

Provincial Government Western Cape Provincial Treasury

BUDGET 2006 OVERVIEW



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Foreword

The Provincial Budget 2006/07 is tabled in an environment alive with the promise of 'accelerated shared economic growth', an idea highlighted in the President's State of the Nation Address 9 February 2006 and developed under the leadership of the Deputy President as the *Accelerated Shared Growth Initiative for South Africa (ASGI-SA)*.

We know that higher levels of economic growth are critical to reducing unemployment and poverty and to encourage investment in South Africa's economy. And even as the short-term economic outlook for the Western Cape is upbeat, we can see that unemployment remains a deep and pervasive problem. But up to now, growth has largely tended to benefit those already well-off or well-positioned while the poor did not share in the same benefits. Essential as growth might be, we need to take specific steps to share equitably the gains from government activity and higher economic growth so that poor people experience real improvements in their daily lives on an increasing scale. This, after all, is the season of hope. These ideas are at the basis of the Western Cape's Budget 2006/07.

In 2005 the Provincial Treasury commissioned a population survey to look at how our people felt about service delivery in the Province. Those results—to be launched in April 2006—helped to tell us what people care most about and what are the urgent problems to be addressed. In developing Budget 2006/07 we used the survey and information gleaned from our interaction with municipalities to assist with our policy priorities and directing of financial resources.

This year's Budget is also exciting because it marks the first time that provincial departments have publicly identified specific objectives which they commit to realise in the upcoming year. These key deliverables—described in Chapter 3—will form the reference point for the Province's nascent monitoring and evaluation system. In that way, the people of the Western Cape can hold the Provincial Government accountable for our commitments to shared growth and development.

In 2003 the Province launched the main strands of its Growth and Development Strategy, called *iKapa Elihlumayo*, to address the key development challenges before us. Its component lead strategies come to fruition in this year's budget. At the same time the Budget incorporates the new slants and priorities that have emerged from our national processes, including the new focus on accelerated and shared growth.

An annual budget is therefore a manifestation of planning that has quite often taken years to put into effect, due to revenue issues and institutional constraints which prohibit us from folding all our plans and aspirations into a single year's budget. Thus Budget 2006/07 represents the concept of progressive realization towards a better country for all of us. Nonetheless, it's true that much remains to be done before our country could genuinely be called 'A Home for All', but we are determined to do what it takes to make it happen over the next decade, in partnership with the other two spheres of government, the private sector and civil society.

I would be amiss if I don't express my sincere appreciation to my co-heads of provincial departments, the chairs of the various administrative clusters, all of our CFO's, innumerable people within departments, my colleagues in National Treasury, municipal managers and their staff in assisting us in putting this budget together. This year's budget was really the result of a tremendous cooperative effort.

To all my colleagues in Provincial Treasury, my sincere thanks for all the diligent and hard work over many hours and weeks in compiling this budget, particularly in its new more digestible format.

Lastly, to my immediate boss, the Minister of Finance and Tourism, thanks for all the guidance and support in charting this budget over all the many hurdles over the last year.



DR JC STEGMANN
HEAD OFFICIAL: PROVINCIAL TREASURY

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Abbreviations

ACSA:	Airports Company of South Africa
AG:	Auditor-General
AFR:	Asset Financing Reserve
ASSA2003:	Actuarial Society of South Africa
ASB:	Accounting Standards Board
ASGISA:	Accelerated and Shared Growth Initiative of South Africa
BAS:	Basic Accounting System
BEE:	Black Economic Empowerment
BER:	Bureau for Economic Research
BPO:	Business Process Outsourcing
CASIDRA:	Cape Agency for Sustainable Development in Rural Areas
CASP:	Comprehensive Agricultural Support Programme
CBPW:	Community Based Public Works
CCT:	City of Cape Town
CDW:	Community Development Workers
CFO:	Chief Financial Officer
CIDB:	Construction Industry Development Programme
CPD:	Corporation for Public Deposits
CSG:	Child Support Grant
DBSA:	Development Bank of Southern Africa
DEADP:	Department of Environmental Affairs and Development Planning
DEDAT:	Department of Economic Development and Tourism
DG:	Disability Grant
DORA:	Division of Revenue Act
DoT:	Department of Transport (National)
DoTP:	Department of the Premier
DPW:	Department of Public Works
DWAF:	Department of Water Affairs and Forestry
ECD:	Early Childhood Development
EDU:	Economic Development Unit
EHS:	Environmental Health Services
ELSEN:	Education for Learners with Special Education Needs
EMIS:	Education Management Information System
EPWP:	Expanded Public Works Programme
FAS:	Foetal Alcohol Syndrome
FDI:	Foreign Direct Investment
FET:	Further Education and Training
FETC:	Further Education and Training Certificate
FIFA:	Federation of International Football Association
FMS:	Financial Management System
FSD:	Farmer Support and Development
GDPR:	Gross Domestic Product by Region
GEPF:	Government Employees Pension Fund
GET:	General Education and Training
GRAP:	Generally Recognised Accounting Practice

GSSC:	Gauteng Shared Services Centre
HEI:	Higher Education Institutions
HIS:	Hospital Information System
HIV/Aids:	Human Immune Virus/Acquired Immune Deficiency Syndrome
HRD:	Human Resource Development
HRDS:	Human Resource Development Strategy
HSRC:	Human Sciences Research Council
ICS:	Improvement in Conditions of Service
ICT:	Information Communication Technology
IDC:	Industrial Development Corporation
IDIP:	Infrastructure Delivery Improvement Programme
IDP:	Integrated Development Plans
iLRP	Integrated Law Reform Project
INP:	Integrated Nutrition Programme
ISRDP:	Integrated Sustainable Rural Development Programme
ITDF:	Integrated Tourism Development Framework
IYM:	In-year monitoring
LCC:	Loan Co-ordinating Committee
LED:	Local Economic Development
LFS:	Labour Force Survey
LOGIS:	Logistical Information System
LRAD:	Land Redistribution and Agricultural Development
LTS:	Learner Tracking System
MEC:	Member of Executive Council
MEDS:	Micro Economic Development Strategy
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MoA:	Memorandum of Agreement
MoU:	Memorandum of Understanding
MSP:	Master Systems Plan
MTBPS:	Medium Term Budget Policy Statement
MTEF:	Medium Term Expenditure Framework
NGO:	Non-governmental Organisation
NMIR:	National Minimum Information Requirements
NQF:	National Qualification Framework
NSDP:	National Spatial Development Perspective
NTSG:	National Tertiary Services Grant
PDC:	Provincial Development Council
PERSAL:	Personnel and Salary Administration System
PERO:	Provincial Economic Review and Outlook
PES:	Provincial Equitable Share
PFMA:	Public Finance Management Act
PGDS:	Provincial Growth and Development Summit
PGWC:	Provincial Government Western Cape
PHC:	Primary Health Care
PIG:	Provincial Infrastructure Grant
PMTCT:	Prevention of Mother-to-Child Transmission
POS:	Public Ordinary Schools

PPP:	Public Private Partnerships
PSDF:	Provincial Spatial Development Framework
PSNP:	Primary School Nutrition Programme
QALYs:	Quality-Adjusted Life Years
RED:	Real Enterprise Development
SARS:	South African Revenue Services
SASCOC:	South African Sports Confederation and Olympic Committee
SASSA:	South African Social Security Agency
SCF:	Social Capital Formation
SCFS:	Social Capital Formation Strategy
SETA:	Sector Education and Training Authority
SIP:	Strategic Infrastructure Plan
SITA:	State Information Technology Agency
SMME:	Small Medium and Micro Enterprise
SMS:	Senior Management Service
TB:	Tuberculosis
TCF:	Technical Committee on Finance
TIPS:	Trade and Industry Policy Service
UPFS:	Uniform Patient Fee Schedule
URP:	Urban Renewal Programme
URS:	User Requirement Statement
WCGRB:	Western Cape Gambling and Racing Board
WCNCB:	Western Cape Nature Conservation Board
WECCO:	Western Cape Clean-up Operation
WCED:	Western Cape Education Department
Wesgro:	Western Cape Investment and Trade Promotion Agency

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Introduction

In his 2006 State of the Nation Address, the President reiterated government's drive to halve poverty and unemployment by 2014 and achieve 6% economic growth within two years. The essential messages contained in the WC Budget 2006/07 reveal how the implementation of the iKapa Elihlumayo strategies can result in accelerated and shared economic growth in the Western Cape.

Research commissioned by the Provincial Treasury—due for release in April 2006—clearly indicates that the people of the Western Cape are chiefly concerned with crime, unemployment, housing, roads and education. Therefore Budget 2006/07 focuses our energy on: strengthening schools and skills development; more and better housing for those who need it most; building the economic infrastructure we need to create jobs and build business; and providing the unemployed and struggling businesses with the information and access they need to do better for themselves.

These objectives are at the core of iKapa Elihlumayo, the Province's plan for growth and development launched in 2003. However, it takes time to craft sound, comprehensive and authentic development strategies in consultation with the relevant stakeholders and communities. The finalisation in 2005 of most of the lead strategies of iKapa Elihlumayo heralds a new stage in the achievement of the Province's development objectives, within the framework of iKapa Elihlumayo and the Provincial Growth and Development Strategy (PGDS). Driven and developed by the Department of the Premier, the PGDS will incorporate and synthesises the iKapa Elihlumayo strategies and the main elements of the municipal Integrated Development Plans (IDPs). Currently in the drafting stage, the PGDS will weld together and build on the iKapa Elihlumayo strategies to provide a plan for achieving accelerated and shared growth in the Western Cape.

Therefore we are now able to apply our energies to practical implementation of those strategies and to realise concrete results on the ground. Budget 2006/07 supports further shifts in service delivery and budget allocations that augment such action. The objectives and principles of iKapa Elihlumayo are reflected not only in the new earmarked allocations and special funding initiatives, but in the thrust of this Budget as a whole.

Tracing the evolution and foundations of provincial strategy and fiscal policy

In the 2002/03 Budget Speech, the Minister of Finance and Economic Development signalled the future developmental orientation contained in the iKapa Elihlumayo strategy. The introduction of that strategy was clearly a critical point in the strategic thinking of the Province. iKapa Elihlumayo demands that the Province plays a leading, decisive role at the meso-level, ensuring the appropriate policy and/or coordination interventions that link overarching macro-economic policies and local economic development interventions.

Over the years steps were taken to improve the overall integrity of the budget and to link Departmental Strategic Plans to the concepts and drive articulated in the iKapa Elihlumayo strategies. Budgets were checked for three key elements:

- Environmental scanning (Understanding the needs of the communities and the operating environment impacting on service delivery);
- Efficacy (Will the programmes achieve the socio-economic results we are aiming for?); and
- Efficiency (Did the relationship between inputs and outputs ensure value for money?).

The 2003/04 Budget Speech gave further impetus to the Province's development agenda framed by a clearer appreciation of the Western Cape's socio-economic environment, detailed in the 2003 Socio-Economic Review (SER). Drawing on the environmental scan and the SER, the 2004 MTBPS pulled together the agreements and priorities articulated at the November 2003 Provincial Growth and Development Summit and put this in the context of the iKapa Elihlumayo principles and objectives. Given the mandate and decisions of the Summit, it was then possible for the Province to start thinking in a structured way about the systemic realisation of these objectives.

During 2004 the content was further developed through the conceptualisation of the iKapa Elihlumayo lead strategies and the deepening of the Province's socio-economic foundation through analysis in respect of the 2005 Provincial Economic Review & Outlook (PERO).

The 2005 PERO made a critical contribution at this point in the development of iKapa Elihlumayo and the evolution of strategic thinking in the Province. The pro-active meso-development role, which the Province had taken on, demands that the Province gain a better understanding of the underlying drivers of the Western Cape economy, its labour market structure, skill base and income distribution patterns. This research, combined with a deeper insight into the sources, potential and constraints for enhancing provincial growth and development, provides the analytical foundation within which the Province's resource allocation decisions and delivery plans are embedded. The overview of the Province's socio-economic environment and development challenges contained in the 2005 PERO thus served as a comprehensive and rigorous analytical platform for the development of the 2005/06 Budget.

Under the theme of a developmental state, the 2005/06 Budget began to give effect to this analytical and planning work. In this respect, the Western Cape broached a greater recognition of a provincial/regional development role, enhancing the Province's medium- to long-term growth and development prospects, as framed by iKapa Elihlumayo. Finalisation of most of the lead strategies ahead of the 2006/07 Budget implies further shifts in service delivery and budget allocations in order to support

implementation. The lead strategies are also in alignment with development objectives promoted by National Government.

The 2006 PERO, supported by research emanating from the Micro Economic Development Strategy (MEDS), is meant to provide further analytical rationale and weight to the Province's intended direction with regard to growth in particular sectors. Taking its lead from advances in the national development agenda, the 2006 PERO also provides further analytical understanding and premise for a Shared Growth and Development agenda in the Western Cape. As promoted by the Deputy President Phumzile Mlambo-Ngcuka through the Accelerated and Shared Growth Initiative of South Africa (ASGISA), the concept of accelerated and shared growth is also to serve as the organising idea behind the nascent Provincial Growth and Development Strategy (PGDS).

The 2006 PERO is due to be augmented by district level socio-economic surveys that are meant to set the scene for municipal IDPs and inform provincial and municipal service delivery. Socio-economic surveys are useful for assessing the relevance and effectiveness of certain policy measures in certain aspects of municipalities. Because social and economic characteristics have an impact on the manner in which resources are used, it is important that we have measures in place that provide insight into the community and the underlying environment, in order to enable government to plan effectively. The key information contained in the profiles includes:

- Demographic scan
- Migration
- Income profiles
- Labour profiles and skills
- Access to basic services
- Industries contributing to growth
- Backlogs and workload in social infrastructure
- Strengths and weaknesses

The socio-economic surveys will be preceded by socio economic profiling of local government. These profiles will serve as a baseline or starting point for understanding the distinguishing features of municipalities since 1996.

As a further note, as of 1 April 2006 the social security function will shift from the provincial department to the newly-established national agency, the South African Social Security Agency (SASSA). The function shift allows an enhanced focus on social welfare services and projects to enhance social capital, in line with the iKapa Elihlumayo objectives.

The preceding analysis forms the backdrop to the 2006/07 budget allocations, which reinforce the policy agenda and allocation direction set in 2002/03.

Socio-economic Backdrop to Budget 2006/07

Over the past twelve years, South Africa has had achieved considerable success in achieving macroeconomic stability, thus laying a solid foundation for sustainable development. However, despite the macroeconomic successes, the economy is plagued with high levels of unemployment and poverty.

In meeting this challenge and taking the lead from the national development agenda, the Province is pursuing a Shared Growth and Development Agenda via the Provincial Growth and Development Strategy. Shared Growth is a development strategy that views poverty reduction and economic growth as being interdependent goals over the medium to long term. While higher levels of economic growth are essential to reducing poverty, it is a necessary but insufficient condition. Pursuing a Shared Growth and Development Agenda calls for the Western Cape Government to balance both social and economic concerns in its development considerations.

Demographic and social indicators

This section is based on the demographic model commissioned by the Provincial Government of the Western Cape. The model, prepared by the Centre for Actuarial Research at the University of Cape Town, is an adaptation to the Western Cape of the ASSA2003 model, developed by the Actuarial Society of South Africa. The model takes both HIV and Aids and migration into account to generate its projections of the provincial population between 2001 and 2025.

In 2005, according to the model, it is estimated that approximately 4,9 million individuals live in the Western Cape (Table 1). This is up by 935 000 from 1995 figures and is 1,9 million more than in 1985. The Province has, therefore, seen relatively rapid population growth over the past two decades. The population has grown at an average rate of 3,0 per cent per annum between 1985 and 1995 and 2,1 per cent per annum between 1995 and 2005. However, this rapid expansion in the Province's population

is expected to slow considerably over the next decade. By 2015, it is projected that just under 5,4 million people will reside in the Province, representing an increase of 428 000 individuals over the decade. This is equivalent to an average annual growth rate of 0,8 per cent. Over the period as a whole, the Province's population is expected to expand by approximately 2,4 million people.

Table 1 Population Growth in the Western Cape, 1985-2015

	Total Population (Thousands)				Total Change (Thousands)					Ave. Ann. Growth Rate (%)			
	1985	1995	2005	2015	1985-1995	1995-2005	2005-2015	1985-2015	1985-1995	1995-2005	2005-2015	1985-2015	
African	498	830	1 388	1 577	332	558	189	1 079	5.2	5.3	1.3	3.9	
Coloured	1 932	2 272	2 589	2 848	340	318	259	916	1.6	1.3	1.0	1.3	
Asian	15	39	48	52	24	10	4	37	9.9	2.3	0.8	4.2	
White	540	855	905	881	315	50	(24)	341	4.7	0.6	(0.3)	1.6	
Male	1 502	1 965	2 413	2 621	463	449	208	1 119	2.7	2.1	0.8	1.9	
Female	1 484	2 031	2 517	2 738	547	487	220	1 254	3.2	2.2	0.8	2.1	
0-14 yrs	1 058	1 246	1 332	1 383	187	86	51	324	1.6	0.7	0.4	0.9	
15-34 yrs	1 134	1 473	1 779	1 732	339	306	(47)	597	2.6	1.9	(0.3)	1.4	
35-64 yrs	683	1 087	1 556	1 890	404	468	335	1 207	4.8	3.6	2.0	3.5	
65+ yrs	110	190	265	354	79	75	90	244	5.6	3.4	3.0	4.0	
Total	2 986	3 996	4 931	5 359	1 010	935	428	2 373	3.0	2.1	0.8	2.0	

Source: Provincial Treasury calculations, CARE (2005).

Utilising any number of approaches to measurement, income poverty in South Africa has not decreased between 1995 and 2000; it has in fact escalated (Table 2). Taking a low poverty line of R174 per capita per month, 31 per cent of South Africans were poor in 1995. By 2000 this had risen to 38 per cent. A poverty gap measurement shows a similar picture. In 1995 the spending of the poor fell on average at/by 12 per cent below the poverty line of R174 per capita per month. In 2000, this level had declined further, with the spending of the poor falling on average 16 per cent below the poverty line.

Table 2 National and Western Cape Poverty Levels, 1995 and 2000

	1995		2000	
	Headcount (Poverty Rate)	Poverty Gap	Headcount (Poverty Rate)	Poverty Gap
National				
R174 per month	31%	12%	38%	16%
R322 per month	52%	26%	58%	31%
Western Cape				
R174 per month	9%	2%	8%	3%
R322 per month	29%	10%	28%	10%

[Source: Income and Expenditure Surveys 1995 and 2000. Author's calculations in upcoming 2005 PERO]

Note: The poverty line of R322 per capita per month in 2000 prices is the lower bound national poverty line calculated by Hoogeveen & Özler (2004). The R174 per month in 2000 prices is the value they compute as equivalent to the poverty line of two dollars a day generally used for international comparisons.

The Western Cape's performance is pleasingly different, although the aggregate view masks worrying trends in poverty pockets. For example, if we take an extremely low poverty line of R100 per capita per month, poverty in the Province increased marginally from 1995 to 2000. Taking a poverty line of R174 per capita per month, we see that a decline in the poverty rate from 9 to 8 per cent, although the poverty gap deteriorated from 2 to 3 per cent. At the upper bound of R322 per capita per month, there also seems to be a slight decline in the Western Cape's poverty rate from 29 per cent to 28 per cent.

Notwithstanding the Western Cape's positive performance relative to the national picture, at 28 per cent of the population, poverty is still a pervasive problem for the Province, and given larger population numbers, this also means increased numbers of poor people despite the marginal rate of improvement. In terms of racial groupings, at the national level, Africans and Asians at the lower end of the income distribution are doing worse compared to 1995, while the performance of whites is stable. There has been little change in the welfare of the poorest coloureds, who fare similarly in both periods at the low expenditure levels, but perform noticeable better above the R300 per capita per month level. A racial pattern of dominance holds in the Western Cape, with whites faring far better than Asians, who do better than coloureds, who in turn outperform Africans with respect to income.

Looking at each group in turn, we see that whites appear to be doing better in 2000 at nearly all levels of income, with their performance in the Western Cape surpassing the national trend. Interestingly, Africans in the Western Cape fare similarly in both periods – they are not experiencing increased poverty at the lower end, but are also not enjoying greater gains at the top end. The situation for coloureds and Africans is concerning, whether considered at a lower or higher poverty line:

- Even at the extremely low poverty line of R174 per capita per month, 17 per cent of Africans in the Western Cape were poor in 2000. At the same level, 8 per cent of the coloured population was said to be poor.
- At the R322 per capita per month mark, 48 per cent of Africans were poor in 1995, rising to 53 per cent in 2000. These levels are alarmingly high. At this level, one in three coloured people in the Province was classified as poor in 1995. This ratio drops impressively over the five-year period to 2000, although at one in four, still remains of concern.



