector should provide a further lift to provincial growth. Within the trade sector, the catering and accommodation sector is poised to benefit from an anticipated relaxation in visa regulations and an alleviation of the water scarcity of 2018. This should boost foreign tourism growth. However, a sharper-than-expected slowdown in global growth may weigh on foreign tourism.

*Construction sector to  
pick up momentum*

The construction sector is also expected to register stronger growth in the coming five years compared to the preceding five, particularly in the outer years of the forecast period. This is in line with the expectation of better business confidence and an increased need for infrastructure investment.

Overall, the Western Cape economy is forecast to grow by an average of 2.4 per cent from 2019 to 2023. A number of risks, mainly on the downside, could potentially affect the outlook. The main risks include:

- The supply of energy remains a major risk. Reduced supply of electricity will lower the potential economic growth path of the country as well as that of the Western Cape, as investment and business confidence sours.
- The finance and trade sectors, which are set to be key drivers of growth over the next five years, remain highly susceptible to changes in income growth. Should income growth disappoint and lead to a slowdown in consumer spending, growth in these sectors will be most affected which is likely to weigh on provincial growth.
- A slowdown in global growth could negatively impact growth of foreign visitors to the Province, thereby hampering tourism growth. Indeed, through its linkages with the rest of the economy this may also affect sectors (such as retail trade) not directly linked to catering and accommodation.
- The impact of more volatile swings in weather and climate patterns pose a key risk for the Western Cape. The agricultural value chain is not only a key contributor to gross value added, but also plays an important role in job creation and creates foreign-currency income through exports.

## Labour market dynamics

### South African unemployment and employment

In South Africa, just over 16.5 million people were employed in the fourth quarter of 2018. A total of 6.1 million were unemployed according to the narrow definition of unemployment, while a further 2.8 million were able to work but were not actively seeking employment. Labour market conditions remain relatively weak. Employment is estimated to have risen by 358 000 during 2018. At the same time, the ranks of the unemployed continue to grow, irrespective of the unemployment definition used. Narrow unemployment grew by 4.4 per cent during 2018, twice the rate of employment growth, while expanded unemployment grew even faster (5.3 per cent). As a result, labour force growth was relatively rapid, particularly compared with the rate of growth of the working age population (1.6 per cent). Both the narrow and expanded unemployment rates ended 2018 marginally higher than in the

*SA unemployment rate was 27.1 per cent in 4<sup>th</sup> quarter of 2018*

fourth quarter of 2017. The narrow unemployment rate stood at 27.1 per cent in the fourth quarter of 2018 while the expanded unemployment rate was 37.0 per cent.

### **Western Cape unemployment and employment**

*WC unemployment rate was 19.3 per cent in 4<sup>th</sup> quarter of 2018*

In the Western Cape, employment was just over 2.5 million in the final quarter of 2018. The narrow unemployed numbered 601 000 and 72 000 were able to work but were not actively seeking work. Non-searching unemployment therefore remains relatively rare in the Western Cape. The provincial unemployment is estimated at 19.3 per cent in the fourth quarter of 2018. Labour force participation rates are also substantially higher in the Western Cape as 67.9 per cent of the working age population are active in the narrow labour force. Lower unemployment rates combined with higher participation rates mean that the Western Cape's employment to population ratio was 54.8 per cent in the fourth quarter of 2018.

### **Youth unemployment**

*Unemployment remains concentrated amongst the youth*

The youth account for a substantial proportion of South Africa's unemployed population. Apart from the individual losses that unemployment entails, youth unemployment represents a significant loss to society in terms of not being able to fully utilise these potential workers' skills. By the end of 2018, 63.0 per cent of the South Africa's unemployed population were between the ages of 15 and 34 years, even though this cohort represents just 44.1 per cent of the narrow labour force. In the Western Cape, these proportions are 63.6 per cent and 43.2 per cent respectively. By the fourth quarter of 2018, there were almost 3.9 million unemployed youth, of which 382 000 were resident in the Western Cape. Once the non-searching unemployed are included, these numbers rise to 6.2 million and 473 000 respectively.



## Socio-economic profile of the Western Cape

### Mixed results for socio-economic indicators

**Table 1.4 Selected Western Cape socio-economic indicators, 2013 - 2018**

Year	Population	Annual growth rate	Education			Health			Crime		
			Learner enrolment numbers in Public Ordinary Schools	Learner numbers writing Grade 12	Learner numbers passing Grade 12	Financial Year	Child under 5 years' mortality per 1 000 live births	HIV mother-to-child transmission rate (in %)*	% of WC households affected by crime	% of SA households satisfied with police services	Drug related crime (% increase from previous year)
2013	5 984 557	2.13%	947 046	47 636	40 558	2013/14	24.0	1.9	13.4	59.4	4.1
2014	6 111 748	2.13%	963 441	47 709	39 237	2014/15	23.1	1.4	13.9	56.9	3.9
2015	6 241 380	2.12%	984 073	53 721	45 496	2015/16	23.8	1	11.1	58.8	5.9
2016	6 373 785	2.12%	998 925	50 847	43 725	2016/17	22.1	0.8	9	57.3	14.2
2017	6 510 312	2.14%	1 021 492	48 867	40 440	2017/18	*	*	8.7	54.2	9.1
2018	6 621 103	2.13%	1 044 595	50 754	41 350	2018/19	*	*	*	*	*

Source: Statistics South Africa, Victims of Crime Survey 2017/18, SAPS Crime Statistics 2017, Western Cape Department of Education, Western Cape Department of Health

The Western Cape population grew by 2.1 per cent between 2017 and 2018 and is currently estimated at 6.621 million people. Key factors contributing to the population growth include relatively longer life expectancy, fertility rates and migration.

*WC population estimated at 6.621 million in 2018*

Access to and the quality of education is positively correlated with economic development. In 2018, 50 754 learners in the Western Cape wrote the National Senior Certificate (NSC) examinations and 41 350 (81.5 per cent) passed. Of the 15 418 learners who wrote mathematics, 11 718 (76 per cent) passed and of the 10 387 learners who wrote physical science, 8 257 (79.5 per cent) passed.

Life expectancy in the Western Cape has continued to improve through several interventions aimed at improving maternal and child health outcomes, as well the progressive improvement in access to Anti-Retroviral Therapy (ART) and TB treatment.

The effects of crime on society include the disruption of a populations sense of social cohesion, which breaks down social associations affecting households' behaviour as well as discouraging new investment affecting businesses. Even the fear of crime is as damaging as the act of crime itself. The total number of incidences of household crime in the Western Cape has declined. However, most concerning is that violent crime like murder has increased every year since 2011/12 while drug-related crime continues to be a prominent and escalating crime category in the Western Cape.

*Drug related crime continues to be prominent and escalating in the WC*

## Consolidation for maximum citizen impact

### **Challenging economic environment amid weak growth prospects and low investor confidence**

Global economic expansion has slowed and growth is forecast to moderate over the medium term. The South African economy through exports is directly impacted by the risks facing the global economy. Although the national economy exited the technical recession in 2018, the rebound in the economy has slowed as investor and business confidence has worsened amid a renewed electricity supply crisis. The Western Cape economy is expected to rebound in the agriculture and agri-processing sectors which are particularly vulnerable to the impact of climate change, but now, also at risk due to an unpredictable supply of electricity.

### **Constrained fiscal environment amid lower revenue and increasing deficits, debt, and debt service costs**

The fiscal environment continues to be adversely impacted by the weaker economic environment and lower than anticipated national tax revenue which has led to larger projected fiscal deficits and higher government debt. In addition, there are a number of transversal budgetary and service delivery risks faced by the Western Cape. These include the impact of population growth and the increasing demand for government service delivery; the impact of the energy supply crisis; the impact of natural disasters as a result of climate change; the impact of crime, service delivery protests and social unrest; the unsustainability of municipalities; and the impact of the 4<sup>th</sup> industrial revolution.

*Fiscal Strategy to respond to weaker economic and fiscal environment*

In response, the Western Cape Government has implemented its Fiscal Strategy as set out in the 2018 Western Cape Medium Term Budget Policy Statement. This includes a continuation of the fiscal approach through Fiscal Consolidation by responsibly targeting increasing government expenditure in key areas such as economic growth initiatives and infrastructure whilst simultaneously increasing revenue through focusing on domestic resource mobilisation initiatives in a constrained fiscal environment.

### **Making an impact through provincial budget policy priorities**

The 2019 Budget gives effect to the policy priorities of the Western Cape Government by allocating resources where it will maximise citizen impact. The allocations place the citizen at the centre of effective service delivery by focusing on creating opportunities for

growth and jobs; improving education outcomes and opportunities for youth development; increasing wellness, safety and tackling social ills; and enabling a resilient, sustainable, quality and inclusive living environment. This is supported by embedded good governance and the integrated approach to service delivery that promotes partnerships and a whole of society approach for a better quality of life for all.

## **Conclusion**

The economic environment has weakened as the global economic expansion has slowed due to rising trade tensions while the rebound from the technical recession in the South African economy has slackened amid a renewed electricity supply crisis. Nevertheless, due to the improved winter rainfall as well as lower water consumption in the Western Cape, dam levels have recovered which will see agricultural output growth likely to rebound in 2019. However, this will still be insufficient to fully recover from the weaker global and national economies. As such, the Western Cape Government will continue to implement its Fiscal Strategy and related fiscal and budget policy principles.



# 2

## Fiscal Strategy and Response

### In summary

- Continued implementation of the Western Cape Fiscal Strategy and established fiscal and budget policy principles.
- Lower revenue collection, together with increased funding for national government policies, the growing public service wage bill and support required by failing State-Owned Enterprises have necessitated additional borrowing at national.
- Key risks affecting the provincial fiscal and service delivery environment include a weaker economic and fiscal climate, increasing population growth, increasing demand for service delivery, the energy supply crisis, crime and climate change.
- The 2019 Budget responds to key fiscal and service delivery risks by putting measures in place to ensure the sustainability and stability of the provincial fiscal framework while giving effect to budget policy priorities.

### ■ Introduction

Guided by the established provincial fiscal and budget policy principles, the 2019 Budget presents a credible, sustainable and responsive allocation of resources that supports improved service delivery, whilst carefully managing the economic and fiscal risks as outlined in Chapter 1.

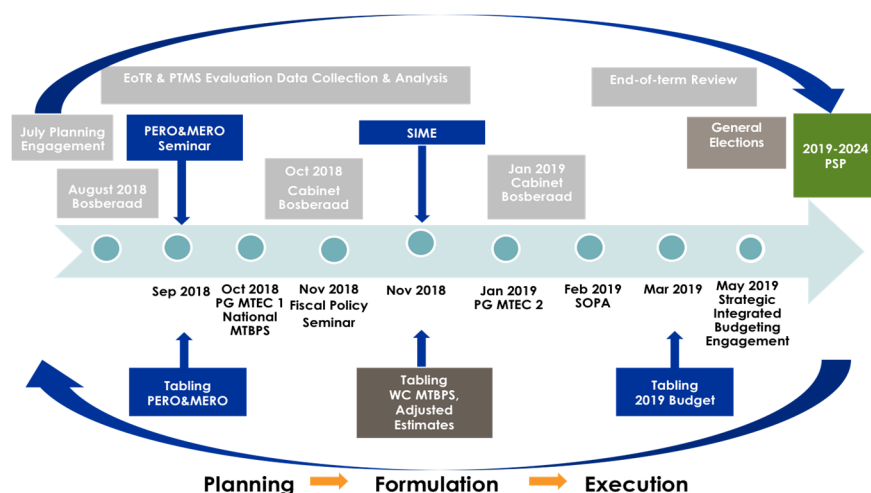
The Western Cape Fiscal Strategy provides the framework for the sustainable, responsive and efficient allocation of provincial public resources in a constrained economic and fiscal environment. The 2019 Budget gives effect to “*Consolidation for Maximum Citizen Impact*” and was crafted in consultation with key policy decision-makers and stakeholders as part of the integrated planning, budgeting and implementation cycle.

## The 2019 Budget Process

The 2019 integrated planning and budgeting process focused on the Integrated Management approach to ensure that key partners in respect of policy and planning (Department of the Premier and Provincial Treasury), spatial planning (Department of Environmental Affairs and Development Planning), municipal interface (Department of Local Government), and partnering (the Economic Development Partnership) were provided an opportunity to engage with provincial departments and provide inputs integral to planning and budgeting aimed at ensuring maximum citizen impact.

The 2019 Budget took into account the outcomes of the July 2018 planning engagement, the October 2018 PG MTEC 1 engagements, the November 2018 Strategic Integrated Municipal Engagements, the outcomes of the January 2019 PG MTEC 2 engagements as well as the October 2018 and January/February 2019 Cabinet Bosberaad deliberations. The key events in the 2019 Budget process are indicated in Figure 2.1.

**Figure 2.1 Integrated policy, planning, budgeting and implementation cycle**



Votes were afforded the opportunity during the October 2018 and January 2019 PG MTEC engagements to have detailed discussions on their spending plans for the 2019 MTEF, which included Votes having to respond to the budget policy priorities and provide an indication of the service delivery risks, sustainability and credibility challenges and any other issues impacting on executing spending plans over the 2019 MTEF. Provincial strategic partners, policy makers and the Executive also provided evidence-based input into the budget formulation process to ensure that policy imperatives, as contained in the 2014 - 2019 Provincial Strategic Plan, are continuously supported and implemented.

## Gender Responsive Budgeting

Gender Responsive Budgeting (GRB) is a tool for government to mainstream and promote gender equality through fiscal policy, by dissecting the budget to determine the gap between men and women and address this gap through budgetary commitments. Despite notable advances in gender equality and women's empowerment since the inception of democracy in South Africa, women and girls bear the greater burden of multi-dimensional poverty, inequality, discrimination on the basis of gender and multiple social problems such as gender-based violence.

*Promoting gender equality through fiscal policy*

GRB has been institutionalised from both national and provincial perspective and progress is being made to further strengthen GRB across all spheres of government. The National Department of Women has developed a draft framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing which is aimed at ensuring better outcomes for women and girls and more tangible gender impacts in South Africa. As an initial response to contributing towards gender mainstreaming, the Western Cape Government has implemented internal and external projects and programmes that have contributed towards gender mainstreaming in the Province. Over the 2019 MTEF, the Western Cape Government will continue to focus on implementing GRB initiatives that respond to achieving the country's constitutional vision of a non-sexist and equal society for all.

## Resilience thinking

The Western Cape Government is in the process of exploring avenues and implementing initiatives to strengthen its resilience against key budgetary and service delivery risks particularly climate change related challenges. Resilience thinking requires adaptive leadership, collaboration and learning. Taking a resilience thinking approach considers interlinked systems, an understanding of the complexity of these systems and responding to an ever-changing environment. By understanding how and why changes take place, the Western Cape Government is better placed to build capacity to improve responsiveness, increase efficiency and optimise performance.

*Resilience thinking for adaptive government*

Resilience therefore refers to the robustness of systems to 'bounce back' after shocks, while also highlighting the need to foster flexibility and ingenuity so that change is converted into opportunities, sometimes called 'bouncing forward', so that, over time, the sources of risk are steadily tackled by transforming the system. Some of the particular areas where resilience thinking is applied in the Western Cape Government include improving

economic resilience by adapting to the era of the 4<sup>th</sup> Industrial Revolution, Climate Change and Resource Resilience through water, waste, and energy initiatives, Safety through the Security Resilience Scorecard, and in the social sector through the families at risk initiative. Applying the Fiscal Strategy builds resilience to the fiscal environment and taking a Whole of Government and Society approach toward maximising citizen impact.

## The 2019 Budget Context

Weak domestic economic growth has placed further pressure on the already constrained national fiscal environment. The lingering effects of the drought have continued to impact on provincial economic performance, resulting in lower than anticipated provincial economic growth. In addition, several critical risks remain, which will impact on the sustainability of the provincial fiscus and service delivery environment.

### National Budget Context

*Widening gap between national revenue and expenditure*

Slower than anticipated economic growth has seen tax revenue under-collection amount to R15.4 billion in the 2018/19 financial year, with a knock-on effect on the national revenue base over the 2019 MTEF. On the expenditure side, the funding of national policy priorities coupled with the rising public sector wage bill has seen the gap between revenue and expenditure widen, exacerbated by the deteriorating financial position of State-Owned Enterprises and growing public debt and debt service costs. To accommodate the support measures for State-Owned Enterprises, the expenditure ceiling nationally has been adjusted upwards by R14 billion in 2019/20, R1.3 billion in 2020/21 and R732 million in 2021/22, relative to the National 2018 Medium Term Budget Policy Statement estimates.

*Escalating national debt service costs*

These factors have necessitated further borrowing, increasing associated national debt service costs over the 2019 MTEF. The increased borrowings will result in debt services costs escalating from an estimated R182.2 billion in 2018/19 to R247.4 billion in 2021/22. Gross debt-to-GDP continues to increase from a revised 2018/19 estimate of 55.6 per cent to a peak of 60.2 per cent in 2023/24, before tapering off to 59.3 per cent by 2026/27.

Several fiscal measures have been put in place to reduce the budget deficit from 4.5 per cent of GDP in 2019/20 to 4 per cent by 2021/22 and ensure the medium term sustainability of the debt-to-GDP ratio. These include:



- To boost revenue collection, the national government has made several tax proposals intended to raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.
- Baseline reductions of R50.3 billion over the 2019 MTEF, largely the result of savings on Compensation of Employees, have been implemented to offset the R75 billion in additional expenditure. These additions include R69 billion required to support the reconfiguration of Eskom, R5 billion for the Infrastructure Fund and R1.3 billion for Census 2021.
- Active management of the Cost of Employees, including encouraging early retirement, and the progressive phasing out of performance measures and replacement thereof with other performance management measures.
- Increasing the contingency reserve by R6 billion in 2019/20, to respond to possible requests for financial support from State-Owned Enterprises, before decreasing by R8 billion in the outer years of the 2019 MTEF.

The national fiscal framework remains subject to several risks over the 2019 MTEF, primary of which is slower economic growth (impacting on revenue collection), currency depreciation (affecting debt service costs) and the State-Owned Enterprise reform process. Risks to the domestic economic outlook include loadshedding, higher electricity prices, prolonged industrial action in mining and adverse weather conditions due to climate change. As an open economy, South Africa remains exposed to external risks, which include slower growth in China, South Africa's leading trade partner, and the outcome of the Brexit negotiations.

*National fiscal framework remains exposed to domestic and global risks*

## **Provincial fiscal and service delivery risks**

In addition to the national fiscal risks, several provincial fiscal and transversal service delivery risks have been identified.

### **Weak economic and fiscal environment**

The weak economic and fiscal environment has continued to place pressure on the delivery of government services as demand for services and costs thereof escalate. In the drive to improve efficiency, provincial departments were required to identify areas of reprioritisation and determine projects and initiatives which could be terminated or scaled down in response to the constrained fiscal environment.

### **Population growth and increasing demand for government services**

*Increasing demand for government services as population grows*

Population growth, coupled with the weak economic environment, high unemployment and poverty, has resulted in an increasing demand for government services particularly as it relates to frontline service delivery departments such as Education, Health and Social Development.

Learner enrolment at public schools has continued to grow without a concomitant increase in the number of educators. The complexity of disease profiles and impact of non-communicable diseases continue to place pressure on the public health system. In the health sector, higher than Consumer Price Index (CPI) medical inflation places additional pressure on limited resources. With unemployment and poverty comes increased vulnerability, placing increased pressure on social welfare services. Given the limited fiscal resources and a volatile fiscal environment, the provincial governments' ability to provide a sustainable service that enables equitable access is at risk.

### **Energy supply crisis**

*Energy supply crisis, a risk to business, government and households*

The current energy supply challenges and corporate governance failures at Eskom are a risk to business, households and the delivery of essential government services. The energy crisis has been worsened by the recent threat of above inflation electricity tariff increases over the 2019 MTEF, mainly to ensure the financial and institutional sustainability of the Eskom. While the national government has announced measures to improve governance and sustainability within Eskom as part of the 2019 Budget, the recent need for loadshedding has highlighted the uncertainty and instability of the energy supply. This risk highlights the need for an energy-secure province, which includes diversifying the regional energy mix and reducing energy intensity within the Province.

### **Climate change and associated risks**

Climate change has resulted in droughts, water scarcity, fires and natural disasters becoming the new norm, as rainfall is predicted to decline by up to 30 per cent by 2050 in the Western Cape. While there has been some respite in the western parts of the Province, the north eastern parts of the Province, mainly the Greater Karoo Region, continues to experience below average rainfall. Towns like Beaufort West have experienced severe water shortages with 17 of the 40 boreholes servicing the town drying up in the beginning of 2019. Despite government providing dedicated support to where it is needed, the ongoing drought still holds an extremely high risk to

water security in the Province. The associated water losses from alien invasive species in strategic water resource areas, continues to be a risk to water security.

The increase in frequency and severity of fires is a major risk to the Province. This, as well as animal disease outbreaks, has necessitated the strengthening of provincial governments' capacity to manage emergencies and major incidents.

*Increased risk of natural disasters due to climate change*

### **Crime, service delivery protests and unrest**

While recent crime statistics point to a decline in reported crime on average, the overall extent of crime remains high and impacts on both business and effective service delivery. Economic crime has had a significant impact on the South African economy, with higher rates of procurement fraud, corruption, bribery and asset misappropriation recorded in South Africa than the global average. Crime has also affected the tourism sector, with the decline in international visitors to the Province partly attributed to crime.

A sharp increase in service delivery protests and community unrest in the Province combined with escalating violence and the destruction of public property, including the illegal occupation of land, has negatively impacted on the safety and wellbeing of Western Cape citizens. This includes damage to library buildings, cultural facilities, equipment and material due to service delivery protests and civil unrest, which has negatively impacted access to these services.

Safety at schools continues to be a key risk for the Western Cape Education Department and threatens the wellbeing and security of learners and teachers. This includes vandalism of school property and infrastructure, which further affects the quality of learning and teaching as well as the safety of staff and learners at schools.

Staff safety and security at public health facilities remains a serious risk, mainly manifesting in Emergency Medical Services (EMS), certain hotspots, and from psychiatric patients in facilities. The impact is particularly felt amongst EMS staff, compromising the capacity of EMS to deliver an efficient service with optimal response times. Social Development staff are also subjected to violence within communities, often as a result of wanting to remove abused or neglected elderly, children or disabled persons.

*Crime a threat to safety and service delivery*

### **Municipal sustainability**

Strengthening the municipal interface remains a key priority for the Western Cape Government. The implementation of several capacity building and support initiatives has resulted in the majority

of municipalities remaining administratively and financially stable. However, some continue to face serious governance and capacity challenges. In this regard, the provincial governments' reduced ability to give effect to the mandate related to providing support to municipalities for improved infrastructure, systems, structures, corporate governance, service delivery and addressing institutional challenges has been identified as a risk.

### **Ongoing investment into ICT and the 4<sup>th</sup> industrial revolution**

The 4<sup>th</sup> industrial revolution provides an opportunity to improve service delivery and maximise citizen impact. The ability to harness these improvements in technology has increased the need for ICT, broadband, software and cyber security, resulting in an increased demand for resources in order to adequately respond to the rising costs and increasing trend of usage. The inability to provide sufficient infrastructure, software, security and support could potentially hinder improvements in service delivery efficiencies and responsiveness.

## **Western Cape Fiscal Strategy**

*Responding to risks  
through established fiscal  
budget policy principles*

The Western Cape Fiscal Strategy guides the Western Cape Governments' response to the economic, fiscal and service delivery risks by means of fiscal consolidation, allocative efficiency, fiscal sustainability and fiscal discipline.

### *Fiscal and budget policy principles*

The implementation of **fiscal consolidation** has seen a continuation of a counter-cyclical fiscal approach by responsibly targeting increasing government expenditure in key areas such as infrastructure and economic growth initiatives. This, while simultaneously increasing revenue through focusing on domestic resource mobilisation and efficiency initiatives. **Allocative efficiency** is pursued by allocating resources that reflect the priorities of the provincial government and considers programme effectiveness based on evidence. Maintaining the stability in key provincial government programmes and managing service delivery risks in an uncertain economic and fiscal environment remains essential, and is achieved through **fiscal sustainability**. A key legal requirement is that all Votes and entities remain within budget limits and avoid unauthorised, irregular, fruitless and wasteful expenditure. This is ensured through the continued implementation of the principle of aggregate **fiscal discipline**.

*Fiscal and budget policy elements*

The Western Cape Fiscal Strategy is based on 3 elements: a balanced budget, expenditure management and revenue management. The **balanced budget** element refers to a budgeting approach and adjusted budget process that enables a sustainable balance between revenue and expenditure, taking into account revenue sources from national government and own revenue generated, to ensure sustainable services and remain responsive to fiscal shocks, while enabling maximum citizen impact.

**Expenditure management** refers to the management of Cost of Employees (CoE) and Goods and Services budgets, and strengthening the rules on transfer payments to find the optimal expenditure mix that achieves the sustainable and efficient expenditure. Optimising revenue collection through domestic resource mobilisation, provincial own revenue enhancement and continuous engagement with National Treasury on the responsiveness of the fiscal framework is encapsulated in the **revenue management** element of the fiscal strategy.

## The Provincial Fiscal Response

The 2019 Budget makes provision for reserves to deal with unforeseen and unavoidable events and expenditure, service delivery pressures in health, education and social services to ensure the continued sustainability of these frontline services. Provision has also been made to deal with the consequences of climate change in the Province. Other essential reserves to manage potential adverse shocks resulting from the current economic and fiscal environment has also been provided for.

*Ensuring the sustainability of front line service delivery*

The 2019 provincial fiscal framework is outlined in Table 2.1 below. Total provincial receipts amount to R217.079 billion over the 2019 MTEF, and is comprised of Provincial Equitable Share (PES), conditional grants and own revenue. At 76.3 per cent, PES accounts for bulk of provincial total receipts over the 2019 MTEF. Total adjustments to the PES amount to R219.018 million over the 2019 MTEF. Several conditional grants have been affected by national policy decisions. Further detail on the impact of the adjustments and conditional grant amendments are contained in Chapter 5: Budget aggregates.

**Table 2.1 Provincial budget summary**

	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main appo- p-riation	Adjusted appo- p-riation	Revised estimate	% Change from Revised estimate			
R'000	2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	2019/20	2018/19	2020/21	2021/22
<b>Provincial receipts</b>										
Transfer receipts from national	49 114 607	51 953 544	56 200 292	59 351 155	59 752 298	59 752 298	64 099 177	7.27	68 267 599	73 001 175
Equitable share	38 579 593	41 062 437	44 470 213	47 447 464	47 447 464	47 447 464	51 290 593	8.10	55 277 754	59 115 467
Conditional grants	10 535 014	10 891 107	11 730 079	11 903 691	12 304 834	12 304 834	12 808 584	4.09	12 989 845	13 885 708
Financing	883 534	1 966 165	1 956 157	1 301 154	1 760 566	1 760 566	1 297 133	(26.32)	939 776	357 918
Asset Finance Reserve	290 389	436 250	663 852	310 159	354 049	354 049	674 791	90.59	645 931	334 555
Provincial Revenue Fund	593 145	1 529 915	1 292 305	990 995	1 406 517	1 406 517	622 342	(55.75)	293 845	23 363
Provincial Revenue Fund (Direct charge)										
Provincial own receipts	2 876 452	3 063 230	3 127 108	3 022 966	2 967 069	3 180 442	2 941 761	(7.50)	3 017 861	3 156 107
<b>Total provincial receipts</b>	52 874 593	56 982 939	61 283 557	63 675 275	64 479 933	64 693 306	68 338 071	5.63	72 225 236	76 515 200
<b>Provincial payments and provisions</b>										
Provincial payments	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	67 148 484	6.13	70 367 957	74 611 450
Provincial provisions	35 639	36 663	37 430	970 573	908 106	908 106	1 189 587	31.00	1 857 279	1 903 750
Direct charge	35 639	36 663	37 430	43 497	43 497	43 497	43 000	(1.14)	45 357	47 997
Unforeseen and unavoidable				187 148	157 148	157 148	232 628	48.03	208 498	219 965
Service Load Pressures				362 065	362 065	362 065	502 788	38.87	500 780	528 322
Fiscal Stabilisation				328 863	328 863	328 863	361 171	9.82	381 199	402 163
Acquisition of Property Reserve				49 000	16 533	16 533	50 000	202.43	52 750	55 652
ICS Reserve									668 695	649 651
<b>Total provincial payments and provisions</b>	51 553 517	55 510 191	59 330 234	63 675 275	64 159 889	64 176 191	68 338 071	6.49	72 225 236	76 515 200
<b>Surplus (Deficit)</b>	1 321 076	1 472 748	1 953 323	-	320 044	517 115	-	(100.00)	-	-

Given the current economic, fiscal, policy and service delivery context, key budget allocation principles were applied in funding the 2019 MTEF Budget:

- Consideration of the current economic context and revised fiscal framework;
- Delivery on the 2014 - 2019 Provincial Strategic Plan remains a priority;
- The approach to managing and responding to climate change and energy security requirements;
- Increased service load pressures, particularly in the social sector and continued protection of direct service delivery/frontline services;
- Managing key service delivery risks whilst continuing to protect frontline services;

- Maintaining a sustainable fiscal base by providing reserves/fiscal buffers over the 2019 MTEF;
- The approach to managing Compensation of Employees and containing the wage bill specifically through applying personnel budget upper limits and further improving personnel management; and
- Continuing to give effect to the goals and objectives of the Infrastructure-led growth strategy.

Total provincial payments, including reserves, amount to R217.079 billion over the 2019 MTEF. The Provincial Budget thus remains a balanced budget, which is a key principle of the Western Cape's Fiscal Strategy.

*2019 MTEF Budget remains a balanced budget*

### Providing for fiscal reserves

In light of the weak economic and fiscal environment, the Western Cape Government needs to ensure that sufficient room exists to respond to its mandate and adverse shocks, while giving effect to budget policy priorities over the 2019 MTEF. Given the fiscal and economic risks, the practice of setting aside funding reserves to provide much needed space has therefore been institutionalised as part of the provincial budget formulation process.

The Fiscal Stabilisation Reserve is provided in response to the volatile fiscal environment. R1.145 billion is provided over the 2019 MTEF for the Fiscal Stabilisation Reserve to deal with potential volatility in the fiscal framework, particularly to offset any negative impacts of changes in the fiscal framework, mainly relating to the Provincial Equitable Share.

*Providing sufficient fiscal space to sustain service delivery and respond to shocks*

In response to the growing demand for services and the increasing service load pressures on key frontline departments, R1.532 billion is provided over the 2019 MTEF from the Service Load Pressures Reserve. This funding will enable the Western Cape Government to deliver on its frontline services mandate, particularly in Health, Education and Social Development and other service delivery departments.