Labour market aggregates: 2000 – 2004

Table 3 Labour Market Aggregates, 2000 – 2004

	2000 (Thousands)	2004 (Thousands)	Total Change		Ave. Ann. Growth
			Thousands	Percent	
<i>Western Cape</i>					
Working Age Population	2 834	3 147	313	11.0	2.7
Employed	1 601	1 691	90	5.6	1.4
Broad Unemployed	426	604	179	42.0	9.2 *
Broad Labour Force	2 027	2 296	269	13.3	3.2 *
Narrow Unemployed	319	387	68	21.2	4.9
Narrow Labour Force	1 920	2 078	158	8.2	2.0
Discouraged Workseekers	107	218	111	104.2	19.5 *
GDPR (2000 prices, R million)	119 098	138 940	19 843	16.7	3.9
<i>South Africa</i>					
Working Age Population	27 869	29 305	1 436	5.2	1.3 *
Employed	12 238	11 643	(596)	(4.9)	(1.2)
Broad Unemployed	6 379	8 083	1 704	26.7	6.1 *
Broad Labour Force	18 618	19 726	1 108	6.0	1.5 *
Narrow Unemployed	4 162	4 135	-26	(0.6)	(0.2)
Narrow Labour Force	16 400	15 778	-622	(3.8)	(1.0)
Discouraged Workseekers	2 218	3 948	1 731	78.0	15.5 *
GDP (2000 prices, R million)	922 148	1 056 771	134 623	14.6	3.5

Source: Provincial Treasury calculations, September 2000 and September 2004 LFS (Statistics SA), SARB (2005), PIETER.

Note: Statistically significant changes at the 95 percent confidence level are indicated with an asterisk (*). GDP and GDPR growth rates are not subject to significance testing.

Both broad and narrow unemployment appear to have increased over the period, as has the narrow labour force, although it is only the change in the number of broadly unemployed individuals that is statistically significant.¹ Broad unemployment grew by 179 000 individuals over the four year period between 2000 and 2004, equivalent to an average annual growth rate of 9,2 per cent.

The Province has also seen a statistically significant increase in the number of so-called discouraged work seekers, namely those individuals who are unemployed but have given up actively looking for work (i.e. these individuals are unemployed according to the broad definition, but not the narrow definition). The number of discouraged work seekers increased by 19,5 per cent per annum on average (off a relatively low base of 107 000 individuals in 2000) to 218 000 in 2004. Despite this rapid rate of growth, the Western Cape remains home to relatively few discouraged work seekers. For example, discouraged work seekers constituted 9,5 per cent of the provincial broad labour force, compared to 20 per cent for the country as a whole.

¹ Although the narrow definition of unemployment is the official definition, there is a strong argument that in developing countries such as South Africa it is more appropriate to use the expanded definition of unemployment. Thus, although details of narrow unemployment are provided, most of the analysis that follows will use the expanded definition.

Unemployment is obviously implicitly tied to economic growth. Between 2000 and 2004, the Province experienced relatively good growth of 3,9 per cent on average per annum. This is slightly higher than the national average growth rate of 3,5 per cent per annum over the same period. In 2004, total output in the Western Cape totalled almost R139 billion, or 16,0 per cent of South Africa's GDP.

Within the national context, the working age population of the Western Cape is growing more rapidly than is the case for the country as a whole. Nationally, the working age population grew by just over 1,4 million individuals at an average annual rate of 1,3 per cent. In contrast, employment levels in 2004 were barely changed from four years earlier.

On the positive side, narrow unemployment and the narrow labour force were both basically unchanged from 2000. However, both broad unemployment and the broad labour force experienced statistically significant increases between 2000 and 2004. Broad unemployment rose to 8,1 million individuals nationally at an average rate of 6,1 per cent per annum, while the broad labour force increased to 19,7 million at 1,5 per cent per annum. In 2004, the rate of broad unemployment was 41 per cent, while that of narrow unemployment was 26,2 percent, the former representing a statistically significant increase from 34,3 per cent in 2000.

Over the same period, GDP growth averaged 3,5 per cent per annum, with real GDP surpassing R1 trillion in 2003. This rate of growth was considerably higher than that of the working age population, employment and the labour force.

Natural population growth coupled with in-migration from outside the provincial boundaries means that the working age population in the Western Cape has grown relatively rapidly compared with the national situation. This has meant that the provincial economy is arguably under extra pressure to create employment opportunities. Despite positive economic growth between 2000 and 2004 both nationally and in the Western Cape, national employment appears to have stagnated, as has employment at the provincial level. Overall, therefore, employment has not been able to grow sufficiently and the number of unemployed individuals in the Western Cape has grown relatively rapidly, with broad unemployment growing approximately 1,5 times faster in the Province than is the case nationally.

Sectoral Employment Trends

The major employment sectors in the Province in 2004 were:

- Wholesale and Retail Trade (341 000 workers or one-fifth of employment);
- Community, Social and Personal Services (322 000 workers, 19 per cent of employment); and
- Manufacturing (287 000 workers, 17 per cent of employment).

Between them, these three sectors accounted for over 56 per cent of total provincial employment. Agriculture, Forestry and Fishing was still the fifth largest employer in 2004, despite its rapid decline from 2000 when it was the third largest employer, employing slightly more workers than the Construction sector in 2004.



Table 4 Sectoral Distribution of Western Cape Employment, 2000 and 2004

	2000		2004		Change		
	'000s	Share	'000s	Share	'000s	Share	Ave An Gr
Agriculture	235	14.7	152	9.0	-83	(92.1)	(10.3) *
Manufacturing	262	16.4	287	17.0	25	27.7	2.3
Construction	117	7.3	144	8.5	27	30.4	5.4
Whole and Retail Trade	304	19.0	341	20.2	37	41.5	2.9
Trans/Communications	73	4.6	70	4.1	(4)	(4.0)	(1.2)
Finance	171	10.6	230	13.6	60	66.6	7.8
Community, Social and Other Personal Services	294	18.4	322	19.0	28	31.2	2.3
Private Households	113	7.1	130	7.7	16	18.1	3.4
<i>Primary Sector</i>	240	15.0	153	9.0	(87)	(96.4)	(10.6)
<i>Secondary Sector</i>	388	24.2	441	26.1	53	59.2	3.3 *
<i>Tertiary Sector</i>	955	59.7	1 093	64.7	138	153.5	3.4
Total	1 601	100.0	1 691	100.0	90	100.0	1.4

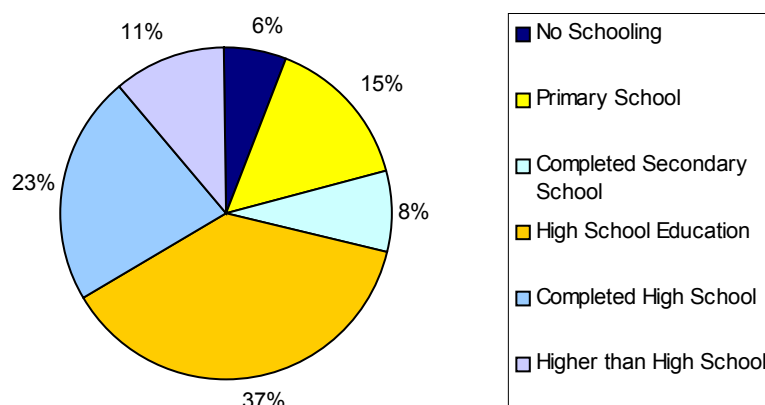
Source: Provincial Treasury calculations, LFS September 2000 and LFS September 2004 (Statistics SA).

Notes: 1. Statistically significant changes at the 95 percent confidence level are indicated with an asterisk (*).

2. Only sectors with more than 20 000 workers in the Province are listed individually above. However, all relevant sectors are used to calculate the primary, secondary and tertiary sector aggregates.

Employment in particular sectors and occupations is closely correlated with skills levels. According to Census 2001, 37 per cent of people over 20 years in the Western Cape had attained high school education and only 11 per cent had qualifications higher than high school. Only 6 per cent had no schooling.

Figure 1 Qualifications of people older than 20 years in the Western Cape

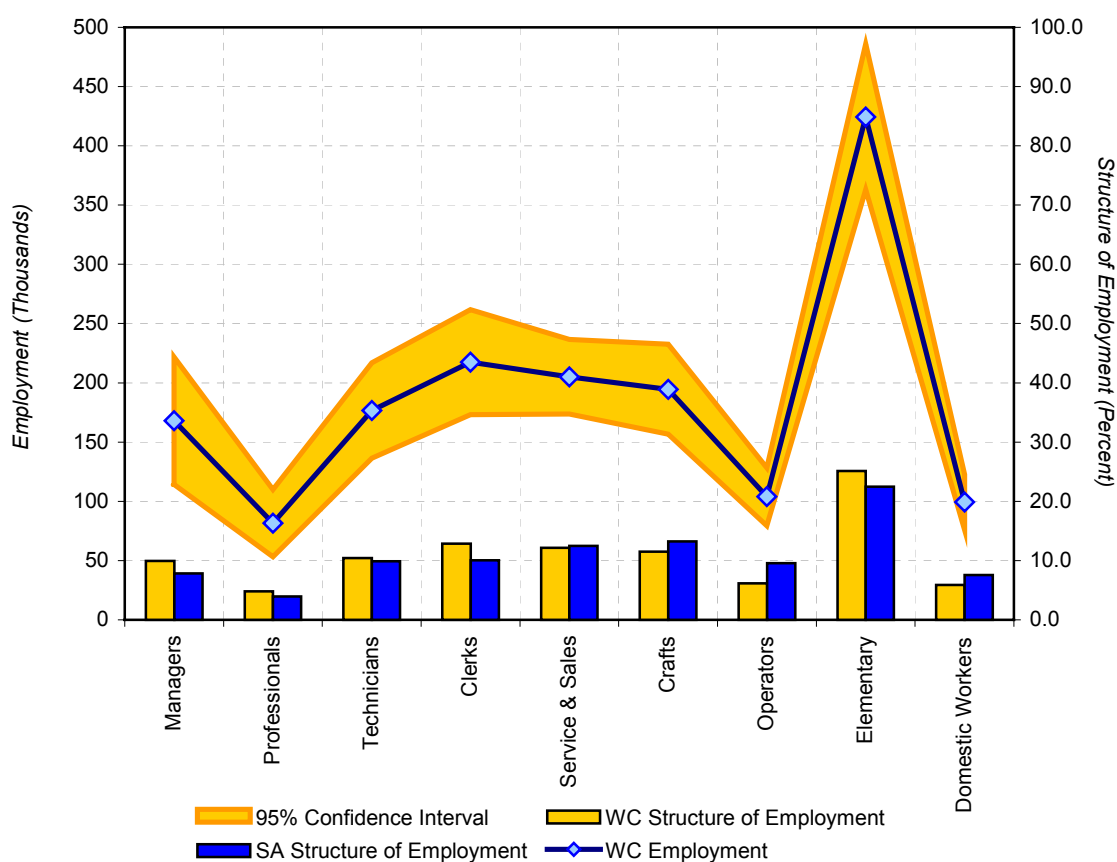


Source: StatsSA, Census 2001.

In terms of occupations, the structure of employment in 2004 is not statistically different from 2000. In Figure 2, therefore, only the occupational breakdown for 2004 is presented. The figure presents employment estimates, the bounds of the 95 per cent confidence intervals and the share of provincial employment. Overall, the Western Cape workforce is slightly more skilled than the national workforce. Just over one-quarter of the provincial workforce is employed in high skilled occupations (namely managers, professionals and technicians), compared to 21,6 per cent of the national workforce. However, the Province has relatively fewer workers engaged in skilled occupations (clerks, service and sales workers, crafts and operators). Apart from the elementary occupations (which is the largest occupational grouping both provincially and nationally) clerks and service and sales workers dominate the Provincial occupational structure, accounting for one-quarter of employment in the Province. They are followed by craft workers and technicians with 11,5 percent and 10,4 percent of employment respectively.

The provincial structure of employment is very similar to the national structure, with the Province having relatively more managers, professionals, clerks and elementary workers than the country as a whole. Conversely, the Province is underrepresented in crafts, operators and domestic workers.

Figure 2 Occupational Structure of Western Cape Employment, 2004



Informal and formal sectors

The importance of the informal sector in providing unemployed individuals with access to income should not be underestimated. However, although individuals engaged in informal sector activities have found a way to interact with the broader economy, the nature and security of such activities should not be viewed as equivalent to activities in the formal sector. Informal sector employment is not equivalent to formal sector employment, being less secure, less safe and less remunerative. There is still, however, an argument to be made in terms of promoting informal sector growth, as the sector would then be able to absorb individuals into employment who may not have found employment in the formal sector.

Table 5 presents the distribution of Western Cape employment across the formal, informal and domestic work sectors over the period. What is immediately clear is the dominance of the formal sector within total employment. In 2004, over 1,4 million individuals in the Province were employed in the formal sector, equivalent to 84 per cent of total employment in that year. In contrast, the informal sector accounted for fewer than one in ten jobs, employing 166 000 individuals.

Table 5 Formal and Informal Sector Employment in the Western Cape, 2000 and 2004

	2000		2004		Change		
	'000s	Share	'000s	Share	'000s	Share	Ave An Gr
Formal	1 230	76.8	1 419	83.9	188	209.2	3.6
Informal	225	14.1	166	9.8	(59)	(65.7)	(7.3)
Domestic Work	85	5.3	99	5.9	14	15.7	3.9
Total	1 601	100.0	1 691	100.0	90	100.0	1.4

Source: Provincial Treasury calculations, LFS September 2000 and LFS September 2004 (Statistics SA).

Note: Statistically significant changes at the 95 percent confidence level are indicated with an asterisk (*).

In PERO 2005, it was not possible to identify real changes in the distribution of employment across the formal, informal and domestic work sectors of the provincial economy. This is still true when the analysis is conducted at a 95 percent level of confidence. However, at a 90 per cent confidence level, there have been statistically significant changes in employment over the four-year period between 2000 and 2004.

The September 2004 Labour Force Survey (LFS) reveals that formal sector employment has grown relatively rapidly over the period. In the four years between 2000 and 2004, 188 000 net new formal sector jobs were created. The rate of job creation in the Province's formal sector was relatively rapid at 3,6 percent per annum, compared to the 1,4 percent per annum growth rate of total employment (which is not statistically significant as discussed earlier).

In contrast, informal sector employment continues to be lacklustre. It is apparent that this sector is not thriving and is not making the contribution that it could to employment growth and the alleviation of poverty. Obviously, formal sector employment growth is the first prize, but since this sector is still not growing sufficiently to reduce unemployment, the informal sector should not be neglected. The poor performance of the informal sector in both absolute and relative terms points to

the necessity for policymaking that aims to accommodate and stimulate informal sector economic activity, but in such a way that it does not negatively impact on formal sector performance.

Outlook for the Western Cape Economy

Table 6 Outlook for the Western Cape Economy: 2005/06 to 2008/09

	Average 1999-2004	2004/05	2005/06F	2006/07F	2007/08F	2008/09F
<u>GDPR (R billion; current prices):</u>		182,6	201,3	220,4	240,5	259,8
Real per cent growth	4,1	4,2	4,7	4,3	3,5	4,3
GDPR deflator	6,8	5,6	4,6	6,1	3,3	4,2
CPI inflation	5,5	2,4	4,1	5,0	4,5	4,4
GDPR by sector (real per cent change):						
Agric, Forestry and Fishing	1,0	1,5	2,7	2,8	1,6	2,1
Mining and Quarrying	(2,4)	10,6	1,1	1,2	(0,4)	0,4
Manufacturing	1,7	2,8	2,9	2,9	2,2	3,6
Electricity, Gas and Water	3,4	2,5	3,7	3,3	2,5	3,8
Construction	6,5	6,5	7,2	6,9	6,0	7,9
Retail Trade & Catering	6,7	6,3	6,1	4,7	3,7	5,0
Transport and Communication	6,5	5,5	6,0	5,5	4,2	5,9
Financial and Business Services	5,9	4,4	5,7	5,1	4,4	4,2
CSP Services	3,9	4,9	4,3	4,1	3,7	4,6
General Government	(0,3)	1,6	3,1	2,4	2,3	2,3
Western Cape GDPR	4,1	4,2	4,7	4,3	3,5	4,3

Note: F - Forecast

The Western Cape economy has shared in the historic upswing phase of the South African economy, with real GDP growth in the region estimated at 4,2 per cent for fiscal year 2004/05, rising to 4,7 per cent in 2005/06 and dropping to 4,3 per cent in the 2006/07 financial year.

However, the following trends suggest that Western Cape faces constraints in reaching higher rates of growth over the medium term:

- The strengthening of the Rand exchange rate has had a disproportionate impact on the region's industrial base and agriculture;
- In line with national experience, manufacturing exports in the region plummeted, whilst import competition (particularly from China and India) picked up strongly;
- In the field of corporate management and logistics, there are indicators that changes related to information, communication and technology (ICT) are benefiting Gauteng-based national head offices to the detriment of Western Cape-based regional head offices; and
- Finally, the earlier boom in European tourist arrivals appears to be tapering off, affected in part by the strong Rand.

The fact that the Western Cape economy was able to achieve an estimated 4 to 5 per cent growth rate over 2004 to 2005 in the face of the above-mentioned headwinds is testimony to the strong economic



performances of the Construction, Retail and Wholesale, Financial and Business services (including Property Development and Real Estate) and Transport and Communication sectors.

A number of niche manufacturing and services industries (including Agro-processing, Automotive Components, Boat Building, High-End Clothing and Furniture Manufacturing, Call Centres and the Film Industry) have also contributed strongly to regional growth. However, the strong Rand exchange rate has dampened activity in a number of these thriving industries.

Overall, the short-term outlook for the Western Cape economy, as set out on Table 6 remains upbeat. This is despite external risks, particularly in relation to the exchange rate volatility and crude oil price pressures.

Conclusion

The Western Cape's chronic social imbalances are manifest in poverty and substance abuse, which are the by-products of joblessness. The intensity of poverty and unemployment is also embedded in the country's history of racial segregation and joblessness—which is prevalent among youth, Africans and women—being one of the challenges undermining the Province's good record of economic growth. Those challenges include:

- In-migration
- Skewed income distribution
- Lack of skills to support the regional economy
- Housing backlogs
- High school drop out rate
- Escalating drug-related crime rate
- Low quality of life
- Capacity to spend on capital expenditure.

In addition, labour intensive sectors contributing to the Western Cape economy (agriculture and manufacturing) have been experiencing low growth over the years. The stronger Rand exchange rate has also exerted more pressure on these sectors. The performance of the buoyant demand-driven Retail and Wholesale, Financial and Business Services (including Property Development and Real Estate) and Transport and Communication sectors are expected to lend support to the Province's employment trends, in line with the turnaround seen in the national economy.

The service delivery environment in the Western Cape has been characterised by rapid population change over the last two decades, through both natural increase and in-migration. In addition there have been significant changes to the structure of the economy resulting in new sectors emerging, while others have been shrinking. In designing policy, formulating plans and allocating resources, the Province needs to take account of these internal and external factors.

National Policy Framework and Provincial Priorities

3.1 National policy imperatives

A primary theme of the 2006 national Medium Term Budget Policy Statement (MTBPS) was the concept of accelerated and shared growth, as promoted by Deputy President Phumzile Mlambo-Ngcuka through the Accelerated and Shared Growth Initiative of South Africa (ASGISA) is a development strategy that views poverty reduction and economic growth as being interdependent goals over the medium- to long-term. While higher levels of economic growth are essential to reducing poverty over the medium- to long-term, they are a necessary but insufficient condition due to the fact that the achievement of equity also matters in the pursuit of growth and development. Pursuing a Shared Growth and Development Agenda therefore calls the Western Cape Government to balance both social and economic concerns in its development considerations.

As emphasised in the 2006 WC MTBPS, the Western Cape fiscal policy is already closely aligned with national priorities. Key themes emphasised by national government – especially accelerated and shared economic growth, enhancing the capacity of the state to deliver, and the strengthening of social capital and social cohesion – are also the themes which underpin the Western Cape Budget. Essentially the priorities identified through the national process reach the same conclusions as those arrived at through the development and articulation of the iKapa Elihlumayo strategies in the Western Cape.

As stipulated in the national 2005 MTBPS, over the next three years, national government will transfer around R46 billion additional to provinces in order to support social services and the development of economic and community infrastructure. The additional Provincial Equitable Share (PES) funds made available by national government were designated for specific purposes by National Treasury:

- To strengthen the health, education and social development sectors;
- To boost provincial functions related to the economic sector (rehabilitation and maintenance of provincial roads, support for agriculture and tourism); and

- To expand government's labour-based and labour-intensive programmes (EPWP) implemented by the Departments of Health, Education and Social Development.

Furthermore government agreed on specific incentives to allow for low-income public servants (approximately 40 per cent of its workforce) to have access to medical coverage at an affordable cost. The implementation of the Government Employees Medical Scheme (GEMS) commenced on 1 January 2006.