Contingency reserves have been set aside to deal with unforeseen and unavoidable issues and risks to ensure a swift response, if required. R661.091 million is being held in reserve over the 2019 MTEF for unforeseen and unavoidable expenditure. Included in this amount is R35 million to deal with the implications of the current energy supply crisis.

## **Conclusion**

The 2019 Budget has continued to maintain the stability of the provincial fiscal framework by giving effect to the 2014 - 2019 Provincial Strategic Plan and budget policy priorities. This, while balancing service delivery demands and associated risks and ensuring that maximum citizen impact remains at the core of the Western Cape Government's decision-making processes.

The provincial fiscal response aims to address and mitigate the fiscal and service delivery risks, while ensuring the sustainability of the fiscal framework and adherence to the budget and policy principles and Western Cape Fiscal Strategy. The implementation of the fiscal framework - the Western Cape Governments' budget policy priorities and spending plans - is detailed in Chapter 3: Budget spending plans and priorities.



# 3

## Budget spending plans and priorities

### In summary

- The 2019 Budget gives effect to the 2014 - 2019 Provincial Strategic Plan (PSP) and aims to mitigate key budgetary and service delivery risks.
- The spending plans of the Western Cape Government demonstrates the budget response to policy priorities and the theme of the 2018 WC MTBPS, namely “Consolidation for Maximum Citizen Impact”.
- The 2019 Budget enables economic growth, supports the Infrastructure-led growth strategy and drives socioeconomic development through a citizen-centric approach.
- The Western Cape Government will continue to implement priority projects linked to energy security, water security, and climate change to build resilience and enable a sustainable and inclusive living environment for all.
- Enhancing governance through innovation, partnerships and technology and applying the principles of Integrated Management to planning, budgeting and implementation further drives good governance and citizen-centricity in the Western Cape Government.

### ■ Introduction

The Western Cape Government's Fiscal Strategy and response centres on formulating a sustainable budget which drives the policy priorities of this Government and is responsive to the needs of citizens. The 2019 Budget and related budget spending plans and priorities gives effect to the 2014 - 2019 Provincial Strategic Plan (PSP) and aims to mitigate the key budgetary and service delivery risks as outlined in the previous chapter. This chapter demonstrates the Western Cape Government's budget response to its policy priorities as outlined in the Western Cape's 2018 Medium Term Budget Policy Statement and is aimed at maximising citizen impact to further enhance the quality of lives of the citizens in the Province.

## **Medium term provincial budget policy priorities**

The 2019 Medium Term Expenditure Framework (MTEF) aims to give effect to the policy priorities of the Western Cape Government by allocating resources where it will potentially achieve maximum impact on the citizen. The 2019 integrated policy, planning, budgeting and implementation cycle drives the theme of the 2018 WC MTBPS, namely "Consolidation for Maximum Citizen Impact". This is done by implementing the established fiscal and budget policy principles, delivering on Government's policy imperatives which are citizen-centric and supports impactful service delivery. The 2019 MTEF takes into account policy priorities outlined in the 2014 - 2019 Provincial Strategic Plan (PSP), the outcomes of the 2014 - 2019 End of Term Review and planning towards the 2019 - 2024 PSP.

The 2014 - 2019 PSP sets out the Western Cape Government's 5 Provincial Strategic Goals (PSGs) and related policy priorities to be achieved during the period 2014 - 2019. These priorities as articulated in Figure 3.1, and supports the Vision 2040 which is to achieve "a highly skilled, innovation-driven, resource-efficient, connected, high-opportunity society for all". The 2018/19 fiscal year represents the end of the current electoral term, but it also represents the beginning of a new electoral cycle. The End-of-Term review which is in the process of being finalised by the Western Cape Government, assesses the progress made towards the goals and objectives of the PSGs in giving effect to its stated intentions, the overall impact on the citizens, and how effective its implementation was to achieve the outcomes of the 2014 - 2019 PSP. This deep-dive introspection will inform the next (2019 - 2024) PSP and make recommendations for the next political term of office to further strengthen impactful delivery for the citizens.

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



## ■ Creating opportunities for growth and jobs

The Western Cape Government is committed to delivering on its main priority of accelerating economic growth, creating an enabling environment which attracts investment and stimulating job creation for the citizens of the Province. The focus of Provincial Strategic Goal 1 is to support and promote priority initiatives which will enable the Western Cape economy to grow and increase employment opportunities. The Departments of Economic Development and Tourism, Agriculture, Transport and Public Works, and Environmental Affairs and Development Planning collectively contributes to achieving this objective.

*Directing resources towards managing key budgetary and service delivery risks*

## Promoting economic development and job creation opportunities

The Department of Economic Development and Tourism is allocated R1.607 billion over the 2019 MTEF, of which R132.750 million is to support emerging economic themes and job creation stimulus within the Province. Over the 2019 MTEF, the Department aims to stimulate economic growth in the Western Cape which will lead to an increase in job opportunities, especially for young people through an increased support mechanism for Small, Medium, and Micro Enterprises (SMMEs) mainly in the metro and non-metro areas such as Mossel Bay, Saldahna Bay (IDZ), Atlantis (SEZ), Oudtshoorn and Overstrand.

*Supporting emerging economic themes and job creation stimulus within the Province*

The Western Cape Government has supported the Airports Company of South Africa (ACSA) in its run-way re-alignment and property development project, and will continue to do so over the 2019 MTEF. Related to this, the Department of Economic Development and Tourism is participating in various ACSA platforms that are guiding developments in the immediate surrounds of the Cape Town International Airport, with the Department's involvement particularly focusing on economic development infrastructure.

To facilitate and promote the improvement of the Western Cape business environment, the Department of Economic Development and Tourism is allocated R38.347 million over the 2019 MTEF for ease of doing business interventions. It is the Western Cape Government's aim to effectively address underlying causes of red tape by simplifying bureaucratic processes, facilitating a business friendly and competitive environment particularly within the SMME sector; and bringing about change to inhibiting legislation. Through a citizen-centric approach, red tape reduction enables the development of SMMEs and the stimulation of job creation in the Province.

### **Rural Development Initiatives**

*Maximising citizen impact particularly in the rural space*

The Western Cape Government recognises the importance of socio-economic development in driving citizen impact, particularly in the rural space. Various role players and stakeholders are coordinated through the Comprehensive Rural Development Programme (CRDP), which follows the principles of a Whole-of-Society approach. The programme emphasises citizen involvement in a bottom-up planning approach in partnership with all spheres of government, the private sector and communities to safeguard optimal and sustainable rural development. To improve rural development in the Province, a Rural Development Think Tank has been established to develop recommendations concerning rural socio-economic upliftment. The Western Cape Government allocated R91.047 million for the coordination of this priority over the 2019 MTEF.

### **Trade and Investment Promotion**

The Department of Economic Development and Tourism is allocated R197.274 million over the 2019 MTEF towards the promotion of trade and investment activities within the Western Cape.

Over the 2019 MTEF, specific focus will be placed on the African market as a key investment and trade destination, specifically based on the inherent geographical and resource assets. The finalisation of the Africa Trade and Investment Strategy will add significantly to positioning the Western Cape as a key trading region for Africa through Wesgro. This will particularly focus on the export readiness of small and medium enterprises for trade into Africa, promotion of the region's capabilities to be a hub for African trade and a centre of excellence for housing global headquarters for multi-national firms wanting to do business on the African continent.

*Promoting the region's capabilities to be a hub for African trade*

Through Wesgro, investment promotion in the Province will be further driven through the establishment of a Municipal District Unit; and Project Good Hope, which aims to aggressively market Cape Town and the Western Cape as an inspiring and safe place to do business. Investment options and opportunities will be realised through One Stop Shop – Invest SA and Project Khulisa with a focus on Oil and Gas and Agri-processing industries, which will be further strengthened over the 2019 MTEF.

Since 2010 the Agribusiness Investment Unit based at Wesgro has facilitated R2.3 billion fixed investments in the Agriculture sector, creating R382 for every R1 invested in the project in 2017/18. In partnership with the Department of Agriculture, green field investments and expansion agri-processing projects in the Province will be promoted.

## Energy Security

The ongoing electricity supply crisis in South Africa places emphasis on the need for an energy-secure Province, which includes the need to diversify the energy mix within the Western Cape. The Western Cape Government will continue the roll-out of priority projects linked to energy security, to support economic growth. These incorporate diverse and low carbon sources of energy and initiatives which apply energy efficiency principles. The Smart Grid project will continue to place focus on the development and implementation of tariffs and rules for rooftop Photovoltaic (as part of Small Scale Embedded Generation - SSEG), on building capacity around SSEG as well as on engaging with businesses to install large scale rooftop PV systems. In addition, focus will be placed on lobbying for the adoption of smart grid technical standards and enabling policy frameworks for energy wheeling and/or energy trading and supporting the development of Electric Vehicles. The Western Cape Government allocated an additional R5.240 million to the Department of Economic Development and

*Promoting energy security in the Western Cape through diversifying the energy mix*

Tourism in 2019/20 towards further enabling the promotion and stimulation of an energy secure Province.

Over the 2019 MTEF, the Liquefied Natural Gas project will focus on enhancing energy security in the Province, improving competitiveness of existing business and unlocking new manufacturing opportunities. To this end, the Department of Economic Development and Tourism will, over the 2019 MTEF, specifically drive the recommendations based on the technical studies conducted and focus on leveraging funding and interest from key stakeholders towards the required implementation of natural gas infrastructure.

*Enabling uptake of green technologies and supporting growth*

GreenCape aims to attract investment and create jobs primarily in the manufacturing sector through engagements on local content in the Renewable Energy Independent Power Producer Procurement Programme, with a view to facilitate expedited communication between relevant government departments and industry members. Enabling the uptake of green technologies and supporting the growth of the clean technology industry will occur through targeted promotion by GreenCape in the agriculture and agri-processing sectors.

A key objective of the Public Works portfolio of the Department of Transport and Public Works, is to decrease the carbon footprint of the Province through efficient use of office space and utility usage in the planning, construction and modernisation of infrastructure. The real-time measuring of consumption of electricity and water in provincially occupied office buildings has enabled quicker response times to assess unusual usage and the identification and implementation of remedial measures will continue to be enhanced from both a climate change, as well as an accurate billing perspective.

*Solar PV systems generates renewable energy*

The annual Property Efficiency Report (PER) demonstrates the commitment to the management and improvement of the efficiency, effectiveness and sustainability of the Western Cape Government's property holdings. The 2017/18 PER, which measures 39 key office buildings, demonstrates significant reductions in the use of non-renewable resources. Through the roll-out of smart metering and solar PV systems, the total consumption of electricity reduced by 8.2 per cent to 145.28 kWh/m<sup>2</sup>pa, which exceeded the industry benchmark by 38 per cent. Solar PV systems generated renewable energy savings of 12.7 and 5.5 per cent at 9 Dorp Street and 27 Wale Street, Cape Town respectively. In addition, water consumption was reduced by 24 per cent within the portfolio. Over the 2019 MTEF, emphasis will continue to be placed on the

reduction in electricity consumption through the roll-out of solar PV in selected office accommodation.

### **Supporting agriculture and agri-processing sectors**

The Commodity Approach has led to successful Land Reform initiatives and will also be applied within the commercialisation programme with the objectives of making black commercial farmers self-sufficient and empowering 20 emerging fruit farmers towards commercialisation. The Department of Agriculture allocates R1.024 billion towards successful land reform and related activities over the 2019 MTEF.

Market access is an integral component to successful land reform and the commercialisation of emerging farmers. The Western Cape Government will continue to promote provincial agricultural produce at international promotional events in emerging markets such as China and Angola. Over the 2019 MTEF, specific focus will be placed on supporting the Sustainability Initiative of South Africa (SIZA), which has the potential to expand beyond horticulture towards livestock exporters. The continued support of Wine and Agricultural Ethical Trading Association (WIETA) and SIZA over the 2019 MTEF will ensure farmers meet the necessary ethical and regulatory standards to maintain and gain access to international markets.

*Ensuring increased international market access for agriculture and agri-processing sectors*

An allocation of R348.461 million over the 2019 MTEF has been made towards the Veterinary Services programme to protect market access of livestock farmers in the Province. Veterinary Services will be prioritised as new policy requirements have been introduced through the Independent Meat Inspection (IMI-Scheme) Scheme. This requires that poultry abattoirs participate in independent meat inspections which was not a requirement before. Provincial veterinary services protect market access to exporters of animal products through services including the detection, prevention and controlling of significant animal diseases. Included in the Veterinary Services budget is an additional allocation towards laboratory services to further support the new chemical residue testing laboratory which will ensure increased international market access to dairy and cheese exporters as well as contributing to agri-processing capacity in the Province.

A new Agri-processing sub-programme has been established in the Department of Agriculture to provide technical and compliance support, enterprise and supplier development as well as to promote investment related to agri-processing businesses. The



Department of Agriculture has allocated a budget of R7.171 million over the 2019 MTEF towards achieving these outcomes.

### **Skills development initiatives**

As a response to the persistently high unemployment levels in the Province, the Western Cape Government's aims to address the whole-of-economy skills needs and enables the development of competitive skills. The Department of Economic Development and Tourism has allocated R196.555 million over the 2019 MTEF towards the coordination, facilitation and implementation of skills development initiatives within the Province.

*At least 11 300 qualified apprentices into the labour market by 2019*

To bridge the gap between the demand and supply of labour, focus will be placed on several youth skills development programmes over the 2019 MTEF. These include, artisan development, skills for the digital economy, financial and business sector skills, improving the quality of maths, science and engineering qualifications and developing entrepreneurial skills. The apprenticeship initiative is a critical intervention which aims to introduce at least 11 300 qualified apprentices into the labour market by 2019 by working with schools, Technical and Vocational Education Training (TVET) colleges and employers across five priority sectors. These sectors include, oil and gas, tourism, agri-processing, ICT, energy, and assessment, Recognition of Prior Learning and mentors.

The Department of Environmental Affairs and Development Planning will continue with the roll-out of the "Wastepreneurs" project. This project is aimed at addressing the skills gap and access to resources for small and micro waste related enterprises in the Western Cape by developing and implementing a support programme for these waste entrepreneurs. R150.835 million is allocated towards pollution and waste management over the 2019 MTEF.

*Prioritising youth skills development in agriculture*

Skills development in the rural landscape will be prioritised through the implementation of the Agricultural Partnership for Youth Development's (APRYD) programme, which addresses inequality in education and skills opportunities for rural youth, specifically children of agri-workers. The project comprises of bursaries, scholarships, learnership, internships and ultimately formal qualifications. Other skills development initiatives aimed at the Agricultural industry include new agri-processing and value adding curriculum as well as a wide variety of short term courses offered at the Elsenburg Agricultural Training Institute.



In response to the 4<sup>th</sup> Industrial Revolution, the Department of Agriculture will ensure the agricultural industry adapts to the new era of automation and connectedness through developing digital skills, promoting awareness, knowledge sharing, accelerating responsible technology adoption and repositioning perceptions of agriculture. Over the 2019 MTEF, a total amount of R210.455 million has been allocated to the Structured Agricultural Education and Training programme of the Department of Agriculture.

## **Infrastructure development**

Infrastructure development in the Province is underpinned by the provincial Infrastructure led growth strategy as set out in the 2018 Western Cape Medium Term Budget Policy Statement. A separate publication, the 2019 Overview of Provincial and Municipal Infrastructure Investment, sets out the detailed provincial response to infrastructure development, aimed at maximising citizen impact.

The Department of Economic Development and Tourism has allocated R156.807 million over the 2019 MTEF towards the Saldanha Bay Industrial Development Zone (SBIDZ) as a key catalytic driver for economic growth within the West Coast District. The SBIDZ plays a catalytic role in unlocking the industrialisation and economic potential of the West Coast. The SBIDZ as a key driver of Project Khulisa's Oil and Gas and Marine Engineering Sector, will commence the first elements of the customised infrastructure of the Oil and Gas, and Marine Engineering hub in Saldanha Bay. The SBIDZ Support Group and Ministerial Mandating Committee will further coordinate enterprise development, education and skills development, enabling infrastructure and other social services over 2019 MTEF.

R96.562 million has been allocated by the Department of Economic Development and Tourism towards the Atlantis Special Economic Zone (ASEZ) over the 2019 MTEF. The ASEZ has been designated for the manufacturing of green technologies and related services. Over the 2019 MTEF, focus will be centred on continuing to attract manufacturing and service companies in the green technology space; completing the establishment of suitable institutional arrangements required for the ASEZ; and preparing for the first phase of infrastructure development in the ASEZ.

*Continuing to attract manufacturing and service companies in the green technology space to the Western Cape*

The Cape Health Technology hub is a joint initiative between the Department of Economic Development and Tourism and the national Department of Science and Technology (DST). The Park will provide the necessary stimulus for growth in the health technology sector. In the 2019/20 financial year, focus will be

*Securing the provincial asset base is a key focus area over MTEF*

placed on finalising the property transfer, recruitment of funding, investment and tenants; and further business development, leveraging off the successful establishment of the Western Cape Medical Devices cluster in 2016/17. This should enable infrastructure development to take place from 2020.

The Department of Transport and Public Works, is allocated R25.240 billion over the 2019 MTEF towards the construction and maintenance of public works and roads infrastructure, the facilitation of integrated transport services, transport regulation and community based programmes to enhance the livelihoods of the citizens in the Province. Securing the provincial asset base will continue to be a key focus area over the 2019 MTEF. In this regard, resources have been devoted to several interventions including partnerships with key stakeholders such as the City of Cape Town in response to illegal land invasions, Metrorail/PRASA and the City of Cape Town to address vandalism on the passenger rail network, and the formulation of a broad Provincial Business Continuity Plan to address the water scarcity and the impact thereof on critical infrastructure delivery points.

Further detail on infrastructure development is contained in the 2019 Overview of Provincial and Municipal Infrastructure Investment publication.

## **Improve education outcomes and opportunities for youth development**

Improving education outcomes is at the centre of the Western Cape Government's agenda. The focus of Provincial Strategic Goal 2 is to improve the quality of education and create opportunities for the holistic development of youth in the Western Cape. The Departments of Education, Social Development, Community Safety, and Cultural Affairs and Sport contributes to this objective.

### **Education outcomes**

Towards the delivery of quality education in the Province, the WCED is allocated R75.251 billion over the 2019 MTEF. An additional R1.214 billion over the 2019 MTEF has been allocated to accommodate increasing service load pressures, in the main to respond to the increased demand for teacher and related support material, as a result of the year-on-year increases in learner numbers in the Province.

Teacher development programmes has been prioritised with an allocation of R337.932 million over the 2019 MTEF, with a focus on ICT training and the introduction of the change mindset intervention which encourages agility in the adoption of innovative learning approaches. Learner performance in Maths, Science and Technology receives an allocation of R109.929 million over the 2019 MTEF directed towards teacher training and the provision of the necessary equipment and laboratory consumables to enhance the learning and teaching experience in these areas. The WCED has made the improvement of reading ability of learners a priority in the Province and to this end, a Reading Strategy has been developed and will be launched in July 2019.

*Prioritising teacher development programmes over the 2019 MTEF*

Interventions to increase the quality of education and to maximise citizen impact, particularly in poorer communities, include the provision of meals to learners through the National School Nutrition Programme and the provision for no-fee schools and fee exemptions in fee paying schools.

The five-year Collaboration Schools Pilot (CSP) which combines funds and expertise from the private sector together with those of the WCED is a critical intervention to aid schools in poorer communities. The CSP is allocated R152.151 million over the 2019 MTEF, which includes an additional three pilot schools planned over the period.

The institutionalisation of e-Learning through the continued support of e-Infrastructure, e-Technology, e-Culture, e-Content and e-Admin programmes is prioritised in the spending and delivery plans of WCED over the 2019 MTEF. Embedding of technology and the internet in the daily learning, teaching and management activities in schools has gained traction in the Province with 338 schools having a Local Area Network (LAN), which connects every instruction room to the internet; and 1 245 schools being connected to the internet by at least one point. The Western Cape Government e-Portal with over 11 000 digital resources for teachers and learners will also be maintained. In addition to existing Departmental contributions, R283.159 million will be allocated specifically towards the implementation of e-Learning over the 2019 MTEF, as well as R23.402 million for broadband access for e-Education. Going forward, the WCED will empower all teachers to facilitate learning effectively in the e-Learning paradigm, which includes maintaining the coding pilot.

*Maximising delivery impact on learners in poorer communities*

To enable greater improvements to education, R10.733 million has been allocated towards the School Evaluation Authority (SEA) over the 2019 MTEF. In a move towards embedding a culture of

evidence-based monitoring and evaluation in education and to entrench accountability in public education, the WCED has prioritised the establishment of a School Evaluation Authority (SEA) in 2019. The SEA will standardise a framework for assessing school quality through credible and independent evaluations. Evaluations will enable the implementation of interventions that are tailored to address school-specific challenges. Over the 2019 MTEF the SEA will aim to independently evaluate all schools in the province with an emphasis on teaching and learning in the classroom.

### **Early Childhood Development**

*Early Childhood Development Centres - extend access to almost 81 000 children by 2022*

The continued expansion and support of Early Childhood Development (ECD) Centres has resulted in access to these centres increasing to 76 000 children aged between 0 to 4 years by 2017/18. The finalisation of the Provincial ECD Strategy will provide the policy foundation for further expansion and quality improvements of the ECD programme across the Province. The quality of and access to ECD programmes in the Province will be strengthened over the 2019 MTEF by extending infrastructure upgrade opportunities and increasing the ECD subsidy from R15 to R16 per child per day. The intent is to extend ECD access to almost 81 000 children by 2022. Over the 2019 MTEF, R1.132 billion will be invested in ECD and Partial Care by the Department of Social Development.

Additional support will continue to be provided at the 65 identified sites where school readiness is being recorded as poor. This programme aims to improve literacy and numeracy, identify any physical or cognitive barriers to learning and channel the learners to the appropriate interventions to optimise their learning potential. Within the WCED emphasis will be placed on improving and expanding access to quality education in Grade R. With a focus over the 2019 MTEF on improving teacher skills and their professional status, the WCED allocates a total of R2.310 billion towards ECD and Grade R expansion over the period.

### **Safety in Schools**

*Establishing and maintaining strategic partnerships between schools and communities*

Safety initiatives in schools will continue to be prioritised over the 2019 MTEF. The safe schools initiative within the WCED has been allocated a budget of R112.518 million over the 2019 MTEF. School safety interventions include the installation of secure perimeter fencing, restricted electronic access and monitored alarm systems, as well as strategic partnerships between schools and communities. The Walking Bus programme in 197 schools, is an example of such partnerships which is a model of learner transport

where children walk to school accompanied by adults and the School Safety Committees. Over the 2019 MTEF, the programme will be rolled-out to other schools.

The Safe Schools Call Centre supports learners and teachers on matters such as abuse, gang activity, bullying and vandalism. The support includes initial on call consultation and subsequent referral for in-depth counselling where necessary. The Western Cape Government also provides additional support to youth involved in substance abuse via youth support services at 10 high-risk secondary schools across the Province.

The Western Cape Government has developed a framework to assist departments to assess their levels of security risk. The Security Resilience Scorecard will give departments an overall view of the state of security of their facilities, thereby determining their level of risk. The Scorecard has been tested and is being improved before rollout.

### **After school programmes**

The Mass participation; Opportunity and access; Development and growth (MOD) Programme, is an after school-based initiative that provides school-going youth with access to sporting, arts and cultural opportunities as well as curriculum linked academic support at school-based MOD Centres. The MOD Programme promotes an ethos of healthy living, lifelong activity and lifelong learning for greater citizen impact. The number of learners engaged in regular and consistent after school programmes increased from 14 900 in 2014/15 to 81 120 learners in 2018/19. To further enhance the MOD programme, over the 2019 MTEF, R142.442 million has been allocated by the Department of Cultural Affairs and Sport. In addition, R18 million over the 2019 MTEF has been earmarked for infrastructure maintenance and related costs at MOD Centres.

*Providing school-going youth with access to sporting, arts, cultural opportunities and curriculum linked academic support*

The budget for after school care programmes implemented by the Department of Social Development over 2019 MTEF is directed towards enabling a subsidy increase from R8 to R9 per child per day.

## Youth development

*Providing skills development, training on life skills, mentoring, coaching, leadership, entrepreneurship, accredited formal training and job preparedness*

Youth Cafés across the Province provide opportunities to youth who is not engaged in education, employment and training (NEETs) to improve their employability and readiness for adulthood. The Cafés provide skills development and training on life skills, mentoring and coaching and leadership, as well as entrepreneurship and accredited formal training and job preparedness. Access has been extended to hearing impaired youth, with Youth Café staff undergoing accredited sign language courses since 2017/18. The Department of Social Development has set aside R15.345 million over the 2019 MTEF for Youth Cafés. Included in this amount is R1.8 million for the establishment of 3 Youth Cafés, in addition to the 11 currently in operation. These Youth Cafés will be strategically located in geographic areas in the Metro East, Metro North and Overberg-Cape Winelands Regions where a high concentration of NEETs has been identified, for greater impact.

The Cape Youth at Work programme supplements the Youth Café programme, Ministerial Youth Outreach and other skills development programmes implemented by the Department of Social Development by providing both job/work preparation training and income related work opportunities to youth who have participated in these programmes. An amount of R4.8 million will be invested in expanding the implementation of the Cape Youth at Work Programme throughout the Province over the 2019 MTEF.

*Volunteer opportunities to over 100 young people in recipient communities every year*

The YearBeyond (YeBo) programme is the academic pillar of the MOD programme, which provides volunteer opportunities to over 100 young people in recipient communities every year. These opportunities expose youth extensive leadership training and various pathways into employment. To date, 61 per cent of the 2016 cohort of volunteers have transitioned into either employment or studies, and the remainder continue to volunteer. Over 2019 MTEF R40.278 million has been allocated for the YeBo programme.

## Increasing wellness and safety, and tackle social ills

The focus of Provincial Strategic Goal 3 is to provide client-centered interventions that improve physical health, safety, protection, and build resilience to social challenges. The Western Cape Departments of Cultural Affairs and Sport, Transport and Public Works, Health, Social Development, and Community Safety contributes to this objective.

## Providing health services

The growing population, coupled with the increased complexity of ill-health conditions presented at public health facilities, continue to place the public health system under severe pressure. The Department of Health is allocated R78.552 billion over the 2019 MTEF. Included in this allocation is an additional R511 million over the 2019 MTEF towards managing the increased service load pressures and the health system given the growing patient load and the burden of disease.

*Department of Health is allocated R78.552 billion over the 2019 MTEF*

Given the impact that physical, mental and emotional well-being has on cognitive development, improving infant and child health outcomes through the First 1000 days programme remains a priority for the Department of Health over the 2019 MTEF. The complexity of cases presented at public health facilities is largely due to more patients presenting with more than one ailment, often further complicated by a chronic disease condition. Healthy, active lifestyles is one way to combat the incidence of chronic diseases. As such, the Department of Health will continue to implement the Western Cape on Wellness (WoW!) programme.

The Department of Health has been actively engaging in implementing its Service Strategy, which aims to improve system performance, patient experience, quality of care and life outcomes. Complementary to this strategy is the Service Redesign exercise currently underway and the adoption of the Health Systems Approach. The Service Redesign advocates an integrated approach to Community Outreach Primary Care, the Whole of Society Approach and Universal Health Care, while the Health Systems approach speaks to reframe quality within the service. Progress to date includes the finalisation of the new macro structure as part of the Management Efficiencies and Alignment Project (MEAP). This project aims to improve alignment and help redirect resources to better management of service delivery on the ground.

*Improved governance for better patient experience and quality of care*

The Department of Health is actively pursuing its e-Vision, which aims to harness technology to improve patient experience and outcomes. By investment in information systems to improve efficiencies in business processes and data, credible evidence will be more readily available for robust decision making that benefits the patient.

*Improving patient experience and outcomes through the use of technology*



Continued investment into Health infrastructure and maintenance remains key to ensure delivery of a dignified public health service. In this regard, investment in maintenance at Health facilities will be prioritised. In addition to the current maintenance budgets, R425 million has been allocated over the 2019 MTEF for capital infrastructure delivery and maintenance at Tygerberg Hospital. Further detail is contained in the 2019 Overview of Provincial and Municipal Infrastructure Investment publication.

### **Social development services for the poor and most vulnerable**

The Department of Social Development is allocated R7.872 billion over the 2019 MTEF to provide social welfare services to the most vulnerable in the Province. Included in this amount are additional allocations totalling R132.750 million to ensure the sustainability of the current services rendered and to meet the increasing demand for social welfare services in the Province.

*Child care and protection remains a priority*

The Eye on the Child and Isibindi programmes are two key community-based programmes aimed at identifying and assisting children most vulnerable to abuse and neglect. The Eye on the Child project and Isibindi projects will be integrated going forward, enabling increased impact. Over the 2019 MTEF, the Isibindi programme will be extended to two additional sites, in Kalksteefontein and Nyanga. The Isibindi and Eye on the Child programmes fall within the child care and protection function of the Department of Social Development, for which R728.657 million has been budgeted over the 2019 MTEF.

R590.078 million over the 2019 MTEF has been budgeted for services to persons with disabilities. The expansion of services to persons with disabilities over the 2019 MTEF includes improved access to residential care for children with intellectual disabilities, with 30 additional beds to be made available at the Sivuyile Centre by mid-2019. Included in the above budget is R11.524 million, to be used to purchase and adapt two vehicles per annum for the transportation of children to special care centres.

*Sanitary Dignity Project - providing sanitary products to young women and girls*

The Sanitary Dignity Project aims to promote sanitary dignity and provide sanitary products to young women and girls, enabling them to continue with their education unhindered. The Department of Social Development is allocated R63.773 million over the 2019 MTEF towards piloting the Sanitary Dignity Project, in conjunction with key stakeholders, such as the Western Cape Education Department and the Departments of Agriculture and



Health. The pilot aims to establish best practice for the distribution and implementation of sanitary dignity amongst girls in primary and secondary education in identified rural areas in the Province.

## Arts, culture and sport

The Department of Cultural Affairs and Sport is allocated R2.585 billion over the 2019 MTEF towards the promotion of arts, culture and sport in the Western Cape.

*Department of Cultural Affairs and Sport receives a budget allocation of R2.585 billion over the 2019 MTEF*

Over the 2019 MTEF, R1.169 billion is allocated towards library services in the Province. This funding will go towards the provision of support to community libraries, procurement of library materials, electronic resources and professional library staff training with a focus on connecting rural libraries to broadband. To encourage social inclusion, the Western Cape Archives and Records Management will continue with the provision of archives awareness to communities.

Sport and Recreation is allocated R677.355 million over the 2019 MTEF to promote sport and recreation activities for the citizens of the Province. Over the 2019 MTEF, focus will be placed on initiatives such as major events (supporting federations in hosting events that contribute towards the Province's economy and investigating the possibility of hosting events in rural areas); academies; federation support; club development, recreation initiatives; the MOD programme; school sport and the after school programme, all of which aim to create a safe and enabling space for citizens to be exposed to quality sport and arts and culture.

## Improving safety in communities

An allocation of R1.167 billion over the 2019 MTEF has been made to the Department of Community Safety to ensure safer communities, public spaces and to promote professional policing. Over the 2019 MTEF, the Department of Community Safety will focus on creating safer communities, implementing a regulatory impact assessment, and using camera technology as part of the 4<sup>th</sup> Industrial Revolution. Towards achieving these objectives an additional allocation of R132.750 million is made over the 2019 MTEF to drive initiatives such as:

*Facilitating more integrated and intensive use of surveillance technology*

- Safety Kiosks which are deployed in areas where there is need to combat crime but where there is no police station nearby. It provides for visible policing and a link between communities and the South African Police Service. Over the 2019 MTEF,

Safety Kiosks will be further equipped with WiFi which will link Safety Kiosks to police stations.

- In partnership with local municipalities, the Department of Community Safety will facilitate a more integrated and intensive use of surveillance technology to assist the community and the police service in fighting crime.
- Vulnerable crime areas such as Paarl East, Saldanha Bay, Khayelitsha, Mannenberg and Gunya form part of the provincial Whole of Society Approach where socio-economic variables are taken into consideration before drafting the Police Needs Priorities report.
- Making Neighbourhood Watches (NHW) more professional and efficient in maintaining citizen safety. A monitoring tool has been developed to ensure all accredited NHWs operate according to the set legislature standards required by the Western Cape Community Safety Act. Accredited NHWs will be further supported with equipment, training and improved technology platforms to assist in its crime fighting efforts over the 2019 MTEF.

*Creating more professional and efficient Neighbourhood Watches (NHW)*

Community Stabilisation Units has been identified as a priority since 2015. In partnership with the City of Cape Town, resource and security officers are trained to assist the South African Police Services (SAPS) in crime hotspot areas in the Province. Over the 2019 MTEF, Community Stabilisation Units is allocated funding of R13.176 million to expand its operations.

*Enabling youth to promote safety in communities*

The Department of Community Safety is fully committed to the creation of full time equivalent jobs while simultaneously preventing crime and ensuring the safety of citizens. The Chrysalis Training Academy facilitates a work training programme where students are placed for a minimum period of 12 months after graduation. Over the 2019 MTEF, the Chrysalis Academy plans to provide training to 1 000 learners per year. In this respect, additional funds of R30 million over the 2019 MTEF have been allocated towards employment creation projects for strengthened citizen impact through partnerships.

The National Anti-Gangsterism Strategy (NAGS) will be implemented through a Prov-Joints Committee on gangs, which consists of the major governmental role-players to coordinate and implement the strategy in the Province. In concert with some municipalities a new K9 and highway patrol unit will be developed

to safeguard the main routes of transport against the transfer of illegal drugs.

Priority has been given towards strengthening research, coordination and evaluation of violence prevention initiatives in communities with high levels of crime and violence through the envisaged establishment of a Violence Prevention Innovation Hub.

The Western Cape Government is placing emphasis on increasing police presence in the communities. In order to support the SAPS the Government Employee Volunteer Project will be piloted during the 2019/20 financial year and involves staff being invited to volunteer as Commissioners of Oath at certain SAPS stations in the Province.

### **Improving road and rail safety**

Over the 2019 MTEF, the Department of Transport and Public Works will continue with the implementation of the Provincial Sustainable Transport Programme. This programme includes the provision of a more reliable, safe and affordable public transport system with improved coordination across municipalities and between different transport modes which is aligned to the requirements of the Provincial Spatial Development Framework.

The continued development of the Integrated Transport Intelligence Hub includes the integration of additional sub-systems with the aim of increasing the quality of the data and the functionality of the system. Significant progress has been made with the integration of various data sources to enable improved operational planning, regulation, management and reporting. This includes real-time and rapid traffic officer response via the eNFORCE system and the utilisation of the Automatic Number Plate Recognition camera network to monitor public transport. The Hub supports improved and integrated planning, operations, regulation and the enforcement of land transport in the Province.

*Using technology for real-time and rapid traffic officer response*

The Safely Home Calendar focuses on road safety awareness campaigns that will ensure maximum impact for road safety. The Safely Home Calendar will continue to focus on effectively utilising high-impact messaging and communication through various media platforms with the aim of changing the behaviour of road users.

*Continued focus on road safety awareness*

The Rail Enforcement Unit is a collaboration between the Western Cape Government, the City of Cape Town, and the Passenger Rail Agency of South Africa (PRASA). The unit aims to resolve the ongoing rail crisis in Cape Town and to minimise the negative

impact of this public transport crisis on citizens. Since the deployment of the Rail Enforcement Unit, there has been an increase in the number of security officials on trains with arrests on a range of charges already made on crimes which include cable theft and stolen goods. Hot spot areas and scrapyards were also inspected.

*R255.500 million over the 2019 MTEF to address public transport requirements*

The Department of Transport and Public Works will receive an additional R255.500 million over the 2019 MTEF to address public transport requirements for rail enforcement teams, the City of Cape Town Memorandum of Agreement, rail oversight legislation and the provincial transport authority.

Over the 2019 MTEF, the Department of Transport and Public Works will continue to manage the subsidisation of bus operations in the Cape Town Metro area through the national government's Public Transport Operating Grant. The effective delivery of services by the operator, Golden Arrow Bus Services, has been impacted due to cost increases and the increased demand for services stemming as a result of the rail crisis and population growth.

Outside of the Cape Town Metro area, the implementation of sustainable transport systems will continue through the management and optimisation of the George Integrated Public Transport Network. This will include focusing on maintaining high quality services, preparation for further roll-out, municipal capacity building and improving financial performance.

## **Enabling a resilient, sustainable, quality and inclusive living environment**

Provincial Strategic Goal 4 focuses on improving resilience, environmental and socio-economic sustainability, inclusivity for all, and integrated human settlements in the Province. The Departments of Environmental Affairs and Development Planning, Agriculture, Human Settlements, as well as Transport and Public Works jointly contribute towards this objective.

### **Climate Change Response**

*R83.987 million towards promoting a greener economy and water secure Province*

Moving towards a greener economy is critical to the Province due to vulnerability to climate change and related drought conditions in the region. The recent severe drought has resulted in water being identified as a major provincial risk. While the Western Cape Government has put controls in place to address this risk, ongoing focus and awareness of this risk is crucial. The Western Cape

Government has allocated R83.987 million towards enabling the promotion and stimulation of a greener economy and water secure Province.

As the central coordination point for planning and management of the drought in the Province, support provided to municipalities by the Department of Local Government over the 2019 MTEF includes:

- The provision of technical and geo-hydrological services to municipalities that entails the reprioritisation of financial resources towards water augmentation and demand management projects;
- The provision of professional support and advice with the drilling and testing of boreholes;
- Providing specialist consulting services which entails the assessment of the current status on Water Use Licenses and assistance in adhering to the licensing conditions; and
- The provision of drought relief funding support.

The Department of Local Government is allocated an additional R38.996 million over the 2019 MTEF to appoint capacity towards the management of the drought crisis. R25 million is allocated in the 2019/20 financial year to address drought related matters and the exploration of new wellfields in the Central Karoo District area.

In supporting the Western Cape Government's response to drought and climate change, the Department of the Premier is allocated R1.4 million in 2019/20 for the water security communications campaign.

The Department of Agriculture has prioritised sound water management and remains an important stakeholder in the improvement of the Brandvlei dam canal inlet and subsequent distribution and usage of additional water capacity to emerging farmers. In addition, the Fruitlook project will ensure water efficiency by providing registered farmers with actual crop water usage and crop requirements information on a weekly basis.

The SmartAgri project has been a pivotal response in assisting the agricultural sector to adapt to challenges of climate change. In partnership with GreenCape, the SmartAgri plan builds on the Western Cape Climate Change Response Framework and Implementation Plan for the Agricultural Sector by embedding conservation agriculture, energy efficiency, climate smart

*Adapting to challenges  
of climate change in  
agricultural sector*

extension services and collaborative integrated catchment management.

The Department of Environmental Affairs and Development Planning continues to lead the implementation of the Western Cape Climate Change Response Strategy (WCCRS). The WCCRS provides the framework for a coordinated response to climate change and facilitates the identification of opportunities that reduce carbon emissions while improving climate change resilience. The Department of Environmental Affairs and Development Planning is allocated R37.129 million towards the development and roll-out of the following water security initiatives over the 2019 MTEF:

- The Breede River Environmental Resource Protection Plans in collaboration with key stakeholders;
- The Berg River Improvement Plan (BRIP) for the enhancement and entrenchment of a water stewardship initiative to ensure the ecological integrity of the catchment to sustain economic growth; and
- The Sustainable Water Management Plan (SWMP) which provides the framework for the coordination of integrated water management within the Province.

*Roll-out of the Climate Resilience Upgrading of Informal Settlement Programme*

The Climate Resilience in Upgrading of Informal Settlement Programme (CR-UISP) is being developed in partnership with the Department of Human Settlements. This programme has initiated an engagement process with eight Non-Governmental Organisations working in approximately 60 informal settlements across the Western Cape to assist in participatory planning processes embracing informality, tenure and water and sanitation. The Department of Environmental Affairs and Development Planning will also assist in providing best practice in participatory climate resilience projects in informal settlements to help improve residents' quality of life and drive informal sector businesses in resource efficiency.

## **Integrated human settlements**

The Department of Human Settlements aims to enable a resilient, sustainable, quality and inclusive living environment by facilitating improvements in Western Cape settlement development and functionality. As such, the Department of Human Settlements is committed to accelerating human settlement delivery, while

promoting social inclusion through the development of integrated, resilient and sustainable human settlements in an open society.

The Department of Human Settlements is allocated R7.464 billion to continue with its three priority areas over the 2019 MTEF. This includes directing more resources to the Upgrading of Informal Settlements Programme (UISP) and the provision of basic services; increasing affordable/GAP housing in order to provide shelter for people who earn too much to qualify for free subsidised houses and too little to qualify for a bond from the bank; and prioritising the most deserving people in relation to the allocation of free Breaking New Ground (BNG) houses.

*Department of Human Settlements is allocated R7.464 billion over the 2019 MTEF*

Key projects over the 2019 MTEF include the Better Living Model – Conradie Hospital Site which is a priority project of the Province and brings with it a focus on spatial integration. The Better Living Model is a partnership between the private sector, Western Cape Government and the City of Cape Town, and broke ground in 2019. The Belhar CBD is another priority project which is a government led catalytic mixed-use high density residential project and comprises various types of residential units and forms of tenure that targets the subsidy market (BNG), bonded subsidy market (FLISP), social housing (subsidised rental), open market rental units, student accommodation as well as a small number of freestanding open market units.

The Department of Human Settlements is allocated an additional R56.100 million over the 2019 MTEF to increase catalytic project capacity and an additional R43 million in 2019/20 towards bulk infrastructure for catalytic projects.

In support of sustainable and spatially targeted human settlements and living environments, efforts to strengthen land assembly capacity will continue with a specific focus on strengthening the Integrated Human Settlements and Transit Orientated Development Partnerships, the latter being a partnership between provincial and local government.

The roll-out of the Integrated Urban Development Framework (IUDF) and the Small-Town Regeneration Programme will continue to be a focus area over the 2019 MTEF. The Department of Environmental Affairs and Development Planning has allocated R86.056 million towards Spatial Planning, Land Use Management and Municipal Support over the 2019 MTEF.

## **Regional Socio-economic Project/Violence Prevention through Urban Upgrading**

*Reinforcing the Western Cape Government's role in providing municipal support for Whole of Society solutions*

The Department of Environmental Affairs and Development Planning (DEADP) allocates R104.800 million over the 2019 MTEF towards the implementation and institutionalisation of the Regional Socio-Economic Project/Violence Prevention through Urban Upgrading Programme (RSEP/VPUU) programme. RSEP/VPUU aims to reinforce the Western Cape Government's role in providing municipal support to address socio-economic challenges. The RSEP/VPUU Programme directly addresses the needs of communities in the Province and delivers visible service delivery projects, with a focus on poor communities. To deliver greater impact, over the 2019 MTEF, the RSEP Programme will be implemented in seven municipalities, namely Bergvliet, Witzenberg, Cape Agulhas, Stellenbosch, Prince Albert, Mossel Bay and Bitou. Through WoSA, RSEP will be rolled-out in Saldanha Bay, Drakenstein, Mannenberg, Hanover Park and Khayelitsha.

## **Environmental Quality and Biodiversity Management**

The Western Cape Biodiversity Spatial Plan (BSP), launched in March 2017, encapsulates a progressive focus on improved spatial planning and decision support to negate the continual loss of critical biodiversity and ecological infrastructure due to the impact of climate change. The Department of Environmental Affairs and Development Planning is allocated R1.010 billion over the 2019 MTEF towards providing good ecological infrastructure for sustainable development in the Province.

*Reduce negative impacts on coastal communities, the natural environment and coastal infrastructure*

The current state of resource depletion and degradation of the Province's coastal and estuarine resources, requires steps to be taken to reduce the negative impacts on coastal communities, the natural environment and coastal infrastructure. In response, the Department of Environment Affairs and Development Planning and CapeNature, will continue to work towards the development and implementation of the Western Cape Estuaries Programme, in partnership with the National Department of Environmental Affairs, South African National Parks, Municipalities, Non-Governmental Organisations and Estuary Advisory Forums.



Invasive alien species affect water usage, contribute towards erosion, increase fuel load (leading to hotter fires) and alter ecosystem functioning by changing soil chemistry. In response, the continuation and expansion of the Alien Vegetation Clearing programme that aims to protect water resources while simultaneously creating employment opportunities will be prioritised over the 2019 MTEF.

## **■ Embedding good governance and integrated service delivery through partnerships and spatial alignment**

Provincial Strategic Goal 5 underpins and enables the other four Provincial Strategic Goals to drive initiatives which maximize citizen impact. As part of adopting a citizen-centric approach, areas of Innovation, Partnerships and Technology are being prioritised to further enhance and embed good governance. The Departments of the Premier, Local Government, and the Provincial Treasury contribute towards this objective.

### **Integrated Planning Budgeting and Implementation**

Taking an Integrated Management Approach to policy, planning, budgeting and implementation will continue over the 2019 MTEF. The aim of Integrated Management is to strengthen joint planning and collective impact in an identified geographic space, specific policy area or strategic issue between the three spheres of government and between the organs of state within each sphere. The Integrated Work Plan is designed to support intra- and inter-governmental coordination, collaboration and coherence within the Western Cape. Annual implementation plans, considering the economic, policy and planning context, will continue to be developed over the 2019 MTEF and will consider mechanisms to further enhance the key processes, structures and engagements to drive joint planning and implementation for service delivery impact between and within the spheres of government.

*Driving joint planning, budgeting and implementation for greater service delivery impact*

The Whole of Society Approach (WoSA) underpins the implementation of the planning and budgeting approach. The WoSA is an approach for government and non-government agencies to render integrated services that optimally meet the needs of citizens, and restores confidence and trust in these agencies. The WoSA has since December 2017, been implemented and tested in four prioritised learning sites namely Saldanha, Drakenstein, Manenberg/Hanover Park and Khayelitsha.

Over the 2019 MTEF, the five-year WoSA approach will be developed and implemented. The five-year approach will focus on full institutionalisation of a three-tiered WoSA design process in the four learning sites, with possible expansion to additional sites, expansion of WoSA learnings to other geographic areas and the expansion of WoSA to transversal governance processes and thematic approaches.

### **Strengthening the local government interface**

*Support and strengthen capacity of municipalities in fulfilling their developmental mandates*

The Department of Local Government is allocated R982.065 million over the 2019 MTEF to support and strengthen the capacity of municipalities in fulfilling their developmental mandates. This support includes facilitating service delivery and disaster resilience through engagement with the spheres of government and social partners. By positioning itself as the “Gateway to Local Government” and through various platforms, the Department of Local Government aims to ensure improved coordination between the national and provincial spheres of government and municipalities to enable them to deliver on their mandate and to maximise citizen impact, particularly in the local government space.

The implementation of the Western Cape Government's integrated policy, planning, budgeting and implementation cycle, has enabled the identification of municipal priorities and challenges during the strategic and technical municipal engagements. The key themes that emerged from these engagements have resulted in the formulation of the following priorities over the 2019 MTEF:

- Citizen Interface - This includes citizens participating in decisions or actions affecting them by improving public participation in municipalities;
- Institutional Governance - Support to be provided to municipalities includes the development and implementation of an accredited life-skills and academic programmes; training councillors on the Code of Conduct and Rules of Order; promoting the enforcement of the Code of Conduct for Councillors; and municipal officials could face disciplinary proceedings due to enabling political interference. Over the 2019 MTEF, an additional amount of R29.864 million has been allocated to both the Provincial Treasury and the Department of Local Government towards strengthening support interventions in municipalities to enhance municipal oversight and governance;

- Infrastructure Management – Maximum benefit derived from the investment in municipal infrastructure is negatively impacted by challenges, which include: the misalignment of infrastructure planning and coordination across the spheres of government; ageing infrastructure and the lack of maintenance; and reduced allocations of capital infrastructure stemming from national and provincial government due to the bleak economic outlook; and
- Disaster Risk Management - It has become increasingly necessary for the Western Cape Government to plan and implement solutions in response to a range of climate change hazards and risks, which could impact the wellbeing of citizens, the economy and infrastructure. The financial effects of disasters can be devastating due to unexpected disruptions from disasters such as storms, flooding, fires and drought. The development of resilient strategies is required to respond to increased disaster risks. An additional amount of R15.789 million has been allocated over the 2019 MTEF towards disaster prevention interventions which includes enhancing disaster risk reduction in the Province and supporting municipalities to be prepared for potential disaster risks imposed by hazards. An additional R29.278 million has also been made available over the 2019 MTEF to strengthen the fire and rescue services capability and to allow for improved disaster preparedness related to the increase in fire incidents experienced in the Province.

*An additional R15.789 million has been allocated towards disaster prevention interventions*

## Digital Government

The Centre for e-Innovation in the Department of the Premier is allocated R3.219 billion over the 2019 MTEF to enable service delivery through Information Communication Technology and to drive the e-Government agenda. The rapid pace of innovation and the 4<sup>th</sup> Industrial Revolution presents new opportunities for government. In response, the Digital Government Strategy developed by the Department of the Premier aims to coordinate provincial ICT initiatives towards optimising existing public services and creating new public services through the digital empowerment of residents and employees. Over the 2019 MTEF, the related Digital Transformation Plan will be developed and implemented. To further support the growing demand for Information and Communications Technology services, related infrastructure, Transversal Applications Systems and to ensure cyber security an additional R284.131 million is allocated over the 2019 MTEF.

*Optimising and transforming existing public services and creating new public services for the citizens*

*R1.358 billion allocated towards the implementation of the Broadband Strategy*

The Western Cape's Broadband Strategy and Implementation Plan is intended to leverage the full capacity of all relevant departments and aims to ensure that provincial and local government can harness the full benefits of having robust broadband infrastructure. R1.358 billion is allocated over the 2019 MTEF towards the implementation of the Broadband Strategy which includes the contribution towards eLearning. Phase 1 of the Broadband project has been completed and Phase 2 commenced in 2017 which will run for a 5-year period up until 2022. During the second phase the minimum network connectivity speeds at Government sites will be upgraded to 100mbps and will support the implementation of Local Area Networks in schools, which includes both full LAN's and slim LAN's.

The Department of Economic Development and Tourism has begun the delivery of the Digital Opportunities Implementation Framework. The focus is on digital adoption by businesses, global positioning, demand-stimulations within specialised sectors and digital skills development for citizens. Over the 2019 MTEF, eight key projects will be implemented, namely: Digital Business Toolkit initiative (also known as JUMP); Bandwidth Barn Khayelitsha; Global Positioning and Promotion; Specialised Incubation and 'Dash-tech' hubs and ecosystem support; the Interactive Community Access Nodes (I-CAN) Initiative - Elsie's River; I-CAN Play; Digital gaming; and the Last Mile Connectivity project.

### **Enhanced governance**

*Drive governance culture and embed governance principles*

Enhancing governance in the Western Cape Government is premised on continued improvement of corporate governance for improved service delivery. The Corporate Governance Framework and Maturity Model, developed jointly by the Department of the Premier and PSG 5 departments, will over the 2019 MTEF drive the governance culture, embed governance principles, and strengthen Departmental operations and service delivery models. The municipal Corporate Governance Framework was initiated by the Department of Local Government in the 2017/18 financial year, with the pilot implementation currently underway. Key outcomes will inform implementation over the 2019 MTEF. The framework is envisaged to provide clarity regarding governance-related components, principles and requirements to enable strong municipal governance and a robust system of internal control. Similarly, the development and implementation of the Financial Governance Capability Maturity Model at the municipal level is prioritised by the Provincial Treasury, with the focus on implementation, controls and standards going forward.

Good financial governance is a key objective of the Western Cape Government and emphasises the appropriate management of the economic and fiscal risks while embedding good governance. Over the 2019 MTEF, the Provincial Treasury is allocated R1.127 billion to drive good governance in the Province. To this end, the Provincial Treasury will continue to improve supply chain management, provide procurement support to departments and municipalities, and enhance financial governance practices. The review on the implementation of the Western Cape Infrastructure Delivery Management System (WCIDMS) will inform changes to the infrastructure delivery system in the Province to enable delivery of infrastructure budget allocations. Additional allocations to the Provincial Treasury over the 2019 MTEF include R14.932 million to assist in strengthening their support interventions in municipalities as per section 139 of the Constitution; R15 million to increase the technical capacity within infrastructure units for Infrastructure Development Improvement. A Good Governance Grant of R30 million is introduced in 2019/20 to reward performing municipalities and is intended as an incentive to strengthen Budget and Treasury Offices in municipalities.

*Enhance procurement policy planning to support departments and municipalities*

## **Improving government performance and delivery**

As part of the Western Cape Government's shift towards governance for results and the increased focus on evidence-based planning and budgeting, greater emphasis is placed on performance through evidence as well as improving the use and application of intelligence for service delivery improvement.

*Implementing Province-Wide Data Governance Programme – managing availability, usability, integrity and security of data assets*

Province-wide Data Governance (PWDG) includes the management of the availability, usability, integrity and security of data assets. The conceptualisation and design as well as the pre-implementation stages of PWDG has been concluded while a PWDG Master Programme Plan is in place for the implementation stage over the 2019 MTEF. A Data Competency Centre has been established to facilitate the collaboration and integrative ways of working towards implementing the Province-Wide Data Governance Programme with a focus on Data Quality Management, Master Data Management and the establishment of a Logical Data Warehouse. An additional R93.951 million has been allocated towards the implementation, resourcing and support services for PWDG over the 2019 MTEF.

To further drive government performance and maximise service delivery impact in the Western Cape Government, key lessons from the Delivery Support Unit will be applied over the 2019 MTEF. The Delivery Support Unit was established in 2016 and was premised on

applying the principles of Deliverology and Theory of Change to the six identified Game Changers. This approach focused on managing and monitoring the implementation of activities that have significant impact on outcomes. R5 million is allocated in 2019/20 towards the Delivery Support Unit to ensure the seamless transition of the Game Changers and related projects.

Evaluations provide an opportunity to make recommendations, improve programmes and policies as well as assess the outcomes of provincial priorities. The Western Cape Government is in its seventh year of institutionalising evaluations. To date fifty-two evaluations have been undertaken and six evaluations are currently planned for the 2019/20 financial year. Over the 2019 MTEF a particular focus will be placed on strengthening the linkage between the outcomes of evaluations to the planning and budgeting process with the aim of providing better evidence on the performance of key interventions towards greater service delivery impact for the citizen.

## The 2019 Provincial Budget in numbers

**Table 3.1 Summary of provincial payments and estimates by vote**

Outcome							Medium-term estimate			
							% Change from Revised estimate			
Provincial department	Audited	Audited	Audited	Main appro- priation	Adjusted appro- priation	Revised estimate				
R'000	2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	2019/20	2018/19	2020/21	2021/22
1. Department of the Premier	1 200 773	1 342 944	1 358 285	1 486 193	1 496 603	1 496 603	1 571 114	4.98	1 622 857	1 711 031
2. Provincial Parliament	116 126	120 745	130 536	143 874	143 874	143 874	159 094	10.58	164 680	173 034
3. Provincial Treasury	240 387	248 001	278 144	325 390	306 833	304 331	357 353	17.42	375 348	395 098
4. Community Safety	269 233	285 919	295 381	316 617	343 424	342 237	359 301	4.99	392 914	414 750
5. Education	17 637 342	19 301 177	20 566 836	22 193 312	22 149 780	22 149 780	23 669 089	6.86	25 027 730	26 554 097
6. Health	18 737 118	20 078 184	21 496 056	23 063 703	23 099 979	23 119 970	24 757 443	7.08	26 040 462	27 754 382
7. Social Development	1 892 072	1 959 993	2 104 117	2 241 664	2 246 792	2 246 792	2 464 379	9.68	2 628 489	2 778 793
8. Human Settlements	2 210 713	2 244 423	2 682 806	2 318 554	2 441 281	2 441 281	2 463 227	0.90	2 450 925	2 550 388
9. Environmental Affairs and Development Planning	502 648	537 950	546 028	604 621	585 536	585 536	639 689	9.25	644 554	658 303
10. Transport and Public Works	6 668 395	7 028 708	7 503 620	7 729 440	7 869 021	7 869 021	8 117 512	3.16	8 335 769	8 786 665
11. Agriculture	750 633	807 792	866 869	834 342	1 120 674	1 120 674	911 131	( 18.70)	981 498	1 041 841
12. Economic Development and Tourism	393 874	559 385	399 303	433 462	428 942	428 942	523 367	22.01	529 362	554 766
13. Cultural Affairs and Sport	685 544	723 373	721 011	760 734	739 202	739 202	820 305	10.97	857 918	907 168
14. Local Government	213 020	234 934	343 812	252 796	279 842	279 842	335 480	19.88	315 451	331 134
Total provincial payments and estimates by vote	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	67 148 484	6.13	70 367 957	74 611 450

## **Conclusion**

The 2019 Budget focuses on maintaining a sustainable fiscal path and managing key risks while giving effect to policy priorities. To this end, the spending plans of the Western Cape Government demonstrate the Province's commitment to delivering on core mandates and being responsive to citizen's needs by prioritising policy initiatives with the greatest potential of achieving maximum citizen impact. The 2019 Budget focuses on youth, jobs, safety, service delivery, infrastructure and good governance.





# 4

## Spatial distribution of provincial expenditure

### In summary

- More than two thirds of the Budget for the 2019/20 financial year will be spent in the Cape Metro, followed by the Cape Winelands District at 11.8 per cent and Garden Route at 8.6 per cent.
- The Social sector receives the largest share of the provincial spending totalling R54.534 billion in 2019/20, followed by the Economic sector at R9.923 billion and the Governance and Administration sector at R2.423 billion.
- Non-metropolitan municipalities will receive R1.431 billion (54.7 per cent) of the total transfers to municipalities in 2019/20.

### ■ Introduction

Communities across the Western Cape face a magnitude of economic and social challenges which, given competing priorities, cannot be fully addressed through government intervention. It is for this reason that the Western Cape Government ascribes to an evidenced-based approach towards planning and budgeting to ensure the fair, equitable and sustainable distribution of financial resources. In implementing the 2019 Budget, the Province will continue to seek joint solutions through partnering and integrated management approaches, inclusive of strengthening and further expansion of the WoSA sites. This Chapter provides a spatial and sectoral overview of how the Western Cape Government's 2019 Budget will be spent across the various regions of the Province. Expenditure will however not only be unpacked per district, but will also reflect provincial allocations to local municipalities.

## Provincial payments and estimates by metro, district and local municipalities

The total provincial expenditure increases by 6.1 per cent from the 2018/19 Revised Estimate of R63.268 billion to R67.148 billion in 2019/20. In the outer years of the 2019 MTEF, provincial expenditure increases year-on-year by 4.8 per cent to R70.368 billion in 2020/21 and by 6.0 per cent to R74.611 billion in 2021/22.