3.2 Priorities for WC Budget 2006/07

The main priorities of the WC Budget 2006/07 are essentially those already reflected in the 2006-2009 WC MTBPS:

- The implementation of the iKapa Elihlumayo lead strategies, within the emerging framework or umbrella of the PGDS; and
- Sustained infrastructure investment.

The iKapa Elihlumayo strategies are grouped around two themes, namely strengthening service delivery (the five lead strategies)² and enhancing the capacity of the state to deliver.

In October 2005, Clusters met together to identify cluster-wide criteria for prioritising policy options and to agree upon ranked priorities. Following this, departments identified specific key deliverables per department for 2006/07. These two processes combined generate a picture of how the key deliverables of the various departments further the priorities of the three Clusters, and how these Cluster priorities in turn are designed to set the iKapa Elihlumayo strategies in motion.

Social Cluster priorities and key deliverables

Surveys commissioned by the Provincial Treasury and due for release in April 2006 indicate that crime (and related elements), job creation, housing and the quality of our schools are perceived as urgent problems by the people of the Western Cape. The Social Capital Formation (SCF) and the Human Capital Development (HCD) strategies are designed to respond to these concerns, and thus their implementation will be a central priority for the Social Cluster in 2006/07. The HCDS will be augmented by the skills development initiative meant to deal with current skills shortages in the broader economy. In addition to the SCFS and in the context of HealthCare 2010, the Department of Health plans to pursue the Burden of Disease (BOD) research, while the Department of Community Safety will drive the Motor Vehicle Accident Intervention (MVAI) strategy under the auspices of the Social Cluster. The Department of Social Development will also drive the Province's strategy to reduce substance abuse.

² The five lead strategies are: Human Capital Development Strategy (HCDS); Strategic Infrastructure Plan (SIP); Provincial Spatial Development Framework (PSDF); Micro Economic Development Strategy (MEDS); and Social Capital Formation Strategy (SCFS).

Economic Cluster priorities and key deliverables

In keeping with the overall themes for Budget 2006/07 of sustained infrastructure investment and accelerated and shared growth, the Economic Cluster priorities reflect its pivotal role in the implementation of iKapa Elihlumayo and the PGDS. The main priorities for the Cluster include the implementation of three of the lead strategies: the Micro Economic Development Strategy ((MEDS), the Provincial Spatial Development Framework (PSDF) and the Strategic Infrastructure Plan (SIP). Other critical departmental strategies or policies in development, including the Human Settlement Strategy for housing, the Agriculture Sector Strategy (allied to MEDS), and the Integrated Law Reform Project are also important priorities for the upcoming year. These policies and initiatives are discussed in more detail below.

Initiatives of the Department of Economic Development and Tourism –such as “Die Plek Plan” Offices and RED Door Centres—will serve to directly address a key concern of Western Cape residents which was reflected in research commissioned by the Provincial Treasury, namely: the urgent need for better information to connect people to business development services and inform them about job opportunities.

With regard to roads and transport, Budget 2006/07 also marks the first time that the Province is allocated over R1 billion on roads. An improved public transport system and the formulation and implementation of a public transport safety and enforcement strategy are two further key deliverables planned by the Cluster.

Governance and Administration Cluster priorities and key deliverables

The Governance and Administration Cluster contributes to the achievement of the iKapa Elihlumayo objectives primarily through its efforts to enhance the capacity of the state to deliver. The Communications Strategy, province-wide monitoring and evaluation (M&E) system, and development of the PGDS are key priorities for the Cluster, along with capacity-building programmes for local government.

3.3 Summary matrix of key deliverables

As we move forward in launching and consolidating the iKapa Elihlumayo strategies as well as developing the Provincial Growth and Development Strategy (PGDS), the role of monitoring and evaluation becomes increasingly important.

In 2005, departments committed to putting proper monitoring and evaluation (M&E) processes in place to assess progress on the lead strategies. These departmental M&E processes and systems must link to the province-wide M&E system being developed by the Department of the Premier (DoTP). Subsequently, during the 2006 Budget process, as described above, departments were asked to conduct an environmental scan (internal and external). That scan serves as the evidence base to identify needs and determine the most effective policy to address those needs. Specific target outcomes and indicators to assess progress are then derived from this environmental scan.



The newly-implemented quarterly non-financial reporting introduced by National Treasury is another component of the emerging M&E framework. By extending to non-financial information, the In-Year Monitoring (IYM) reports run deeper than numbers to begin to interrogate what was achieved for the money, and whether those outcomes link back with the measurable objectives identified in the departments' strategic plans. The veracity of the data and the establishment of a strong evidence base for interventions will thus become increasingly important as we move into the 2006 MTEF, requiring an effective and efficient M&E system.

Table 7 below summarises the key deliverables for each cluster, thus providing a composite picture of what the Provincial Government aims to achieve in this financial year 2006/07. This matrix will be developed and adapted to form the reference point for the Province's M&E system.

Table 7 Key Deliverables for each cluster

	Vote 4: Community Safety	Vote 5: Education	Vote 6: Health	Vote 7: Social Development	Vote 13: Cultural Affairs and Sport
SOCIAL CLUSTER KEY DELIVERABLES 2006/07	<ul style="list-style-type: none"> Finalisation of MVAI to decrease the no. of road and pedestrian fatalities and create a safer road system Partner with WCED to create a safer environment for learners at schools using the Bambanani volunteers Increase the capacity of Security Risk Management to manage the security function on behalf of all HODs in the PGWC Implement business plan to build internal social/human capital within the Dept. 	<ul style="list-style-type: none"> Launch and rollout of the HCDS Quality and Upliftment Programmes: (e.g. libraries, laboratories) <ul style="list-style-type: none"> Re-capitalisation of all 6 FET Colleges School safety infrastructure (50 schools annually) Occupation of 14 new schools beginning of 2006 Expansion in number of Focus and Dinaledi schools (maths, science and technology) Improve Access and Equity <ul style="list-style-type: none"> No-fee Schools: Norm and Standard of R527 per learner EPWP for ECD sector Khanya schools programme – further 200 schools Expansion of Grade R National Curriculum Statement Monitoring and Evaluation Education Management Information System (EMIS); Learner Tracking System (LTS), HR policies and systems, testing learner outcomes grades 3 and 6 	<ul style="list-style-type: none"> Implement the comprehensive service plan to give effect to the implementation of Healthcare 2010\ Signing of the new multilateral and bilateral agreements between the Dept and the 4 institutions of higher learning Management of medical emergency services and planned patient transport Assume full responsibility for PHC in rural areas Strengthen TB programmes and management, treatment and care of people living with HIV and Aids Recruitment and retention of appropriately trained and experienced staff especially nurses Effective human resource and financial management to ensure stability in the provincial health service Expand existing EPWP programmes in Community Based Care Workers and Community Development Health Workers 	<ul style="list-style-type: none"> Assist with the transfer of the social security to SASSA to ensure sound institutional base Progressive implementation of the 3 social welfare services legislation Implement the social welfare services model to increase access and expansion of and transformation of social welfare services to vulnerable communities Undertake 10 research and implementation projects to facilitate social capital Enjoin with other social cluster depts & key role players to reduce the supply of and demand for drugs Prioritise intervention to strengthen families as well as early intervention and protection services for vulnerable and those with special needs Implement the cost centre model to decentralise services to areas of greatest need Expand existing EPWP programmes in ECD, Community Based Care Workers and the youth 	<ul style="list-style-type: none"> Develop a provincial strategy to ensure the development outcomes from the 2010 FIFA World Cup Provide funding to build sport and recreational facilities and library facilities guided by the PSDF Establish a sport school in Kuisriver that will enhance the performance of young athletes in the Province Prioritise specific sport codes to increase human capital development aligned with SASCOC'S priority codes for high performance Partner with DEDAT to create jobs through cultural industries, major events/festivals Programmes to build and bridge social capital Realignment between Dept and Public Entities

ECONOMIC CLUSTER KEY DELIVERABLES 2006/07	Vote 9: Environmental Affairs and Development Planning	Vote 10: Transport and Public Works	Vote 11: Agriculture	Vote 12: Economic Development and Tourism	Vote 8: Housing Component
	<ul style="list-style-type: none"> • Implementation of PSDF through communication campaign • Provision of technical and financial resources to municipalities to align local IDPs and SDFs to PSDF • Formulation of regulations for Integrated Law Reform Project Bill & capacity building to ready municipality for implementation in 2007/08 • New regulatory functions: a) air quality management b) waste facility permitting • Research and policy on expanding markets for products produced from recycled material and role of poor communities in markets • Formulation of comprehensive strategy and action plan in response to climate change water constraint, with co-operation of Agriculture • Capital investment in WCNCB areas • Augmentation of fire fighting capacity and formulation of integrated fire prevention strategy in WCNCB areas 	<ul style="list-style-type: none"> • Finalisation of SIP in mid 2006, including Provincial Strategic Accommodation Plan • Roads: key highway infrastructure in metro area; surfacing of a number of tourist routes; maintenance, resealing and regravelling programme according to Pavement Management System • Restructuring public transport service and bus subsidy in metro area, including contracting of subsidised service for Lansdowne and Klipfontein Corridors • Upgrade of Klipfontein Corridor • Detail design of the George Mobility Strategy; continued conceptual design work on Central Karoo and Mossel Bay Mobility Strategies • Formulation of safety and enforcement strategy for public transport, including taxi ranks • Mainstreaming CBPW programme into main Dept programmes; improved co-ordination of EPWP at provincial level through EPWP forum; improving skills development outcomes of infrastructure projects • Establishment of bursary programme to address skills shortages • Contribution to critical infrastructure to assist with hosting of the 2010 FIFA Soccer World Cup 	<ul style="list-style-type: none"> • Finalising the Agricultural Sector strategy • Continued restructuring of support services to farmers using LRAD review as basis • Development of Human Capital Development Strategy and conducting of a training impact study • Roll out of Farm Worker Development programme, with the collaboration of national and provincial departments • Expanding water demand management intervention and technical advisory services on farm irrigation • Feasibility Olifants/Doring River water study to assess water storage and ground water abstraction and soil suitability • Roll out of veterinary food safety programme • Expansion of marketing and business intelligence services together with Wesgro 	<ul style="list-style-type: none"> • Broadening and deepening of the MEDS – partnership enhancement • Strengthen and implement designated sector initiatives • Establish 5 Plek Plan Offices • Expansion of RED Doors to 35 venues • RED Finance – creation of a “virtual fund” • Support and strengthen BPO and Call Centres • Finalisation and roll out of the Liquor Bill 	<ul style="list-style-type: none"> • Finalisation of Human Settlement Strategy towards the beginning of 2006/07 • Formulation of a “Sustainability Framework” • Execute integrated provincial human settlement strategy with dedicated pilot projects • Targeted accelerated housing delivery • Continued implementation of the N2 Gateway Project with City of Cape Town • Co-ordinating and driving the eradication of the bucket system in partnership with municipalities, DWAF and DBSA

GOVERNMENT AND ADMINISTRATION CLUSTER KEY DELIVERABLES 2006/07	Vote 1: Department of the Premier	Vote 8: Local Government	Vote 3: Provincial Treasury
	<ul style="list-style-type: none"> • Establishment of province-wide monitoring and evaluation system • Establish Provincial Project Support Office • Building Internal Human and Social Capital Strategy • Transformation training in the Province • Human Capital Management database • Skills and Culture Audits • IT: E-learning, Provincial Strategic ICT Infrastructure Plan, e-Centres at schools, libraries, Red Doors, mobile units etc. • Development of Provincial Communication and Coordination Strategy • Establishment of Offices e.g. rights of children; rights of the aged; Children's Commissioner • Social Capital – Premier's Service Excellence Awards 	<ul style="list-style-type: none"> • Implementation of capacity building strategy for local government, including support of newly elected councillors and Project Consolidate municipalities • Deepen democracy by the more effective use of public participation instruments (ward committees, CDWs) • Coordinating the use of CDWs by municipalities and provincial line departments to improve service delivery • Operationalisation of Provincial Disaster Management Centre (with Community Safety and Health); establishment of district satellite centres (subject to national and local government funding) • Rationalisation and strengthening of M&E • Strengthen Intergovernmental Relations through improved integrated planning, alignment and performance monitoring 	<ul style="list-style-type: none"> • Credible medium term fiscal framework and socio-economic analyses leading to sustainable medium term expenditure budgets supporting shared growth and development • Proper recording of all financial transactions, promoting substantive compliance with financial management norms and standards, effective provincial risk management capacity and professional internal audit services correlated therewith • Fostering prudent management of the Provincial Government's built environment, physical and financial assets, financial systems and liabilities • Improved in-year expenditure management practices together with the development of efficiency parameters and analysis and improvement of intergovernmental financial management, municipal oversight and capacity building responsibilities

The 2006/07 Budget Process

The Provincial Treasury adhered to the budget process principles/regulations as laid out in the National and Provincial Constitutions, the Public Finance Management Act, the Intergovernmental Fiscal Relations Act and the National Treasury Guidelines. Departmental Strategic and Annual Performance Plans that reflect the approach of the relevant lead strategies will be tabled in the Provincial Parliament on 31 March 2006. The second reading of the Western Cape Appropriation Bill, 2005 in the Provincial Parliament will then take place in mid-May 2006, with the third reading to follow in late May 2006. The Premier is to sign and promulgate the approved Appropriation Act by no later than the end of June 2006.

Between the submission of initial policy options for the 2006 MTEF and the final signing of the 2006 Budget by the Premier, the 2006 Budget Process has been guided by the national and provincial priorities, as outlined in the President's State of Nation Address for 2005 and encapsulated in the Province's development strategy, iKapa Elihlumayo. A primary goal of the budget process is to ensure appropriate alignment between national and provincial policy priorities, as well as with municipal IDPs and development plans.

In order to enhance provincial and national policy alignment, bilateral meetings between the national and provincial treasuries took place in January 2006. The purpose of the meetings was to assess the extent to which provincial budgets give expression to the 2006 budget priorities agreed to by the Budget Council, Cabinet and Extended Cabinet. The meeting also gives the Province an opportunity to provide the National Treasury with deeper insight into the policy considerations that underpin the Western Cape budget and to assess the link between budgets and strategic and performance plans.

As evidence of continuing budget reforms, the 2006 budget process was also influenced by the introduction of quarterly reports on non-financial performance and featured important new initiatives to improve provincial and local government interface, as described below.

MTEC Engagements with Provincial Departments

The submission of draft annual performance plans and budgets in July 2005 was followed by intensive budget assessments conducted by Provincial Treasury for each department. Those assessments—which analysed a number of elements of the departmental budgets and strategic plans—were aimed at improving the overall integrity of the provincial budget.

As was done in previous years, two rounds of Medium Term Expenditure Committee (MTEC) engagements took place (September 2005 and January 2006). These bilateral discussions each had a specific purpose. The MTEC 1 engagements were designed to focus on the in-year expenditure assessments and to evaluate the draft budgets submitted by provincial departments. The later MTEC 2 engagements were chiefly to check whether the departmental budgets adequately reflect national and provincial priorities. The MTEC 2 engagements also served as an opportunity to tackle key outstanding issues, to identify the key deliverables for the department in the upcoming financial year, and to ask whether there are key constraints or ‘deal-breakers’ which may impede the achievement of the department’s aims.

In essence, both rounds of MTEC engagements, which were conducted per cluster and included all heads of departments within that cluster, were meant to ensure that departmental annual performance plans and budgets were linked to the concepts and drive articulated in the iKapa Elihlumayo strategies. Assessments focused on three key questions: environmental scanning (to understand the needs of the community and the operating environment impacting on service delivery); efficacy (were these the right programmes to achieve the socio-economic results we were aiming for?); and efficiency (did the relationship between inputs and outputs ensure value for money?).

These assessments were also informed and supported by a series of reviews produced by the Provincial Treasury: Provincial Economic Review and Outlook, a Service Delivery Review, a Review of Local Government and a Review of Financial Governance (including internal audit, accounting and asset management).

For the first time, the MTEC process this year included cluster meetings (at administrative and ministerial level) held in October 2005. The purpose of these meetings was to identify criteria for prioritisation of policy options within the cluster; and then to rank those policy options, both within individual departments and across the cluster.

Improving Provincial and Local Government Interface

The consolidation of financial management and budget process reforms in recent years, as well as the development of the lead strategies at the provincial level, has meant that the next step could be taken toward improved provincial and local government interface. The Provincial/Local Government Summit on 7 November 2003 was the first important effort to elicit municipal support and input regarding the provincial strategies and to begin the complicated process of aligning provincial development plans with the municipal Integrated Development Plans (IDP’s). In 2005 Cabinet resolved that a local government MTEC Framework be facilitated to further strengthen and deepen

these efforts through provincial and local government engagements. The Provincial Treasury and the Department of Local Government and Housing scheduled a series of engagements between provincial departments and Western Cape municipalities.

The purpose of the LG MTEC 1 engagement, which was held over 3 days in October, was to provide municipal managers and provincial heads of departments the opportunity to get acquainted and to initiate high-level discussions on planning priority alignment, development strategies and resource alignment relevant to that district/metro area. This engagement provided the bases for the one-on-one engagements that followed.

The one-on-one engagements were held during the latter part of November 2005. The engagements took the form of detailed and in-depth discussions between individual departments and municipalities facilitated by the Department of Local Government and Housing. In the discussions and presentations, municipalities concentrated on key infrastructure and housing needs as described in their IDPs and capital budgets. The discussions highlighted the capacity constraints in each municipal area and the need for co-operative and innovative efforts to address the challenging issues identified. The one-on-one engagements also served to inform the LG MTEC 2, in respect of the allocations of monies to municipalities.

The LG MTEC 2 engagement took place on the 20 January 2006 and was facilitated by the Provincial Treasury. It allowed for presentations and discussions that focused on allocations to municipalities which provincial departments will be making in 2006/07 and over the remainder of the MTEF years.

Receipts

The Western Cape Provincial Government receives three sources of revenue (equitable share, conditional grants and own revenue) to fulfill its service delivery functions. The first two sources (equitable share and conditional grants) are transferred from national government and are funded through the collection of the larger taxes (Personal Income Tax, Corporate Income Tax, VAT and Customs). These taxes accrue to the National Revenue Fund and are thereafter distributed to provinces on an equitable basis as national transfers.

Table 8 Summary of provincial receipts

Receipts R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Transfer receipts from National	10 640 356	12 259 105	13 666 485	14 682 609	15 118 065	15 037 541	16 407 132	9.11	18 177 114	20 004 421
Equitable share	8 622 422	10 039 487	11 237 570	12 072 470	12 299 051	12 299 051	13 459 403	9.43	14 906 049	16 546 427
Conditional grants	2 017 934	2 219 618	2 428 915	2 610 139	2 819 014	2 738 490	2 947 729	7.64	3 271 065	3 457 994
Financing	6 260			386 039	524 498	524 498	625 936		290 294	300 000
Total transfer receipts from National ^{Note}	10 646 616	12 259 105	13 666 485	15 068 648	15 642 563	15 562 039	17 033 068	9.45	18 467 408	20 304 421
Provincial own receipts										
Tax receipts	665 117	796 968	871 686	922 565	917 565	952 287	1 003 091	5.34	1 055 852	1 104 742
Sale of goods and services other than capital assets	169 079	223 297	238 570	225 087	242 517	254 264	255 919	0.65	263 244	265 774
Transfers received	9 696	6 782	43 768	62 795	63 788	64 749	93 424	44.29	106 055	111 721
Fines, penalties and forfeits	2 349	1 514	1 120	350	350	1 374	350	(74.53)	350	350
Interest, dividends and rent on land	256 159	271 894	221 192	114 585	108 137	204 873	59 108	(71.15)	52 200	28 130
Sale of capital assets	3 784	7 504	14 385	24 046	24 046	24 057	49	(99.80)	49	49
Financial transactions in assets and liabilities	9 239	22 120	70 053	23 418	25 998	36 943	23 739	(35.74)	23 917	23 917
Total provincial own receipts ^{Note}	1 115 423	1 330 079	1 460 774	1 372 846	1 382 401	1 538 546	1 435 680	(6.69)	1 501 667	1 534 683
Total provincial receipts	11 762 039	13 589 184	15 127 259	16 441 494	17 024 964	17 100 585	18 468 748	8.00	19 969 075	21 839 104

Note: Including provincial financing.

Table 8 above shows that, after correcting for the shift of the social security function to the newly created national agency (SASSA), the aggregated Provincial budget grows by 8,00 per cent from R17,101 billion in 2005/06 to R18,469 billion in 2006/07 (2,76 per cent in real terms). This growth is sustained at an annual nominal average rate of 8,49 per cent over the MTEF to R21,839 billion in 2008/09 (3,56 per cent in real terms).

National transfers (constituting 88,88 per cent of provincial revenue in 2006/07) increase by 9,11 per cent (3,81 per cent in real terms) from R15,038 billion in 2005/06 to R16,407 billion in 2006/07. Over the MTEF, national transfers increase at an annual average growth rate of 9,98 per cent (4,91 per cent in real terms), reaching R20,004 billion in 2008/09.