**Table 4.1 Provincial payments and estimates by district and local municipalities**

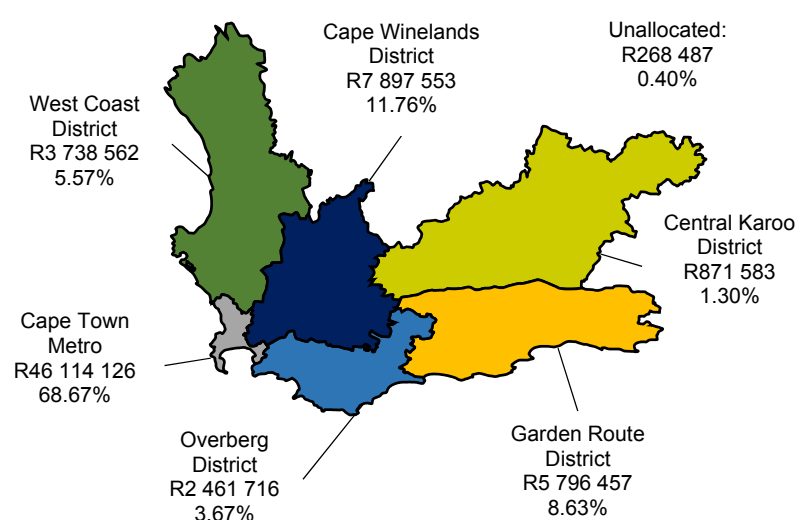
Municipalities R'000	Outcome						Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appropriation 2018/19	Adjusted appropriation 2018/19	Revised estimate 2018/19	% Change from Revised estimate 2018/19	2019/20	2020/21	2021/22
<b>Cape Town Metro</b>	35 555 681	37 941 012	41 183 214	42 751 929	43 180 767	43 099 155	<b>46 114 126</b>	7.00	48 802 519	51 741 101
<b>West Coast Municipalities</b>	2 968 304	3 216 518	3 242 327	3 491 564	3 531 187	3 495 757	<b>3 738 562</b>	6.95	3 593 948	3 813 659
Matzikama	326 299	349 946	312 925	361 557	359 236	359 403	<b>424 305</b>	18.06	434 215	461 476
Cederberg	318 876	377 356	411 968	457 334	437 840	446 164	<b>503 068</b>	12.75	464 504	493 946
Bergrivier	438 332	466 555	461 376	356 501	353 110	360 134	<b>411 226</b>	14.19	347 289	369 296
Saldanha Bay	629 375	654 094	769 166	848 482	833 428	838 082	<b>875 217</b>	4.43	797 361	842 202
Swartland	721 589	812 751	729 940	869 480	938 879	884 432	<b>855 858</b>	(3.23)	820 075	869 747
Across wards and municipal projects	533 833	555 816	556 952	598 210	608 694	607 542	<b>668 888</b>	10.10	730 504	776 992
<b>Cape Winelands Municipalities</b>	6 205 879	6 623 782	7 047 861	7 589 238	7 817 520	7 863 436	<b>7 897 553</b>	0.43	8 076 452	8 557 887
Witzenberg	530 923	584 733	653 083	729 752	719 722	748 012	<b>697 079</b>	(6.81)	710 843	755 731
Drakenstein	1 623 790	1 693 344	1 734 345	1 854 547	1 840 195	1 854 121	<b>2 046 741</b>	10.39	2 337 964	2 463 457
Stellenbosch	1 522 464	1 524 418	1 640 160	1 762 615	2 024 745	2 050 963	<b>1 776 410</b>	(13.39)	1 835 750	1 948 745
Breede Valley	1 358 494	1 495 485	1 573 666	1 658 842	1 631 489	1 627 107	<b>1 719 618</b>	5.69	1 742 003	1 850 989
Langeberg	602 439	762 734	924 397	968 049	905 301	904 109	<b>956 974</b>	5.85	729 505	775 588
Across wards and municipal projects	567 769	563 068	522 210	615 433	696 068	679 124	<b>700 731</b>	3.18	720 387	763 377
<b>Overberg Municipalities</b>	1 884 553	1 938 977	2 010 820	2 165 582	2 110 740	2 131 125	<b>2 461 716</b>	15.51	2 719 993	2 888 152
Theewaterskloof	711 873	641 198	727 659	765 418	776 122	771 670	<b>844 763</b>	9.47	834 404	886 419
Overstrand	498 705	469 292	487 194	509 197	513 184	516 688	<b>672 303</b>	30.12	883 286	937 362
Cape Agulhas	207 000	246 362	213 729	241 562	229 855	247 012	<b>277 972</b>	12.53	287 982	304 794
Swellendam	213 476	250 398	213 816	239 293	235 928	239 022	<b>262 576</b>	9.85	266 989	284 155
Across wards and municipal projects	253 499	331 727	368 422	410 112	355 651	356 733	<b>404 102</b>	13.28	447 332	475 422
<b>Garden Route Municipalities</b>	4 272 132	4 981 077	5 071 865	5 597 323	5 519 005	5 571 491	<b>5 796 457</b>	4.04	5 975 647	6 346 710
Kannaland	156 549	196 446	152 661	204 236	205 619	208 934	<b>184 160</b>	(11.86)	208 801	221 805
Hessequa	248 258	370 159	343 877	280 360	274 941	282 014	<b>319 836</b>	13.41	324 101	344 987
Mossel Bay	478 631	556 073	590 442	678 875	684 612	680 703	<b>818 370</b>	20.22	785 103	834 161
George	1 535 030	1 782 844	1 744 457	2 072 110	2 024 049	2 057 416	<b>2 086 199</b>	1.40	2 211 244	2 347 109
Oudtshoorn	603 967	714 066	836 635	830 910	820 540	821 865	<b>874 418</b>	6.39	900 104	956 357
Bitou	226 310	288 640	217 376	253 219	252 879	251 973	<b>243 728</b>	(3.27)	241 013	253 708
Knysna	413 451	435 176	488 148	514 085	512 734	518 589	<b>515 763</b>	(0.54)	501 650	534 524
Across wards and municipal projects	609 936	637 673	698 269	763 528	743 631	749 997	<b>753 983</b>	0.53	803 631	854 059
<b>Central Karoo Municipalities</b>	631 329	772 162	736 717	850 440	833 938	848 495	<b>871 583</b>	2.72	896 004	954 240
Laingsburg	55 490	88 677	65 415	72 301	75 610	76 943	<b>83 958</b>	9.12	66 257	70 485
Prince Albert	57 812	71 543	105 033	123 042	122 302	123 540	<b>87 640</b>	(29.06)	145 824	151 854
Beaufort West	371 948	426 663	424 739	505 397	483 103	498 835	<b>523 826</b>	5.01	523 716	560 219
Across wards and municipal projects	146 079	185 279	141 530	149 700	152 923	149 177	<b>176 159</b>	18.09	160 207	171 682
Unallocated				258 626	258 626	258 626	<b>268 487</b>	3.81	303 394	309 701
<b>Total provincial expenditure by district and local municipality</b>	<b>51 517 878</b>	<b>55 473 528</b>	<b>59 292 804</b>	<b>62 704 702</b>	<b>63 251 783</b>	<b>63 268 085</b>	<b>67 148 484</b>	<b>6.13</b>	<b>70 367 957</b>	<b>74 611 450</b>

Note: Unallocated not yet allocated to a specific district.

Figure 4.1 illustrates the spatial distribution of the 2019 Budget amongst the Cape Metro and the five districts. The distribution of the provincial expenditure across the different regions are amongst others determined by provincial priorities and the prevailing socio-economic conditions in each region. The Cape Metro is the economic center of the Province and home to 64.0 per cent of the Western Cape's population. The Western Cape Government will spend R46.115 billion or 68.7 per cent of the total provincial expenditure in the Cape Metro in 2019/20, which is on par with the previous financial year's distribution.

*R46.115 billion to be spent in the Cape Metro*

**Figure 4.1 Provincial payment percentages, Metro and Districts (R'000)**

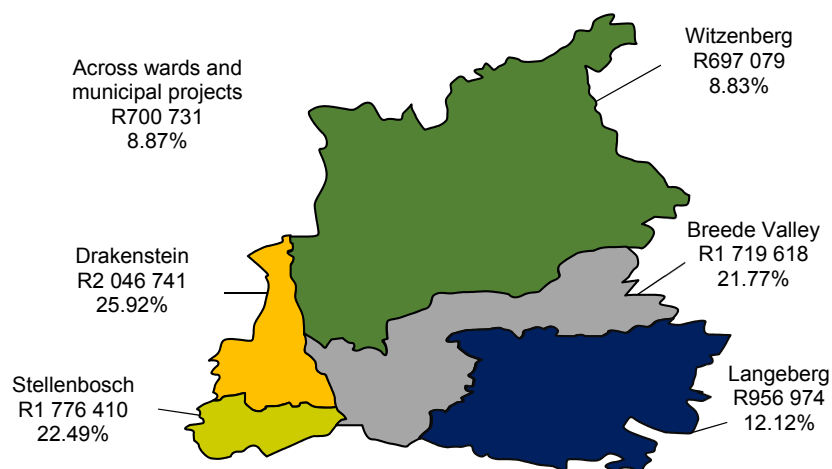


### Cape Winelands District

The Cape Winelands District is the second largest regional economy in the Province with 14.1 per cent of the Western Cape population residing within the District. R7.898 billion, or 11.8 per cent of the provincial expenditure budget, will be spent in the Cape Winelands District in 2019/20. As per Figure 4.2, Drakenstein Municipality, receives the largest share of the provincial expenditure in the Cape Winelands at 25.9 per cent, followed by Stellenbosch (22.5 per cent) and Breede Valley (21.8 per cent) in 2019/20.

*R7.898 billion to be spent in Cape Winelands District*

**Figure 4.2 Provincial payment percentages, Cape Winelands District (R'000)**

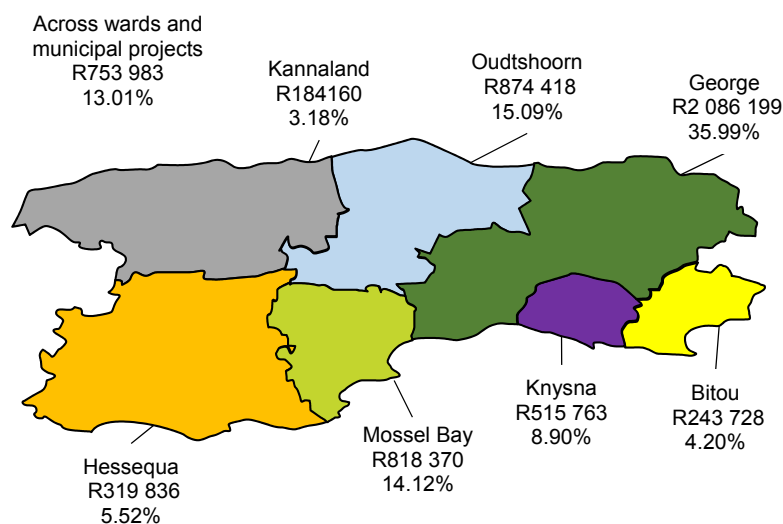


### Garden Route District

*R5.796 billion to be spent in Garden Route District*

The Garden Route District is an important economic hub in the southeast parts of the Western Cape. R5.796 billion or 8.6 per cent of the provincial budget will be spent in the Garden Route District in 2019/20. More than a third of Garden Route's provincial expenditure will occur in George, followed by Oudtshoorn and Mossel Bay at 15.1 per cent and 14.1 per cent respectively.

**Figure 4.3 Provincial payment percentages, Garden Route District (R'000)**

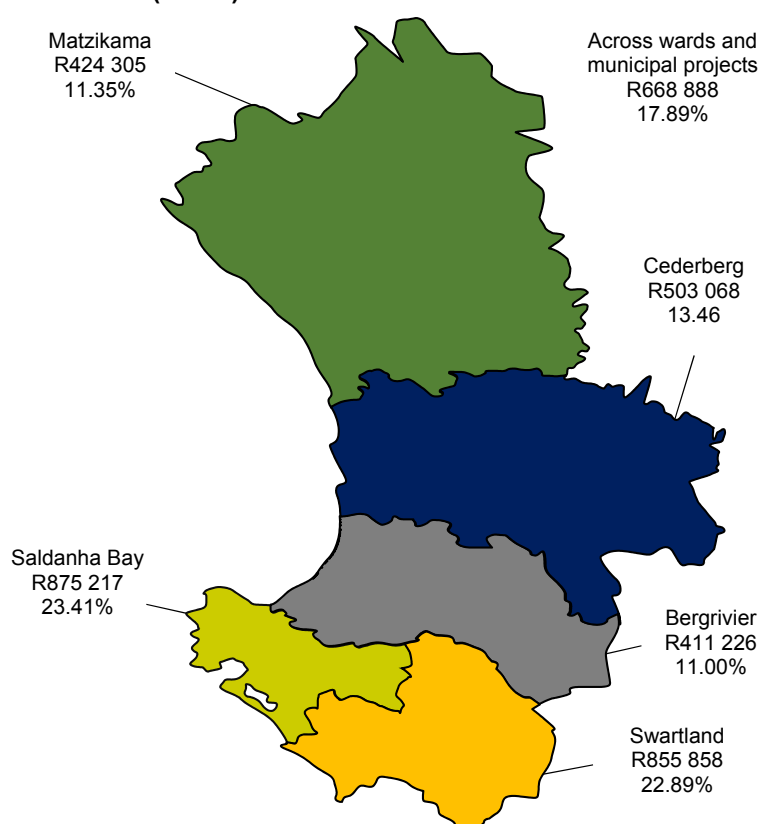


## West Coast District

As one of the smaller districts in terms of population size, R3.739 billion or 5.6 per cent of the provincial expenditure will be directed to the West Coast District. Saldanha Bay's share (23.4 per cent) of the provincial expenditure within the West Coast District marginally exceeds Swartland's share (22.9 per cent). Collectively, the northern municipal jurisdictions which are Bergrivier, Cederberg and Matzikama will receive 35.8 per cent of the West Coast's provincial spending.

*R3.739 billion to be spent  
in West Coast District*

**Figure 4.4 Provincial payment percentages, West Coast District (R'000)**

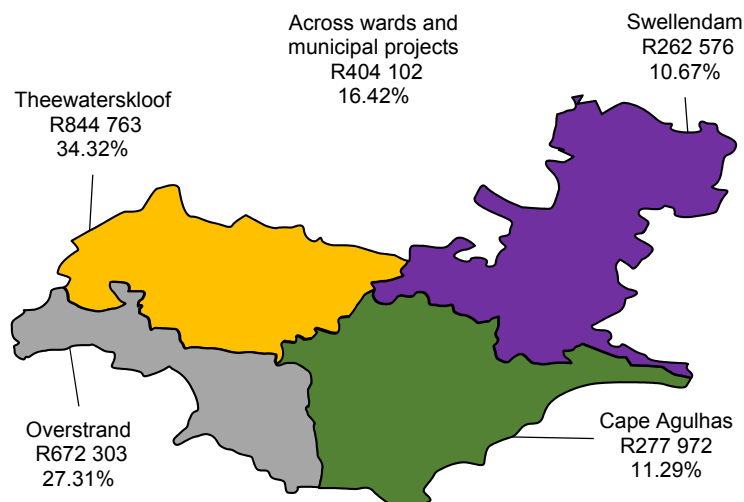


## Overberg District

The Western Cape Government will spend R2.462 billion or 3.7 per cent of the 2019/20 provincial budget in the Overberg District. The total provincial spending in the Overberg District increases by 15.5 per cent from R2.131 billion in the 2018/19 Revised Estimate - the highest rate of increase across the regions over this period. As per Figure 4.5, Theewaterskloof (34.3 per cent) and Overstrand (27.3 per cent) receive the largest allocations in the Overberg District. Overstrand's allocation increases by 30.1 per cent from R516.688 million in the 2018/19 Revised Estimate to R672.303 million in 2019/20 mainly due to increased human settlements expenditure.

*R2.462 billion to be spent  
in Overberg District*

**Figure 4.5 Provincial payment percentages, Overberg District (R'000)**

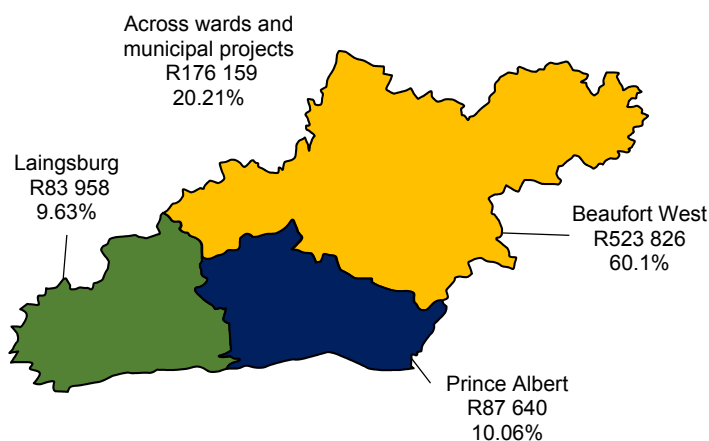


### Central Karoo District

*R871.583 million to be spent in Central Karoo District*

R871.583 million or 1.3 per cent of the total provincial budget will be spent in the Central Karoo District. With Beaufort West being the largest town in the region, both in terms of its economic and demographic profile, it is allocated 60.1 per cent of the regional distribution, followed by Prince Albert (10.1 per cent) and Laingsburg (9.6 per cent).

**Figure 4.6 Provincial payment percentages, Central Karoo District (R'000)**



## ■ Provincial payments and estimates per sector by district and local municipalities

Table 4.2 provides a breakdown of provincial spending according to the three functional government sectors, i.e. the Economic, Social, Governance and Administration sectors. The Social sector, which includes the Departments of Health, Education, Social Development, Cultural Affairs and Sport, and Community Safety, account for 81.2 per cent of total expenditure, followed by the Economic sector (Departments of Economic Development and Tourism, Agriculture, Transport and Public Work, Human Settlements, and Environmental Affairs and Development Planning) at 14.8 per cent and the Governance and Administration sector (Provincial Parliament, Departments of the Premier, Local Government, and the Provincial Treasury) at 3.6 per cent.

The Social sector will continue to receive the bulk of the provincial spending to enhance education, health and related social outcomes. Social sector expenditure in the Overberg District increases by 9.7 per cent from R1.825 billion in the 2018/19 Revised Estimate to R2.002 billion in 2019/20, while the Central Karoo's expenditure increases by 5.5 per cent from R632.722 million in the 2018/19 Revised Estimate to R667.519 million in 2019/20.

*Largest share of the budget continues to be spent in the Social sector*

The Economic sector is represented by departments responsible for the promotion of economic growth and increased employment, underpinned by an Infrastructure-led growth strategy. R9.923 billion or 14.8 per cent of the provincial budget in 2019/20 is directed toward this sector. This allocation excludes investment in Human Settlements and other enabling infrastructure.

The main goal of the Governance and Administration sector is to enable departments to deliver and create public value, advance sound governance, integration, partnerships, spatial targeting, active citizenry and enable a capable state. The sector is allocated R2.423 billion or 3.6 per cent of the provincial budget in 2019/20. The allocation to this sector increases by 8.9 per cent from R2.224 billion in the 2018/19 Revised Estimate to R2.423 billion in 2019/20.

**Table 4.2 Summary of provincial payments and estimates per sector by district and local municipality**

Cluster estimates R'000	Outcome						Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- piation 2018/19	Adjusted appro- piation 2018/19	Revised estimate 2018/19	% Change from Revised estimate			
							2019/20	2018/19	2020/21	2021/22
<b>Economic Sector</b>	8 315 550	8 933 835	9 315 820	9 343 239	9 745 547	9 745 547	<b>9 923 212</b>	1.82	10 189 506	10 733 667
Cape Town Metro	4 629 880	4 885 593	5 572 270	5 193 930	5 372 020	5 372 085	<b>5 895 193</b>	9.74	6 222 275	6 573 954
West Coast District	823 237	886 592	765 623	808 394	810 605	810 605	<b>819 168</b>	1.06	554 252	577 459
Cape Winelands District	1 611 528	1 650 509	1 659 553	1 805 951	2 076 174	2 076 174	<b>1 679 812</b>	(19.09)	1 684 302	1 763 297
Overberg District	442 413	390 824	284 632	342 035	295 949	295 949	<b>446 990</b>	51.04	656 705	691 941
Garden Route District	719 275	942 583	886 183	990 795	988 120	988 055	<b>921 305</b>	(6.76)	899 138	947 054
Central Karoo	89 217	177 734	147 559	202 134	202 679	202 679	<b>160 744</b>	(20.69)	172 834	179 962
<b>Social Sector</b>	41 432 022	44 593 069	47 866 207	50 894 584	51 020 458	51 039 262	<b>54 533 744</b>	6.85	57 396 721	60 957 785
Cape Town Metro	29 222 309	31 182 381	33 597 421	35 427 784	35 660 161	35 615 503	<b>37 935 182</b>	6.51	40 199 354	42 669 127
West Coast District	2 137 407	2 320 710	2 463 131	2 673 890	2 710 957	2 673 598	<b>2 906 861</b>	8.72	3 025 701	3 219 168
Cape Winelands District	4 555 126	4 933 151	5 340 296	5 738 829	5 696 905	5 742 071	<b>6 166 723</b>	7.40	6 340 513	6 739 371
Overberg District	1 436 738	1 541 547	1 716 481	1 816 947	1 808 254	1 824 670	<b>2 001 857</b>	9.71	2 053 831	2 185 093
Garden Route District	3 544 633	4 028 456	4 170 900	4 596 418	4 520 374	4 550 698	<b>4 855 602</b>	6.70	5 063 100	5 384 318
Central Karoo	535 809	586 824	577 978	640 716	623 807	632 722	<b>667 519</b>	5.50	714 222	760 708
<b>Governance and Administration Sector</b>	1 770 306	1 946 624	2 110 777	2 208 253	2 227 152	2 224 650	<b>2 423 041</b>	8.92	2 478 336	2 610 297
Cape Town Metro	1 703 492	1 873 038	2 013 523	2 130 215	2 148 586	2 111 567	<b>2 283 751</b>	8.15	2 380 890	2 498 020
West Coast District	7 660	9 216	13 573	9 280	9 625	11 554	<b>12 533</b>	8.47	13 995	17 032
Cape Winelands District	39 225	40 122	48 012	44 458	44 441	45 191	<b>51 018</b>	12.89	51 637	55 219
Overberg District	5 402	6 606	9 707	6 600	6 537	10 506	<b>12 869</b>	22.49	9 457	11 118
Garden Route District	8 224	10 038	14 782	10 110	10 511	32 738	<b>19 550</b>	(40.28)	13 409	15 338
Central Karoo	6 303	7 604	11 180	7 590	7 452	13 094	<b>43 320</b>	230.84	8 948	13 570
<b>Unallocated</b>				258 626	258 626	258 626	<b>268 487</b>	3.81	303 394	309 701
<b>Total payments and estimates per sector</b>	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	<b>67 148 484</b>	6.13	70 367 957	74 611 450

Note: Unallocated not yet allocated to a specific district.

## Provincial transfers to local government

The Municipal Finance Management Act (MFMA), 2003 regulates that the Member of the Executive Council for Finance, when tabling the provincial budget in the Provincial Legislature, must make public any allocations made to municipalities i.e. the estimated amounts to be transferred to each municipality over the 2019 Medium Term Revenue and Expenditure Framework.

The provincial allocations per municipality are outlined in the Local Government Allocations Gazette, which is tabled together with the 2019 Budget, in the Provincial Parliament. The Gazette outlines the indicative allocations per municipality for every allocation to be made from the Province's own funds as well as the frameworks for each grant over the 2019 MTEF period, in both the provincial and municipal financial years. This information enables municipalities to improve planning and budgeting and implement associated programmes over a three-year budgeting cycle.



**Table 4.3 Summary of provincial transfers to local government by category**

Vote transfers R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				% Change from Revised estimate 2018/19	2019/20	2020/21	2021/22
Category A	1 256 815	1 299 708	1 060 728	1 020 469	1 064 007	1 064 007	4.39	1 110 671	1 357 265	1 338 658
Category B	1 127 442	1 249 652	1 308 295	1 384 327	1 524 198	1 531 416	( 7.31)	1 419 507	1 439 809	1 323 151
Category C	44 232	11 453	16 047	9 863	30 735	30 739	( 61.31)	11 892	12 193	15 977
Unallocated				36 022				74 052	114 327	108 254
<b>Total departmental transfers to local government</b>	<b>2 428 489</b>	<b>2 560 813</b>	<b>2 385 070</b>	<b>2 450 681</b>	<b>2 618 940</b>	<b>2 626 162</b>	<b>( 0.38)</b>	<b>2 616 122</b>	<b>2 923 594</b>	<b>2 786 040</b>

Note: Unallocated not yet allocated to a specific district.

The total provincial transfers to municipalities amounts to R2.616 billion in 2019/20, which includes an amount of R74.052 million to be allocated later in the 2019/20 financial year. Total provincial transfers to municipalities are projected to increase by 11.8 per cent from R2.616 billion in 2019/20 to R2.924 billion in 2020/21 before decreasing by 4.7 per cent to R2.786 billion in 2021/22.

*Transfers to municipalities amount to R2.616 billion in 2019/20*

In 2019/20, the allocation towards the Category A municipality, i.e. the Cape Town Metro increases by 4.4 per cent to R1.111 billion from the 2018/19 Revised Estimate of R1.064 billion. The allocation to Category B municipalities decreases by 7.3 per cent from the 2018/19 Revised Estimate of R1.531 billion to R1.420 billion in 2019/20. The allocation to Category C municipalities decreases by 61.3 per cent from the 2018/19 Revised Estimate of R30.739 million to R11.892 million in 2019/20.

A small portion (2.83 per cent) of the transfers to local government is unallocated mainly for municipal support initiatives by the Provincial Treasury and for drought related initiatives by the Department of Local Government. These allocations will be determined during the 2019/20 financial year and appropriated during the 2019 Adjusted Estimates following the conclusion of various governance and budget engagements that will inform the need for various support initiatives in municipalities.

In terms of the spread between the different categories of municipalities, the bulk of these funds in 2019/20 will be transferred to local municipalities (54.3 per cent), followed by the Cape Metro (42.5 per cent) and the remaining 0.5 per cent to Category C municipalities.

## **Conclusion**

The 2019 Budget demonstrates the spatial outcome of a carefully thought through integrated planning and budgeting process and responds to the geographic and population dynamics in the Western Cape. Through the ongoing commitment towards evidence-based and responsive budgeting, funds are channeled via municipalities to support communities in the need of social redress (access to basic services and poverty alleviation). The process is supported with key infrastructure initiatives as a catalyst for growth, enhanced municipal sustainability, good governance and institutional stability.

# 5

## Budget aggregates

### In summary

- Total provincial payments and provisions in 2019/20 amounts R68.338 billion. Total provincial receipts comprise of PES amounting to R51.291 billion, conditional grants amounting to R12.809 billion, financing amounting to R1.297 billion, and provincial own receipts amounting to R2.942 billion.
- Provincial payments in 2019/20 includes current payments amounting to R51.427 billion, transfers and subsidies amounting to R10.451 billion, payments for capital assets amounting to R5.263 billion, and payments for financial assets amounting to R6.655 million.
- Compensation of employees is the largest provincial expenditure item in 2019/20 at R36.847 billion. The personnel budget upper limits over the 2019 MTEF aims to improve personnel management.

### ■ Introduction

The Western Cape Government continues to refine and implement its Fiscal Strategy and related fiscal and budget policy principles established in the 2016 MTEF Provincial Budget. The total provincial payments and provisions for the Western Cape amounts to R68.338 billion in 2019/20. The application of these principles guided the careful consideration of the fiscal framework and aggregate budget allocations. This chapter outlines the provincial receipts by source, provincial reserves and aggregate expenditure by economic classification over the 2019 MTEF.

## Budget summary

Transfer receipts from national, which includes Provincial Equitable Share and Conditional Grants, increases at an annual average rate of 6.9 per cent, from R59.752 billion in the 2018/19 Revised Estimate to R73.001 billion in 2021/22. However, Provincial own receipts decreases at an annual average rate of 0.1 per cent from R3.180 billion in the 2018/19 Revised Estimate, to R3.156 billion in 2021/22.

*Provincial expenditure amounts to R67.148 billion in 2019/20*

Provincial payments increases by 6.1 per cent from R63.268 billion in the 2018/19 Revised Estimate to R67.148 billion in 2019/20. Current payments make up the biggest share of Provincial payments (76.6 per cent), followed by Transfers and subsidies (15.6 per cent), Payments for capital assets (7.8 per cent) and Payments for financial assets (0.01 per cent).

**Table 5.1 Provincial receipts and payments**

Outcome							Medium-term estimate			
	Audited	Audited	Audited	Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
R'000	2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	2019/20	2018/19	2020/21	2021/22
Provincial receipts										
Transfer receipts from national	49 114 607	51 953 544	56 200 292	59 351 155	59 752 298	59 752 298	64 099 177	7.27	68 267 599	73 001 175
Equitable share	38 579 593	41 062 437	44 470 213	47 447 464	47 447 464	47 447 464	51 290 593	8.10	55 277 754	59 115 467
Conditional grants	10 535 014	10 891 107	11 730 079	11 903 691	12 304 834	12 304 834	12 808 584	4.09	12 989 845	13 885 708
Financing	883 534	1 966 165	1 956 157	1 301 154	1 760 566	1 760 566	1 297 133	( 26.32)	939 776	357 918
Asset Finance Reserve	290 389	436 250	663 852	310 159	354 049	354 049	674 791	90.59	645 931	334 555
Provincial Revenue Fund	593 145	1 529 915	1 292 305	990 995	1 406 517	1 406 517	622 342	( 55.75)	293 845	23 363
Provincial own receipts	2 876 452	3 063 230	3 127 108	3 022 966	2 967 069	3 180 442	2 941 761	( 7.50)	3 017 861	3 156 107
Total provincial receipts										
	52 874 593	56 982 939	61 283 557	63 675 275	64 479 933	64 693 306	68 338 071	5.63	72 225 236	76 515 200
Provincial payments and provisions										
Provincial payments	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	67 148 484	6.13	70 367 957	74 611 450
Current payments	38 083 283	41 422 271	44 539 832	47 852 712	47 897 084	47 807 197	51 427 207	7.57	54 175 584	57 590 477
Transfers and subsidies	8 397 539	9 113 405	9 908 927	9 919 649	10 252 904	10 241 866	10 451 325	2.05	10 844 368	11 442 541
Payments for capital assets	5 021 099	4 916 382	4 807 101	4 925 991	5 088 509	5 199 331	5 263 297	1.23	5 340 995	5 571 058
Payments for financial assets	15 957	21 470	36 944	6 350	13 286	19 691	6 655	( 66.20)	7 010	7 374
Provincial provisions	35 639	36 663	37 430	970 573	908 106	908 106	1 189 587	31.00	1 857 279	1 903 750
Direct charge	35 639	36 663	37 430	43 497	43 497	43 497	43 000	( 1.14)	45 357	47 997
Unforeseen and unavoidable				187 148	157 148	157 148	232 628	48.03	208 498	219 965
Service Load Pressures				362 065	362 065	362 065	502 788	38.87	500 780	528 322
Fiscal Stabilisation				328 863	328 863	328 863	361 171	9.82	381 199	402 163
Acquisition of Property Reserve				49 000	16 533	16 533	50 000	202.43	52 750	55 652
ICS Reserve									668 695	649 651
Total provincial payments and provisions										
	51 553 517	55 510 191	59 330 234	63 675 275	64 159 889	64 176 191	68 338 071	6.49	72 225 236	76 515 200
Surplus (Deficit)										
	1 321 076	1 472 748	1 953 323	-	320 044	517 115	-	( 100.00)	-	-

## Provincial revenue

### Provincial equitable share

The Provincial Equitable Share is the main source of revenue through which provinces are able to meet their expenditure responsibilities and contributes, on average, 76.3 per cent of the total Western Cape Budget revenue over the 2019 MTEF. Funding received through the equitable share formula is driven using objective and verifiable data to reflect the demand for services across all nine provinces. To ensure that the formula remains responsive to population shifts across provinces, which are used as a proxy for the relative demand for public services, the six components of the formula are updated on an annual basis with the latest available data. Table 5.2 below provides a summary of the component data used in determining the provincial equitable share.

*Provincial Equitable Share contributes 76.3 per cent of the total Budget revenue over 2019 MTEF*

**Table 5.2 Summary of Provincial Equitable Share component data used**

PES component	Key determinants or variables	Data source
<b>Education (48%)</b>	School age cohort	5 - 17 years from 2018 Mid-year Population Estimates
	School enrolment data	2018 preliminary data from LURITS
<b>Health (27%)</b>	Risk-adjusted capitation index and output data from public hospitals	2018 Mid-year Population Estimates Medical aid insured population data based on the 2017 General Household Survey Patient load data from the District Health Information Services (combination of average number of visits to primary healthcare clinics and patient-day equivalents from public hospitals for 2016/17 and 2017/18)
<b>Poverty (3%)</b>	Weighted share of poorest 40 per cent of South African households	2018 Mid-year Population Estimates 2010/11 Income and Expenditure Survey
<b>Economic activity (1%)</b>	Share of Regional Gross Domestic Product	GDPR 2016
<b>Basic (16%)</b>	Provincial Share of Population	2018 Mid-year Population Estimates
<b>Institutional (5%)</b>	Fixed costs of running a provincial government not related to a province's population	Distributed equally and not based on population numbers

The 2018 MTEF saw the introduction of the Learner Unit Record Information Tracking System (LURITS), used to provide the information on school enrolment. The education age-cohort sub-component sees the replacement of Census data 2011 with the 2018 Mid-Year Population Estimates, which will enable the use of a frequently updated dataset unlike the Census, which is only updated every 10 years. As was the approach adopted in 2018, with regard to the use of a new data set for school enrolment numbers, the shift to the use of Mid-Year Population Estimates for the age cohort has necessitated the use of a three-year phasing-in. The National Cabinet and the Budget Council agreed that this phase-in

will enable a gradual path to the recalibration of the equitable share formula to provinces.

*Total adjustments to Provincial Equitable Share amount R219.018 million over 2019 MTEF*

In addition to data updates, a number of policy changes impact on the Provincial Equitable Share. Over the 2019 MTEF, adjustments to the Provincial Equitable Share are made to accommodate conditional grant conversions and new policy priorities amounting to R219.018 million.

The Social Development sector sees the phasing out of a number of conditional grants into the Provincial Equitable Share from 2019/20. These include the Social Worker Employment Grant and the Substance Abuse Treatment Grant. As from 2020/21, additional funding amounting to R28.301 million over the 2019 MTEF, is allocated through the Provincial Equitable Share to enable provinces to manage the Provincial Food Distribution Centres and the Community Nutrition Development Centres currently managed by the national Department of Social Development.

*The Sanitary Dignity Project aims to ensure that access to education is not disrupted*

The Sanitary Dignity Project is aimed at providing improved access to menstrual products to schoolgirls from grade 4 upwards in the poorest schools (quintiles 1 - 3), so as to help ensure that their access to education is not disrupted. An amount of R12.551 million is provided in 2019/20 for this project. The Western Cape Department of Social Development receives R63.773 million over the 2019 MTEF towards piloting the Sanitary Dignity projects, which comprises of the national funding amounting to R12.551 million and R51.222 million provincial funding. This pilot will be roll-out in conjunction with the Western Cape Education Department and the Departments of Agriculture and Health to establish the implementation strategy for the Sanitary Dignity Project in the Province.

Additional funding in 2021/22 amounting to R102.177 million is provided to accommodate medical interns. This is to provide for an estimated expansion of 40 per cent in the intern cohort, largely as a result of South African students returning from medical training in Cuba. Furthermore, this funding provision is also to accommodate greater intern and registrar absorption.

An amount of R29.864 million is provided over the 2019 MTEF to strengthen the role that provinces play in providing support to municipalities.

The effectiveness of the delivery of infrastructure is enhanced through additional funding amounting to R15 million over the 2019 MTEF for Provincial Treasuries to assist with increased technical capacity within their infrastructure units.

Savings brought about by the salary freeze on public office bearers amounts to R13.521 million. These savings resulted in a reduction to the equitable share and are in line with fiscal consolidation efforts introduced by the National Treasury to improve the sustainability of the 2019 MTEF Budget.

## Conditional grants

Given the weaker than expected economic and fiscal environment, fiscal consolidation measures have been implemented by national government to ensure a sustainable fiscal framework. To protect frontline services funded by the Provincial Equitable Share, the bulk of the reduction to provincial transfers is borne by the Human Settlements Development Grant, which nationally has a poor performance record. Table 5.3 provides a summary of conditional grants by sector for the 2019 MTEF period. Over the 2019 MTEF, the Province is projected to receive R39.684 billion in total conditional grant transfers, with R12.809 billion in 2019/20, R12.990 billion in 2020/21 and R13.886 billion in 2021/22.

*WC receives  
R39.684 billion in  
conditional grant transfers  
over 2019 MTEF*

**Table 5.3 Western Cape conditional grant allocations over the 2019 MTEF**

Vote and grant R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>Vote 4: Community Safety</b>	1 000	3 144	3 328	7 957	7 957	7 957	<b>3 920</b>		
Social Sector EPWP Incentive Grant for Provinces	1 000	3 144	3 328	7 957	7 957	7 957	<b>3 920</b>		
<b>Vote 5: Education</b>	1 463 974	1 463 927	1 556 193	1 489 816	1 517 457	1 517 457	<b>1 596 533</b>	<b>1 526 807</b>	<b>1 633 826</b>
Education Infrastructure Grant	1 094 992	1 079 173	1 149 111	1 021 076	1 046 905	1 046 905	<b>1 109 331</b>	1 031 186	1 110 902
Maths, Science and Technology Grant	26 535	27 841	30 217	32 583	32 583	32 583	<b>34 416</b>	36 856	38 927
HIV and AIDS (Life Skills Education) Grant	19 631	18 717	17 710	20 704	22 043	22 043	<b>21 800</b>	22 878	24 136
Learners with Profound Intellectual Disabilities Grant			11 401	25 733	26 206	26 206	<b>26 198</b>	29 499	31 122
National School Nutrition Programme Grant	299 400	316 999	337 363	357 097	357 097	357 097	<b>385 202</b>	406 388	428 739
Social Sector EPWP Incentive Grant for Provinces	4 746	18 677	8 242	30 402	30 402	30 402	<b>17 101</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 818	2 520	2 149	2 221	2 221	2 221	<b>2 485</b>		
Occupational Specific Dispensation for Education Sector Therapists Grant	15 852								
<b>Vote 6: Health</b>	5 001 687	5 244 906	5 447 079	5 857 987	5 896 384	5 896 384	<b>6 497 650</b>	6 747 265	7 286 538
National Tertiary Services Grant	2 594 901	2 706 888	2 876 410	3 049 284	3 049 284	3 049 284	<b>3 221 651</b>	3 437 406	3 626 463
Health Facility Revitalisation Grant	762 671	733 366	567 389	678 829	717 226	717 226	<b>812 626</b>	640 033	690 199
Health Professions Training and Development Grant	489 689	510 716	542 700	574 177	574 177	574 177	<b>606 334</b>	639 682	674 865
National Health Insurance Grant	12 114	20 675							
Comprehensive HIV, AIDS and TB Grant	1 138 480	1 267 206	1 454 773	1 531 535	1 531 535	1 531 535	<b>1 685 517</b>	1 864 096	2 118 533
<i>of which:</i>									
Community Outreach Services Component				96 769	96 769	96 769	<b>112 766</b>	119 081	194 146
Comprehensive HIV, AIDS Component							<b>1 509 757</b>	1 678 557	1 854 273
Tuberculosis Component							<b>62 994</b>	66 458	70 114
Human Papillomavirus Vaccine Grant				19 599	19 599	19 599	<b>20 697</b>	21 835	23 036
Human Resources Capacitation Grant							<b>135 284</b>	144 213	153 442
Social Sector EPWP Incentive Grant for Provinces	996	3 731	3 334	2 447	2 447	2 447	<b>13 495</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 836	2 324	2 473	2 116	2 116	2 116	<b>2 046</b>		

Vote and grant R'000	Outcome			Main appropriation 2018/19	Adjusted appropriation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>Vote 7: Social Development</b>	1 866	9 916	44 437	53 345	53 345	53 345	<b>40 479</b>	43 191	45 567
Early Childhood Development Grant			18 770	38 893	38 893	38 893	<b>40 479</b>	43 191	45 567
<i>Subsidy Component</i>			18 198	30 925	30 925	30 925	<b>32 655</b>	34 841	36 757
<i>Maintenance Component</i>			572	7 968	7 968	7 968	<b>7 824</b>	8 350	8 810
Social Worker Employment Grant			9 729	12 967	12 967	12 967			
Social Sector EPWP Incentive Grant for Provinces	1 866	9 916	15 938	1 485	1 485	1 485			
<b>Vote 8: Human Settlements</b>	1 978 612	2 004 237	2 330 132	2 072 151	2 156 051	2 156 051	<b>2 141 006</b>	2 152 003	2 233 871
Human Settlements Development Grant	1 975 122	2 000 811	2 326 758	2 018 776	2 018 903	2 018 903	<b>2 073 610</b>	1 729 455	1 725 616
Expanded Public Works Programme Integrated Grant for Provinces	3 490	3 426	3 374	3 014	3 014	3 014	<b>2 986</b>		
Title Deeds Restoration Grant				50 361	50 361	50 361	<b>64 410</b>	67 952	
Provincial Emergency Housing Grant					83 773	83 773			
Informal Settlements Upgrading Partnership Grant for Provinces								354 596	508 255
<b>Vote 9: Environmental Affairs and Development Planning</b>	2 959	3 815	4 385	3 991	3 991	3 991	<b>3 717</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 959	3 815	4 385	3 991	3 991	3 991	<b>3 717</b>		
<b>Vote 10: Transport and Public Works</b>	1 665 057	1 716 320	1 879 462	1 972 824	1 972 824	1 972 824	<b>2 058 702</b>	2 033 244	2 165 928
Provincial Roads Maintenance Grant	858 962	830 729	940 089	1 007 414	1 007 414	1 007 414	<b>1 040 051</b>	959 648	1 033 284
Expanded Public Works Programme Integrated Grant for Provinces	9 515	14 691	16 452	12 586	12 586	12 586	<b>12 469</b>		
Public Transport Operations Grant	796 580	870 900	922 921	952 824	952 824	952 824	<b>1 006 182</b>	1 073 596	1 132 644
<b>Vote 11: Agriculture</b>	202 594	220 966	236 363	207 543	458 748	458 748	<b>216 373</b>	231 265	248 807
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3 933	4 106	4 380	4 778	46 678	46 678	<b>5 255</b>	5 545	5 851
Comprehensive Agricultural Support Programme (CASP) Grant	147 054	164 199	134 572	144 949	316 254	316 254	<b>150 261</b>	163 708	177 161
Disaster Management Grant: Agriculture			40 000		38 000	38 000			
Ilima/Letsema Projects Grant	49 607	50 593	55 349	55 662	55 662	55 662	<b>58 779</b>	62 012	65 795
Expanded Public Works Programme Integrated Grant for Provinces	2 000	2 068	2 062	2 154	2 154	2 154	<b>2 078</b>		
<b>Vote 13: Cultural Affairs and Sport</b>	217 265	223 876	228 700	238 077	238 077	238 077	<b>250 204</b>	256 070	271 171
Mass Participation and Sport Development Grant	55 186	52 889	52 702	52 843	52 843	52 843	<b>56 064</b>	59 044	62 205
Community Library Services Grant	158 469	164 162	171 264	176 624	176 624	176 624	<b>186 763</b>	197 026	208 966
Expanded Public Works Programme Integrated Grant for Provinces	2 223	2 771	3 238	3 054	3 054	3 054	<b>2 909</b>		
Social Sector EPWP Incentive Grant for Provinces	1 387	4 054	1 496	5 556	5 556	5 556	<b>4 468</b>		
<b>Total Conditional grants</b>	10 535 014	10 891 107	11 730 079	11 903 691	12 304 834	12 304 834	<b>12 808 584</b>	12 989 845	13 885 708

## Changes to conditional grants

Significant changes have been made to the funding of the Department of Social Development, which sees the absorption of the Social Worker Employment Grant into the Provincial Equitable Share. The Early Childhood Development Grant amounts to R129.237 million over the 2019 MTEF and is used to improve poor children's access to early childhood programmes and ensure that early childhood development centres have adequate infrastructure.



The provincial Department of Agriculture will receive R696.445 million over the 2019 MTEF. The majority of the funding, approximately 70 per cent of conditional grant funding for agricultural purposes, is for the Comprehensive Agricultural Support Programme Grant. This grant aims to support newly established and emerging farmers, particularly subsistence, smallholder and previously disadvantaged farmers through a range of projects including training, developing agri-processing infrastructure and directly supporting targeted farmers.

The Western Cape Department of Education is projected to receive R4.757 billion in conditional grants over the 2019 MTEF. The Education Infrastructure Grant, amounting to R3.251 billion over the MTEF, provides supplementary funding for ongoing infrastructure programmes. Included in the 2019/20 funding of R1.109 billion for this grant is an amount of R188.071 million as part of an incentive to the Western Cape being one of the provinces who had met certain prerequisites in their infrastructure planning processes.

*WC Education  
Department receives  
R4.757 billion in  
conditional grants over  
2019 MTEF*

Health conditional grants contribute an important share of the overall provincial funding for health services. Over the 2019 MTEF, conditional grants for the Department of Health amount to R20.531 billion. The National Tertiary Services Grant provides strategic funding to enable provinces to plan, modernise and transform tertiary hospital service delivery. The Western Cape, together with Gauteng, receives the largest shares of this grant as they provide the largest proportion of high-level sophisticated tertiary services. The Human Resources Capacitation Grant provides for the funding for the recruitment of critical staff at health facilities, for which an amount of R432.939 million has been provided for over the 2019 MTEF.

Nationally, the baseline for the Human Settlements Development Grant has been reduced by R3 billion over the 2019 MTEF i.e. R1 billion in 2020/21 and R2 billion in 2021/22, mainly to stabilise the growth of national debt. In the Western Cape, the Human Settlements Development Grant allocation has been reduced by R23.520 million in 2019/20, R516.921 million in 2020/21, and R644.311 million in 2021/22.

A new window containing specific conditions relating to the upgrading of informal settlements is introduced into the grant in 2019/20 amounting to 15 per cent of the formula based grant allocation to each province. The new window will require provinces to work with municipalities to identify and prioritise informal settlements for upgrading in 2019/20. This window will be a planning and preparatory platform to introduce a new informal settlements

upgrading grant in 2019/20 and will be created by prioritising funds from the Human Settlements Development Grant.

The Title Deeds Restoration Grant, introduced in 2018/19, comes to an end in the 2020/21 financial year, where nationally, an indicative allocation of R609.6 million in 2021/22 will be phased back in to the Human Settlements Development Grant. In the Western Cape the allocation for the Title Deeds Restoration Grant of R59.184 million in 2021/22 has been reduced to zero.

The provincial allocation for the Public Transport Operations Grant has remained unchanged over the 2019 MTEF period and amounts to R1.006 billion in 2019/20, R1.074 billion in 2020/21 and R1.133 billion in 2021/22.

The provincial allocation for the Provincial Roads Maintenance Grant increases by R128.838 million in 2019/20, and remains unchanged over the two outer years of the 2019 MTEF. The component of the grant relating to heavily used roads ends in 2019/20 and the allocation will be absorbed into the incentive portion of the grant from 2020/21 onwards.

### **Provincial own receipts**

*Provincial own receipts  
comprise less than  
5 per cent of total  
revenue*

Provincial governments are empowered by Section 228 of the Constitution to collect narrow based taxes, customs duties and user charges to raise provincial own receipts in order to supplement their funding sources and fulfil their mandates. Broad-based taxes such as personal income and corporate taxes are collected by the national sphere of government. Provincial Own Receipts comprise less than 5 per cent of total revenues and is made up largely from tax receipts (gambling taxes and motor vehicle licence fees) and revenue received from hospital patient fees. Table 5.4 provides an overview of the contributions of Western Cape Government departments to Provincial Own Receipts.

**Table 5.4 Western Cape own receipts by department, 2018/19 - 2021/22**

Provincial Department R'000	2018/19 Adjusted Budget	2019/20	2020/21	2021/22
		Medium Term Estimate		
Department of the Premier	1 798	1 899	2 002	2 112
Provincial Parliament	464	817	821	75
Provincial Treasury	540 353	570 263	599 518	632 491
Community Safety	32 099	33 897	35 761	37 728
Education	27 046	28 401	29 822	31 312
Health	563 068	485 142	485 142	485 142
Social Development	1 070	1 130	1 192	1 258
Human Settlements	60 000	63 360	66 845	70 521
Environmental Affairs and Development Planning	4 000	2 704	2 742	2 783
Transport and Public Works	1 699 978	1 721 193	1 759 248	1 856 006
Agriculture	30 440	29 781	31 419	33 147
Economic Development and Tourism	3 918	333	351	371
Cultural Affairs and Sport	2 779	2 738	2 889	3 047
Local Government	56	103	109	114
<b>Total</b>	<b>2 967 069</b>	<b>2 941 761</b>	<b>3 017 861</b>	<b>3 156 107</b>

Table 5.5 shows the total annual provincial own receipts by source over the period 2018/19 to 2021/22. The largest revenue items contributing to provincial own receipts over the 2019 MTEF are motor vehicle licence fees, casino taxes and hospital patient fees.

**Table 5.5 Western Cape own receipts by source, 2018/19 - 2021/22**

R'000	2018/19 Adjusted Budget	2019/20	2020/21	2021/22
		Medium Term Estimate		
Tax receipts	2 172 465	2 219 787	2 283 153	2 408 727
Casino taxes	509 401	537 572	565 028	596 105
Motor vehicle licences	1 601 767	1 617 482	1 649 832	1 740 573
Horseracing taxes	29 616	31 280	33 001	34 816
Other taxes (Liquor licence fees)	31 681	33 453	35 292	37 233
Sales of goods and services other than capital assets*	591 585	589 539	597 883	606 677
Transfers received	109 018	35 103	35 105	34 357
Fines, penalties and forfeits	5 238	4 005	4 111	4 222
Interest, dividends and rent on land	4 245	4 390	4 539	4 698
Sales of capital assets	0	0	0	0
Financial transactions in assets and liabilities	84 518	88 937	93 070	97 426
<b>Total provincial own receipts</b>	<b>2 967 069</b>	<b>2 941 761</b>	<b>3 017 861</b>	<b>3 156 107</b>

\* Includes hospital patient fees

## Tax receipts

### Motor vehicle licence fees

Motor vehicle licence fees are projected to increase by an average annual growth rate of 2.8 per cent or by R138.806 million from the 2018/19 adjusted budget of R1.602 billion to R1.741 billion in 2021/22. Growth in motor vehicle licence fee revenues are mainly driven by

below-inflation increases in tariffs and growth in the motor vehicle population.

The Department of Transport and Public Works have increased motor vehicle licence fee tariffs by 3 per cent on average across motor vehicle tare ranges effective from 1 April 2019.

#### *Casino and Horse Racing Taxes*

Casino taxes are projected to increase by R86.704 million or an average annual growth rate of 5.4 per cent from the 2018/19 adjusted budget to R596.105 million in 2021/22. Projections over the 2019 MTEF are adjusted by inflation increases.

#### *Liquor Licence Fees*

Liquor licence fees are budgeted to increase from R31.681 million in the 2018/19 adjusted budget to R37.233 million in 2021/22, an increase of R5.552 million over the 2019 MTEF. The Department of Community Safety and the Western Cape Liquor Authority will continue in their efforts to expand the capacity and scope of the Authority to counter the harmful effects of alcohol in the province. To this end the Authority began increasing liquor licence fees since the 2017/18 financial year.

#### *Hospital patient fees*

*Hospital Patient Fees  
amount to R394.262 million  
in 2019/20*

Hospital patient fees amount to R405.297 million in the 2018/19 adjusted budget and are projected to decrease to R394.262 million in 2019/20, remaining at that level over the rest of the 2019 MTEF period. The decreased budget projected over the 2019 MTEF is due to the change in the *classification of patients for the determination of fees*, which is a means test to determine if patients qualify for discounted or free hospital patient fee tariffs for health services. The *classification of patients for the determination of fees* has not been adjusted since 2002 and the update from 1 April 2017 allows for lower income group individuals to access healthcare more easily. While the change is an improvement in the healthcare opportunities for lower income individuals, it also means that hospital patient fee revenues over the 2019 MTEF is projected to remain muted.

**Table 5.6 Summary of provincial own receipts by vote**

Vote R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				% Change from Revised estimate 2019/20	2020/21	2021/22	
1. Department of the Premier	8 927	3 373	4 080	1 798	1 798	1 798	1 899	5.62	2 002	2 112
2. Provincial Parliament	276	327	944	464	464	680	817	20.15	821	75
3. Provincial Treasury	565 826	579 804	604 872	540 353	540 353	540 353	570 263	5.54	599 518	632 491
4. Community Safety	37 835	41 770	36 612	32 099	32 099	32 195	33 897	5.29	35 761	37 728
5. Education	22 833	38 696	30 714	34 046	27 046	27 046	28 401	5.01	29 822	31 312
6. Health	585 741	543 622	571 574	617 980	563 068	586 529	485 142	( 17.29)	485 142	485 142
7. Social Development	2 184	2 078	2 521	1 070	1 070	1 231	1 130	( 8.20)	1 192	1 258
8. Human Settlements	82 933	172 295	92 011	60 000	60 000	212 467	63 360	( 70.18)	66 845	70 521
9. Environmental Affairs and Development Planning	4 168	7 798	3 702	4 000	4 000	4 000	2 704	( 32.40)	2 742	2 783
10. Transport and Public Works	1 466 341	1 584 998	1 722 214	1 699 978	1 699 978	1 734 909	1 721 193	( 0.79)	1 759 248	1 856 006
11. Agriculture	43 681	40 062	48 480	28 202	30 440	30 440	29 781	( 2.16)	31 419	33 147
12. Economic Development and Tourism	12 661	1 059	4 424	315	3 918	4 646	333	( 92.83)	351	371
13. Cultural Affairs and Sport	42 610	47 121	3 900	2 605	2 779	2 982	2 738	( 8.18)	2 889	3 047
14. Local Government	436	227	1 060	56	56	1 166	103	( 91.17)	109	114
<b>Total provincial own receipts</b>	<b>2 876 452</b>	<b>3 063 230</b>	<b>3 127 108</b>	<b>3 022 966</b>	<b>2 967 069</b>	<b>3 180 442</b>	<b>2 941 761</b>	<b>( 7.50)</b>	<b>3 017 861</b>	<b>3 156 107</b>

## Financing and reserves

The Western Cape makes available a number of reserves which contribute towards additional funding needs of provincial government departments, and to mitigate possible downward revisions in national transfers received.

The Asset Finance Reserve is used to provide top-up funding for infrastructure projects. R674.791 million is provided in the AFR in 2019/20, R645.931 million in 2020/21, and R334.555 million in 2021/22.

The Fiscal Stabilisation Reserve amounts to R361.171 million in 2019/20, R381.199 million in 2020/21, and R402.163 million in 2021/22. This reserve is for dealing with possible volatilities in the fiscal framework emanating from downward or unfavourable revisions in national transfers of conditional grants and/or provincial equitable share.

The Service Load Pressures Reserve is used to supplement funding to provincial departments in the event of unforeseen and unavoidable increases in service load pressures. R502.788 million is provided in 2019/20, R500.780 million in 2020/21, and R528.322 million in 2020/21/22.

The reserve for Unforeseen and Unavoidable expenditure includes funding amounting to R232.628 million in 2019/20, R208.498 million in 2020/21, and R219.965 million in 2021/22.

Financing from the Provincial Revenue Fund and the Asset Finance Reserve is R1.761 billion in the 2018/19 adjusted budget and increases to R1.297 billion in 2019/20 before falling to R357.918 million in 2021/22.

## Provincial expenditure

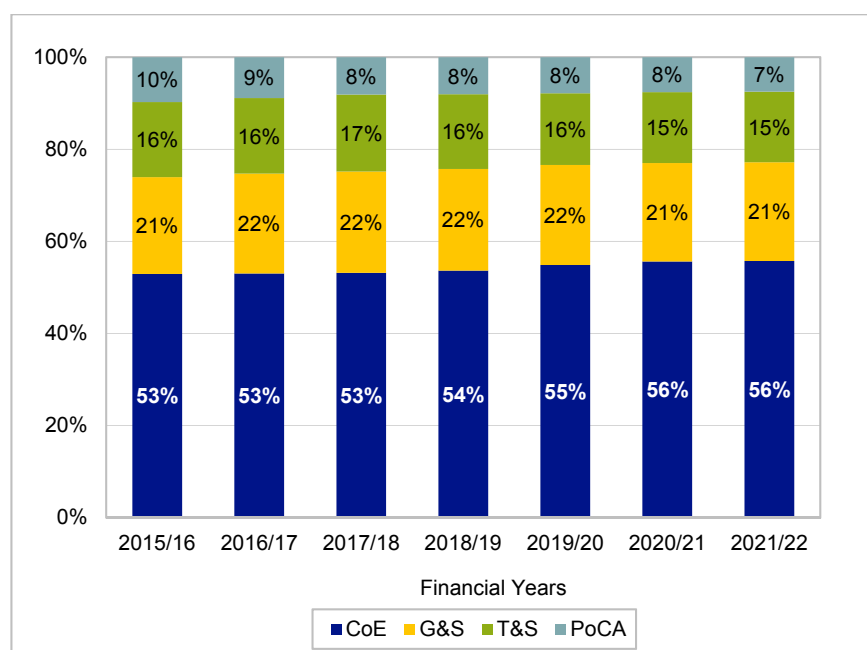
The provincial aggregated spend, inclusive of direct charges amounts to R67.191 billion in 2019/20 having increased by R3.880 billion or 6.13 per cent from the 2018/19 Revised Estimate. The 2019/20 appropriated budget is made up of current payments amounting to R51.427 billion, Transfers and Subsidies (T&S) amounting to R10.451 billion, Payments for Capital Assets (PoCA) amounting to R5.263 billion and Payments for Financial Assets amounting to R6.655 million.

**Table 5.7 Summary of provincial payments and estimates by economic classification**

Economic classification R'000	Outcome						Medium-term estimate				
	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	% Change from Revised estimate 2019/20	2019/20	2018/19	2020/21	2021/22
Current payments	38 083 283	41 422 271	44 539 832	47 852 712	47 897 084	47 807 197	51 427 207	7.57	54 175 584	57 590 477	
Compensation of employees	27 253 806	29 405 044	31 507 071	34 240 051	33 935 285	33 951 566	36 847 170	8.53	39 136 778	41 586 435	
Goods and services	10 829 222	12 017 186	13 032 742	13 612 661	13 961 799	13 855 453	14 579 917	5.23	15 038 681	16 003 912	
Interest and rent on land	255	41	19			178	120	( 32.58)	125	130	
Transfers and subsidies to	8 397 539	9 113 405	9 908 927	9 919 649	10 252 904	10 241 866	10 451 325	2.05	10 844 368	11 442 541	
Provinces and municipalities	1 393 051	1 549 777	1 756 543	1 658 787	1 739 206	1 746 722	1 835 064	5.06	1 968 219	2 034 307	
Departmental agencies and accounts	414 995	520 101	475 204	536 598	523 850	527 234	609 546	15.61	590 606	617 221	
Higher education institutions	5 528	940	10 950	15 462	12 509	12 509	10 000	( 20.06)	5 000	5 000	
Foreign governments and international organisations	286	429	312	279	279	279	299	7.17	312	326	
Public corporations and private enterprises	1 044 489	1 149 195	1 185 642	1 196 360	1 447 409	1 435 334	1 250 893	( 12.85)	1 336 408	1 413 607	
Non-profit institutions	3 317 372	3 674 775	3 821 932	4 197 377	4 115 139	4 127 037	4 337 322	5.10	4 554 896	4 898 240	
Households	2 221 818	2 218 188	2 658 344	2 314 786	2 414 512	2 392 751	2 408 201	0.65	2 388 927	2 473 840	
Payments for capital assets	5 021 099	4 916 382	4 807 101	4 925 991	5 088 509	5 199 331	5 263 297	1.23	5 340 995	5 571 058	
Buildings and other fixed structures	4 073 449	4 080 902	3 928 545	4 112 346	4 178 128	4 202 972	4 448 470	5.84	4 443 190	4 696 192	
Machinery and equipment	809 557	788 721	814 805	762 171	824 830	912 353	782 666	( 14.21)	861 372	835 209	
Biological assets											
Land and subsoil assets	107 479	11 990	26 110	7 500	39 967	44 016	7 800	( 82.28)	8 200	8 650	
Software and other intangible assets	30 614	34 769	37 641	43 974	45 584	39 990	24 361	( 39.08)	28 233	31 007	
Payments for financial assets	15 957	21 470	36 944	6 350	13 286	19 691	6 655	( 66.20)	7 010	7 374	
Total economic classification	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	67 148 484	6.13	70 367 957	74 611 450	
Direct charge	35 639	36 663	37 430	43 497	43 497	43 497	43 000	( 1.14)	45 357	47 997	
Total economic classification (including direct charge)	51 553 517	55 510 191	59 330 234	62 748 199	63 295 280	63 311 582	67 191 484	6.13	70 413 314	74 659 447	

Current payments make up for the largest share of the budget, which is driven by Compensation of Employees (CoE) followed by Goods and Services (G&S). Figure 5.1 further demonstrates the composition of the budget on economic classification level for the period 2015/16 to 2021/22.

**Figure 5.1 Percentage share of economic classification to total provincial budget, 2015/16 - 2021/22**



## Compensation of employees

Compensation of Employees (CoE) being the major cost driver in government spend, constitutes 55 per cent of the Province's total budget for the 2019/20 financial year. The CoE budget increased from 53 per cent of the budget in 2015/16 to 56 per cent of the budget in 2021/22, posing a major risk to the fiscal sustainability of the Province. Considering the quantum spent on CoE, the spending item will continue to be key in the Province's strategy of fiscal consolidation, fiscal discipline and fiscal stabilisation. For this reason, personnel budget upper limits will continue over the 2019 MTEF with the Provincial Treasury together with the Department of the Premier exercising their budgetary and administrative oversight in accordance with the Public Finance Management Act and supporting regulations and treasury directives.