The allocation of national transfers is subject to a distributive formulae, key of which is the provincial equitable share formula developed by the National Treasury and the Financial and Fiscal Commission in 1998/99. The formula is updated annually and takes account of the relative demand for services based mainly (directly or indirectly) on demographic profiles of the various provinces.

Equitable Share

The Western Cape's equitable share allocation increases by 9,43 per cent (4,12 per cent in real terms) from R12,299 billion in 2005/06 to R13,459 billion in 2006/07. The amount increases at an annual average growth rate of 10,39 per cent (5,37 per cent in real terms), reaching R16,546 billion in 2008/09.

The equitable share formula has six components and is updated with the release of official data. The official data sources used are:

- The Census;
- The annual General Household Survey (GHS), which provides information on various aspects of the living circumstances of South African households, covering education, health, activities related to work and unemployment, housing and household access to service and facilities; and
- The Education SNAP Surveys, which estimates learner numbers on the 10th school day of the year.

The Census is conducted every ten years, with a five-year replacement survey conducted at the midpoint between Censuses. Therefore no new data was available from this source to update the formula for the 2006 MTEF.

Statistics South Africa and the National Department of Education released the results of its GHS and the SNAP surveys in July and August 2005 respectively.

The use of these data sources to update the equitable share formula resulted in the proportion of nationally raised revenue to the Province declining (relative to other provinces). When the formula was revised in 2005 and the social security function shifted from the equitable share to conditional grants, the Western Cape's equitable share subsequently declined from 9,03 per cent to 8,86 per cent over the 2005 MTEF. This year, due to the update of the equitable share formula with the recently

released data from the GHS and SNAP surveys, the Province's share is further reduced from 8,86 per cent to 8,81 per cent.

Table 9 shows the components of the equitable share formula and their relative weights. It then indicates the Western Cape's share before the formula updates for the 2006/07 Budget and the revised share after data updates, which became effective in 2006/07.

Table 9 Change in the Western Cape's Share of PES

Equitable Share Component	Component	2006/07	2005/06	Variance
	Weight	Revised Share	Current Share	
	%	%	%	%
Education	51	8.21	8.22	0.004
Health	26	9.24	9.36	0.124
Basic	14	10.06	10.16	0.094
Institutional	5	11.11	11.11	-
Poverty	3	3.82	3.82	-
Economic activity	1	14.47	14.47	-
Total	100	8.81	8.86	

The distribution of equitable share funds to provinces is a function of the weighting of the different components of the formula and the shares ascribed to each province. The weighting of the various components is a policy decision that takes various factors into account, including the historical expenditure patterns and relative demand for particular services.

The use of historical data leads to mismatches between the need for services and the share of available resources directed to the province. This is particularly so in that the equitable share formula, which uses historical information, informs the forward-looking expenditure (MTEF) framework.

Some demographic information required to update the provincial share within the components are not covered in the annual surveys. Data on population growth, for example is only available when Census data is released.

Therefore the decision by the Budget Council to exclusively use official data (Census, GHS, Gross Domestic Product by Region and SNAP Survey) in the equitable share formula means that the equitable share formula cannot undergo a comprehensive update annually.

There is thus a need for debate on how to improve the allocation process. In this regard the Province has initiated the development of a demographic model to forecast population growth and movements to and within the Province. Alternative allocation mechanisms to align resources along a spatial development perspective, in line with the National and Provincial Spatial Development Perspectives, would be considered.

The reliability of survey data used to adjust the provincial shares poses another challenge and may differ across provinces.

The timing of the Education SNAP and the Annual surveys, for example, also plays an important role. The SNAP survey counts the number of learners enrolled by the 10th school day and therefore is often at variance with the Annual Survey conducted mid year (July). These surveys are both administered by the National Department of Education and its provincial counterparts. The lower learner head count on the 10th school day may be attributed to households not having sufficient funds for learner transport, additional books, uniforms and stationary. It is envisaged that the no fee school policy for learners in the lowest income categories may to an extent address the concern that learners do not attend school when the school year starts.

A last point worth noting is the increasing conditionality imposed on the provincial equitable share. In Budget 2006/07, increases in equitable share allocations to provinces were specifically earmarked to fund nationally-identified priorities including: education, health, and social welfare services; implementation of the Expanded Public Works Programme; the expansion of economic infrastructure in support of accelerated and shared growth; and the introduction of the new Government Employees Medical Aid Scheme.

Conditional Grants

Conditional grants form part of national transfers and are allocated to provinces using the same demographic data that informs the equitable share. They are appropriated on national budgets and provide services over and above those considered as basic.

Conditional grant transfers increase by 7,64 per cent (2,42 per cent in real terms) from R2,738 billion in 2005/06 to R2,948 billion in 2006/07. This trend continues at an annual average of 8,09 per cent (3,17 per cent in real terms), rising to R3,458 billion by 2008/09.

The Health Department administers 67,56 per cent of all provincial grants, Housing (20,31 per cent), while Education, Transport and Public Works, Agriculture and Cultural Affairs and Sport combined administer the remaining 12,13 per cent.

A number of changes were introduced to the conditional grant structure in 2006/07 and include:

- The introduction of two new conditional grants: the Forensic Pathology Services Grant (Health) and the Further Education and Training Recapitalisation Grant (Education);
- The merger of the Hospital Revitalisation Programme with the Hospital Management and Quality Improvement Grant; and
- The merging of the Integrated Social Development Services and HIV and Aids (Community Based Care) Grant with the equitable share.

In addition the Social Assistance Transfers and the Social Assistance Administration Grants, which were temporarily introduced in 2005/06 pending the establishment of the South African Social Security Agency (SASSA), have now been shifted from the Provincial budget.

Table 10 Summary of conditional grants by Vote and grant

Vote and grant R'000	Outcome			Main appro- priation 2005/06	Adjusted appro- priation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Actual transfer 2002/03	Actual transfer 2003/04	Actual Transfer 2004/05				2006/07	2007/08	2008/09
Vote 5: Education	82 987	101 880	84 714	106 562	143 091	143 091	192 012	223 456	229 709
Provincial infrastructure	24 053	36 326	38 709	55 229	82 565	82 565	61 829	80 263	85 881
Financial management and quality enhancement	18 037	18 519							
Early childhood development	4 187	6 952							
HIV and Aids (Lifeskills education)	11 376	9 518	9 814	11 198	11 205	11 205	11 870	12 464	13 303
Disaster management		70							
Further education and training college sector recapitalisation							70 000	80 000	77 305
National school nutrition programme	25 334	30 495	36 191	40 135	49 321	49 321	48 313	50 729	53 220
Vote 6: Health	1 467 022	1 555 421	1 684 382	1 870 576	1 861 159	1 816 047	1 991 725	2 051 224	2 139 039
Provincial infrastructure	24 052	36 324	38 693	55 229	55 229	57 259	61 829	80 262	85 880
Hospital revitalisation	45 000	81 939	124 115	172 038	148 038	104 748	149 703	107 897	124 244
Hospital management and quality improvement ^a	19 000	16 376	15 179	17 608	17 608	17 608			
National tertiary services	1 047 438	1 076 724	1 104 087	1 214 684	1 214 684	1 214 684	1 272 640	1 322 744	1 388 881
Health professions training and development	316 364	314 696	327 210	323 278	323 278	323 278	323 278	339 442	356 414
Integrated nutrition programme	3 455	4 158	4 704	5 288	5 288	5 288			
Comprehensive HIV and Aids Medico-legal	11 713	24 204	70 394	82 451	82 451	93 182	115 670	121 454	128 085
Forensic pathology services ^b		1 000			14 583		68 605	79 425	55 535
Vote 7: Social Development ^c	1 067	22 934	6 984	26 123	43 139	30 898			
Social security backlog HIV and Aids (community-based care)	1 067	2 900	3 088	6 089	6 089	10 864			
Food emergency relief		20 034	3 896						
One stop child justice					794				
Integrated Social Development Services Grant ^d				20 034	36 256	20 034			
Subtotal Conditional grants	1 551 076	1 680 235	1 776 080	2 003 261	2 047 389	1 990 036	2 183 737	2 274 680	2 368 748

Table 10 Summary of conditional grants by Vote and grant (continued)

Vote and grant R'000	Outcome			Main appro- priation 2005/06	Adjusted appro- priation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Actual transfer 2002/03	Actual transfer 2003/04	Actual Transfer 2004/05				2006/07	2007/08	2008/09
	Vote 8: Local government and housing	417 453	460 803				551 698	466 113	598 270
Housing subsidy	378 860	423 282	510 951						
Human resettlement and redevelopment	13 250	13 500	16 179	9 373	29 738	25 984			
Integrated housing and human settlement development				456 740	533 249	533 249	598 800	748 548	822 426
Disaster relief					24 500	24 500			
Local government support	16 500								
Local government capacity building fund		20 714	21 141		10 783				
Provincial project management capacity for Municipal infrastructure (MIG) [previously CMIP]	8 843	3 307	3 427						
Vote 9: Environmental affairs and development planning		2 400							
Disaster damage		2 400							
Vote 10: Transport and Public Works	43 322	67 076	64 645	92 557	95 857	95 857	126 329	190 891	203 511
Provincial infrastructure	43 322	67 076	64 645	92 557	95 857	95 857	126 329	190 891	203 511
Vote 11: Agriculture	6 083	9 104	35 492	45 538	74 828	66 194	26 763	41 936	43 934
Land care programme: Poverty relief and infrastructure development	1 300	1 800	3 166	2 500	3 174	3 174	3 115	3 270	3 428
Drought relief/Agriculture disaster management grant			366		26 634	18 000			
Comprehensive Agriculture support programme			11 705	17 206	19 264	19 264	20 648	33 426	35 030
Provincial Infrastructure	4 783	7 304	20 255	25 832	25 756	25 756	3 000	5 240	5 476
Vote 13: Cultural Affairs and Sport			1 000	2 670	2 670	2 670	12 100	15 010	19 375
Mass sport and recreation participation programme			1 000	2 670	2 670	2 670	12 100	15 010	19 375
Subtotal Conditional grants	466 858	539 383	652 835	606 878	771 625	748 454	763 992	996 385	1 089 246
Total Conditional grants	2 017 934	2 219 618	2 428 915	2 610 139	2 819 014	2 738 490	2 947 729	3 271 065	3 457 994

^a As from 1 April 2006 the Hospital Management and Quality Improvement Grant will merge with the Hospital Revitalisation Grant.

^b Includes the shift of R5 million to Vote 10: Transport and Public Works for the purchasing of vehicles for the forensic pathology services by the Government Motor Transport trading entity.

^c Conditional grants in respect of this vote has been phased into PES as from 2006/07.

^d The revised estimate of R20,034 million in 2005/06 excludes an amount of R16,222 million which was rolled over from 2004/05 and which is expected to be spent by the end of 2005/06.

The Provincial share of conditional grant allocations are based on allocation formulae and subject to similar data constraints as the equitable share. The formulae are informed by various data sources, including the 2001 Census and the GHS. In addition, other department-specific sources are utilised, such as the National Department of Education's Annual and SNAP surveys and Agriculture's land capability maps.

It is often debated whether the equitable share or conditional grant mechanisms are better placed to impact on service delivery. However, in its 2006/07 review of the National Tertiary Services Grant (NTSG) and the Health Professions Training and Development Grant (HPTDG), the Financial and

Fiscal Commission endorsed the conditional grant mechanism to deliver these services. It further recommended that government makes improvements to its conditional grant policy frameworks, management and scope.

Transfers, in general, fund constitutionally mandated social services such as education, health and social welfare services. User charges on these services (hospital admissions and school attendance) are very limited in relation to overall costs. Spending on social services is predominantly directed to major cost drivers such as personnel (in Education and Health) and previously, social assistance grant transfers in Social Services and Poverty Alleviation (now Social Development).

The Province also delivers services that relate to non-social services functions such as Agriculture, Community Safety, Roads, Public Works and Transport, Economic Development and Tourism. The user charges or taxes associated with some of these services (e.g. motor vehicle licenses) do not cover the cost of providing these services (e.g. road maintenance) and leave a substantial gap between actual requirements and funding available, either from national or current provincial resources.

The sustainable delivery of these functions therefore requires that the Province optimises and expands available revenue streams to match expenditure requirements.

Own Revenue

The larger contributors to own revenue are motor vehicle licenses, health patient fees, casino taxes and interest.

In aggregate, provincial own sourced revenue is projected to decrease by 6,69 per cent in nominal terms (a decrease of 11,21 per cent in real terms) from R1,539 billion in 2005/06 to R1,436 billion in 2006/07. Provincial own sourced revenue will then increase to R1,502 billion in 2007/08 and R1,535 billion in 2008/09. This implies negative average annual nominal and real growth rates of 0,08 per cent and 4,63 per cent respectively over the MTEF.

Motor Vehicle License Fees

Motor vehicle license fees are projected to contribute R732 million to provincial own receipts in 2005/06. This is projected to increase to R754 million in 2006/07, R776 million in 2007/08 and R799 million in 2008/09.

The tariff increases for motor vehicle license fees are agreed between the Provincial Treasury and the Department of Transport and Public Works. The Western Cape, compared with other provinces such as Gauteng and KwaZulu-Natal, has the highest tariff for motor vehicle license fees. The increasing trajectory is leading to a migration of vehicle fleet registration to neighboring provinces in spite of dire roads maintenance and construction requirements within the Province. It is for this reason that Provincial Cabinet in 2003 recommended research into:

- The socio-economic incidence/impact of escalations in motor vehicle licensing;
- The feasibility, efficiency and effectiveness of alternative collection mechanisms for motor vehicle licensing;

- The impact of cross-border licensing of motor vehicles; and
- Impact of fuel levies.

The Department of Transport, as part of its further initiatives to improve efficiency of collections and to mitigate the possible risks of non-payment by collecting agencies, has already started the establishment of Service Level Agreements (SLA) with all collecting agents of motor vehicle license fees within the Province.

Health Patient Fees

Health patient fees are expected to contribute R161 million to provincial own receipts in 2005/06. This is projected to increase to R178 million in 2006/07, rise to R184 million in 2007/08 and remain constant at R184 million in 2008/09:

- The largest proportion of revenue generated by the health sector is from user fees, which include payments from Medical Aid Schemes, the Workmen's Compensation Fund, the Road Accident Fund, boarding and lodging, parking fees, fees charged to doctors for using state facilities for private practice. Income from health training activities makes up the remainder of the "other" revenue component.
- The introduction of the Government Employees Medical Aid Scheme in 2006/07 and the phasing in thereof over the medium-term should also contribute to increased revenue due to an increase in the number of paying clients.

Interest

The higher interest revenue collection in 2005/06 was due to better market analyses, investing for longer periods and the slower than anticipated expenditure patterns by departments (which results in more cash on hand for investment purposes).

Interest revenue contributed R202 million to provincial own revenue in 2005/06. This is projected to decrease to R56 million in 2006/07, R49 million in 2007/08 and R25 million in 2008/09. The reason for the sharp decline in interest revenue is taken up in the discussion on the Asset Financing Reserve.

From 2005/06 there has also been a change in institutional arrangements with regard to the payments of Social Assistance grants. Previously Social Services and Poverty Alleviation generated own revenue from interest accumulated through the ALLPAY advances. However the introduction of SASSA reduced the potential revenue by approximately R24 million over the 2005 MTEF, as a result of the fact that the funds are now paid to SASSA.

Gambling and Casino Taxes

Gambling and Casino taxes is the second largest source of revenue available to the Province and has increased from R201 million in 2005/06 to R220 million in 2006/07. Revenue from gambling and casino taxes is expected to increase to R246 million in 2007/08 and to R270 million in 2008/09.

Gambling and racing in the Province are regulated and controlled by the Western Cape Gambling and Racing Board (a public entity that reports to the MEC responsible for Finance and Tourism, through the Provincial Treasury). The Board is self-sustainable and indications are that the Province would not be required to capitalise the Board in the foreseeable future.

Revenue generated from interest and gambling is unpredictable and it is therefore acknowledged that casino taxes, interest from bank balances and investments depend to a large extent on the unexpected increase or decrease in people's disposable income. The disposable income of potential gamblers is in turn affected by low or high interest and exchange rates, unexpected sales of licenses, as well as business rights.

Other Sources Of Own Revenue

The "Other" sources of own revenue make up 18,88 per cent of the Province's own receipts in 2006/07, however individually these sources are relatively small. The larger 'other' sources of own revenue include: boarding and lodging, registration, rent on land, horseracing taxes and transfers received from international organisations.

A further anticipated source of revenue is the projected revenue from the proposed Liquor Bill. The potential revenue is estimated at R14,730 million in 2006/07, R18,730 million in 2007/08 and R18,730 million in 2008/09. The Bill proposes that municipalities act as collectors of liquor license fees. Planning for the logistics of collection is underway.

In the meantime, other options must also be considered and explored. Provincial investment into Economic Development and Tourism advances Regional Economic Development, promotes the Western Cape's economy and creates job opportunities. Such investments also involve the establishment of infrastructure and the creation of a conducive business environment and thus promote economic growth. These pose further challenges to the already strained provincial fiscal envelope. In this regard and in support of the ideals of economic development, the Province is considering measures to optimise own revenue sources. It further aims to expand funding mechanisms in support of social and non-social service delivery and regional economic development. It is believed that this is achievable by optimising current own receipts sources and expanding the sources of own revenue and financing.

Own receipts per Department

Table 11 below shows departmental contributions to own sourced revenue over the medium term and highlights that the Departments of Transport and Public Works, Provincial Treasury and Health are the predominant contributors of Provincial own revenue.

Table 11 Summary of provincial own receipts by vote

Provincial department R'000	Outcome			Main appro- priation 2005/06	Adjusted appro- priation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2002/03	2003/04	2004/05				2006/07	2005/06	2007/08	2008/09
1. Department of the Premier	847	1 910	1 516	538	538	718	510	(28.97)	510	510
2. Provincial Parliament	136	224	158	58	58	106	58	(45.28)	58	58
3. Provincial Treasury	389 207	388 934	385 312	285 541	285 541	428 992	290 000	(32.40)	309 153	310 579
4. Community Safety	335	2 402	1 647	518	1 154	1 154	646	(44.02)	685	740
5. Education	17 093	15 585	9 962	18 640	11 092	11 092	11 641	4.95	12 217	12 821
6. Health	119 872	165 011	236 541	233 027	254 410	254 410	297 080	16.77	315 209	320 875
7. Social Development	6 688	18 212	21 276	7 260	1 100	1 100	272	(75.27)	275	280
8. Local Government and Housing	1 691	28 474	39 084	25 090	25 090	25 090	25 090		25 090	25 090
9. Environmental Affairs and Development Planning	1 475	559	767	28	28	122	58	(52.46)	88	88
10. Transport and Public Works	560 642	691 175	744 423	781 766	783 082	794 479	783 285	(1.41)	806 847	832 107
11. Agriculture	11 476	12 224	13 385	10 720	13 170	13 577	11 620	(14.41)	12 110	12 110
12. Economic Development and Tourism	3 700	4 040	5 937	9 000	4 000	4 000	15 000	275.00	19 000	19 000
13. Cultural Affairs and Sport	2 261	1 329	766	660	3 138	3 706	420	(88.67)	425	425
Total provincial own receipts by Vote	1 115 423	1 330 079	1 460 774	1 372 846	1 382 401	1 538 546	1 435 680	(6.69)	1 501 667	1 534 683

Community Safety experiences a nominal decline of 44,02 per cent (negative real growth of 46,74 per cent) between 2005/06 and 2006/07. This is due to additional revenue of R636 000 collected in 2004/05 that became available for use in 2005/06. The Department of Social Services and Poverty Alleviation experiences a negative nominal growth of 75,27 per cent (negative real growth of 76,47 per cent) between 2005/06 and 2006/07, which is due to the introduction of SASSA as explained above. Cultural Affairs and Sport also experiences a negative nominal growth of 86,67 per cent (negative real growth of 89,22 per cent), which is mainly due to additional revenue of R2,478 million transferred from the Tourism and Hospitality Education and Training Authority that became available for use in 2005/06.

Asset Financing Reserve

The Provincial Treasury established a financing mechanism the Asset Financing Reserve (AFR) for strategic infrastructure within the Province. The AFR is currently held within the Provincial Revenue Fund and has been ring-fenced for specific purposes such as the Strategic Infrastructure Plan. The establishment of such a reserve had been necessitated as a result of the crowding out of economic services spending by Social Services.

The AFR is capitalised from: accumulated reserves as at 31 March 2005, surplus funds, compulsory savings less approved roll overs, revenue collected above budget less retention requests, and interest earned on investment and current account less the budget estimate for interest.

Allocations out of the financing reserves in 2005/06 amounted to R625 million in 2005/06. AFR allocations are then expected to decrease to R290 million in 2007/08 and increase again to R300 million in 2008/09.

The AFR will be run as a separate accounting identity within the Provincial Revenue Fund and will operate along similar lines as a revolving credit fund. The technical adjustments with regard to the Standard Chart of Accounts and the Basic Accounting system have already been effected.