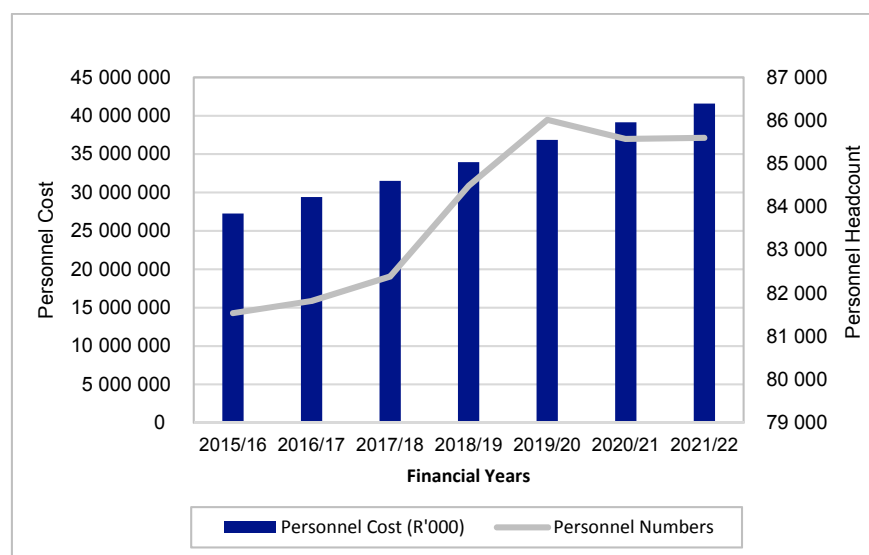
This means that departments, as in previous financial years since the introduction of the personnel upper limits, will have to ensure that personnel numbers are tailored to departmental goals and the overall upper limits for personnel budgets. Further, an appropriate balance between planned personnel and non-personnel

*Compensation of Employees constitutes 55 per cent of the total budget in 2019/20*

*Personnel upper limits to continue over the 2019 MTEF*

expenditures is required. The Western Cape Government will continue its fiscal prudence stance on CoE expenditure by continuing the upper limit principle, while responding to service pressure.

**Figure 5.2 Western Cape Government personnel data, 2015/16 - 2021/22**



For 2018/19 and 2019/20, it is anticipated that the Province's headcount will grow by 2 098 and 1 530 respectively. This is primarily due to the appointment of critical staff within the frontline service delivery departments, namely Education and Health.

Health anticipates increasing its headcount with 1 767 staff in 2018/19 and a further 728 in 2019/20 for the Human Resources Capacitation Grant, to increase Medical Interns and Community Service Medical Officers and other critical staff.

The increase in personnel headcount for Education in 2018/19 and 2019/20 amounts 300 and 413, respectively. These appointments relate mainly to Educator posts in response to the annual learner growth impacting on learner-teacher ratio.

Over the 2019 MTEF, the Province's personnel headcount will increase in 2019/20 and then marginally decrease in 2020/21 and stabilise in 2021/22. However, it's imperative that departments ensure personnel budgets are efficiently managed since it's a key resource in meeting the Western Cape Government's objectives.



**Table 5.8 Summary of personnel numbers and cost by vote**

Cost in R million	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 <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Filled posts	Additional posts	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Total
<b>Votes</b>																			
Department of the Premier	1 291	493 760	1 256	544 460	1 264	572 959	1 264		1 264	616 263	1 241	658 116	1 236	705 256	1 244	756 601	(0.5%)	9.6%	100.0%
Provincial Parliament	104	49 404	95	53 291	107	57 544	108		108	63 188	113	78 449	114	85 586	114	90 639	1.4%	9.6%	100.0%
Provincial Treasury	327	148 038	312	157 405	353	171 172	263	90	353	176 594	399	196 682	407	218 349	412	231 258	5.3%	9.4%	100.0%
Community Safety	391	118 742	384	129 430	337	134 674	340		340	146 183	377	157 907	377	169 367	377	181 270	3.5%	7.4%	100.0%
Education	40 305	13 117 244	40 611	14 133 743	40 915	15 178 886	40 852	363	41 215	16 346 047	41 628	17 729 599	41 628	18 911 880	41 628	20 077 057	0.3%	7.1%	100.0%
Health	31 366	10 949 652	31 384	11 833 864	31 505	12 660 391	33 272		33 272	13 591 844	34 000	14 707 591	33 558	15 488 030	33 558	16 463 873	0.3%	6.6%	100.0%
Social Development	2 175	620 270	2 180	678 650	2 200	737 386	2 221		2 221	810 692	2 330	890 964	2 330	955 794	2 330	1 012 019	1.6%	7.7%	100.0%
Human Settlements	495	177 003	475	195 774	475	209 221	473		473	228 270	473	250 169	473	267 206	473	287 415		8.0%	100.0%
Environmental Affairs and Development Planning	452	174 737	436	190 418	384	202 998	357	36	393	221 559	407	237 128	400	254 386	400	272 423	0.6%	7.1%	100.0%
Transport and Public Works	2 298	692 452	2 447	737 031	2 503	776 230	2 388	120	2 508	867 292	2 460	935 847	2 460	1 014 960	2 460	1 077 706	(0.6%)	7.5%	100.0%
Agriculture	1 044	310 004	996	326 389	1 120	347 048	1 056	57	1 113	376 773	1 273	434 976	1 307	467 811	1 320	501 166	5.9%	10.0%	100.0%
Economic Development and Tourism	256	98 052	211	104 660	242	115 365	245		245	129 445	265	153 156	231	155 418	229	166 433	(2.2%)	8.7%	100.0%
Cultural Affairs and Sport	643	172 948	624	182 456	585	193 577	585		585	209 685	647	226 013	647	240 888	647	255 147	3.4%	6.8%	100.0%
Local Government	394	131 500	413	137 473	402	149 620	371	29	400	167 731	407	190 573	407	201 847	407	213 428	0.6%	8.4%	100.0%
<b>Total<sup>2</sup></b>	<b>81 541</b>	<b>27 253 806</b>	<b>81 824</b>	<b>29 405 044</b>	<b>82 392</b>	<b>31 507 071</b>	<b>83 795</b>	<b>695</b>	<b>84 490</b>	<b>33 951 566</b>	<b>86 020</b>	<b>36 847 170</b>	<b>85 575</b>	<b>39 136 778</b>	<b>85 599</b>	<b>41 586 435</b>	<b>19.5%</b>	<b>8.4%</b>	<b>100.0%</b>
Direct charge against the Provincial Revenue Fund	31	35 318	31	35 671	31	37 430	31		31	39 081	31	40 635	31	42 258	31	43 955		4.0%	34.3%

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

<sup>2</sup> Total excludes direct charge.

## Goods and services

Goods and Services (G&S) to be purchased by the Province amounts to R14.580 billion and accounts for 21.7 per cent of the Province's 2019/20 budget. This allocation is a 5.2 per cent increase from the 2018/19 Revised Estimate.

Consumer Price Index (CPI) inflationary projections were factored into the Provincial budget allocations (5.4 per cent for 2019/20, 5.6 per cent for 2020/21 and 5.4 per cent for 2021/22). Medical inflation continues to exceed CPI inflation by an estimated

2.5 percentage points each year, thereby further negatively impacting the Department of Health.

The R14.580 billion Goods and Services budget is mainly allocated to the Department of Health (R7.744 billion), Western Cape Education Department (R2.486 billion), the Department of Transport and Public Works (R2.327 billion) and the Department of the Premier (R847.484 million).

This budget will mainly pay for property maintenance and municipal services (Property Payments – R2.741 billion); buy medical supplies (R1.609 billion) and medicine (R1.632 billion); contract medical services and maintenance of road infrastructure (Contractors - R1.098 billion); provide mainly for nutrition services at education facilities, as well as medical doctor and nursing staff services (under Agency and Outsourced Services - R1.084 billion); and provide/develop Information Communication Technology services (Computer Services - R998.911 million) within the Province.

## **Expenditure on training**

The Western Cape Government continues to prioritise investment in training over the 2019 MTEF. In this regard, the budget for training increases by R13.136 million from the 2018/19 Revised Estimate of R668.375 million to R681.511 million in 2019/20.

## **Transfers and subsidies**

*Transfers and subsidies amounts to R10.451 billion in 2019/20*

Transfers and subsidies amounts to R10.451 billion in 2019/20, reflecting an increase of R209.459 million or 2.05 per cent from the 2018/19 Revised Estimate of R10.242 billion. This increase in the main relates to transfers to Non-Profit Institutions (NPIs) increasing by R210.285 million (5.1 per cent) from the 2018/19 Revised Estimate of R4.127 billion.

As depicted in Figure 5.3, transfers to NPIs are the main cost driver constituting 42 per cent of the total 2019/20 transfers and subsidies allocation. The bulk of the 2019/20 transfers to NPIs is shared between the Western Cape Education Department (52.4 per cent) and the Department of Social Development (29.7 per cent).

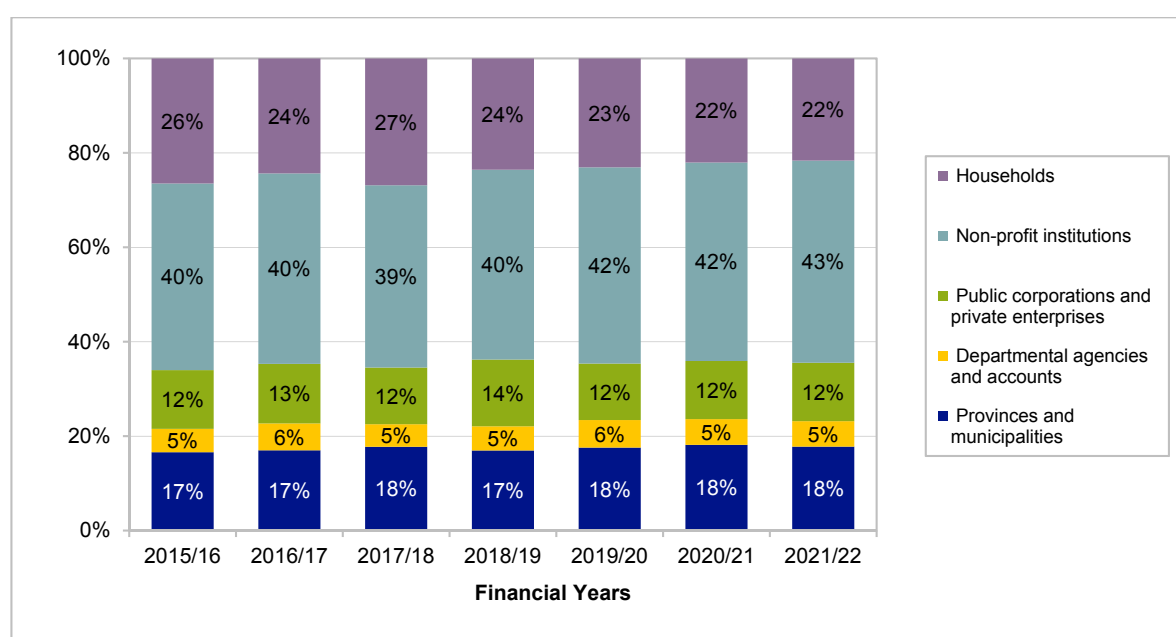
The Western Cape Education Department transfers funds amounting to R2.273 billion in 2019/20. These transfers mainly relate to schools in respect of the norms and standards allocations prescribed by the South African Schools Act.

The Department of Social Development transfers funds amounting to R1.287 billion in 2019/20 to fund various NPIs. These transfers are for programmes related to substance abuse; prevention and

rehabilitation; care and service to older persons; childcare and protection services; HIV and AIDS; care and support services to families; and services to persons with disabilities.

Transfers to Households in 2019/20 accounts for R2.408 billion (23 per cent) of the total transfers and subsidies allocation. Transfers to Households are mainly driven by the Human Settlements Development Conditional Grant (HSDG). Of the total HSDG of R2.074 billion, R2.059 billion or 99.3 per cent is allocated to households for human settlement developments in the Province.

**Figure 5.3 Provincial transfers and subsidies: Percentage share per item, 2015/16 - 2021/22**



### Transfers to public entities

Transfers to provincial public entities and government business enterprises constitutes approximately 12 per cent of all transfers made by the Province. For this reason, the fiscal and budget policy principles i.e. allocative efficiency, fiscal consolidation, fiscal sustainability and fiscal discipline, also applies “*mutatis mutandis*” to these entities.

**Table 5.9 Summary of departmental transfers to public entities and business enterprises by transferring vote**

Public entities (transferring vote) R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>Major Public Entities</b>									
South African Broadcasting Corporation Limited (Various Votes)	240	136	117	214	249	253	257	270	309
<b>National Public Entities</b>									
SETA	11 029	11 640	12 396	15 099	15 099	15 103	15 983	16 832	17 747
Vote 5: Education	6 450	6 850	7 268	9 400	9 400	9 400	9 927	10 483	11 049
Vote 6: Health	4 579	4 790	5 128	5 699	5 699	5 703	6 056	6 349	6 698
Social Housing Regulatory Authority (SHRA)									
Vote 8: Human Settlements	2 660								
Water Research Commission	500								
Vote 8: Human Settlements									
South African Revenue Services									
Vote 11: Agriculture	1 090	71	4	50	58	58	50	50	50
National Agricultural Marketing Council									
Vote 11: Agriculture	500	500			500	500			
National Empowerment Fund									
Vote 12: Economic Development and Tourism	6 448		2 000	5 000	5 000	5 000	5 000	5 280	5 565
Artscape									
Vote 13: Cultural Affairs and Sport	178	190	173	175	175	175	175	187	196
<b>Provincial Government Business Enterprises</b>									
Casidra SOC Ltd	210 544	241 541	259 079	215 036	486 478	477 778	211 865	227 189	245 237
Vote 9: Environmental Affairs and Development Planning		3 500							
Vote 11: Agriculture	210 544	235 041	259 079	215 036	483 103	474 403	206 865	221 909	239 672
Vote 12: Economic Development and Tourism		3 000			3 375	3 375	5 000	5 280	5 565
<b>Western Cape Public Entities</b>									
Western Cape Cultural Commission									
Vote 13: Cultural Affairs and Sport	384	420	1 183	1 506	1 506	1 506	524	561	586
Western Cape Gambling and Racing Board									
Vote 3: Provincial Treasury	5 244	9 908	19 707	29 342	26 864	26 864	37 092	30 211	31 872
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	59 196	76 004	77 962	88 799	89 651	89 651	118 663	133 918	139 352
Vote 1: Department of the Premier	500	500							
Vote 11: Agriculture	1 196	1 277	1 287	1 100	1 952	1 952	2 500	2 912	3 129
Vote 12: Economic Development and Tourism	57 500	74 227	76 675	87 699	87 699	87 699	116 163	131 006	136 223
Western Cape Language Committee									
Vote 13: Cultural Affairs and Sport	233	242	221	247	247	247	258	276	288
Western Cape Liquor Authority									
Vote 4: Community Safety	38 733	36 016	38 370	39 882	39 882	39 882	42 108	44 424	46 868
Western Cape Nature Conservation Board	253 742	249 717	274 050	302 531	290 531	290 531	314 474	315 120	333 359
Vote 9: Environmental Affairs and Development Planning	253 392	249 717	274 050	302 531	290 531	290 531	314 474	315 120	333 359
Vote 14: Local Government	350								
Western Cape Saldanha Bay IDZ Licencing Company SOC Ltd									
Vote 12: Economic Development and Tourism	28 958	129 824	46 155	55 632	55 632	55 632	74 187	42 566	40 054
<b>Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure</b>									
Heritage Western Cape									
Vote 13: Cultural Affairs and Sport	2 270	3 000	1 611	1 736	1 736	1 736	1 844	1 973	2 060
<b>Total</b>	<b>621 949</b>	<b>759 209</b>	<b>733 028</b>	<b>755 249</b>	<b>1 013 608</b>	<b>1 004 916</b>	<b>822 480</b>	<b>818 857</b>	<b>863 543</b>

A total of R822.480 million will be transferred in 2019/20 from various provincial departments to mainly, provincial public entities and provincial government business enterprises. This total amount represents a decrease of R182.437 million (18.2 per cent) from the 2018/19 Revised Estimate of R1.005 billion.

The decrease in transfers to public entities mainly relates to transfers to Casidra SOC Ltd as a result of once-off National conditional grant allocations received in the 2018 Adjustment Estimates for drought relief in the agricultural sector.

Transfers to the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) increases by R29.012 million (32.4 per cent) in 2019/20 from R89.651 million in the 2018/19 Revised Estimate. The increase is mainly due to the allocation made towards the establishment of the Atlantis Special Economic Zone (R23.737 million for 2019/20).

Increased transfers to Wesgro toward the establishment of the ASEZ

Transfers to the Saldanha Bay Industrial Development Zone Licensing Company (SBIDZ) SOC Ltd reflects an increase R18.555 million (33.4 per cent), mainly as a result of the increased allocation towards the leasing of 35 hectares of land from the Transnet National Ports Authority.

The transfers to Cape Nature shows an increase of R23.943 million (8.2 per cent) in 2019/20 from the 2018/19 Revised Estimate of R290.531 million. This increase is mainly due to once-off funding allocated in the 2018/19 financial year that was re-allocated in the 2019/20 financial year for the Kogelberg project and minor maintenance.

In 2019/20, the allocation to the Western Cape Gambling and Racing Board (WCGRB), increases by an amount of R10.228 million (38.1 per cent) from R26.864 million in the 2018/19 Revised Estimate. The transfer payment to the WCGRB makes provision for the once-off payment, which relates to the repayment of Limited Pay-out Machines Operator Fees in respect of 2016/17.

## Payments for capital assets

The Province estimates spending R5.263 billion on capital assets in 2019/20 (Table 5.7). Together, the Western Cape Education Department and the Departments of Health and Transport and Public Works account for R5.087 billion or 96.7 per cent of the total provincial capital asset allocation in 2019/20.

Payments for capital assets amounts to R5.263 billion in 2019/20

The bulk of Payments for Capital Assets (PoCA) relate to infrastructure spending and is reflected within Buildings and other Fixed Structures (84.5 per cent or R4.448 billion for 2019/20). Given the infrastructure-led growth strategy of the Province, infrastructure expenditure is discussed in detail in a separate publication, namely, the 2019 Overview of Provincial and Municipal Infrastructure Investment.

Machinery and Equipment constitutes 14.9 per cent or R782.666 million of PoCA in 2019/20. The category mainly provides for buying of medical, transport, construction and maintenance equipment.

### **Conclusion**

Despite a weaker economic and fiscal environment, the continued implementation of the Western Cape Fiscal Strategy has enabled the Province to respond to the economic and fiscal risks while ensuring a responsive, credible and sustainable budget. Adherence to the fiscal and budget policy principles is visible in the continued active management of the wage bill through personnel upper limits, driving efficiencies through limiting personnel headcounts, and efforts to determine the optimal expenditure mix that achieves the sustainable and efficient expenditure for maximum citizen impact.

# Annexures

Annexure A: Diagrammatic representation of sector budgets

Annexure B: Additional tables

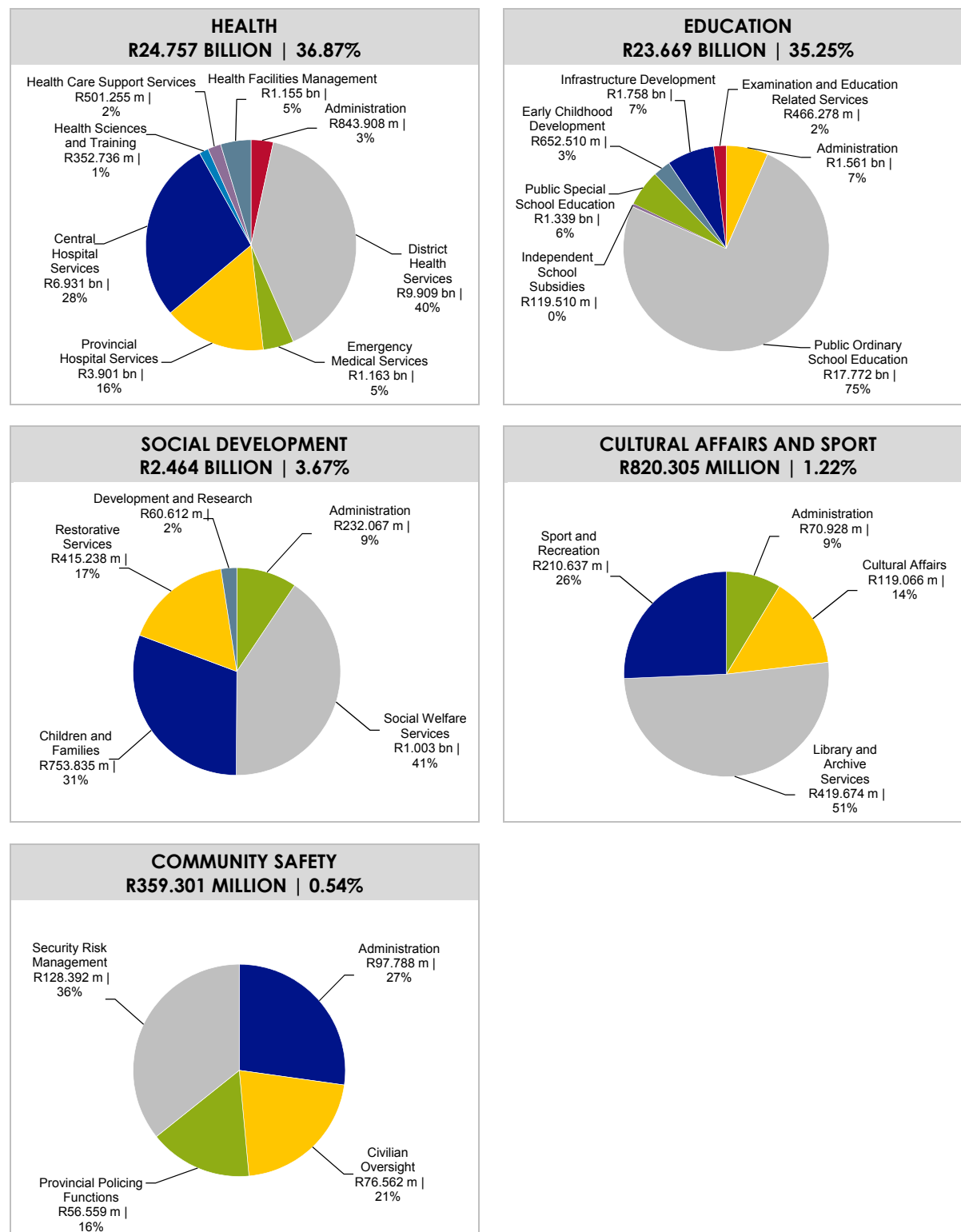




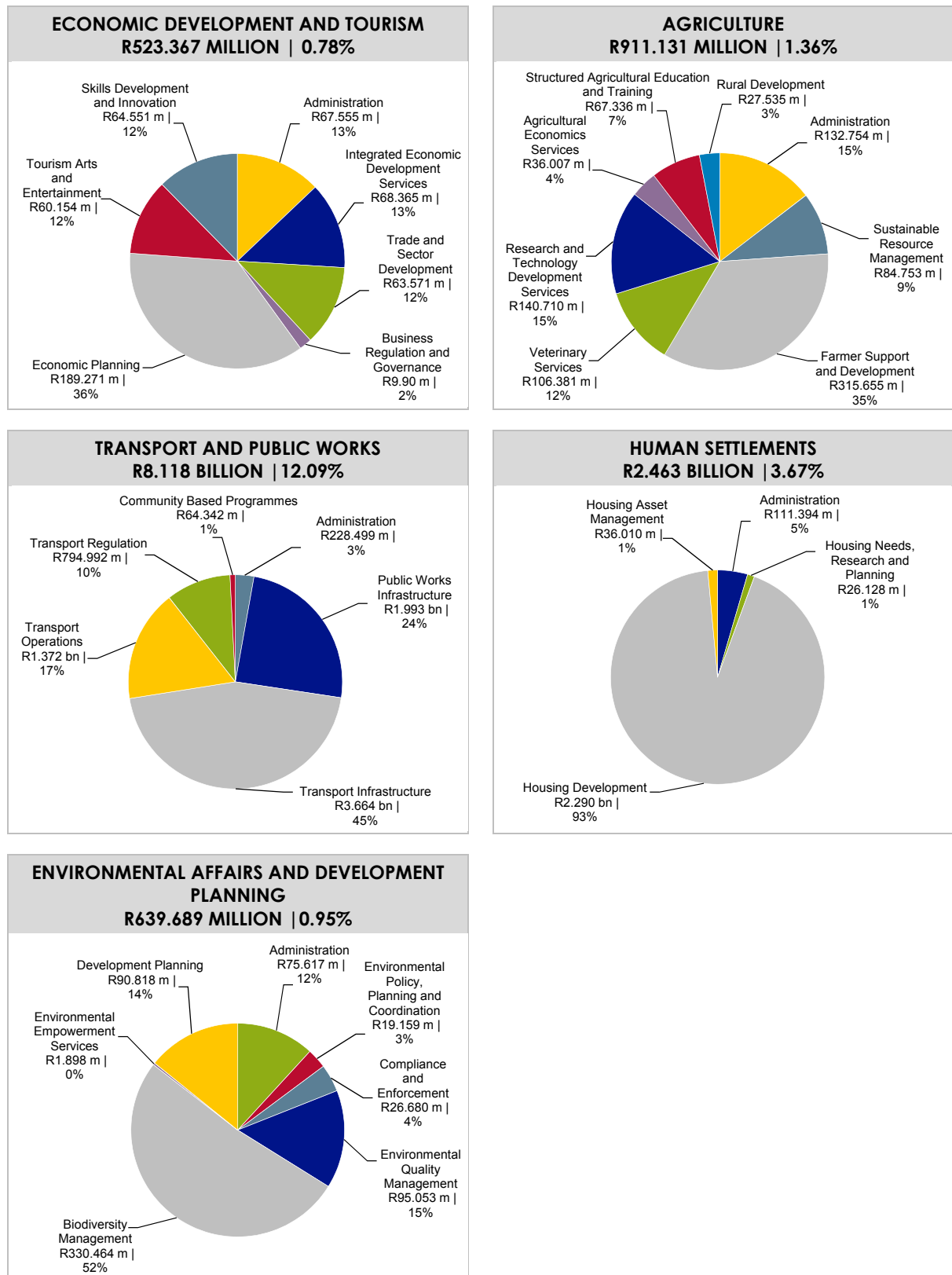
## Annexure A

## Diagrammatic representation of sector budgets

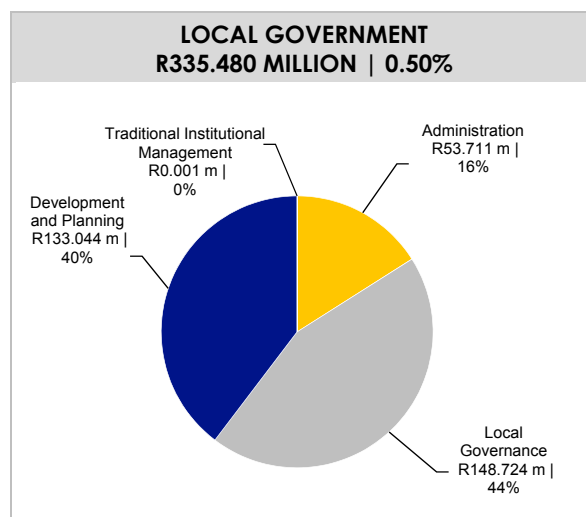
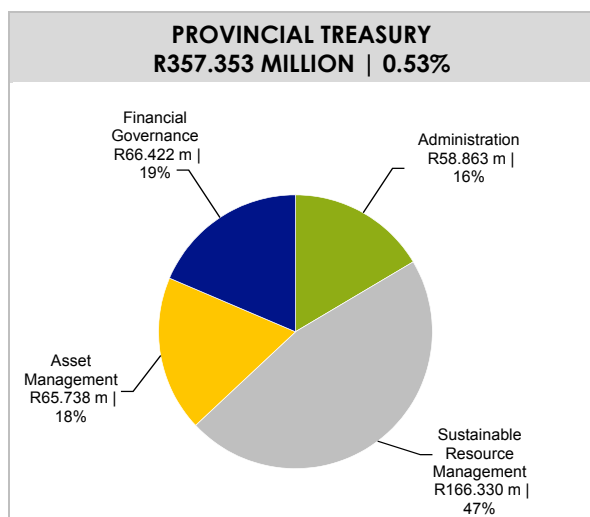
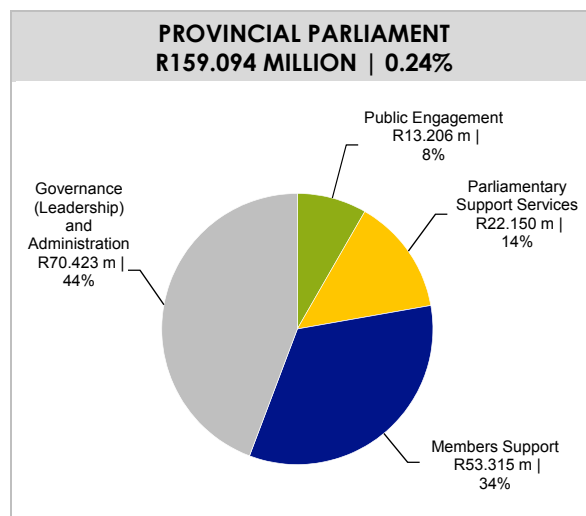
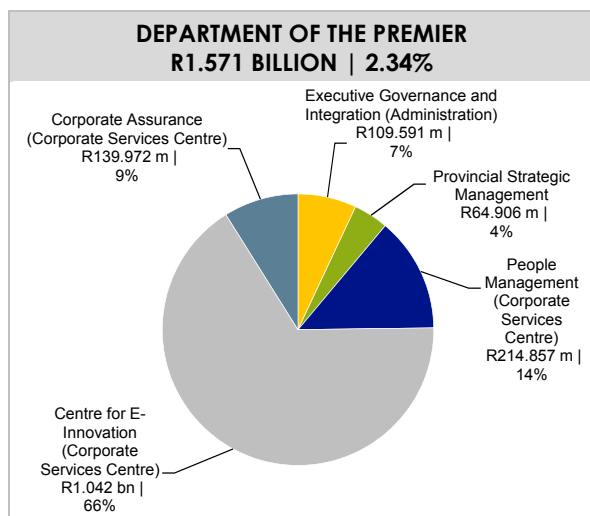
## Social sector budget summary, 2019/20