Expanding the Provincial Revenue Base

The Provincial Tax Regulation Act does not define the new taxes that provinces may impose but instead regulates the process by which they are imposed. It is envisioned that an evolving list of “allowed” provincial taxes would emerge by means of testing and researching the feasibility of various provincial taxes.

Towards this end, the Western Cape has identified a number of taxes for consideration, which include a fuel levy, the bed or tourism levy. The implementation of a fuel levy for the province has already been researched and is currently before the National Minister of Finance for consideration and approval. If approved, this tax would be implemented with effect from 1 April 2007.

Research into the feasibility of a bed or tourism levy, a developer tax and other taxes has already commenced, while research into other possible provincial taxes is considered for the future.

Summary of Aggregates

Table 12 gives a summary of the main revenue and expenditure components of the budget. Total provincial receipts are projected to increase at an average annual real rate of 8,5 per cent over the MTEF, from R17,117 billion in 2005/06 to R21,839 billion in 2008/09 (3,5 per cent in real terms). This rise is fuelled mainly by increasing transfers from national government. Receipts sourced internally (own receipts and financing) are projected to decrease from R2,061 billion in 2005/06 to R1,835 billion in 2008/09.

Table 12 Provincial budget summary

R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Provincial receipts										
Transfer receipts from national	10 640 356	12 259 105	13 666 485	14 682 609	15 118 065	15 037 541	16 407 132	9.11	18 177 114	20 004 421
Equitable share	8 622 422	10 039 487	11 237 570	12 072 470	12 299 051	12 299 051	13 459 403	9.43	14 906 049	16 546 427
Conditional grants	2 017 934	2 219 618	2 428 915	2 610 139	2 819 014	2 738 490	2 947 729	7.64	3 271 065	3 457 994
Financing	6 260			386 039	524 498	524 498	625 936	19.34	290 294	300 000
Provincial own receipts	1 115 423	1 330 079	1 460 774	1 372 846	1 382 401	1 538 546	1 435 680	(6.69)	1 501 667	1 534 683
Total provincial receipts	11 762 039	13 589 184	15 127 259	16 441 494	17 024 964	17 100 585	18 468 748	8.00	19 969 075	21 839 104
Provincial payments										
Current payments	9 262 360	10 308 590	11 391 460	12 705 061	12 887 468	12 827 426	14 325 692	11.68	15 447 401	16 813 418
Transfers and subsidies	1 739 275	1 850 135	2 133 937	2 238 341	2 537 446	2 596 833	2 417 596	(6.90)	2 798 947	3 103 237
Payments for capital assets	822 993	942 079	1 055 704	1 430 625	1 532 583	1 487 652	1 616 771	8.68	1 592 153	1 688 196
Direct charge	11 340	12 164	12 892	14 917	14 917	13 299	15 531	16.78	16 308	17 124
GEMS							71 224		141 750	211 578
Unallocated contingency reserve				52 550	52 550	52 550				
Total provincial payments	11 835 968	13 112 968	14 593 993	16 441 494	17 024 964	16 977 760	18 446 814	8.65	19 996 559	21 833 553
Surplus (Deficit)	(73 929)	476 216	533 266			122 825	21 934	(82.14)	(27 484)	5 551

If financing is excluded from total provincial receipts, the difference between total provincial receipts and total provincial payments for 2006/07 is R604,0 million. This amount will be financed by R622,656 million from accumulated reserves (Asset Financing Reserve) plus a small amount of R3,28 million from Compulsory Savings. This leaves a net surplus of R21,934 million for 2006/07.

The Province projects a net deficit of R27,484 million in 2007/08 and then a net surplus of R5,551 million in 2008/09. Over the entire period of the MTEF, the net deficit in 2007/08 is offset by the projected surpluses in 2006/07 and 2008/09. This has been done to smooth expenditure over the MTEF in line with the projected spending rates of provincial departments.

Expenditure by Department

Sections 5 and 6 described the revenue and financing envelope used to finance Provincial spending over the MTEF. In this section we describe how the available funds are allocated per department. A total amount of R18,36 billion is allocated in the 2006/07 financial year. This represents a nominal increase of 8,7 per cent from 2005/06.

Each department's expenditure is discussed in turn below.

Table 13 Summary of provincial payments and estimates by vote

Provincial department R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
1. Department of the Premier	335 724	312 936	288 662	298 112	298 068	298 068	310 927	4.31	326 905	343 093
2. Provincial Parliament	23 887	28 840	30 707	40 681	41 081	37 930	47 891	26.26	49 072	52 207
3. Provincial Treasury	60 533	65 421	102 333	125 914	115 409	115 409	134 246	16.32	145 340	152 448
4. Community Safety	118 751	141 187	164 256	173 724	178 796	178 796	181 257	1.38	189 548	199 292
5. Education	4 802 240	5 304 807	5 690 709	6 259 846	6 504 659	6 504 659	6 988 131	7.43	7 592 595	8 211 663
6. Health	3 951 022	4 547 304	5 169 199	5 742 503	5 776 822	5 733 567	6 323 493	10.29	6 774 319	7 332 905
7. Social Development	465 442	518 964	603 003	678 578	694 526	694 526	727 143	4.70	867 121	1 034 957
8. Local Government and Housing	482 554	426 692	665 872	632 805	811 808	806 914	776 962	(3.71)	935 510	1 020 001
9. Environmental Affairs and Development Planning	120 470	120 622	135 468	158 720	159 020	159 020	175 525	10.38	165 865	173 991
10. Transport and Public Works	1 081 737	1 216 208	1 258 628	1 712 012	1 797 365	1 798 197	2 064 326	14.80	2 093 836	2 346 450
11. Agriculture	131 168	160 591	196 893	238 185	269 226	274 108	254 034	(7.32)	287 217	304 989
12. Economic Development and Tourism	142 622	122 755	126 439	145 148	142 405	142 405	188 433	32.32	206 709	214 749
13. Cultural Affairs and Sport	108 478	134 477	148 932	167 799	168 312	168 312	187 691	11.51	204 464	218 106
Total provincial payments and estimates by vote	11 824 628	13 100 804	14 581 101	16 374 027	16 957 497	16 911 911	18 360 059	8.56	19 838 501	21 604 851

Note: This table excludes direct charge and the GEMS provision.

Vote 1: Department of the Premier

The Department of the Premier receives 1,69 per cent of the total provincial budget in 2006/07, amounting to R310,927 million. This represents an increase of 4,3 per cent (0,7 per cent decrease in real terms) from the 2005/06 revised estimate. The allocation increases by 5,1 per cent (0,3 per cent in real terms) in 2007/08 to R326,905 million and by 4,9 per cent (0,4 per cent in real terms) in 2008/09 to R343,093 million.

For 2006/07 the Department has amended its budget structure in line with the uniform budget and programme structure for Department of the Premier, taking cognisance of the re-engineering process. This has led to the creation of new programmes and a concurrent reduction in the number of programmes from eight to three (namely Administration, Corporate Support, and Policy and Governance). The new programme structure supports the changing function of the Department away from simply providing support services to departments, to that of providing a strategic oversight and leadership function for the Province as a whole. With the recent launch of the Social Capital Formation Strategy and the Provincial Growth and Development Strategy (PGDS), the Department will play an increasingly important role in terms of the monitoring, evaluation and review of the impact of these policies. In order to meet this objective the Department will establish a province-wide monitoring and evaluation system, develop a compendium of key indicators and set up a Provincial Project Support Office.

Programme 2: Corporate Support accounts for 75,5 per cent of the Department's budget and is responsible for transversal services to all the provincial departments including information technology. This programme's allocation decreases from R238,803 million in the 2005/06 revised estimate to R234,650 million in 2006/07, representing a decrease of 1,74 per cent in nominal terms. Corporate Support experiences a nominal growth of 3,38 per cent from 2006/07 to 2007/08.

The Information Technology sub-programme comprises 64,4 per cent of the programme's allocation, amounting to R151,043 million in 2006/07. This constitutes a nominal decline of 6,62 per cent on the 2005/06 revised estimate. This is due to the centralisation of the departmental information technology capital expenditure under Programme 1: Administration. Key focus areas include plans to pilot an e-learning project, develop websites for local communities, develop a provincial strategic ICT infrastructure plan and launch e-Centres at schools, libraries, in RED Door offices as well as launch mobile units.

The Corporate Support Programme makes provision for earmarked funds amounting to R4,252 million in 2006/07, R4,465 million in 2007/08 and R4,666 million in 2008/09 for the finalisation and implementation of the Building Internal Human and Social Capital Strategy. As part of the Department's comprehensive strategy of building internal human capital within the provincial government, a province-wide Human Capital Database Management System will be developed. Key priorities for the Department include the transformation of training (including the training offered by the Cape Administrative Academy) to ensure that it is more relevant and demand driven. Partnered with this is the need to instill an organisational culture allied to institutional practices that promote development outcomes and effective service delivery. The Department will conduct and complete skills and culture audits during 2006. The revitalisation of the Batho Pele drive as well as the Premier's Service Excellence Awards are key aspects of this.

Earmarked funds for izimbizo under the Corporate Support programme; facilitate, promote and ensure effective engagement between the Department of the Premier, the Provincial Government, local government and the citizens of the Western Cape as well as key stakeholders including important civil society organisations. Earmarked funds for izimbizo amount to R5,275 million in 2006/07, increasing to R5,539 million and R5,788 million in 2007/08 and 2008/09 respectively. The Department will facilitate the development of a Provincial Communication Strategy and a Coordination Strategy. Furthermore, there are plans to establish a Provincial Government Communication Forum and a forum for broad based community consultation.

The third programme, Policy and Governance, makes provision for the Department's role in facilitating and coordinating activities with other spheres of government and social partners. This Programme grows in nominal terms by 111,45 per cent from R19,193 million in 2005/06 revised estimate to R40,583 million in 2006/07. The Programme continues to experience growth, however at a much slower pace increasing to R44,671 million in 2007/08 and R48,191 million in 2008/09. In real terms, this Programme grows at an annual average growth of 29,7 per cent between 2005/06 and 2008/09.

Important aspects of the Policy and Governance Programme include: policy development; policy implementation and support; and monitoring and evaluation. The Programme also promotes human rights through the establishment of separate offices for the rights of children and the rights of the aged as well as appointing a Children's Commissioner. Earmarked funds for the Youth Commission, which was established in 2005/06, amount to R5,231 million in 2006/07, R5,544 million in 2007/08 and R5,793 million in 2008/09. The funds are specifically allocated to ensure that the rights and interests of the youth are promoted and co-ordinated with youth activities spearheaded by different provincial departments.

Vote 2: Provincial Parliament

Of the 2006/07 Western Cape budget 0,26 per cent has been provided in favour of the Provincial Parliament. The share remains relatively constant over the MTEF period. Excluding direct charges, the budget provides for expenditure of R47,891 million in 2006/07, which constitutes a nominal increase of 26,3 per cent (real increase of 20,1 per cent) on the 2005/06 revised estimate of R37,930 million. The budget increases to R49,072 million in 2007/08 and R52,207 million in 2008/09. Over the period 2005/06 to 2008/09 the allocation increases annually at an average of 11,2 per cent in nominal terms (6,2 per cent in real terms).

In 2006/07 services will be geared to capacitate Members in the delivery of their oversight responsibilities by enabling them to function more effectively in committees, plenary sessions and their constituencies. Emphasis will also be given to public participation in various events to ensure greater involvement of the citizens of the Western Cape in parliamentary processes.

Excluded from the Provincial Parliament's allocation is the allocation for the remuneration of the Members, Speaker and Deputy Speaker of the Provincial Parliament, which forms a direct charge on the Provincial Revenue Fund. This amounts to R15,531 million in 2006/07 and increases to R16,308 million in 2007/08 and to R17,124 million in 2008/09.

Vote 3: Provincial Treasury

The Provincial Treasury's budget for 2006/07 stands at R134,246 million and constitutes 0,7 per cent of the Province's total budget. The Vote increases by 16,3 per cent (10,7 per cent in real terms) from the 2005/06 revised estimate. The budget increases to R145,340 million in 2007/08 and R152,448 million in 2008/09, representing an increase of 8,3 per cent (3,3 per cent in real terms) and 4,9 per cent (0,4 per cent in real terms) respectively.

The increase in 2006/07 is mainly due to the appointment of staff for the implementation of the Municipal Finance Management Act for which specific funding amounts to R15,968 million in 2006/07, R13,887 million in 2007/08 and R14,512 million in 2008/09. The increased overall budget allocation will ensure improved in-year expenditure management practices together with the development of efficiency parameters and analysis and improvement of intergovernmental financial management, municipal oversight and capacity building responsibilities.

Programme 3: Asset and Liabilities management constitutes 37,0 per cent of the Department's budget in 2006/07 and is responsible for the payments of the central mainframe and transaction costs for the transversal systems, namely the Basic Accounting System (BAS), Logistical System (Logis) and the Personnel System (Persal). Funding allocated for this function amounts to R6,908 million in 2006/07 and increases to R8,336 million in 2007/08 and R8,711 million in 2008/09. The effective management of these systems is essential to ensuring the proper recording of all financial transactions, promoting substantive compliance with financial management norms and standards, effective provincial risk management capacity and professional internal audit services correlated therewith. Furthermore, this ensures the prudent management of the Provincial Government's built environment, physical and financial assets, financial systems and liabilities.

Lastly, the Provincial Treasury is responsible for ensuring a credible medium term fiscal framework and socio-economic analyses leading to sustainable medium term expenditure budgets supporting shared growth and development.

Vote 4: Community Safety

The iKapa Elihlumayo vision of a 'Home for All' cannot be realised in an environment characterised by crime, gangsterism, drug and substance, violence against women and children, and road fatalities. The Department of Community Safety faces the task of creating an enabling environment that builds social networks, community participation and social cohesion within communities. Another key role for the Department is to work closely with the Departments of Health, Public Works and Transport, and Local Government and Housing to reduce the levels of trauma in the Province. Through its Community Policing Forums, Neighbourhood Watch structures and street committees, the Department takes measures to empower communities to participate effectively in identifying problems and solutions for the concerns affecting them, and in the process, build social networks and enhance social capital.

In order to enable the Department to continue to implement its initiatives to address gangsterism, substance abuse, crime, violence, etc. in priority areas, R181,257 million has been allocated in the current financial year. The allocation increased marginally by 1,4 per cent in 2006/07 compared to the

2005/06 revised estimate. The small increase to the allocation is partly as a result of the allocation for the Motor Vehicle Accident Intervention Strategy research ceasing at the end of 2005/06.

In addition to its goal of building social cohesion in communities, the Department keeps a strong focus on safety in schools in 2006/07. Schools in the Western Cape have become settings for drug sales and the recruitment of gang members, developments which directly undermine the educational and social capital goals promoted in the iKapa Elihlumayo strategies. Over the 2006 MTEF, the Department receives an additional amount of R20,323 million in earmarked funds for the purposes of creating a safer environment for learners at schools. Through its People Orientated Problem-Solving (POPS) approach, the Department of Community Safety, in partnership with the Western Cape Education Department (WCED), will continue to deploy Bambanani Against Crime volunteers to schools most at risk. The focus will be on enhancing security at the same time as harnessing community energy and promoting participation and social networks. It is expected that the Department will continue to work closely with WCED to identify priority schools that have a high incidence of violence and drug abuse.

A third key deliverable for the Department in 2006/07 is Security Risk Management. In the coming financial year the Department plans to increase the capacity of the Security Risk Management Unit to manage the security functions on behalf of all the Heads of Department in the Provincial Government. In the 2005 budget cycle, R3,153 million in additional funding was earmarked to strengthen risk management over the 2005 MTEF period. In Budget 2006/07, these funds are supplemented with an amount of R0,705 million shifted from the Department of the Premier. During the course of 2006/07, a business model for security services will be developed in consultation with all departments.

The implementation of the Motor Vehicle Accident Intervention Strategy (MVAI) is a fourth key deliverable identified by the Department for 2006/07, and a top priority for the Social Cluster. The high levels of trauma in provincial hospitals significantly strain the budget of the Department of Health, while the urgent need to decrease the number of road and pedestrian fatalities on our roads and create a safer road system is a chief concern of the Department of Community Safety. In line with the cooperative approach and the social capital and human resource development goals of iKapa Elihlumayo, the two Departments plan to work closely together in the upcoming financial year to make substantial advances on this issue. Through a coordinated approach within the Social Cluster (involving Transport and Public Works as well), the Departments will finalise the MVAI Strategy in 2006/07 and develop a practical plan for its implementation.

The fifth and final key deliverable for the Department in 2006/07 relates to internal operations. As part of the communication requirements requested by the Department of the Premier, in 2005/06 the Department of Community Safety developed an iKapa Elihlumayo business plan to build internal social and human capital within the Department. This year the plan will be updated and implemented through staff izimbizo and other activities.

Vote 5: Education

Education receives 38,06 per cent of the provincial budget, a decrease of 0,4 percentage points compared to the 2005/06 revised estimate. The Department's budget grows from R6,505 billion in the 2005/06 revised estimate to R6,988 billion in 2006/07, or by 7,4 per cent in nominal terms (2,2 per cent in real terms). Over the MTEF, the budget increases annually on average by 8,1 per cent in nominal terms from the 2005/06 revised estimate to 2008/09 increasing to R7,593 billion in 2007/08 and to R8,212 billion in 2008/09. The increase is made to provide for: salary improvements; the carry-through costs of pay progressions for educators; and the implementation of national and provincial priorities.

National and provincial priorities can be clustered around the following themes: Further Education and Training (FET) re-capitalisation; access and equity; curriculum development; and monitoring and evaluation. This year will see the launch of the Province's Human Capital Development Strategy (HCDS). This is a long-term strategy that promotes the concept of lifelong learning from Early Childhood Development through to Adult Basic Education and Training. The strategy takes a holistic approach by informing and being informed by other key iKapa Elihlumayo strategies. For example, the HCDS links with the Micro Economic Development Strategy (MEDS) in terms of designing FET College programmes in support of the Province's growth path. Further, the HCDS has important linkages with the Social Capital Formation Strategy with regard to the implementation of the Integrated Early Childhood Development Plan.

Public Ordinary School Education accounts for 81,7 per cent of the Department's allocation and increases in nominal terms by 5,7 per cent (0,5 per cent in real terms) from the 2005/06 revised estimate (from R5,403 billion in 2005/06 to R5,709 billion in 2006/07). The budget increase for this programme provides for the capitalisation of under-resourced schools, monitoring and evaluation, and curriculum development.

In 2006/07, R2,461 million is allocated for Quality and Upliftment Programmes to improve equipment and school buildings. This earmarked amount increases to R71,442 million in 2007/08 and to R154,246 million in 2008/09. Identified as a national priority, the funds are specifically allocated to assist schools in helping to ameliorate the deterioration of and backlogs in equipment such as laboratories, libraries, photocopiers, etc.

The Department's infrastructure allocation declines over the MTEF from R373,808 million in the 2005/06 revised estimate to R279,476 million in the 2006/07 budget. In the two outer years this allocation continues to decline to R171,038 million in 2007/08 and R138,941 million in 2008/09. In an effort to fast-track the construction of new schools, the Department's infrastructure allocation was brought forward to 2005/06 to help address eminent backlog pressures at schools in order to accommodate the growth in learner numbers. The infrastructure allocation therefore tapers off over the MTEF, dropping by 28,10 per cent in nominal terms and 31,37 per cent in real terms between 2005/06 and 2008/09.

In addition to improved school infrastructure, another key deliverable for the Department in 2006/07 is a set of programmes to give effect to the National Curriculum Statement. Provision has been made for new learner and teacher support materials and teacher training, with R68,839 million specifically

earmarked in 2006/07 to extend the implementation of the National Curriculum Statement for grades 8, 9 and 11. The allocation decreases in nominal terms by 33,2 per cent to R45,956 million in 2007/08, and by 27,3 per cent to R33,419 million in 2008/09 for the implementation of the revised curriculum for grade 12 in 2007/08 and revised networks for grades 8, 9, 10 and 11 in 2008/09.

In order to ensure greater access and equity, R29,331 million is budgeted for the implementation of no-fee schools in 2006/07, another national priority reflected in the WCED's budget. This amount increases year-on-year to R138,580 million in 2007/08 (or 372,5 per cent) and R236,522 million in 2008/09, (a 70,7 per cent nominal increase). The funds will be used to increase support to public ordinary schools through establishing a benchmark subsidy of R527 per learner for the first year.

Another key deliverable for the Department is strengthened human resource systems. An amount of R1 million is allocated for human resource systems and teacher development in 2006/07, increasing to R27,837 million in 2007/08 and to R59,487 million in 2008/09. This allocation will assist the department in its recruitment, management, utilisation, development and retention of teachers.

Safety at schools is of particular concern to the Department and figures prominently in its key deliverables. Findings from the recently conducted Service Delivery Survey commissioned by the Provincial Treasury support the importance of these initiatives. The majority of respondents identified the lack of parental involvement in school governing bodies followed by poor learner discipline as the main obstacle in the provision of education services. In response, the Department has identified specific strategies aimed at building social capital in schools. These include: the establishment of Representative Council of Learners and School Governing Bodies forums; and programmes that will train teachers, managers and parents in various attitudinal and behaviour modification strategies.