## Economic sector budget summary, 2019/20



## Governance and Administration sector budget summary, 2019/20





## Annexure B

## Additional tables

Table B.1 Conditional grants: Information relating to Chapter 5

Vote and grant R'000	2015/16			2016/17			2017/18			2018/19			Medium-term estimate		
	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimate	2019/20	2020/21	2021/22
<b>Vote 4: Community Safety</b>	1 000	1 000	1 000	3 144	3 144	3 144	3 328	3 328	3 328	7 957	7 957	7 957	<b>3 920</b>		
Social Sector EPWP Incentive Grant for Provinces	1 000	1 000	1 000	3 144	3 144	3 144	3 328	3 328	3 328	7 957	7 957	7 957	<b>3 920</b>		
<b>Vote 5: Education</b>	1 401 255	1 414 010	1 463 974	1 375 283	1 519 499	1 463 927	1 503 461	1 558 992	1 556 193	1 489 816	1 517 457	1 517 457	<b>1 596 533</b>	1 526 807	1 633 826
Education Infrastructure Grant	1 032 237	1 044 992	1 094 992	992 212	1 134 704	1 079 173	1 093 580	1 149 111	1 149 111	1 021 076	1 046 905	1 046 905	<b>1 109 331</b>	1 031 186	1 110 902
Maths, Science and Technology Grant	26 535	26 535	26 535	27 841	27 841	27 841	30 217	30 217	30 217	32 583	32 583	32 583	<b>34 416</b>	36 856	38 927
HIV and AIDS (Life Skills Education) Grant	19 631	19 631	19 631	18 728	18 728	18 717	20 028	20 028	17 710	20 704	22 043	22 043	<b>21 800</b>	22 878	24 136
Learners with Profound Intellectual Disabilities Grant							11 874	11 874	11 401	25 733	26 206	26 206	<b>26 198</b>	29 499	31 122
National School Nutrition Programme Grant	299 435	299 435	299 400	315 305	317 029	316 999	337 370	337 370	337 363	357 097	357 097	357 097	<b>385 202</b>	406 388	428 739
Social Sector EPWP Incentive Grant for Provinces	4 747	4 747	4 746	18 677	18 677	18 677	8 243	8 243	8 242	30 402	30 402	30 402	<b>17 101</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 818	2 818	2 818	2 520	2 520	2 520	2 149	2 149	2 149	2 221	2 221	2 221	<b>2 485</b>		
Occupational Specific Dispensation for Education Sector Therapists Grant	15 852	15 852	15 852												
<b>Vote 6: Health</b>	5 037 997	5 112 965	5 001 687	5 181 678	5 246 572	5 244 906	5 485 476	5 485 476	5 447 079	5 857 987	5 896 384	5 896 384	<b>6 497 650</b>	6 747 265	7 286 538
National Tertiary Services Grant	2 594 901	2 594 901	2 594 901	2 706 888	2 706 888	2 706 888	2 876 410	2 876 410	2 876 410	3 049 284	3 049 284	3 049 284	<b>3 221 651</b>	3 437 406	3 626 463
Health Facility Revitalisation Grant	804 142	871 194	762 671	673 472	733 366	733 366	605 786	605 786	567 389	678 829	717 226	717 226	<b>812 626</b>	640 033	690 199
Health Professions Training and Development Grant	489 689	489 689	489 689	510 716	510 716	510 716	542 700	542 700	542 700	574 177	574 177	574 177	<b>606 334</b>	639 682	674 865
National Health Insurance Grant	7 204	14 862	12 114	17 337	22 337	20 675									
Comprehensive HIV, AIDS and TB Grant	1 138 481	1 138 481	1 138 480	1 267 209	1 267 209	1 267 206	1 454 773	1 454 773	1 454 773	1 531 535	1 531 535	1 531 535	<b>1 685 517</b>	1 864 096	2 118 533
<i>of which:</i>															
Community Outreach Services Component										96 769	96 769	96 769	<b>112 766</b>	119 081	194 146
Comprehensive HIV, AIDS Tuberculosis Component													<b>1 509 757</b>	1 678 557	1 854 273
Human Papillomavirus Vaccine													<b>62 994</b>	66 458	70 114
Human Resources Capacitation Grant										19 599	19 599	19 599	<b>20 697</b>	21 835	23 036
Social Sector EPWP Incentive	1 000	1 000	996	3 732	3 732	3 731	3 334	3 334	3 334	2 447	2 447	2 447	<b>13 495</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 580	2 838	2 836	2 324	2 324	2 324	2 473	2 473	2 473	2 116	2 116	2 116	<b>2 046</b>		
<b>Vote 7: Social Development</b>	1 866	1 866	1 866	9 916	9 916	9 916	47 069	47 069	44 437	53 345	53 345	53 345	<b>40 479</b>	43 191	45 567
Early Childhood Development							19 150	19 150	18 770	38 893	38 893	38 893	<b>40 479</b>	43 191	45 567
Subsidy Component							18 578	18 578	18 198	30 925	30 925	30 925	<b>32 655</b>	34 841	36 757
Maintenance Component							572	572	572	7 968	7 968	7 968	<b>7 824</b>	8 350	8 810
Social Worker Employment Grant							11 981	11 981	9 729	12 967	12 967	12 967			
Social Sector EPWP Incentive Grant for Provinces	1 866	1 866	1 866	9 916	9 916	9 916	15 938	15 938	15 938	1 485	1 485	1 485			
<b>Vote 8: Human Settlements</b>	1 978 612	1 978 612	1 978 612	2 004 237	2 004 237	2 004 237	2 230 132	2 230 132	2 230 132	2 072 151	2 156 051	2 156 051	<b>2 141 006</b>	2 152 003	2 233 871
Human Settlements Development Grant	1 975 122	1 975 122	1 975 122	2 000 811	2 000 811	2 000 811	2 226 758	2 326 758	2 326 758	2 018 776	2 018 903	2 018 903	<b>2 073 610</b>	1 729 455	1 725 616
Expanded Public Works Programme Integrated Grant for Provinces	3 490	3 490	3 490	3 426	3 426	3 426	3 374	3 374	3 374	3 014	3 014	3 014	<b>2 986</b>		
Title Deeds Restoration Grant										50 361	50 361	50 361	<b>64 410</b>	67 952	
Provincial Emergency Housing Grant											83 773	83 773			
Informal Settlements Upgrading Partnership Grant for Provinces														354 596	508 255

**Table B.1 Conditional Grants: Information relating to Chapter 5 (continued)**

Vote and grant R'000	2015/16			2016/17			2017/18			2018/19			Medium-term estimate		
	Main appro- pation	Adjusted appro- pation	Audited outcome	Main appro- pation	Adjusted appro- pation	Audited outcome	Main appro- pation	Adjusted appro- pation	Audited outcome	Main appro- pation	Adjusted appro- pation	Revised estimate	2019/20	2020/21	2021/22
<b>Vote 9: Environmental Affairs and Development Planning</b>	2 959	2 959	2 959	3 815	3 815	3 815	4 385	4 385	4 385	3 991	3 991	3 991	3 717		
Expanded Public Works Programme Integrated Grant for Provinces	2 959	2 959	2 959	3 815	3 815	3 815	4 385	4 385	4 385	3 991	3 991	3 991	3 717		
<b>Vote 10: Transport and Public Works</b>	1 663 843	1 665 057	1 665 057	1 716 320	1 716 320	1 716 320	1 879 462	1 879 462	1 879 462	1 972 824	1 972 824	1 972 824	2 058 702	2 033 244	2 165 928
Provincial Roads Maintenance Grant	858 962	858 962	858 962	830 729	830 729	830 729	940 089	940 089	940 089	1 007 414	1 007 414	1 007 414	1 040 051	959 648	1 033 284
Expanded Public Works Programme Integrated Grant for Provinces	8 301	9 515	9 515	14 691	14 691	14 691	16 452	16 452	16 452	12 586	12 586	12 586	12 469		
Public Transport Operations Grant	796 580	796 580	796 580	870 900	870 900	870 900	922 921	922 921	922 921	952 824	952 824	952 824	1 006 182	1 073 596	1 132 644
<b>Vote 11: Agriculture</b>	202 594	202 594	202 594	220 966	220 966	220 966	197 988	237 988	236 363	207 543	458 748	458 748	216 373	231 265	248 807
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3 933	3 933	3 933	4 106	4 106	4 106	4 380	4 380	4 380	4 778	46 678	46 678	5 255	5 545	5 851
Comprehensive Agricultural Support Programme (CASP) Grant	147 054	147 054	147 054	164 199	164 199	164 199	136 197	136 197	134 572	144 949	316 254	316 254	150 261	163 708	177 161
Disaster Management Grant: Agriculture								40 000	40 000		38 000	38 000			
Ilima/Letsema Projects Grant	49 607	49 607	49 607	50 593	50 593	50 593	55 349	55 349	55 349	55 662	55 662	55 662	58 779	62 012	65 795
Expanded Public Works Programme Integrated Grant for Provinces	2 000	2 000	2 000	2 068	2 068	2 068	2 062	2 062	2 062	2 154	2 154	2 154	2 078		
<b>Vote 13: Cultural Affairs and Sport</b>	217 295	217 295	217 265	233 186	223 952	223 876	228 704	228 704	228 700	238 077	238 077	238 077	250 204	256 070	271 171
Mass Participation and Sport Development Grant	55 216	55 216	55 186	62 199	52 965	52 889	52 707	52 707	52 702	52 843	52 843	52 843	56 064	59 044	62 205
Mass Participation and Sport Development Grant	158 469	158 469	158 469	164 162	164 162	164 162	171 264	171 264	171 264	176 624	176 624	176 624	186 763	197 026	208 966
Community Library Services Grant	2 223	2 223	2 223	2 771	2 771	2 771	3 237	3 237	3 238	3 054	3 054	3 054	2 909		
Expanded Public Works Programme Integrated Grant for Provinces	1 387	1 387	1 387	4 054	4 054	4 054	1 496	1 496	1 496	5 556	5 556	5 556	4 468		
<b>Total Conditional grants</b>	10 507 421	10 596 358	10 535 014	10 748 545	10 948 421	10 891 107	11 580 005	11 775 536	11 730 079	11 903 691	12 304 834	12 304 834	12 808 584	12 989 845	13 885 708

**Table B.2 Details of total provincial own receipts: Information relating to Chapter 5**

Outcome							Medium-term estimate			
Receipts R'000	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	% Change from Revised estimate			
							2019/20	2018/19	2020/21	2021/22
Tax receipts	1 922 195	2 034 042	2 199 784	2 172 465	2 172 465	2 181 602	2 219 787	1.75	2 283 153	2 408 727
Casino taxes	513 252	524 384	537 498	509 401	509 401	509 401	537 572	5.53	565 028	596 105
Horse racing taxes	40 662	48 405	53 997	29 616	29 616	29 616	31 280	5.62	33 001	34 816
Other taxes (Liquor licence fees)	26 178	27 589	36 222	31 681	31 681	31 681	33 453	5.59	35 292	37 233
Motor vehicle licences	1 342 103	1 433 664	1 572 067	1 601 767	1 601 767	1 610 904	1 617 482	0.41	1 649 832	1 740 573
Sales of goods and services other than capital assets	623 979	632 415	647 851	589 539	591 585	594 290	589 539	(0.80)	597 883	606 677
Sales of goods and services produced by department (excluding capital assets)	622 219	630 226	646 301	588 554	590 600	593 122	588 615	(0.76)	596 935	605 703
Sales by market establishments	75 926	73 962	94 054	74 728	74 728	75 323	79 515	5.57	83 730	88 167
Administrative fees	43 995	52 314	49 984	32 564	32 564	41 700	35 177	(15.64)	36 639	38 219
Agricultural activities										
Inspection fees	1 047	1 143	1 146	1 459	1 459	1 459	1 400	(4.04)	1 400	1 400
Licences or permits	33 207	42 416	37 369	25 103	25 103	34 243	26 510	(22.58)	27 897	29 398
Registration	45	44	1 542	33	33	25	1 225	4800.00	1 226	1 227
Request for information	6 140	5 851	5 564	4 698	4 698	4 702	4 700	(0.04)	4 700	4 700
Other	3 556	2 860	4 363	1 271	1 271	1 271	1 342	5.59	1 416	1 494
Other sales of which	502 298	503 950	502 263	481 262	483 308	476 099	473 923	(0.46)	476 566	479 317
Academic services: Registration, tuition & examination fees	9 284	9 079	7 177	7 833	8 313	8 313	8 762	5.40	9 229	9 721
Boarding services	16 954	15 862	17 617	13 864	13 864	13 864	14 303	3.17	14 503	14 714
Commission on insurance	14 818	15 138	6 525	15 820	15 305	15 328	15 805	3.11	16 328	16 876
External examinations										
Health services										
Hospital fees	418 401	417 784	410 851	405 297	405 297	405 297	394 262	(2.72)	394 262	394 262
Laboratory services	2 269	3 284	2 119	1 753	1 753	1 753	1 850	5.53	1 952	2 059
Lost library books										
Miscellaneous capital receipts										
Parking	12	12								
Rental of buildings, equipment and other services	209	920	216	314	314	314	199	(36.62)	210	222
Sales of goods	5 227	12 053	12 533	9 940	9 940	10 116	10 436	3.16	10 452	10 469
Sales of agricultural products	13 566	8 834	14 486	12 600	14 838	8 450	13 306	57.47	14 038	14 810
Sport gatherings										
Subsidised motor transport										
Tender documentation	530	387	37	507	507	565	536	(5.13)	565	596
Trading account surplus										
Tuition fees										
Vehicle repair service	307	267	240	115	115	115	206	79.13	206	206
Services rendered	15 447	16 855	16 145	11 793	11 793	10 715	12 916	20.54	13 405	13 890
Photocopies and faxes	395	351	234	296	139	139	148	6.47	157	164
Replacement: Security cards										
Other	4 879	3 124	14 083	1 130	1 130	1 130	1 194	5.66	1 259	1 328
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	1 760	2 189	1 550	985	985	1 168	924	(20.89)	948	974

**Table B.2 Details of total provincial own receipts: Information relating to Chapter 5 (continued)**

Receipts R'000	Outcome			Main appro- piation 2018/19	Adjusted appro- piation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				% Change from Revised estimate 2018/19	2019/20	2020/21	2021/22
<b>Transfers received from</b>	164 799	118 815	87 988	160 153	109 018	116 056	<b>35 103</b>	(69.75)	35 105	34 357
Other governmental units	57 038	58 397	532	400	574	7 574	<b>750</b>	(90.10)	750	
Higher education institutions	27 115	29 709	32 468	32 467	32 467	32 467	<b>34 320</b>	5.71	34 320	34 320
Foreign governments										
International organisations	79 494	24 569	51 938	127 255	72 343	72 343		(100.00)		
Public corporations and private enterprises	152	6 090	3 000	30	30	15	<b>32</b>	113.33	34	36
Households and non-profit institutions	1 000	50	50	1	3 604	3 657	<b>1</b>	(99.97)	1	1
<b>Fines, penalties and forfeits</b>	6 584	9 874	6 287	5 238	5 238	7 450	<b>4 005</b>	(46.24)	4 111	4 222
<b>Interest, dividends and rent on land</b>	25 552	29 271	52 736	5 174	4 245	10 572	<b>4 390</b>	(58.48)	4 539	4 698
Interest	25 483	29 211	52 665	4 930	4 001	10 328	<b>4 132</b>	(59.99)	4 267	4 411
Dividends	14		6							
Rent on land	55	60	65	244	244	244	<b>258</b>	5.74	272	287
<b>Sales of capital assets</b>	4 700	3 760	846			1 892		(100.00)		
Land and subsoil assets	4 443	3 369	475							
Other capital assets	257	391	371			1 892		(100.00)		
<b>Financial transactions in assets and liabilities</b>	128 643	235 053	131 616	90 397	84 518	268 580	<b>88 937</b>	(66.89)	93 070	97 426
Arrear wages income										
Loan repayments	15 050	11 494	17 106	19 289	19 289	88 289	<b>20 369</b>	(76.93)	21 489	22 671
Recovery of previous year's expenditure	81 840	187 361	76 438	55 235	49 356	157 652	<b>53 849</b>	(65.84)	56 303	58 890
Staff debt	13 054	13 176	5 953	10 828	10 828	10 763	<b>11 765</b>	9.31	12 260	12 781
Stale cheques										
Unallocated credits	4 985	18 210	3 347	4 385	4 385	4 385	<b>2 256</b>	(48.55)	2 281	2 307
Cash surpluses	6 717	2 223	6 260	1	1	5	<b>1</b>	(80.00)	1	1
Other	6 997	2 589	22 512	659	659	7 486	<b>697</b>	(90.69)	736	776
<b>Total departmental receipts</b>	2 876 452	3 063 230	3 127 108	3 022 966	2 967 069	3 180 442	<b>2 941 761</b>	(7.50)	3 017 861	3 156 107



**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5**

Economic classification R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				% Change from Revised estimate 2018/19	2019/20	2020/21	2021/22
<b>Current payments</b>	38 083 283	41 422 271	44 539 832	47 852 712	47 897 084	47 807 197	<b>51 427 207</b>	7.57	54 175 584	57 590 477
Compensation of employees	27 253 806	29 405 044	31 507 071	34 240 051	33 935 285	33 951 566	<b>36 847 170</b>	8.53	39 136 778	41 586 435
Salaries and wages	23 841 803	25 778 431	27 630 722	30 002 188	29 706 273	29 743 330	<b>32 286 171</b>	8.55	34 243 709	36 339 791
Social contributions	3 412 003	3 626 613	3 876 349	4 237 863	4 229 012	4 208 236	<b>4 560 999</b>	8.38	4 893 069	5 246 644
Goods and services	10 829 222	12 017 186	13 032 742	13 612 661	13 961 799	13 855 453	<b>14 579 917</b>	5.23	15 038 681	16 003 912
<i>Of which</i>										
Administrative fees	288 271	303 329	340 704	322 977	353 954	353 733	<b>330 260</b>	(6.64)	325 262	342 908
Advertising	97 189	83 817	97 552	66 573	92 308	90 034	<b>88 601</b>	(1.59)	92 517	96 664
Minor Assets	102 394	101 733	84 008	99 409	97 343	91 750	<b>128 431</b>	39.98	118 888	115 030
Audit cost: External	100 666	84 795	90 293	91 065	92 516	90 456	<b>98 142</b>	8.50	102 039	106 900
Bursaries: Employees	16 323	16 884	19 197	19 908	23 937	23 842	<b>24 127</b>	1.20	25 582	26 688
Catering: Departmental activities	45 514	44 733	38 238	54 253	47 575	45 862	<b>52 729</b>	14.97	55 390	57 481
Communication (G&S)	128 976	121 326	104 139	135 369	129 956	108 841	<b>121 930</b>	12.03	127 532	134 377
Computer services	608 236	772 199	809 717	902 305	912 833	922 975	<b>998 911</b>	8.23	1 012 670	1 045 703
Consultants and professional services: Business and advisory services	422 747	453 379	623 549	744 672	844 599	847 735	<b>865 208</b>	2.06	905 289	953 837
Infrastructure and planning	151 382	166 134	168 627	157 745	119 593	156 900	<b>56 831</b>	(63.78)	56 016	59 545
Laboratory services	555 858	557 827	658 037	650 904	667 065	695 183	<b>730 693</b>	5.11	764 925	810 648
Scientific and technological services	11	76								
Legal costs	33 913	46 640	41 376	46 121	60 731	62 675	<b>64 015</b>	2.14	57 494	61 835
Contractors	841 391	945 042	1 038 636	1 090 658	1 102 154	1 121 127	<b>1 098 072</b>	(2.06)	1 170 179	1 236 629
Agency and support/outourced services	873 780	905 919	993 262	992 294	1 020 649	1 029 832	<b>1 084 317</b>	5.29	1 135 602	1 197 501
Entertainment	555	601	660	1 399	1 381	1 286	<b>3 554</b>	176.36	3 687	3 847
Fleet services (including government motor transport)	296 294	305 024	314 093	330 281	327 858	324 866	<b>340 888</b>	4.93	358 244	376 000
Housing										
Inventory: Clothing material and accessories		1 174	1 503	1 217	1 091	1 202	<b>2 519</b>	109.57	5 020	3 989
Inventory: Farming supplies	( 1 )									
Inventory: Food and food supplies	49 496	53 519	51 981	53 908	56 473	55 590	<b>59 657</b>	7.32	63 327	67 817
Inventory: Learner and teacher support material	153 065	122 419	191 313	198 797	189 831	185 017	<b>205 369</b>	11.00	216 825	228 618
Inventory: Materials and supplies	41 146	48 342	15 068	10 289	10 495	11 146	<b>10 704</b>	(3.97)	11 171	11 716
Inventory: Medical supplies	1 298 695	1 344 775	1 465 841	1 549 471	1 530 696	1 486 732	<b>1 608 672</b>	8.20	1 722 382	1 853 251
Inventory: Medicine	1 136 188	1 358 040	1 459 321	1 538 924	1 531 006	1 489 800	<b>1 631 526</b>	9.51	1 774 222	1 935 731
Medsas inventory interface						( 51 )		(100.00)		
Inventory: Other supplies	233 344	402 151	477 692	405 310	485 908	446 709	<b>289 782</b>	(35.13)	306 466	324 068
Consumable supplies	402 749	424 882	514 688	518 416	526 983	557 808	<b>548 217</b>	(1.72)	573 778	603 286
Consumable: Stationery, printing and office supplies	131 713	137 861	140 801	155 416	156 503	145 147	<b>161 705</b>	11.41	168 556	177 507
Operating leases	262 342	270 493	267 363	300 019	299 536	289 551	<b>318 721</b>	10.07	338 549	356 772
Property payments	1 830 236	2 229 050	2 299 865	2 326 261	2 433 383	2 361 519	<b>2 741 046</b>	16.07	2 599 954	2 816 053
Transport provided: Departmental activity	273 468	280 671	276 013	342 543	330 763	330 934	<b>345 560</b>	4.42	364 511	384 147
Travel and subsistence	180 691	179 259	189 594	205 979	209 272	211 151	<b>222 477</b>	5.36	233 741	246 692
Training and development	115 544	110 172	112 543	140 869	136 596	138 663	<b>158 577</b>	14.36	157 872	168 644
Operating payments	108 491	106 000	106 850	105 570	120 335	127 855	<b>133 476</b>	4.40	134 066	140 367
Venues and facilities	17 330	17 471	16 754	27 272	21 565	22 678	<b>28 126</b>	24.02	27 138	28 239
Rental and hiring	31 225	21 449	23 464	26 466	26 911	26 905	<b>27 074</b>	0.63	29 787	31 422
Interest and rent on land	255	41	19			178	<b>120</b>	(32.58)	125	130
Interest (Incl. interest on finance leases)	255	41	19			24		(100.00)		
Rent on land						154	<b>120</b>	(22.08)	125	130

**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)**

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	% Change from Revised estimate			
							2019/20	2018/19	2020/21	2021/22
Transfers and subsidies to (Current)	6 309 272	7 053 821	7 289 745	7 792 531	8 014 152	8 019 129	8 206 330	2.33	8 634 312	9 149 155
Provinces and municipalities	1 325 065	1 465 253	1 595 316	1 587 010	1 629 370	1 636 886	1 771 449	8.22	1 865 452	1 938 384
Provinces	3 827	3 774	3 998	3 638	3 645	3 645	4 923	35.06	5 233	5 521
Provincial Revenue Funds										
Provincial agencies and funds	3 827	3 774	3 998	3 638	3 645	3 645	4 923	35.06	5 233	5 521
Municipalities	1 321 238	1 461 479	1 591 318	1 583 372	1 625 725	1 633 241	1 766 526	8.16	1 860 219	1 932 863
Municipal bank accounts	1 321 225	1 456 821	1 582 973	1 579 089	1 604 170	1 611 686	1 750 367	8.60	1 839 401	1 910 588
Municipal agencies and funds	13	4 658	8 345	4 283	21 555	21 555	16 159	(25.03)	20 818	22 275
Departmental agencies and accounts	374 307	501 790	447 378	486 926	485 778	489 162	561 988	14.89	553 092	577 644
Social security funds	519	472	329	400	346	346	274	(20.81)	289	304
Departmental agencies (non-business entities)	373 788	501 318	447 049	486 526	485 432	488 816	561 714	14.91	552 803	577 340
Western Cape Gambling and Racing Board	5 244	9 908	19 707	29 342	26 864	26 864	37 092	38.07	30 211	31 872
Environmental Commissioner										
Western Cape Nature Conservation Board	224 694	231 406	246 224	252 859	252 859	252 859	266 916	5.56	277 606	293 782
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency	59 196	76 003	79 963	88 799	89 651	89 651	118 663	32.36	133 918	139 352
Western Cape Cultural Commission	384	420	1 183	1 506	1 506	1 506	524	(65.21)	561	586
Western Cape Liquor Board	38 733	36 016	38 370	39 882	39 882	39 882	42 108	5.58	44 424	46 868
Western Cape Language Committee	233	242	221	247	247	247	258	4.45	276	288
Artscape	178	190	173	175	175	175	175		187	196
Western Cape Heritage	2 270	3 000	1 611	1 736	1 736	1 736	1 844	6.22	1 973	2 060
Sector Education and Training	11 029	11 640	12 396	15 099	15 099	15 103	15 983	5.83	16 832	17 747
Government Motor Trading Account	271						2 650		2 879	3 087
Saldanha Bay IDZ Licencing Company SOC Limited	28 958	129 824	46 155	55 632	55 632	55 632	74 187	33.35	42 566	40 054
Other	2 598	2 669	1 046	1 249	1 781	5 161	1 314	(74.54)	1 370	1 448
Higher education institutions	5 528	940	950	5 462	2 300	2 300		(100.00)		
Foreign governments and international organisations	286	429	312	279	279	279	299	7.17	312	326
Public corporations and private enterprises	1 044 489	1 149 195	1 184 588	1 196 360	1 447 409	1 435 334	1 250 893	(12.85)	1 336 408	1 413 607
Public corporations	210 544	241 641	259 066	215 036	481 941	473 209	211 865	(55.23)	227 189	245 237
Subsidies on products and production (pc)	205 790	233 557	77 574		1 700	1 700		(100.00)		2 257
Other transfers to public corporations	4 754	8 084	181 492	215 036	480 241	471 509	211 865	(55.07)	227 189	242 980
Private enterprises	833 945	907 554	925 522	981 324	965 468	962 125	1 039 028	7.99	1 109 219	1 168 370
Subsidies on products and production (pe)	31 823	30 509								
Other transfers to private enterprises	802 122	877 045	925 522	981 324	965 468	962 125	1 039 028	7.99	1 109 219	1 168 370
Non-profit institutions	3 241 420	3 626 575	3 684 711	4 135 377	4 064 139	4 076 037	4 272 322	4.82	4 514 896	4 843 240
Households	318 177	309 639	376 490	381 117	384 877	379 131	349 379	(7.85)	364 152	375 954
Social benefits	153 878	153 750	156 908	170 655	157 813	156 935	173 760	10.72	183 107	193 322
Other transfers to households	164 299	155 889	219 582	210 462	227 064	222 196	175 619	(20.96)	181 045	182 632

**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				% Change from Revised estimate 2019/20	2018/19	2020/21	2021/22
<b>Transfers and subsidies to (Capital)</b>	2 088 267	2 059 584	2 619 182	2 127 118	2 238 752	2 222 737	<b>2 244 995</b>	1.00	2 210 056	2 293 386
Provinces and municipalities	67 986	84 524	161 227	71 777	109 836	109 836	<b>63 615</b>	(42.08)	102 767	95 923
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	67 986	84 524	161 227	71 777	109 836	109 836	<b>63 615</b>	(42.08)	102 767	95 923
Municipal bank accounts	67 986	84 524	161 227	71 777	109 836	109 836	<b>63 615</b>	(42.08)	102 767	95 923
Municipal agencies and funds										
Departmental agencies and accounts	40 688	18 311	27 826	49 672	38 072	38 072	<b>47 558</b>	24.92	37 514	39 577
Social security funds										
Departmental agencies (non-business entities)	40 688	18 311	27 826	49 672	38 072	38 072	<b>47 558</b>	24.92	37 514	39 577
Western Cape Gambling and Racing Board										
Environmental Commissioner										
Western Cape Nature Conservation Board	29 048	18 311	27 826	49 672	37 672	37 672	<b>47 558</b>	26.24	37 514	39 577
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Western Cape Heritage										
Sector Education and Training										
Government Motor Trading Account	8 480									
Saldanha Bay IDZ Licencing										
Company SOC Limited										
Other	3 160				400	400		(100.00)		
Higher education institutions			10 000	10 000	10 209	10 209	<b>10 000</b>	(2.05)	5 000	5 000
Foreign governments and international organisations										
Public corporations and private enterprises			1 054							
Public corporations										
Subsidies on products and production (pc)										
Other transfers to public corporations										
Private enterprises			1 054							
Subsidies on products and production (pe)										
Other transfers to private enterprises			1 054							
Non-profit institutions	75 952	48 200	137 221	62 000	51 000	51 000	<b>65 000</b>	27.45	40 000	55 000
Households	1 903 641	1 908 549	2 281 854	1 933 669	2 029 635	2 013 620	<b>2 058 822</b>	2.24	2 024 775	2 097 886
Social benefits										
Other transfers to households	1 903 641	1 908 549	2 281 854	1 933 669	2 029 635	2 013 620	<b>2 058 822</b>	2.24	2 024 775	2 097 886

**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				% Change from Revised estimate 2018/19	2019/20	2020/21	2021/22
<b>Transfers and subsidies to (Total)</b>	8 397 539	9 113 405	9 908 927	9 919 649	10 252 904	10 241 866	<b>10 451 325</b>	2.05	10 844 368	11 442 541
Provinces and municipalities	1 393 051	1 549 777	1 756 543	1 658 787	1 739 206	1 746 722	<b>1 835 064</b>	5.06	1 968 219	2 034 307
Provinces	3 827	3 774	3 998	3 638	3 645	3 645	<b>4 923</b>	35.06	5 233	5 521
Provincial Revenue Funds										
Provincial agencies and funds	3 827	3 774	3 998	3 638	3 645	3 645	<b>4 923</b>	35.06	5 233	5 521
Municipalities	1 389 224	1 546 003	1 752 545	1 655 149	1 735 561	1 743 077	<b>1 830 141</b>	4.99	1 962 986	2 028 786
Municipal bank accounts	1 389 211	1 541 345	1 744 200	1 650 866	1 714 006	1 721 522	<b>1 813 982</b>	5.37	1 942 168	2 006 511
Municipal agencies and funds	13	4 658	8 345	4 283	21 555	21 555	<b>16 159</b>	(25.03)	20 818	22 275
Departmental agencies and accounts	414 995	520 101	475 204	536 598	523 850	527 234	<b>609 546</b>	15.61	590 606	617 221
Social security funds	519	472	329	400	346	346	<b>274</b>	(20.81)	289	304
Departmental agencies (non-business entities)	414 476	519 629	474 875	536 198	523 504	526 888	<b>609 272</b>	15.64	590 317	616 917
Western Cape Gambling and Racing Board	5 244	9 908	19 707	29 342	26 864	26 864	<b>37 092</b>	38.07	30 211	31 872
Environmental Commissioner										
Western Cape Nature Conservation Board	253 742	249 717	274 050	302 531	290 531	290 531	<b>314 474</b>	8.24	315 120	333 359
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency	59 196	76 003	79 963	88 799	89 651	89 651	<b>118 663</b>	32.36	133 918	139 352
Western Cape Cultural Commission	384	420	1 183	1 506	1 506	1 506	<b>524</b>	(65.21)	561	586
Western Cape Liquor Board	38 733	36 016	38 370	39 882	39 882	39 882	<b>42 108</b>	5.58	44 424	46 868
Western Cape Language Committee	233	242	221	247	247	247	<b>258</b>	4.45	276	288
Artscape	178	190	173	175	175	175	<b>175</b>		187	196
Western Cape Heritage	2 270	3 000	1 611	1 736	1 736	1 736	<b>1 844</b>	6.22	1 973	2 060
Sector Education and Training	11 029	11 640	12 396	15 099	15 099	15 103	<b>15 983</b>	5.83	16 832	17 747
Government Motor Trading Account	8 751						<b>2 650</b>		2 879	3 087
Saldanha Bay IDZ Licencing										
Company SOC Limited	28 958	129 824	46 155	55 632	55 632	55 632	<b>74 187</b>	33.35	42 566	40 054
Other	5 758	2 669	1 046	1 249	2 181	5 561	<b>1 314</b>	(76.37)	1 370	1 448
Higher education institutions	5 528	940	10 950	15 462	12 509	12 509	<b>10 000</b>	(20.06)	5 000	5 000
Foreign governments and international organisations	286	429	312	279	279	279	<b>299</b>	7.17	312	326
Public corporations and private enterprises	1 044 489	1 149 195	1 185 642	1 196 360	1 447 409	1 435 334	<b>1 250 893</b>	(12.85)	1 336 408	1 413 607
Public corporations	210 544	241 641	259 066	215 036	481 941	473 209	<b>211 865</b>	(55.23)	227 189	245 237
Subsidies on products and production (pc)	205 790	233 557	77 574		1 700	1 700		(100.00)		2 257
Other transfers to public corporations	4 754	8 084	181 492	215 036	480 241	471 509	<b>211 865</b>	(55.07)	227 189	242 980
Private enterprises	833 945	907 554	926 576	981 324	965 468	962 125	<b>1 039 028</b>	7.99	1 109 219	1 168 370
Subsidies on products and production (pe)	31 823	30 509								
Other transfers to private enterprises	802 122	877 045	926 576	981 324	965 468	962 125	<b>1 039 028</b>	7.99	1 109 219	1 168 370
Non-profit institutions	3 317 372	3 674 775	3 821 932	4 197 377	4 115 139	4 127 037	<b>4 337 322</b>	5.10	4 554 896	4 898 240
Households	2 221 818	2 218 188	2 658 344	2 314 786	2 414 512	2 392 751	<b>2 408 201</b>	0.65	2 388 927	2 473 840
Social benefits	153 878	153 750	156 908	170 655	157 813	156 935	<b>173 760</b>	10.72	183 107	193 322
Other transfers to households	2 067 940	2 064 438	2 501 436	2 144 131	2 256 699	2 235 816	<b>2 234 441</b>	(0.06)	2 205 820	2 280 518
<b>Payments for capital assets</b>	5 021 099	4 916 382	4 807 101	4 925 991	5 088 509	5 199 331	<b>5 263 297</b>	1.23	5 340 995	5 571 058
Buildings and other fixed structures	4 073 449	4 080 902	3 928 545	4 112 346	4 178 128	4 202 972	<b>4 448 470</b>	5.84	4 443 190	4 696 192
Buildings	1 541 774	1 450 770	1 187 467	1 071 566	1 139 545	1 196 351	<b>1 441 168</b>	20.46	1 682 900	1 862 999
Other fixed structures	2 531 675	2 630 132	2 741 078	3 040 780	3 038 583	3 006 621	<b>3 007 302</b>	0.02	2 760 290	2 833 193
Machinery and equipment	809 557	788 721	814 805	762 171	824 830	912 353	<b>782 666</b>	(14.21)	861 372	835 209
Transport equipment	320 319	324 588	390 282	330 489	333 481	355 150	<b>349 616</b>	(1.56)	378 160	395 378
Other machinery and equipment	489 238	464 133	424 523	431 682	491 349	557 203	<b>433 050</b>	(22.28)	483 212	439 831
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets	107 479	11 990	26 110	7 500	39 967	44 016	<b>7 800</b>	(82.28)	8 200	8 650
Software and other intangible assets	30 614	34 769	37 641	43 974	45 584	39 990	<b>24 361</b>	(39.08)	28 233	31 007
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>										
<b>Payments for financial assets</b>	15 957	21 470	36 944	6 350	13 286	19 691	<b>6 655</b>	(66.20)	7 010	7 374
<b>Total economic classification</b>	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	<b>67 148 484</b>	6.13	70 367 957	74 611 450

**Table B.4 Summary of provincial payments on training by vote: Relating to Chapter 5**

Vote R'000	Outcome						Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	% Change from Revised estimate			
							2019/20	2018/19	2020/21	2021/22
1. Department of the Premier	5 539	8 456	8 127	6 244	6 494	6 494	6 651	2.42	7 061	7 506
2. Provincial Parliament	691	1 261	818	687	619	623	792	27.13	814	876
3. Provincial Treasury	1 275	1 450	1 430	2 890	2 366	2 366	2 684	13.44	2 940	3 139
4. Community Safety	817	2 863	3 240	3 062	3 062	3 062	3 005	(1.86)	3 114	3 995
5. Education	200 875	146 687	196 697	204 809	242 019	242 019	222 052	(8.25)	235 316	248 996
6. Health	341 987	340 374	339 984	382 886	356 380	360 811	387 403	7.37	388 569	413 288
7. Social Development	5 310	3 398	4 925	4 338	4 451	4 451	4 668	4.88	4 930	5 196
8. Human Settlements	1 575	1 620	1 690	1 270	1 270	1 937	1 410	(27.21)	1 478	1 560
9. Environmental Affairs and Development Planning	1 806	2 318	2 308	1 415	1 179	1 135	2 541	123.88	2 678	2 809
10. Transport and Public Works	19 549	22 958	23 460	23 632	32 081	31 509	34 086	8.18	33 966	35 353
11. Agriculture	9 868	7 289	10 704	8 031	8 260	8 260	9 681	17.20	10 353	10 678
12. Economic Development and Tourism	6 922	2 971	2 864	2 105	2 105	2 105	2 164	2.80	2 295	2 421
13. Cultural Affairs and Sport	2 897	1 342	3 103	3 454	2 358	2 358	3 062	29.86	3 250	3 423
14. Local Government	2 400	1 076	1 252	1 300	1 245	1 245	1 312	5.38	1 368	1 425
<b>Total provincial payments on training</b>	<b>601 511</b>	<b>544 063</b>	<b>600 602</b>	<b>646 123</b>	<b>663 889</b>	<b>668 375</b>	<b>681 511</b>	<b>1.97</b>	<b>698 132</b>	<b>740 665</b>

**Table B.5 Information on training: Relating to Chapter 5**

Description	Outcome			Main appropriation 2018/19	Adjusted appropriation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate		2020/21	2021/22
	2015/16	2016/17	2017/18				2019/20	2018/19		
Number of staff	81 572	81 855	82 423	82 613	82 679	84 521	<b>86 051</b>	1.81	85 606	85 630
Number of personnel trained	35 804	44 925	44 976	55 493	55 329	55 186	<b>57 913</b>	4.94	59 468	61 074
<i>of which</i>										
Male	11 782	15 424	14 019	23 832	22 371	22 260	<b>22 940</b>	3.05	23 649	24 377
Female	24 022	29 501	30 957	31 661	32 958	32 926	<b>34 973</b>	6.22	35 819	36 697
Number of training opportunities	29 376	34 789	36 746	31 530	32 150	31 834	<b>35 016</b>	10.00	35 158	35 625
<i>of which</i>										
Tertiary	983	1 038	917	1 076	1 002	1 018	<b>1 178</b>	15.72	1 197	1 214
Workshops	1 143	811	984	1 085	1 013	1 022	<b>1 028</b>	0.59	1 062	1 101
Seminars	220	366	138	291	253	243	<b>245</b>	0.82	256	263
Other	27 030	32 574	34 708	29 078	29 882	29 551	<b>32 565</b>	10.20	32 643	33 047
Number of bursaries offered	894	2 665	2 555	2 485	2 452	2 459	<b>2 320</b>	(5.65)	2 346	2 380
Number of interns appointed	886	2 898	976	1 088	1 101	1 381	<b>1 946</b>	40.90	1 961	1 989
Number of learnerships appointed	2 218	2 254	208	2 390	2 387	2 420	<b>2 553</b>	5.50	2 676	2 805
Number of days spent on training	12 868	9 506	16 822	14 381	17 017	16 488	<b>16 519</b>	0.19	16 937	17 484

**Table B.6 Transfers to local government by category and municipality: Information relating to Chapter 4**

Municipalities R'000	Outcome						Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- piation 2018/19	Adjusted appro- piation 2018/19	Revised estimate 2018/19	% Change from Revised estimate			
							2019/20	2018/19	2020/21	2021/22
<b>Category A</b>	1 256 815	1 299 708	1 060 728	1 020 469	1 064 007	1 064 007	1 110 671	4.39	1 357 265	1 338 658
City of Cape Town	1 256 815	1 299 708	1 060 728	1 020 469	1 064 007	1 064 007	1 110 671	4.39	1 357 265	1 338 658
<b>Category B</b>	1 127 442	1 249 652	1 308 295	1 384 327	1 524 198	1 531 416	1 419 507	(7.31)	1 439 809	1 323 151
Matzikama	35 904	39 444	28 831	32 807	35 441	35 441	27 311	(22.94)	55 562	13 715
Cederberg	8 567	24 040	16 935	22 388	63 727	64 407	23 588	(63.38)	31 817	37 348
Bergrivier	37 747	23 121	8 151	16 043	12 943	12 943	21 914	69.31	7 512	7 919
Saldanha Bay	72 647	56 469	57 134	46 561	68 156	68 156	30 466	(55.30)	76 760	45 732
Swartland	74 704	49 795	68 868	55 568	68 896	68 896	33 684	(51.11)	60 971	40 937
Witzenberg	50 521	53 391	45 146	47 438	40 290	40 290	46 521	15.47	59 606	45 375
Drakenstein	84 366	59 979	123 005	164 630	176 970	176 970	139 836	(20.98)	135 509	112 725
Stellenbosch	48 022	61 245	41 389	64 949	76 301	76 301	53 697	(29.62)	54 274	44 905
Breedse Valley	35 995	67 895	101 849	131 780	121 583	121 583	199 132	63.78	151 149	97 858
Langeberg	27 530	48 309	53 460	30 054	54 220	54 220	30 712	(43.36)	46 022	36 366
Theewaterskloof	78 060	50 154	70 644	71 893	56 585	56 585	73 927	30.65	45 078	59 721
Overstrand	63 378	57 068	86 595	66 798	50 996	50 996	66 673	30.74	52 187	76 419
Cape Agulhas	12 418	22 019	46 734	43 407	44 555	44 555	43 470	(2.44)	21 978	45 361
Swellendam	13 030	10 976	11 062	15 546	16 492	16 372	17 767	8.52	24 057	22 954
Kannaland	12 729	45 545	19 023	3 411	8 333	11 578	8 796	(24.03)	3 209	3 286
Hessequa	17 310	38 781	20 768	10 293	14 608	14 608	12 481	(14.56)	37 338	31 381
Mossel Bay	29 689	59 938	20 842	47 815	44 730	44 730	102 870	129.98	98 851	135 672
George	172 625	239 444	194 834	258 945	212 324	212 324	282 345	32.98	289 426	252 048
Oudtshoorn	47 609	57 349	62 327	30 316	63 939	63 939	31 146	(51.29)	29 181	18 769
Bitou	65 037	60 003	57 327	72 538	98 772	98 772	51 611	(47.75)	67 524	75 350
Knysna	74 432	65 889	82 652	80 626	87 882	87 882	81 830	(6.89)	60 192	58 115
Laingsburg	22 282	3 215	10 531	2 201	4 480	5 980	5 511	(7.84)	1 569	1 536
Prince Albert	11 515	18 667	24 015	21 116	16 595	16 595	8 419	(49.27)	6 339	27 527
Beaufort West	31 325	36 916	56 173	47 204	85 380	87 293	25 800	(70.44)	23 698	32 132
<b>Category C</b>	44 232	11 453	16 047	9 863	30 735	30 739	11 892	(61.31)	12 193	15 977
West Coast District Municipality	36 437	1 350	3 125	2 160	3 445	3 445	1 760	(48.91)	1 400	2 425
Cape Winelands District Municipality	2 607	1 175	2 560	1 814	3 212	3 212	3 706	15.38	2 900	3 000
Overberg District Municipality	2 138	4 798	2 161	2 226	5 350	5 354	1 808	(66.23)	2 893	3 179
Garden Route District Municipality	1 680	530	4 450	3 023	15 673	15 673	2 859	(81.76)	3 000	4 248
Central Karoo District Municipality	1 370	3 600	3 751	640	3 055	3 055	1 759	(42.42)	2 000	3 125
<b>Unallocated</b> <sup>Note 1</sup>				36 022			74 052		114 327	108 254
<b>Total transfers to local government</b>	2 428 489	2 560 813	2 385 070	2 450 681	2 618 940	2 626 162	2 616 122	(0.38)	2 923 594	2 786 040
<b>Funds retained by the Department of Human Settlements (not included in the transfers to local government)</b>	493 265	468 986	1 063 940	695 569	693 752	693 752	760 038	9.55	513 487	768 701

**Table B.6 Transfers to local government by category and municipality: Information relating to Chapter 4 (continued)**

Note 1 Unallocated		2019/20 Allocation (R'000)	2020/21 Allocation (R'000)	2021/22 Allocation (R'000)
Western Cape Financial Management Support Grant	The allocations will be based on the outcomes and recommendations of the Technical Integrated Municipal Engagements (TIME) and Local Government Medium Term Expenditure Committee (LG MTEC) processes. A portion of the grant is unallocated at this stage and municipal-specific allocations will be made in the 2019 Adjusted Estimates and additional gazette process.	12 927	25 489	25 880
Western Cape Financial Management Capacity Building Grant	The outer year municipal specific allocations will be published in the relevant budget year.		12 021	12 670
Western Cape Financial Good Governance Grant	The allocations will be based on the outcomes and recommendations of the Strategic Integrated Municipal Engagements (SIME), TIME and LG MTEC processes. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2019 Adjusted Estimates.	8 000	10 000	10 000
Greenest Municipality Competition	As part of a national process, the Department invites municipalities to participate in the Greenest Municipality Competition. The eventual outcome and announcement of the winners are known during the course of the financial year; hence the municipalities and the prize awards will be included in the Adjusted Estimates of Provincial Expenditure.	500		
Regional Socio-Economic Projects (RSEP)	All project selections have not been finalised for 2020/21 (R19.300 million) and 2021/22 (R10.000 million) and therefore amounts reflected is respectively unallocated.		19 300	10 000
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	The distribution of the unallocated amounts is dependent on the 20% co-funding by the relevant municipalities. As this has not yet been finalised, provided for in the municipal budgets and approved, it cannot be gazetted in the provincial gazette and transferred.	13 190	16 500	17 000
Development of Sport and Recreation facilities	The allocation of amounts in the outer years is dependent on municipalities submitting Business Plans. As the Business Plans for the outer years have not been submitted, these amounts cannot be gazetted and transferred.		1 717	1 812
Municipal Electrical Master Plan Grant	The allocations in the outer years will be based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Technical Integrated Municipal Engagements, Integrated Development Planning Indaba and Back to Basic meetings.		1 570	1 656
Municipal Drought Relief Grant	The outer years' allocations will be based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Technical Integrated Municipal Engagements, Integrated Development Planning Indaba and Back to Basic meetings and Drought Task Team meetings.	25 000	12 518	13 206
Municipal Service Delivery and Capacity Building Grant	The allocations will be based on the outcomes and recommendations of the annual Intergovernmental Relation monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Technical Integrated Municipal Engagements, Integrated Development Planning Indaba and Back to Basic meetings. The grant is unallocated at this stage and municipal-specific allocations will be made in the 2019 Adjusted Estimates process.	14 435	15 212	16 049
<b>Total</b>		<b>74 052</b>	<b>114 327</b>	<b>108 273</b>



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

Policy Area R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate			
	Audited 2015/16	Audited 2016/17	Audited 2017/18				Change from Revised estimate 2018/19	2019/20	2020/21	2021/22
General public services	1 770 306	1 946 624	2 110 777	2 208 253	2 227 152	2 224 650	<b>2 423 041</b>	8.92	2 478 336	2 610 297
Public order and safety	269 233	285 919	295 381	316 617	343 424	342 237	<b>359 301</b>	4.99	392 914	414 750
Economic affairs	7 812 902	8 395 885	8 769 792	8 997 244	9 418 637	9 418 637	<b>9 552 010</b>	1.42	9 846 629	10 383 272
Environmental protection	502 648	537 950	546 028	604 621	585 536	585 536	<b>639 689</b>	9.25	644 554	658 303
Housing and community amenities	2 210 713	2 244 423	2 682 806	2 318 554	2 441 281	2 441 281	<b>2 463 227</b>	0.90	2 450 925	2 550 388
Health	18 737 118	20 078 184	21 496 056	23 063 703	23 099 979	23 119 970	<b>24 757 443</b>	7.08	26 040 462	27 754 382
Recreation, culture and religion	685 544	723 373	721 011	760 734	739 202	739 202	<b>820 305</b>	10.97	857 918	907 168
Education	17 637 342	19 301 177	20 566 836	22 193 312	22 149 780	22 149 780	<b>23 669 089</b>	6.86	25 027 730	26 554 097
Social protection	1 892 072	1 959 993	2 104 117	2 241 664	2 246 792	2 246 792	<b>2 464 379</b>	9.68	2 628 489	2 778 793
<b>Total payments and estimates by policy area</b>	<b>51 517 878</b>	<b>55 473 528</b>	<b>59 292 804</b>	<b>62 704 702</b>	<b>63 251 783</b>	<b>63 268 085</b>	<b>67 148 484</b>	<b>6.13</b>	<b>70 367 957</b>	<b>74 611 450</b>

**Table B.8 Payments: Summary by policy area**

GFS function	Category	Department	Programme
General public services	Legislative	Department of the Premier	1.1 Executive Governance and Integration (Administration)
		Provincial Parliament	2.1 Governance (Leadership) and Administration 2.2 Parliamentary Support Services 2.3 Public Engagement 2.4 Members Support
	Financial and Fiscal Affairs	Provincial Treasury	3.1 Administration 3.2 Sustainable Resource 3.3 Asset Management 3.4 Financial Governance
	General Services	Department of the Premier	1.2 Provincial Strategic Management 1.3 People Management (Corporate Services Centre) 1.4 Centre for E-Innovation (Corporate Services Centre) 1.5 Corporate Assurance (Corporate Services Centre)
		Local Government	14.1 Administration 14.2 Local Governance 14.3 Development and Planning 14.4 Traditional Institutional Management
Public Order and Safety	Police Services	Community Safety	4.1 Administration 4.2 Civilian Oversight 4.3 Provincial Policing Functions 4.4 Security Risk Management
Economic Affairs	General Economic	Economic Development and Tourism	12.1 Administration 12.2 Integrated Economic Development Services 12.3 Trade and Sector Development 12.4 Business Regulation and Governance 12.5 Economic Planning 12.7 Skills Development and Innovation
	Agriculture	Agriculture	10.2 Public Works Infrastructure
	Transport	Transport and Public Works	11.1 Administration 11.2 Sustainable Resource Management 11.3 Farmer Support and Development 11.4 Veterinary Services 11.5 Research and Technology Development Services 11.6 Agricultural Economics Services 11.7 Structured Agricultural Education and Training 11.8 Rural Development
	Communication	Economic Development and Tourism	10.1 Administration 10.3 Transport Infrastructure 10.4 Transport Operations 10.5 Transport Regulation 10.6 Community Based Programmes
			12.6 Tourism Arts and Entertainment

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

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

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

GFS function R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	80 245	93 764	101 449	113 442	117 275	117 275	109 591	111 541	119 218
Provincial Parliament (Vote 2)	116 126	120 745	130 536	143 874	143 874	143 874	159 094	164 680	173 034
<b>Total for Category - Legislative</b>	196 371	214 509	231 985	257 316	261 149	261 149	268 685	276 221	292 252
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	240 387	248 001	278 144	325 390	306 833	304 331	357 353	375 348	395 098
<b>Total for Category - Financial and fiscal affairs</b>	240 387	248 001	278 144	325 390	306 833	304 331	357 353	375 348	395 098
<b>Category - General services</b>									
Department of the Premier (Programme 1.2 to 1.5)	1 120 528	1 249 180	1 256 836	1 372 751	1 379 328	1 379 328	1 461 523	1 511 316	1 591 813
Department of Local Government (Vote 14)	213 020	234 934	343 812	252 796	279 842	279 842	335 480	315 451	331 134
<b>Total for Category - General services</b>	1 333 548	1 484 114	1 600 648	1 625 547	1 659 170	1 659 170	1 797 003	1 826 767	1 922 947
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	1 770 306	1 946 624	2 110 777	2 208 253	2 227 152	2 224 650	2 423 041	2 478 336	2 610 297
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Community Safety (Vote 4)	269 233	285 919	295 381	316 617	343 424	342 237	359 301	392 914	414 750
<b>Total for Category - Police services</b>	269 233	285 919	295 381	316 617	343 424	342 237	359 301	392 914	414 750
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	269 233	285 919	295 381	316 617	343 424	342 237	359 301	392 914	414 750
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	353 992	510 044	345 906	378 680	372 760	372 760	463 213	466 399	488 255
Department of Transport and Public Works (Programme 10.2)	1 565 889	1 696 286	1 842 558	1 808 441	1 970 169	1 970 169	1 993 462	2 096 281	2 190 372
<b>TOTAL FOR FUNCTION - General economic affairs</b>	1 919 881	2 206 330	2 188 464	2 187 121	2 342 929	2 342 929	2 456 675	2 562 680	2 678 627

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

GFS function R'000	Outcome			Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	750 633	807 792	866 869	834 342	1 120 674	1 120 674	911 131	981 498	1 041 841
<b>Total for Category - Agriculture</b>	750 633	807 792	866 869	834 342	1 120 674	1 120 674	911 131	981 498	1 041 841
<b>Category - Transport</b>									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	5 102 506	5 332 422	5 661 062	5 920 999	5 898 852	5 898 852	6 124 050	6 239 488	6 596 293
<b>Total for Category - Transport</b>	5 102 506	5 332 422	5 661 062	5 920 999	5 898 852	5 898 852	6 124 050	6 239 488	6 596 293
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programme 12.6)	39 882	49 341	53 397	54 782	56 182	56 182	60 154	62 963	66 511
<b>Total for Category - Communication</b>	39 882	49 341	53 397	54 782	56 182	56 182	60 154	62 963	66 511
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	7 812 902	8 395 885	8 769 792	8 997 244	9 418 637	9 418 637	9 552 010	9 846 629	10 383 272
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	502 648	537 950	546 028	604 621	585 536	585 536	639 689	644 554	658 303
<b>Total for Category - Environmental protection</b>	502 648	537 950	546 028	604 621	585 536	585 536	639 689	644 554	658 303
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	502 648	537 950	546 028	604 621	585 536	585 536	639 689	644 554	658 303
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Human Settlements (Vote 8)	2 210 713	2 244 423	2 682 806	2 318 554	2 441 281	2 441 281	2 463 227	2 450 925	2 550 388
<b>Total for Category - Housing Development</b>	2 210 713	2 244 423	2 682 806	2 318 554	2 441 281	2 441 281	2 463 227	2 450 925	2 550 388
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	2 210 713	2 244 423	2 682 806	2 318 554	2 441 281	2 441 281	2 463 227	2 450 925	2 550 388

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

GFS function R'000	Outcome			Main appro- piation 2018/19	Adjusted appro- piation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	614 141	635 774	720 112	845 174	810 356	797 178	843 908	964 621	965 526
<b>Total for Category - Health n.e.c.</b>	614 141	635 774	720 112	845 174	810 356	797 178	843 908	964 621	965 526
<b>Category - Outpatient service</b>									
Department of Health Services (Programme 6.2)	7 352 880	7 953 437	8 737 909	9 344 338	9 341 766	9 333 836	9 909 455	10 527 485	11 329 232
<b>Total for Category - Outpatient service</b>	7 352 880	7 953 437	8 737 909	9 344 338	9 341 766	9 333 836	9 909 455	10 527 485	11 329 232
<b>Category - R &amp; D Health (CS)</b>									
Department of Health Services (Programme 6.6)	319 793	320 291	317 453	349 618	328 616	331 308	352 736	351 499	371 526
<b>Total for Category - R &amp; D Health (CS)</b>	319 793	320 291	317 453	349 618	328 616	331 308	352 736	351 499	371 526
<b>Category - Hospital services</b>									
Department of Health Services (Programmes 6.3 to 6.8, excluding 6.6)	10 450 304	11 168 682	11 720 582	12 524 573	12 619 241	12 657 648	13 651 344	14 196 857	15 088 098
<b>Total for Category - Hospital services</b>	10 450 304	11 168 682	11 720 582	12 524 573	12 619 241	12 657 648	13 651 344	14 196 857	15 088 098
<b>TOTAL FOR FUNCTION - HEALTH</b>	18 737 118	20 078 184	21 496 056	23 063 703	23 099 979	23 119 970	24 757 443	26 040 462	27 754 382
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	180 173	198 161	182 955	185 523	186 489	186 489	210 637	227 260	239 458
<b>Total for Category - Recreation and sporting services</b>	180 173	198 161	182 955	185 523	186 489	186 489	210 637	227 260	239 458
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	505 371	525 212	538 056	575 211	552 713	552 713	609 668	630 658	667 710
<b>Total for Category - Cultural services</b>	505 371	525 212	538 056	575 211	552 713	552 713	609 668	630 658	667 710
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	685 544	723 373	721 011	760 734	739 202	739 202	820 305	857 918	907 168

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

GFS function R'000	Outcome			Main appro- piation 2018/19	Adjusted appro- piation 2018/19	Revised estimate 2018/19	Medium-term estimate		
	Audited 2015/16	Audited 2016/17	Audited 2017/18				2019/20	2020/21	2021/22
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.2.1 and 5.5)	8 253 553	9 232 172	9 840 060	10 507 549	10 340 118	10 340 118	11 292 106	12 005 496	12 712 246
<b>Total for Category - Pre-primary and primary education</b>	8 253 553	9 232 172	9 840 060	10 507 549	10 340 118	10 340 118	11 292 106	12 005 496	12 712 246
<b>Category - Secondary education</b>									
Department of Education (Programme 5.2.2)	4 789 855	5 172 184	5 422 619	6 140 226	6 106 892	6 106 892	6 597 320	7 012 475	7 417 667
<b>Total for Category - Secondary education</b>	4 789 855	5 172 184	5 422 619	6 140 226	6 106 892	6 106 892	6 597 320	7 012 475	7 417 667
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	95 384	101 026	106 912	113 387	113 387	113 387	119 510	126 203	133 018
<b>Total for Category - Subsidiary service to education</b>	95 384	101 026	106 912	113 387	113 387	113 387	119 510	126 203	133 018
<b>Category - Education not definable by level</b>									
Department of Education (Programmes 5.1, 5.2.3, 5.2.4, 5.4, 5.6 and 5.7)	4 498 550	4 795 795	5 197 245	5 432 150	5 589 383	5 589 383	5 660 153	5 883 556	6 291 166
<b>Total for Category - Education not definable by level</b>	4 498 550	4 795 795	5 197 245	5 432 150	5 589 383	5 589 383	5 660 153	5 883 556	6 291 166
<b>TOTAL FOR FUNCTION - EDUCATION</b>	17 637 342	19 301 177	20 566 836	22 193 312	22 149 780	22 149 780	23 669 089	25 027 730	26 554 097
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	1 892 072	1 959 993	2 104 117	2 241 664	2 246 792	2 246 792	2 464 379	2 628 489	2 778 793
<b>Total for Category - Social security services</b>	1 892 072	1 959 993	2 104 117	2 241 664	2 246 792	2 246 792	2 464 379	2 628 489	2 778 793
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	1 892 072	1 959 993	2 104 117	2 241 664	2 246 792	2 246 792	2 464 379	2 628 489	2 778 793
<b>TOTAL: BY FUNCTION</b>	51 517 878	55 473 528	59 292 804	62 704 702	63 251 783	63 268 085	67 148 484	70 367 957	74 611 450

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

Outcome							Medium-term estimate				
Provincial department R'000	Audited 2015/16	Audited 2016/17	Audited 2017/18	Main appro- priation 2018/19	Adjusted appro- priation 2018/19	Revised estimate 2018/19	Change from Revised estimate	2019/20	2018/19	2020/21	2021/22
1. Department of the Premier											
2. Provincial Parliament											
3. Provincial Treasury											
4. Community Safety	17 362	17 712	11 702	18 680	15 779	13 861	23 548	69.89		19 403	20 749
5. Education	113 526	127 302	122 970	151 525	122 825	122 825	142 424	15.96		132 341	139 487
6. Health	111 851	131 050	134 849	134 184	137 151	137 151	165 210	20.46		149 491	157 713
7. Social Development	10 167	13 986	20 105	7 796	7 796	7 796	13 311	70.74		13 658	14 024
8. Human Settlements	3 490	3 426	3 374	3 014	3 014	3 014	2 986	( 0.93)			
9. Environmental Affairs and Development Planning	23 262	25 001	25 754	27 526	27 526	27 526	28 570	3.79		26 220	27 662
10. Transport and Public Works	2 007 963	1 896 587	2 206 066	2 191 562	2 191 562	2 191 562	1 055 520	( 51.84)		962 648	1 036 284
11. Agriculture	2 000	2 068	2 062	2 154	2 154	2 154	2 078	( 3.53)			
12. Economic Development and Tourism											
13. Cultural Affairs and Sport	14 886	18 558	17 993	21 644	21 644	21 644	20 764	( 4.07)		21 521	22 320
14. Local Government											
Total EPWP	2 304 507	2 235 690	2 544 875	2 558 085	2 529 451	2 527 533	1 454 411	( 42.46)		1 325 282	1 418 239
Financed from:											
Equitable share	1 410 922	1 333 824	1 538 314	1 473 688	1 445 054	1 443 136	356 548	( 75.29)		365 634	384 955
Conditional Grants	893 585	901 866	1 006 561	1 084 397	1 084 397	1 084 397	1 097 863	1.24		959 648	1 033 284
Other											
Total EPWP	2 304 507	2 235 690	2 544 875	2 558 085	2 529 451	2 527 533	1 454 411	( 42.46)		1 325 282	1 418 239

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



# Glossary

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

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