In order to meet the challenge of improving safety at schools, the Department has planned to provide infrastructure, e.g. alarms, burglar bars, etc. to 50 schools each year. Furthermore, the Department will train and support a cohort of high school learners in each Education Management and Development Centres (EMDC) to deal with and counsel learners, and also establish and train Safety Committees in 500 schools.

Public Special School Education accounts for 5,5 per cent of the Department's budget, increasing from R364,286 million in the 2005/06 revised estimate to R382,440 million for 2006/07. An earmarked allocation of R0,951 million has been provided for special schools in 2007/08, whereafter it increases by 20,3 per cent in nominal terms to R1,144 million in 2008/09. The funds are specifically earmarked to ensure that existing special schools are improved so that they can be more accessible. The funds will also be utilised to provide for additional special schools and a strengthened and integrated support service.

Administration accounts for 3,79 per cent of the Department's budget and increases in nominal annual average terms by 6,7 per cent from the 2005/06 revised estimate to 2008/09 (1,8 per cent in real terms). The allocation increases from R245,769 million in the 2005/06 revised estimate to R264,738 million in 2006/07 and R269,846 million in 2007/08 and R298,509 million in 2008/09. The Programme contains allocations for two priority programmes. First, in order to strengthen the Education Management Information System (EMIS), an amount of R1,110 million is allocated in

2006/07 (increasing to R6,351 million in 2007/08 and R25,008 million in 2008/09). This allocation together with the allocation for the Learner Tracking System of R7,5 million in 2006/07 is to be used to improve the accuracy and verification of learner numbers. This system will also provide necessary information in order to better target resource allocations.

The Further Education and Training Programme increases by 57,2 per cent in nominal terms in 2006/07 (49,5 per cent in real terms), from R165, 339 million in 2005/06 revised estimate to R259,859 million in 2006/07. Between 2005/06 and 2008/09, the allocation increases by 20,5 per cent in annual average nominal terms (15,0 per cent in real terms). This increase is largely due to the Further Education and Training College Sector Re-capitalisation Grant. The Grant of R70 million in 2006/07, R80 million in 2007/08 and R77,305 million in 2008/09 is to provide for the recapitalisation of all six FET colleges and represents a key contribution to both the HCDS and SCFS. This allocation provides for the upgrading of college sites (including physical infrastructure and equipment), enables the delivery of new and modern programmes; and supports increased student enrolment. In order to promote access and equity at FET Colleges, R25 million is provided for in the iKapa Elihlumayo Financial Aid Plan aimed at poor and academically deserving FET college learners.

Early Childhood Development increases by 49,3 per cent in nominal terms (42,1 per cent in real terms), from R71,923 million in the 2005/06 revised estimate to R107,397 million in 2006/07. The upward trend continues with a 69,4 per cent increase in nominal terms in 2007/08 (61,6 per cent in real terms) to R181,930 million and a 34,6 per cent increase in nominal terms (28,8 per cent in real terms) to R244,923 million in 2008/09. The significant increase in the budget allocation is to improve access to quality Grade R learning programmes and to increase the number of Grade R learners. Over the MTEF, a total of R144,845 million is earmarked for this purpose, beginning with a small R1,5 million allocation in 2006/07. In support of the Integrated Early Childhood Development Plan, an Expanded Public Works Programme (EPWP) is introduced in 2006/07. R15,463 million is budgeted for in 2006/07, with a total of R107,306 million allocated over the MTEF for this purpose. The funds will be utilised to cater for the upgrading of the skills levels and employment of Early Childhood Development practitioners in under-resourced communities.

The Auxiliary and Associated Services Programme increases annually on average from the 2005/06 revised estimate to 2008/09 by 4,8 per cent. The upward trend is due to substantial investment in the HCDS which totals R413,470 million over the MTEF. R131,375 million is allocated for this purpose in 2006/07. The HCDS provides for numerous initiatives in this area:

- Systemic testing of grade 3 and grade 6 learners' literacy and numeracy competencies;
- The assessment of all grade 8 learners' reading, mathematics and interests;
- Provision of career guidance to all grade 9 learners;
- Training of guidance teachers to provide career information;
- The expansion of FET programmes through improved decision making, appropriate programme offerings and selection of courses;
- The annual update of the career database as new courses and niche markets appear;
- The development of FET programmes aligned to the MEDS; and
- The continued rollout of the iKapa Elihlumayo Financial Aid Plan to poor and academically deserving learners in new programmes (demand led) or niche programmes at FET colleges.

Vote 6: Health

Put forward two years ago, Healthcare 2010 is the Department's strategic planning framework to improve health care in the Western Cape. Healthcare 2010 links closely with and supports the Social Capital Formation Strategy, in recognition of the critical role that the health sector plays in strengthening social capital and ensuring healthy individuals and communities. A major deliverable for the Department in 2006/07 will be the implementation of the comprehensive service plan to give effect to Healthcare 2010. The service plan facilitates the reshaping of health services and related staff establishments in line with Healthcare 2010. Major steps are to be taken in 2006/07 to assume responsibility for personal primary health care in rural areas, in addition to initiatives to restructure primary health care and hospital services.

Health's total budget for 2006/07 stands at R6,323 billion and constitutes 34,4 per cent of the Province's total budget. The budget increases to R6,774 billion in 2007/08 and R7,333 billion in 2008/09 and over the MTEF totals R20,431 billion. This rise translates to a 8,5 per cent average annual growth (3,6 per cent average annual real growth) from the 2005/06 revised estimates of R5,794 billion. In nominal terms, the Vote's budget increases by 10,3 per cent (4,9 per cent in real terms) in 2006/07; 7,1 per cent (2,2 per cent in real terms) in 2007/08; and 8,2 per cent (3,6 per cent in real terms) in 2008/09.

A significant amount of Health's budget over the 2006 MTEF period provides for specific items identified as national priorities. These include: primary health care; emergency medical services; human resource development; information systems; modernisation of tertiary services and the EPWP for the social sector. The total funds earmarked for these priorities over the MTEF period stands at R642,443 million.

The funds earmarked for Primary Health Care (PHC) services are to strengthen PHC services in community health centres and gateway clinics at hospitals in order to reduce unnecessary hospital treatment and improve services in rural areas. Over the MTEF, additional funds of R211,577 million are earmarked for this purpose, with R27,909 million allocated in 2006/07. Total primary health care expenditure is estimated at R1,413 billion in 2006/07, rising to R1,719 billion by 2008/09.

Effective management of emergency medical services and planned patient transport is another key deliverable for the Department. Totalling R62,478 million over the MTEF, the additional earmarked allocation for Emergency Medical Services will contribute to the implementation of a new expanded and improved national ambulance model. All aspects of the ambulance service are to be built up towards an ideal national target level of quality. Ambulance services will receive particular attention in an effort to cut response times and improve care. Additional initiatives are likely to include fleet upgrading, improved communication systems, training and better positioning of vehicles for rapid response. An additional amount of R10,957 million is earmarked for these purposes in the upcoming financial year. In total an amount of R278,999 million is allocated for Emergency Medical Services in 2006/07, rising to R338,603 million in 2008/09.

The budget for Health Sciences and Training also receives a boost in 2006/07, rising to 30,1 per cent compared to the 2005/06 revised estimate. This is due to the critical shortages and subsequent investment in training and mentorship, which was made to address the issue of recruitment, training

and retention of health professionals. Effective human resource and financial management will ensure that stability is maintained in the provincial health services.

To support another key deliverable of the Department, funds are set aside for human resource development in order to boost numbers of health professionals such as doctors, nurses, physiotherapists and to expand the relatively new mid-level workers categories, such as pharmacy assistants. An additional amount of R126,952 million is earmarked for this purpose over the MTEF, with an amount of R20,076 million allocated for 2006/07. Following on from the Strategic Framework for Human Resources, sectoral plans are to be developed to begin to increase numbers of skilled health professionals after several years of stagnation nationally. These efforts should focus on a range of professional groups such as doctors, professional nurses, pharmacists and various allied groups.

The earmarked allocation for Information Systems in Budget 2006/07 will allow the employment of 3 to 4 additional skilled persons per province to substantially improve the analysis and dissemination of non-financial information (such as sectoral output data and key indicators). The Department will employ data analysts to improve the availability of information. At the same time the Department is in the process of incorporating information within the Department of Health into a data warehouse to improve the access and availability of information. Over the MTEF, R2,800 million is earmarked for this purpose, with R0,400 million allocated for 2006/07.

Earmarked funds for the Modernisation of Tertiary Services amounting to R94,813 million over the MTEF will be used to replace medical equipment in specialist hospitals (especially diagnostic radiology equipment), strengthen cancer oncology services and increase numbers of medical specialists.

Another new development in Budget 2006/07 is the expansion of the Expanded Public Works Programme to the social cluster. The EPWP seeks to provide productive employment opportunities for a significant number of the unemployed to earn income and at the same time acquire skills to increase their employability. Catering for the expansion of existing programmes on community and home-based care workers, community health workers and ECD practitioners, the EPWP funding allows the social cluster to combine improved service delivery with work creation as well as building mutually beneficial networks and relationships to support the Social Capital Formation Strategy. The funds provide for the training of practitioners, stipends and the provision of materials, food and basic health care. The total allocation for Health's EPWP programmes stands at R143,823 million over the MTEF period and R20,725 million for 2006/07. Health's projects will include:

- Community home-based care workers;
- Integrated management of childhood illness community workers;
- TB DOTS community workers; and
- Anti Retroviral Counsellors and Voluntary Counselling and Testing Counsellors.

These EPWP workers will be up skilled through the Programme to become ancillary health workers as the first step to becoming a community health worker.

Other earmarked allocations introduced in previous budgets are carried forward in Budget 2006/07. They include: HIV and Aids; health equipment; drugs, medicines and other key inputs; building

renovations and furnishings; Disaster Management/ Emergency Medical Services (EMS) centre; and the rental of ICT solution for the Provincial Disaster/EMS Centre.

With respect to specific health priorities, the programme to address tuberculosis particularly in clinics and mobile clinics will be strengthened to ensure effective management of the dual epidemic of TB and HIV and Aids. Further development of the comprehensive plan for the management, treatment and care of people living with HIV and Aids are key priorities. An amount of R12,5 million has been allocated for the improvement of TB services.

As part of the effort to address the problem of substance abuse in the Province, the Department has set aside R1,6 million to upgrade and commission a vacant ward at Stikland Hospital as an opiate detoxification unit for the management of complicated detoxification. It is envisaged that once the unit has been staffed and commissioned it would become a centre which provides a 24-hour help line to general health care emergency services. The unit will also continue to provide most first line detoxification services throughout the Province.

Another important initiative to be undertaken by the Department is the renewal of joint agreements between the Province and the institutions of higher learning in the Western Cape. During 2005 a concerted effort led by the Premier and the Vice Chancellors was made to pave the way for new multilateral and bilateral agreements to replace the outdated joint agreements. In the coming year, the Department will focus on the signing of four new multilateral and bilateral agreements between the provincial government and these institutions.

Within its 2006/07 budget allocation, the Department has earmarked funding to commission a study by UCT, Stellenbosch, the University of the Western Cape and the Cape Peninsula University Technikon to assist the Department of Health to formulate a strategy to reduce the burden of disease, particularly chronic diseases. The study will enable the Department to get a better grip on the burden of disease and its informants in the Western Cape, with the ultimate purpose of lowering morbidity and mortality trends in the Province.

The Hospital Management and Quality Improvement Conditional Grant which was designed to facilitate a range of management development initiatives (including delegations and financial management capacity) has been subsumed into the Hospital Revitalisation Grant, as of 1 April 2006. Programmes funded through this grant will continue as part of the Department's normal responsibilities.

After 1 April 2004, the Department retained the smaller portion of the Integrated Nutrition grant to fund malnourished children under the age of five years. From 1 April 2006, the conditional grant is discontinued and will be funded through the provincial equitable share. Programmes funded through this grant will therefore continue as part of the Department's normal responsibilities.

Vote 7: Social Development

The vote name has been changed to Vote 7: Social Development. The legal process of changing the Departments' name from Social Services and Poverty Alleviation will be done during the coming financial year. It should therefore be noted that any reference made to the vote Social Development infers the current Department of Social Services and Poverty Alleviation.

2006/07 sees an important new function shift impacting on the Social Development Vote whereby the social security function shifts from the provinces to the South African Social Security Agency (SASSA) at national level. Negotiations to centralise the social security function started two years ago. SASSA is now in a position to administer the social assistance function in the Western Cape, as one of the first provinces to undergo the transition. Discussions between the National Treasury, the National Department of Social Development and SASSA are continuing to ensure the seamless changeover from provincial to national budgets. The Department, in liaison with the Provincial Treasury and the other key role players, will ensure that all processes are in place to assist with the transfer of the social security function to SASSA starting on 1 April 2006. As a result of this function shift, two large conditional grants for social security assistance will no longer flow to the provincial department as of 1 April 2006 but have been redirected to SASSA.

In Budget 2006/07, the Department's budget amounts to R727,143 million and comprises 3,96 per cent of the total Provincial budget. The Vote Social Development's budget subsequently increases to R867,121 million in 2007/08 and reaches R1,034,957 billion in 2008/09. Over the MTEF, the Vote rises nominally at an annual average growth rate of 14,2 per cent.

The exit of the social security function has the positive effect of allowing the Department to focus its energy and resources on social welfare services. The delivery of social welfare services is critical to the development of sustainable communities. In keeping with this focus, the proposed name change (from 'Department of Social Services and Poverty Alleviation' to the 'Department of Social Development') will mirror the Department's new core business and at the same time foster alignment with the national department.

The Department is also in the process of finalising a cost centre model, which will be implemented from 1 April 2006. The establishment of cost centres is intended to decentralise social welfare services to areas of greatest need, while at the same time contributing to efficiency, enhanced service delivery and increased accountability. The implementation of the cost centre model will require strengthening synergistic partnerships with the Integrated Development Plans (IDP) processes of Local Government to give effect to the iKapa Elihlumayo Strategy.

Apart from ensuring a smooth transition to SASSA, an additional key deliverable for the Department in 2006/07 concerns the improvement of social welfare services. Additional funds have been provided over the next three years to ensure both access and expansion of existing social welfare services to priority areas as well as areas of greatest need (especially in previously disadvantaged communities). The funds will also be used for the implementation of the social welfare services delivery model and the policy on financial awards to service providers. The amounts earmarked for the expansion of social welfare services total R14,359 million in 2006/07; R65,891 million in 2007/08 and R139,616 million in 2008/09.

The expansion of social welfare services is aligned with the implementation of the Social Capital Formation Strategy (SCFS) launched in October 2005. Driven by the Social Cluster and led by this Department, the SCFS aims to strengthen social cohesion by creating safer and healthier communities, strengthening networks and increasing access to government services and information.

The implementation of the Substance Abuse Strategy also figures prominently as one of the Department's key deliverables for 2006/07. Given the urgency, scope and growth of the substance abuse problem, the Social Cluster launched the Substance Abuse Strategy in 2005/06. As the lead department for the Social Capital Formation Strategy, the Department plans to join forces with the other Social Cluster departments, as well as SAPS and other law enforcement agencies, to strengthen the initiatives to reduce the supply of and demand for drugs in the Western Cape. The Social Cluster is also currently pursuing United Nations funding for a more comprehensive provincial response to substance abuse. The current focus of the Department is to move away from predominate inpatient treatment to sustainable community based treatment programs. Ongoing community interventions as well as sophisticated treatment interventions are being considered.

Another key deliverable for the Social Development Vote is the phased implementation of the Children's Bill, the Older Persons Bill and the Child Justice Bill, which are in the process of being finalised by Parliament. The exit of the social security function will enable the sector to deal with the demands that the different social welfare services legislation impose. Funding has been provided for the progressive realisation of these obligations at R111, 320 million over the 2006 MTEF period.

The 2006/07 Budget also introduces a new injection of funds for the expansion of EPWP programmes in the social sector. The EPWP funding caters for the expansion of existing programmes on community health workers, community based care and early childhood development, and provides for training of practitioners, stipends and the provision of materials, food and basic health care. The EPWP programmes to be driven by the Department include home-based care and youth learnerships. Amounts of R16,963 million, R40,150 million and R60,603 million have been respectively allocated to Department of Social Development for this purpose over the three MTEF years.

Various changes to conditional grants also impact on the budget of the Social Development Vote over the MTEF. With effect from 1 April 2006, the Integrated Social Development Services Grant is being phased into the provincial equitable share. The Integrated Social Development Services Grant was intended to enable provinces to support and provide appropriate social welfare services, developmental interventions and immediate and short-term relief to vulnerable individuals and households who are not receiving any form of assistance in terms of the Social Assistance Act. The Grant will be discontinued but these programmes will still be funded at the same level via the provincial equitable share.

Similarly the HIV and Aids Grant will be discontinued and those programmes will now be funded via the equitable share. The HIV and Aids Grant finances community and home based care services for orphans and vulnerable children who are infected and affected by HIV and Aids. If approved, the Children's Bill currently before Parliament will have significant impact on these programmes, as well as on all aspects of children's care which include orphans and vulnerable children.

Vote 8: Local Government and Housing

In 2006/07 the Department's budget amounts to R776,962 million and constitutes 4,2 per cent of the Province's total budget. Using the 2005/06 revised estimate as a base, the allocation is budgeted to grow at an average annual rate of 8,1 per cent (3,2 per cent in real terms) between 2005/06 and the end of the MTEF. Year-on-year the Department's allocation declines by 3,7 per cent in 2006/07 (8,4 per cent in real terms), but climbs by 20,4 per cent in 2007/08 (14,9 per cent in real terms) and by 9,0 per cent in 2008/09 (4,3 per cent in real terms).

The total Department budget declines by 3,7 per cent between the 2005/06 revised estimate and the 2006/07 Budget due to the substantial rollovers on the housing conditional grants in 2005/06 (totaling R96,9 million) that have built up over previous years in Programme 2: Housing. If one removes the rollovers from the 2005/06 revised estimate, the year-on-year decrease of 0,6 per cent (5,4 per cent in real terms) for Programme 2 becomes an increase of 16,3 per cent (10,6 per cent in real terms). Fortunately, the Department's spending patterns in 2005/06 suggests that the tendency for rollovers has been significantly reduced or eliminated. In 2006/07 Programme 2: Housing is budgeted to constitute 85,3 per cent of the Department's budget. Over the remaining MTEF the Programme increases year-on-year by 22,7 per cent in 2007/08 (17,1 per cent in real terms) and 9,8 per cent in 2008/09 (5,1 per cent in real terms).

As one of its key deliverables for 2006/07, the Department plans to finalise the Province's Human Settlement Strategy early in the year, and to begin an intensive promotion campaign amongst key stakeholders, including municipalities and beneficiary communities. The Strategy is aimed at addressing the housing backlog at scale in the Western Cape and changing the physical form of subsidised housing in line with the prescriptions contained in the National Government's Breaking New Ground (BNG) policy. The BNG advocates for higher dwelling unit densities and more compact forms, as well as better located neighbourhoods, with a greater mix of uses. The Province's Human Settlement Strategy will include a "Sustainability Framework" to allow the Department to screen out housing subsidy applications from municipalities for projects that are not located in the areas of greatest economic potential, as defined for municipalities, in the Provincial Spatial Development Framework. The Sustainability Framework will be consistent with the criteria being developed in the PSDF and SIP processes to guide the geographic distribution of infrastructure in general.

Together with the City of Cape Town and within the limits of resourcing, the Department will continue with the implementation of the N2 Gateway Project, a pilot of BNG. A significant portion of the national housing grant administered by the Department will be allocated to the N2 Gateway Project over the MTEF.

The budget for Programme 3: Local Governance has declined quite considerably from R73,989 million in 2005/06 to R31,751 million in 2006/07. In nominal terms, the decline is 57,1 per cent year-on-year (59,2 per cent in real terms). This is largely attributable to the R24,5 million that was provided for as a once-off National Disaster Relief Conditional Grant in 2005/06 to provide relief for municipal infrastructure damage caused by a severe weather event in December 2004. A second reason for the large real decline in 2006/07 is that unspent funds from the Local Government Capacity Building Fund Grant in 2004/05 were paid directly to municipalities by national government in 2005/06. If one removes both conditional grant and rollover funds, the year-on-year real decline from 2005/06 to

2006/07 is reduced to 18,1 per cent (22,1 per cent in real terms). The decline in the Local Government Programme started in 2004/05 with the loss of the nationally funded Local Government Capacity Building Grant, which provided substantial funding to the Programme.

Another key deliverable of the Department in 2006/07 concerns support to local government. Following research on municipal capacity needs, and reflection on why past initiatives at capacity building were less successful in 2005/06, the Department has developed a new capacity building programme for local government which will begin implementation in 2006/07. The Province has allocated earmarked funds totaling R14,533 million over the MTEF for this purpose. The programme aims to balance capacity building interventions driven by external experts with measures to retain and expand existing capacity from within local government itself and to encourage municipalities to take ownership of the process. Examples of such interventions include: a mentorship programme using existing skilled officials as mentors, and the highlighting and promotion of best practice within Western Cape municipalities. The programme will also provide support to new counsellors following local government elections in March 2006, including a development programme for new counsellors.

Prior to 2006/07, Project Consolidate was often seen as a mechanism for directing additional infrastructure resources to targeted areas. According to the PSDF a number of these targeted municipalities have limited economic potential. In the future, the capacity building elements of Project Consolidate will be more strongly emphasised, and as such will form part of the Department's broader capacity building programme.

Under Programme 3: Local Government, in partnership with the Department of Water Affairs and Forestry and the Development Bank of Southern Africa, the Department will co-ordinate and drive the eradication of the bucket system in the Province, and its replacement with a basic level of sanitation services. The Department will carry out primary research to augment the statistics on servicing levels and update the existing cost estimates for addressing the backlog. Municipalities will be drawn in at the district level to formulate district business plans. In the initial stages, the initiative will rely on non-provincial funding, e.g. the Municipal Infrastructure Grant (MIG), to fund infrastructure costs.

2005/06 saw the establishment of a provincial Disaster Management Centre in partnership with the Departments of Health and Community Safety. The centre doubles as a communication hub for ambulance and traffic services for metropolitan and inter-district dispatching, and will be operationalised over the 2006 MTEF utilising earmarked funding totaling R7,084 million in the two outer years of the MTEF. Subject to the availability of national funding, the three provincial Departments aim to set up a satellite system of district emergency management centres in collaboration with municipalities. The district centres will play a similar role to the provincial centre at a regional scale.

The budget for Programme 4: Development and Planning increases by 60,8 per cent (53,0 per cent in real terms) in 2006/07 when compared to the 2005/06 revised estimate. This is mainly due to the employment of 128 trained Community Development Workers (CDW), a programme which figures prominently as one of the key deliverables for the Department in 2006/07. To ensure that the Department's CDW complement is used effectively and that co-ordination with other community

level development project services occurs, the Department will facilitate the use of CDWs by municipalities and provincial departments.

Over the MTEF, the Department will rationalise and strengthen its current M&E systems, to form a single, co-ordinated system for information collection and management geared at monitoring settlement sustainability and municipal viability. To be developed under Programme 1: Administration, the system will enable the identification of municipalities and functions which require support, and provide sufficient information to allow the detailed design of interventions. It will allow the Department to gauge the impact of its actions on municipal performance, and review its interventions. The Department will also establish a resource centre to support policy makers and planners working in the fields of human settlement and local governance in the Western Cape. Earmarked funding totaling R4,410 million has been provided for both the M&E system and the Resource Centre over the MTEF.

Vote 9: Environmental Affairs and Development Planning

The Department of Environmental Affairs and Development Planning receives 0,96 per cent of the total provincial budget. In 2006/07 the Department's budget amounts to R175,525 million, an increase of 10,40 per cent on its 2005/06 revised estimate (5,0 per cent in real terms). In the outer years of the MTEF, the budget decreases to R165,865 million in 2007/08 and increases to R173,991 million in 2008/09.

The overall trend in the Departmental budget in real terms is downward. With the revised estimate for 2005/06 as a base, the budget increases at an average annual rate of 3,0 per cent over the period ending 2008/09 (decreasing by 1,7 per cent in real terms). The real decrease over the MTEF can be attributed to the substantial earmarked funds allocated to the Department for once-off expenditures on infrastructure and facility upgrades in Western Cape Nature Conservation Board (WCNCB) areas, policy development, and temporary increases to fire fighting capacity at the beginning of the MTEF period. Between 2005/06 and 2006/07 financial years these allocations amount to R24,679 million.

In 2006/07 Programme 2: Environmental and Land Management receives R25,727 million, or 14,66 per cent of the Department's budget. This Programme's share of the budget grows to reach 16,59 per cent by the end of the MTEF period. This growth is due to the costs associated with formulation and implementation of the Integrated Law Reform Project and technical support given to municipalities for the implementation of the law reform and the PSDF.

The newly instituted National Environment Management Act regulations, whose implementation falls under Programme 2, imply a greater workload for the Department over the medium term. One of the ways the Department plans to manage the land management workload is through the introduction of legislation developed through the Integrated Law Reform Project. The project is aimed at re-engineering the legislative framework governing land development in order to improve the efficiency and quality of decision-making. On the broader level, the new legislation will be critical for the implementation of the PSDF and the SIP.

During 2006/07 the Department will address public comments on the draft Integrated Law Reform legislation and formulate regulations for the Bill. 2006/07 will also see the rollout of a capacity building programme aimed at creating an understanding of the mechanisms in the Bill and its regulations, and the institutional requirements to give effect to them. This is to ready municipalities for full implementation of the legislation once promulgation occurs (targeted for late 2006/07). An earmarked allocation of R800 000 has been provided in 2006/07 for the drafting of regulations and the capacity building programme.

In 2006/07 Programme 3: Environmental and Land Planning is budgeted to receive 74,09 per cent of the Department's resources. This includes transfers to the WCNCB, which make up 62,69 per cent of this Programme's budget.

Released in 2005/06, the PSDF is a policy framework and implementation strategy for the geographic targeting of provincial service delivery and regulatory interventions. Its promotion and implementation is a responsibility of the Department which falls in Programme 3. At the macro level, the PSDF follows the National Spatial Development Perspective (NSDP), by establishing a geographically based framework identifying sites where "fixed investment" has a very high probability of generating high economic and employment growth, and where poor areas can be included within that success. At the micro level, the PSDF offers a number of prescriptions and codifications for the internal arrangement of settlement and the use of natural resources to promote internal operational efficiencies within the built environment.

Following the launch of the PSDF in December 2005, the Department will conduct a communication campaign aimed at all role players and stakeholders involved in its implementation. The campaign will cover the rationale for the PSDF and its key implementation mechanisms. Earmarked resources of R2 million have been provided in 2006/07 for this purpose. The Department will also provide resources, both technical and financial, to municipalities in support of implementation, including transfers to fund the development of policy that aligns IDPs and SDFs to the PSDF.

The Department has increased its regulatory load in 2006/07 by taking on a number of new areas for which it is legally responsible. These include air quality management and waste disposal site permitting, both of which fall under Programme 3.

The Department will also investigate new measures and mechanisms to manage increasing demands on natural resources including water, and to limit the load that settlements place on the environment e.g. through the fossil fuel and wastewater emissions. In addition, the Department will consider how the need for resource demand management and load limitation can be turned into economic opportunities for the poor (one element of the environmental economy). Specifically, the Department will research how markets for products produced from recycled material can be expanded and how poor communities can play a part in servicing those markets. An earmarked allocation totaling R9,915 million over the MTEF has been provided for such projects relating to the recycling economy, as well as for financing the implementation of waste disposal site permitting.

In 2005/06 the Department developed a comprehensive conceptual framework which identifies the likely impacts of climate change on the Western Cape. In 2006/07 the Department will develop this framework into a comprehensive strategy and action plan, drawing on the perspectives and expertise

of other provincial departments, especially the Department of Agriculture. An earmarked allocation of R3 million has been provided in 2006/07 for this purpose.

The WCNCB is central to the Province's responses to the impact of climate change on water availability and quality in the Province. The "Status Quo" and subsequent reports show that the increasing prevalence of alien vegetation and fires are linked, and climate warming increases the prevalence of fires and alien vegetation. Furthermore, these linkages impact negatively on water availability and quality. Cape Nature, through its management of water catchment areas, plays a critical role in breaking the negative cycle. In the upcoming year, the Board will continue to enhance its role in water catchment management.

The Board has been given additional resources of R3,879 million for 2006/07 which is earmarked to augment its fire fighting capacity, especially the purchase of helicopter hours, and to develop a comprehensive fire prevention strategy that is co-ordinated with municipal practices and procedures.

In 2006/07 the Board will also pursue its capital investment programme in tourism infrastructure and the upgrade of sites for its Youth Service Development Programme. This will be financed by an earmarked allocation of R7,5 million, the second equal tranche of an initiative set up in 2005/06. Much of this initiative is focused on improving facilities at De Hoop, one of the most successful eco-tourism resorts it runs, and on establishing a second whale trail in the Province.

Vote 10: Transport and Public Works

Transport and Public Works makes up 11,19 per cent of the 2006/07 Provincial budget (R2,064 billion), an increase of 14,8 per cent on the revised estimate of 2005/06 (9,27 per cent in real terms). The budget increases at an average annual rate of 9,28 per cent between 2005/06 and 2008/09 (4,31 per cent in real terms). In 2006/07, 46,25 per cent of the Department's budget is allocated to capital asset payments. Capital asset payments are budgeted to grow at 26,7 per cent compared to the 2005/06 revised estimate (20,59 per cent in real terms). The average annual growth over the MTEF, using 2005/06 as a base is 13,02 per cent (7,87 per cent in real terms).

As the lead department for the Strategic Infrastructure Plan (SIP), the Department has identified the launch of the SIP in early 2006/07 and its subsequent implementation as one of its key deliverables for 2006/07. Aside from specifying what infrastructure the Province will construct between now and 2014, the Plan will also indicate which assets will be disposed of, leading to more affordable maintenance requirements, and the rationale for these decisions. The purpose of the SIP is to align all infrastructure spending that occurs in the Western Cape so as to maximise the impact of investments. The guidelines contained in the SIP will ensure that infrastructure provision will be geared to supporting areas of high economic potential identified in the PSDF.

Much of the rise in capital assets payments is due to the substantial increase in the expenditure on roads, contained mainly in Programme 3: Roads Infrastructure. The Province has prioritised expenditure on roads and protected that priority through earmarked allocations which amount to R3,536 billion over the MTEF. Programme 3's budget increases at an average annual rate of 12,34 per cent between the revised estimate for 2005/06 and the end of the MTEF (7,22 per cent in real terms).

Key highway infrastructure in the City will be rehabilitated, including the N1 and the N2, and an interchange at Potsdam on the N7 will be completed. In anticipation of the 2010 FIFA Soccer World Cup, the dedicated bus and taxi lane along N2 will be extended. A number of gravel tourist routes in rural areas will be surfaced. The Department will also continue with its maintenance, resealing and regravelling programme as informed by its pavement management system.

In relation to Programme 2: Public Works, two service delivery agreements (SDAs) were put in place in 2005/06 to better structure the client-agent relationship between the Departments of Health and Education and the Public Works Branch. These agreements enable proper monitoring and facilitate delivery improvements.

Within the ambit of the SIP, the Department will give effect to its approach to asset management (called the "Total Asset Management" approach) through the finalisation and implementation of the Provincial Strategic Accommodation Infrastructure Plan and a number of individual development plans for some of its strategic assets. The purpose of the Provincial Strategic Accommodation Infrastructure Plan is to determine how the Province's property portfolio should be rationalised and extended to best accommodate provincial functions, and how the rationalisation process and the portfolio of remaining property can best be used to leverage economic spin-offs. Development plans for the Somerset/City Hospital Precincts, Porter Estate and Valkenberg East (Oude Moulen) are being compiled.

As another of its key deliverables for 2006/07, the Department will continue to create transport infrastructure and systems and key sports facilities in anticipation of the 2010 FIFA Soccer World Cup. In anticipation of this event, an earmarked allocation of R60 million will be transferred to the City over 2006/07 and 2007/08 as the Province's contribution to the upgrade of the Athlone stadium.

In 2006/07 and 2007/08, funds have been shifted away from Programme 2: Public Works to fund Programme 3: Roads expenditure, as well as the enhancement of project management and financial management capacity in the Programme 1: Administration. In 2008/09, an amount of R79,13 million is expressly earmarked for infrastructure, of which Public Works is budgeted to receive 56,6 per cent. This will substantially lift the budget of the Public Works Programme.

The improvement of public transport is another key deliverable for the Department in 2006/07. The Department will proceed with the restructuring of public transport services and the current bus subsidy system in the metropolitan area, under its Programme 4: Public Transport, which consumes around 10 per cent of the Department's annual budgets over MTEF. The present system, which involves a single bus operator, is to be replaced by a suite of route-based, scheduled services on the basis of longer-term contracts, which will be awarded through a tendering process. This restructuring will improve accessibility in the city, an important prerequisite for the hosting of the 2010 FIFA Soccer World Cup. The City of Cape Town plays a very critical role in public transport provision through its planning and infrastructure delivery functions. With regard to the restructuring initiative, the Province aims to substantially clarify its operational and financial roles and responsibility in relation to the City, and to work with the City to put in place the necessary institutional arrangements.

The process of restructuring will be used to leverage the formalisation of the taxi industry by getting taxi operators to form consortia with other operators to tender for the scheduled service routes. The

scrapping allowances, flowing from the taxi recapitalisation process, will provide a source of capital for the new services. This initiative will be supported *inter alia* by the development of business models for the consortia and associated training on these models.

The Klipfontein and Lansdowne corridors have been identified as the first routes to be tendered. The Klipfontein corridor has been the subject of a joint project with the City of Cape Town for the last three years. The project aims at upgrading the corridor to enable it to accommodate the restructured route, as well as putting in place the physical preconditions that will allow the creation of new economic opportunities along this route and in poor areas of the Cape Flats. The corridor will improve accessibility of sports facilities in the southeast quadrant of city and thus enable this part of the city to better benefit from the 2010 FIFA Soccer World Cup. As the project proceeds from a planning phase to construction over the 2006 MTEF, the Province's contribution to the upgrade (budgeted at R189,669 million) partially funded by an earmarked allocation totaling R108,7 million over the MTEF is phased in.

Moving outside of the City, the Department will also further investigate the introduction of subsidised, scheduled public transport services in large towns in the Western Cape. An earmarked allocation totaling R18 million has been provided in the outer years of the MTEF to fund the detailed designs of non-metro schemes that are deemed viable, and to set up the associated operational systems. In 2006/07 detailed design of the George Mobility Strategy will proceed.

Improvements to safety on public transport is an additional component of the Department's key deliverables over the 2006 MTEF. As a first step, the Department will formulate a safety and enforcement strategy whose key objective is to improve the safety of taxi ranks through more appropriate design. Guidelines for planners and engineers will be developed to give effect to this. Other initiatives include:

- the establishment of three impoundment facilities within the Province;
- a fatigue management campaign for taxi and bus drivers;
- the formulation of safety and security risk assessments for mobility strategies;
- the marketing and communication of the safety and enforcement strategy, and
- the formulation of skills development programmes for safety enforcers.

Earmarked allocations amounting to R11,796 million have been provided for these projects in the two outer years of the MTEF.

Linked to the broader provincial goal of job creation, the Department will continue to enhance its role of driving and co-ordinating the Expanded Public Works Programme in the Province. Firstly, it will mainstream the projects contained within the Community Based Public Works Programme into the general programmes of the Department, and thus move away from selecting projects primarily for the sake of their labour intensity. Instead the Department will aim to optimise the labour content of infrastructure delivery, and so capture important job creation and skill development spin-offs from infrastructure, without compromising infrastructure delivery. The Department also plans to establish a Provincial EPWP Forum to enable co-ordination and give direction to the implementation of the EPWP at a provincial level. The new EPWP unit within the Department will also focus on improving skills development outcomes associated with the EPWP.

As a final key deliverable for 2006/07, the Department will establish a bursary fund to address skill shortages in the infrastructure sector under Programme 1: Administration. An earmarked allocation will be phased in over three years so that by the third year of the programme, a total of 250 students will be funded through this allocation, which totals R15 million over the MTEF.

Vote 11: Agriculture

Agriculture constitutes 1,38 per cent of the Provincial budget and is projected to spend R254,034 million in 2006/07. If the once-off expenditure associated with the R18 million national Agricultural Disaster Management Grant is removed from the Department's 2005/06 revised estimate of expenditure, the budget declines by 0,81 per cent between the revised estimate of 2005/06 and 2006/07 (5,60 per cent in real terms). Over the MTEF, the budget is projected to increase at an average annual rate of 6,00 per cent (average annual real increase of 1,17 per cent), using the 2005/06 revised estimate reduced by the Disaster Management Grant as a base.

Last year the Department, with labour and industry, developed a broad Agricultural Sector Strategy under the auspices of the Provincial Development Council, which was launched in 2005/06. The strategy demarcates the roles and contributions envisaged for each of the social partners. During the course of implementation, the Sector Strategy will be reviewed quarterly by a steering committee representing the three social partners. The Department is undertaking an analysis of the gaps between what it currently does and what the strategy prescribes, and is formulating a plan for closing those gaps. This departmental plan will form part of the implementation of the MEDS, and will guide the Department's activities in 2006/07.

During the course of 2005/06 the Department embarked on a process of restructuring its farmer support services to better balance the supply of services across commercial and emerging farmers. Around two thirds of the posts have been filled, and staff have been deployed to a newly established network of decentralised offices, which are more accessible to client groups. A number of implementation challenges remain and are being addressed, including: staffing; enhancing the skills of the new recruits; and the provision of logistics infrastructure and equipment (such as information, communication technology, and transport). In 2005/06 the Department also undertook a review of the LRAD projects using a frame of reference developed in collaboration with the National Department of Land Affairs. This review will form the basis for improving the delivery of farmer support services over the MTEF.

To resource the restructuring initiative, Programme 3: Farmer Support and Development is budgeted to grow significantly over the MTEF. In 2005/06, according to the Revised Estimates of Expenditure, the Department spent 25,24 per cent of its budget on this programme. By the end of the MTEF, this programme's share will rise to 33,0 per cent of the total Departmental budget. The programme is budgeted to increase at an average annual rate of 13,3 per cent (8,15 per cent in real terms) between the 2005/06 revised estimate and the end of the MTEF. Much of this growth is driven by the substantial increases to the nationally funded Comprehensive Agriculture Support Programme (CASP) conditional grant, which grows at an average annual rate of 22,06 per cent between the revised estimate of 2005/06 and the end of the MTEF (16,51 per cent in real terms).



As another of its key deliverables for 2006/07, the Department is also in the process of setting up a Farm Worker Development Sub-programme under Programme 3 aimed at raising the social profile of this marginalised group. At present it is funding a number of small projects designed to provide information to farm workers about their rights, or various relevant social problems, such as Foetal Alcohol Syndrome. To roll this programme out at scale, social service departments must link with the Agriculture Department to take advantage of the relatively good access it enjoys to farm workers.

The development of a Human Capital Development Strategy (HCD) for the agricultural sector is another key deliverable of the Department planned for 2006/07. The strategy will be designed in line with National Education and Training Strategy developed by the National Department of Agriculture in 2005/06. Programme 7: Structured Agricultural Training is projected to grow significantly over the MTEF, due to the addition of two earmarked allocations, and will expand from 7,6 per cent of the Department budget in 2005/06, to 11 per cent in 2008/09. The Programme increases at an average annual rate of 18,21 per cent between 2005/06 and the end of the MTEF (12,83 per cent in real terms). One of the earmarked allocations, amounting to R9,408 million, will be provided to address resource constraints faced by the existing training programme.

The second earmarked allocation, amounting to R20,8 million over the MTEF, is for the development and implementation of the HCD Strategy. The strategy will have both an internal and an external focus. A critical part of the strategy will be to conduct a training impact study which enables the Department to define and develop more sophisticated indicators of success than simple calculations of the quantities of beneficiaries trained or training days. Other elements of the strategy will include the marketing of agriculture as a career in schools in historical disadvantaged areas, and the awarding of bursaries to black students, especially in fields characterised by scarce skills.

An additional key deliverable for the Department relates to the critical issues of climate change and water. During 2006/07 the Department will work with the Department of Environmental Affairs and Development Planning to develop a strategy for managing climate change and water constraints in the Western Cape. Both departments have a number of key roles to play in improving the efficiency of water use, which the strategy must address.

The Department will expand its pre-existing water demand management interventions, which entail the provision of technical advisory services on irrigation to farmers. Financed by an earmarked allocation of R3,836 million made available over the MTEF, the current contingent of irrigation engineering technicians will be expanded so that two technicians are located in every district.

The Department will also continue with studies to assess the feasibility of water storage and ground water abstraction, and the agricultural suitability of soils along the Doring River. Such studies will be used to investigate the potential of the Doring River to supplement the Olifants River, which currently provides water to the upper to middle reaches of the Olifants River Valley. The research will be designed to complement DWAF's plans to expand the emerging farming sector in that same area. Earmarked allocations totaling R4 million will be provided for this purpose over the MTEF.

The Department is continuing to expand its food safety programme under the Veterinary Services Programme. As one of the key deliverables of the Department, this programme focuses on enhancing

the health of stock animals and the sanitary conditions in the processing of meat. It also includes the certification of meat export products in line with export conditions in key international markets.

During 2006/07 the Department will significantly expand its marketing and business intelligence by augmenting the business intelligence unit being developed by Wesgro. The Department is also planning to work with Wesgro and the Department of Economic Development to establish an investment promotion capacity within the Provincial Government, located within Wesgro.

Vote 12: Economic Development and Tourism

The Department of Economic Development and Tourism accounts for 1,03 per cent of the Provincial Budget, amounting to R188,433 million in 2006/07, up substantially from R142,405 million in the 2005/06 revised estimate. The budget continues to increase, to R206,709 million in 2007/08 and R214,749 million in 2008/09. Totalling R609,891 million over the MTEF, the vote climbs at an average annual nominal growth rate of 14,7 per cent (9,4 per cent in real terms) from 2005/06 to 2008/09.

The key focus areas of the Department centres around: the implementation of the Micro Economic Development Strategy (MEDS), the support of a spatial approach to economic planning through the Plek Plan; the strengthening of the RED (Real Enterprise Development) Initiatives; and the administration of certain business regulatory functions. Collectively these focus areas aim to ensure higher rates of investment in sectors identified as having strong potential to support growth, create jobs and stimulate Broad Based Black Economic Empowerment (BBBEE).

The Economic Sector Development Programme consumes the majority of the Department's budget. This Programme projects to spend about 27 per cent of the Vote's budget in 2006/07. The programme's allocation grew by 23,3 per cent in nominal terms (17,3 per cent in real terms) from R41,383 million in the 2005/06 revised estimate to R51,020 million in 2006/07. This programme is projected to continue to experience growth over the MTEF, receiving R64,158 million in 2007/08 and R64,808 million in 2008/09. The major contributing factors to this growth are additional allocations to support the MEDS intervention strategies—obtained through the re-prioritisation of funds within the Department as well as specific earmarked allocations to support interventions promoting the BPO (Business Processes Outsourcing) and Call Centres Sector.

In support of the Economic Sector Development programme, more than a quarter of the Department's budget is earmarked to support the MEDS sector initiatives. For this purpose R47,913 million is allocated in 2006/07, R55,750 million in 2007/08 and R58,259 million in 2008/09. The Department will be establishing and deepening partnerships with various sector-based stakeholders in order to shape, broaden and deepen the strategy and its interventions. The partnerships will also serve as mechanisms to leverage additional outside funding. Other interventions include workforce development, aimed at improving competitiveness within sectors. Key sectors identified include: BPO's and Call Centres; oil and gas supply service sector; tourism sector; clothing and textiles; craft sectors; and film. The specific interventions to be pursued in relation to BPO's and Call Centres include investment recruitment and marketing. For this purpose, R3,870 million is earmarked in 2006/07, R4 million in 2007/08 and R5 million in 2008/09.



The Economic Participation Programme is projected to grow by 27,3 per cent in nominal terms (21,1 per cent in real terms) from R38,969 million in the 2005/06 revised estimate to R49,594 million in 2006/07, accounting for approximately a quarter of the Department's budget. This allocation increases to R52,251 million in 2007/08 and R54,602 million in 2008/09. This projected increase is due to the planned establishment of "Die Plek Plan" offices, the consolidation of existing RED Door offices, as well of the launch of additional RED Door offices throughout the Province to a total of 35 over the MTEF period.

As part of the RED Door initiative, the Department will not only focus on the support of start-up businesses, but also on the provision of assistance to established, growing businesses. These support service centres act as a conduit for the supply of a range of support services provided by the Department to Small Medium and Micro Enterprises (SMMEs). The Department is currently consolidating and strengthening the range of services it offers to SMMEs, drawing on lessons learnt in the first year of delivery. The rate at which new RED Doors are set up will be reduced, however the Department has plans for a total of 35 RED Door offices over the MTEF period.

The spatial targeting of measures to promote economic development in the Province will be informed by the Provincial Spatial Development Framework, the Provincial Growth and Development Strategy, and the Strategic Infrastructure Plan, as well as municipal Integrated Development Plans (IDP's). The "Die Plek Plan" is the Department's strategy to promote local economic development in the Province. The Department will establish five Plek Plan offices, one per district municipality. These district offices will be responsible for identifying viable business opportunities in local areas, as well as assisting local municipalities to strengthen their economic development strategies and implementation plans. This initiative also includes a specific focus on investigating viable business opportunities in rural areas. At the municipal level, the local "Die Plek Plan" offices will identify pertinent sectors (i.e. those under stress, those with growth and/or employment potential) as well as thematic intervention strategies to support these sectors, for example, economic empowerment, small business support, etc. This information together with municipal baseline information from the PERO, information relating to export opportunities from Wesgro and the MEDS etc. will assist municipalities in developing their Local Economic Development Strategies. Through this process, the Department hopes to identify: the local sectors with the greatest potential; the elements of a development strategy to support and grow these sectors; performance baselines; and benchmarks that can be used to measure impact.

In 2006 the Department will release a comprehensive Broad Based Black Economic Empowerment Strategy, which provides guidelines for the implementation of the National Policy Framework .

The Administration Programme is projected to grow by 57,1 per cent in nominal terms (49,5 per cent in real terms) from R18,144 million in the 2005/06 revised estimate to R28,502 million in 2006/07. This is primarily due to the increase in the staff establishment required to fill key posts and the introduction of costs of management and oversight services for the MEDS intervention. Over the MTEF, the Programme's allocation is budgeted to increase in absolute terms to R29,336 million in 2007/08 and R30,813 million in 2008/09.

The Tourism Programme grows by 26,2 per cent in nominal terms (20,1 per cent in real terms) from R34,978 million in the 2005/06 revised estimate to R44,137 million in 2006/07. The increased allocation is due to the planned implementation of interventions identified in the MEDS and the Integrated

Tourism Development Framework (ITDF). Between 2006/07 and 2007/08 the allocation increases in absolute terms to R44,623 million and then once again to R46,993 million in 2008/09.

The Fair Business Environment Programme is projected to grow by 70,0 per cent in nominal terms (61,7 per cent in real terms) from R8,931 million in the 2005/06 revised estimate to R15,180 million in 2006/07. This is chiefly as a result of the new liquor legislation, which will be passed early in the new financial year. The enactment of this legislation will pave the way for the Western Cape Liquor Board to become a fully independent and autonomous public entity. It is also expected that the Office of the Consumer Protector will expand its services in the Province by establishing its first regional office during 2006/07.

Vote 13: Cultural Affairs and Sport

The total budget for Cultural Affairs and Sport stands at R187,691 million in 2006/07, constituting 1,0 per cent of the Province's total budget. The 2006/07 budget increases by 11,5 per cent in nominal terms when compared to the 2005/06 revised estimate. The Department's average annual nominal growth rate from 2005/06 to 2008/09 is 9,0 per cent.

The Department of Cultural Affairs and Sport plays an important role in building a platform where people of different cultural backgrounds can share and interact with each other through its sport and recreational programmes, cultural activities, museums, heritage preservation and library information services. Programmes in the coming year include: an oral history project; travelling exhibitions; and broad-based community cultural forums to be established in the regions to develop the arts and cultural sector. More mobile library wheelie wagons will also be outfitted to deliver library services to rural communities.

Over the 2006 MTEF, an additional amount of R10,415 million has been provided for the establishment of a residential sport school in liaison with the Western Cape Department of Education (with an initial R2 million allocated for this purpose in 2006/07). The sport school, intended to be established in early 2006 at the old Education College site in Kuilsriver, is part of the vision for the promotion and development of sport in the Western Cape. It will follow a holistic sport and curriculum programme and offer a broad range of support services that would optimally enhance the performance of young athletes in the Western Cape.

Over the 2006 MTEF, an additional R14,507 million has been included in the Department's budget to help prepare for the Western Cape leg of the 2010 FIFA World Cup, with R2,785 million allocated in 2006/07. A provincial strategy is being developed to ensure that the developmental outcomes from the event are achieved. In 2006/07 the Department will begin with the rolling out of some of the non-infrastructure related aspects of the Strategic Framework for the Western Cape, utilising funds earmarked for this purpose.

2006/07 will see an important change to the function of the Department, as the archives function is shifted from the National Department of Arts and Culture to the provincial departments. To cover this function shift, the 2006/07 budget for the Department of Cultural Affairs and Sports includes an allocation of R22,780 million.

During 2006/07, the Department also plans to partner with the Department of Economic Development and Tourism to create jobs through cultural industries, major events/festivals and heritage resource management. The partnership between the two Departments will also be aimed to leverage sport and culture (heritage, museums) and to expand tourism (including initiatives to mitigate the detrimental effects of seasonality).

The provisioning of sports and recreational facilities, which help to develop and keep our youth away from crime and drug abuse, vary widely between schools and communities within the Western Cape. The provisioning and placement of these facilities needs to be guided by the Provincial Spatial Development Framework. The Department plans to prioritise specific sport codes to increase human capital development aligned with South African Sports Confederation and Olympic Committee's (SASCOC's) priority codes for high performance and the establishment of a sport school. The Department will also introduce programmes to encourage more women and disabled people to participate in sport. Additional hubs will be established as part of the effort to roll out the Siyadlala Mass Participation Programme in rural, urban and informal settlement areas.

Expenditure by Economic Classification

Table 14 depicts the total budget according to the Standard Chart of Accounts (SCOA). Excluding direct charges, expenditure amounts to R18 360,059 million in 2006/07, R19 838,501 million in 2007/08 and R21 604,851 million in 2008/09.

Table 14 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Current payments	9 262 360	10 308 590	11 391 460	12 705 061	12 887 468	12 827 426	14 325 692	11.68	15 447 401	16 813 418
Compensation of employees	6 963 902	7 458 955	8 164 939	9 221 911	9 186 466	9 090 636	10 195 098	12.15	10 950 664	11 708 015
Goods and services	2 291 647	2 834 378	3 213 949	3 475 963	3 693 233	3 727 729	4 125 839	10.68	4 491 753	5 100 195
Interest and rent on land	1 922	2 243		2 588	2 588	2 588		(100.00)		
Financial transactions in assets and liabilities	4 889	13 014	12 572	4 599	5 181	6 473	4 755	(26.54)	4 984	5 208
Unauthorised expenditure										
Transfers and subsidies to	1 739 275	1 850 135	2 133 937	2 238 341	2 537 446	2 596 833	2 417 596	(6.90)	2 798 947	3 103 237
Provinces and municipalities	299 343	359 368	352 436	393 743	494 889	497 435	293 196	(41.06)	334 539	354 159
Departmental agencies and accounts	155 679	188 099	139 420	154 904	153 547	153 547	147 980	(3.63)	135 701	141 366
Universities and technikons	41 075	42 723	57 799	60 083	58 723	58 723	2 664	(95.46)	2 494	2 782
Public corporations and private enterprises	3 911	23 793	37 924	32 742	40 206	40 184	26 841	(33.20)	25 740	25 755
Foreign governments and international organisations	100	67	120	100	150	150	163	8.67	170	173
Non-profit institutions	774 353	805 086	899 391	1 018 915	1 038 992	1 099 749	1 207 954	9.84	1 397 970	1 595 073
Households	464 814	430 999	646 847	577 854	750 939	747 045	738 798	(1.10)	902 333	983 929
Payments for capital assets	822 993	942 079	1 055 704	1 430 625	1 532 583	1 487 652	1 616 771	8.68	1 592 153	1 688 196
Buildings and other fixed structures	587 648	693 505	813 045	1 146 882	1 189 569	1 144 852	1 314 026	14.78	1 256 144	1 351 146
Machinery and equipment	233 490	240 428	229 718	260 831	279 166	279 445	284 646	1.86	317 746	314 415
Cultivated assets			112	52	132	132	36	(72.73)	110	110
Software and other intangible assets		5 909	8 944	9 460	10 316	9 823	7 563	(23.01)	6 953	6 025
Land and subsoil assets	1 855	2 237	3 885	13 400	53 400	53 400	10 500	(80.34)	11 200	16 500
Total economic classification	11 824 628	13 100 804	14 581 101	16 374 027	16 957 497	16 911 911	18 360 059	8.56	19 838 501	21 604 851
Direct charge	11 340	12 164	12 892	14 917	14 917	13 299	15 531	16.78	16 308	17 124
Total economic classification (including direct charge)	11 835 968	13 112 968	14 593 993	16 388 944	16 972 414	16 925 210	18 375 590	8.57	19 854 809	21 621 975

Note: Audited 2003/04 and 2004/05 - Changes made to align with Chart of Accounts.

Compensation of employees

Compensation of employees amounts to R10,195 billion or 55,53 per cent of total expenditure in 2006/07. In nominal terms, it grows on average by 7,16 per cent between 2006/07 and 2008/09. As a share of total expenditure, the amount spent on compensation of employees decreases by 1,34 percentage points to 54,19 per cent in 2008/09. The number of posts is set to expand from a projected amount of 69 913 on 31 March 2006 to 74 875 on 31 March 2009. This represents an absolute increase of 7,1 per cent or 4 962 job opportunities, of which 75,43 per cent will be in the Department of Health. The unit cost of personnel is also projected to increase from R139 000 to R156 000 over the period from 2006/07 to 2008/09.

Table 15 Summary of personnel numbers and cost by vote

Provincial department		As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
1. Department of the Premier	(numbers)	527	531	531	567	627	784	784
	(R'000)	81 549	88 028	89 562	123 793	139 632	153 929	161 178
2. Provincial Parliament	(numbers)	59	61	59	51	98	98	98
	(R'000)	11 107	13 505	13 831	14 487	23 032	24 780	27 290
3. Provincial Treasury	(numbers)	170	171	174	239	278	312	312
	(R'000)	30 231	29 974	33 590	45 353	60 814	67 272	70 738
4. Community Safety	(numbers)	570	608	735	822	867	892	917
	(R'000)	52 896	68 380	85 980	98 432	111 076	115 712	121 099
5. Education	(numbers)	37 847	37 828	38 213	38 505	38 692	38 692	38 692
	(R'000)	3 959 554	4 316 446	4 567 683	5 074 937	5 385 473	5 792 981	6 120 328
6. Health	(numbers)	23 965	23 384	23 128	23 972	26 824	26 988	27 715
	(R'000)	2 370 274	2 444 792	2 799 467	3 028 074	3 598 358	3 842 181	4 182 536
7. Social Development	(numbers)	1 331	1 558	1 757	1 662	1 641	1 758	1 803
	(R'000)	143 825	136 987	162 823	183 391	207 504	242 730	272 544
8. Local Government and Housing	(numbers)	346	400	491	619	709	709	709
	(R'000)	47 837	53 519	63 147	80 787	105 440	109 663	115 108
9. Environmental Affairs and Development Planning	(numbers)	218	176	255	288	313	313	313
	(R'000)	31 053	30 252	37 401	48 564	62 213	65 399	68 773
10. Transport and Public Works	(numbers)	1 324	1 250	1 358	1 543	1 676	1 738	1 738
	(R'000)	112 707	128 633	139 451	179 629	225 913	245 616	262 903
11. Agriculture	(numbers)	685	731	740	824	902	910	911
	(R'000)	74 492	85 401	92 585	115 777	139 232	146 430	152 940
12. Economic Development and Tourism	(numbers)	56	124	124	203	218	218	218
	(R'000)	11 348	14 678	22 182	28 869	45 093	47 839	50 109
13. Cultural Affairs and Sport	(numbers)	380	457	472	618	616	665	665
	(R'000)	37 029	48 360	57 237	68 543	91 318	96 132	102 469
Total provincial personnel numbers		67 478	67 279	68 037	69 913	73 461	74 077	74 875
Total personnel cost (R'000)		6 963 902	7 458 955	8 164 939	9 090 636	10 195 098	10 950 664	11 708 015
Unit cost (R'000)		103	111	120	130	139	148	156

Capital expenditure

Capital expenditure amounts to R1,617 billion in 2006/07 and grows to R1,688 billion in 2008/09. As a share of the Province's budget it constitutes 8,81 per cent in 2006/07; 8,03 per cent in 2007/08; and 7,81 per cent in 2008/09. The total capital expenditure increases by R129,119 million between 2005/06 and 2006/07 (a nominal increase of 8,68 per cent), while the average annual nominal growth over the MTEF period is 4,31 per cent.

Expenditure on Training

Table 16 provides a summary of provincial expenditure on training per vote. This expenditure is inclusive of training-related expenditure, including tuition, travel and accommodation, and bursaries by departments for their own staff (in line with the requirements of section 30 of the National Skills Development Levies Act, 1999). In terms of the Act, each public service employer in the national and provincial spheres of government must budget at least 1 per cent of its payroll for the training and education of their employees and may contribute funds to a Sectoral Education and Training Authority (SETA).³

Table 16 Summary of provincial payments on training by vote

Provincial departments R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
1. Department of the Premier	5 106	3 990	3 275	4 408	5 552	5 552	2 123	4.31	3 713	3 947
2. Provincial Parliament	66	110	131	176	205	207	255	26.26	274	291
3. Provincial Treasury	599	571	296	457	1 142	1 088	1 084	16.32	1 138	1 194
4. Community Safety	125	242	486	344	344	344	430	1.38	463	498
5. Education	19 814	31 967	41 700	42 771	42 771	42 771	57 181	7.43	76 299	93 592
6. Health	66 263	73 549	81 226	99 244	100 904	100 904	121 809	10.29	154 968	188 682
7. Social Development		256	282	310	310	310	340	4.70	374	374
8. Local Government and Housing	1 389	680	849	3 121	3 121	3 121	3 204	(3.71)	4 224	4 254
9. Environmental Affairs and Development Planning	460	669	726	1 389	1 389	1 389	1 429	10.38	1 601	1 680
10. Transport and Public Works	1 349	1 824	1 362	4 458	5 000	5 000	7 560	14.80	12 555	13 555
11. Agriculture			1 575	1 420	1 420	1 420	1 490	(7.32)	1 565	1 565
12. Economic Development and Tourism			345	377	377	377	481	32.32	493	517
13. Cultural Affairs and Sport	189	315	567	677	677	677	766	11.51	819	856
Total provincial payments on training	95 360	114 173	132 820	159 152	163 212	163 160	198 152	21.45	258 486	311 005

³ Payroll can be defined as the gross basic salary resorting under the Standard Chart of Account item "compensation of employees".

In nominal terms, expenditure on provincial training increases by 21,45 per cent from R163,160 million in 2005/06 to R198,152 million in 2006/07. Over the MTEF period expenditure on training is expected to increase by an average annual nominal rate of 23,99 per cent to reach R311,005 million in 2008/09. The reasons for the increases are:

- Provision for Early Childhood Development (ECD) learnerships inclusive of training costs and the payment of stipends within the EPWP;
- A policy decision by the Department of Health resulting in the replacement of in-service training salaries with bursaries, which are projected to grow from 323 in 2002/03 to 2 720 by 2008/09;
- Provision for stipends and training costs related to the upskilling of community health workers participating in home-based care as part of the EPWP; and
- Increased investment in bursaries by the Department of Transport and Public Works.

Table 16 does include the provision for training of Members of the Provincial Parliament. Important training costs *not* included in the table are the establishment and other costs relate to the following:

- Cape Administrative Academy campuses at Kromme Rhee and George which provide provincial training (Vote 1 – Department of the Premier);
- Community Safety Academy for the training of traffic officers and municipal police (Vote 4 – Community Safety);
- Elsenburg Agricultural Training College (Vote 11 – Agriculture); and
- Health professional training, development training and national tertiary services (Vote 6 – Health).

Infrastructure⁴

The Western Cape Provincial Department of Transport and Public Works has made considerable progress in developing the Strategic Infrastructure Plan (SIP). The SIP's function is to map out the future infrastructure requirements in the Western Cape, and put in place a plan for the implementation and financing of these needs. The SIP is intended to provide the framework to guide both public and private sector investment decisions so as to improve investment co-ordination. Such co-ordination will improve the impact of investment.

The SIP also aims to strike an appropriate balance between preserving the current stock and extending the infrastructure to under-serviced areas, thereby reducing the cost of doing business and helping to address the social and economic imbalances of the past. The Plan aims to achieve this by directing investment towards areas of high economic potential identified in the PSDF. The draft SIP is scheduled for submission to the Provincial Cabinet during March 2006, while a finalised plan is due for release in 2006/07.

The intention is to align the SIP to government's Accelerated and Shared Growth Initiative (ASGISA). Aimed at halving both unemployment and poverty by 2014, ASGISA espouses sound infrastructure planning and spending as key elements of its strategy. Infrastructure investment will act upon unemployment both through increases in economic growth that are derived from increased productivity, and through optimising the labour intensity of construction.

In recognition of the importance of accelerating infrastructure delivery, National Treasury has developed an Infrastructure Delivery Improvement Programme (IDIP). The IDIP has three key components:

- The formulation of delivery management and guidelines (also called a "toolkit");
- A capacity building strategy aimed at supporting the use of the toolkit in infrastructure delivery departments; and
- A strategy to improve the monitoring and reporting on infrastructure projects.

⁴ Please consult the tables (B.6) of the relevant votes in the booklet "Budget 2006: Estimates of Provincial Expenditure" for more detail on the projects.

In 2005/06, with the assistance of the Provincial Treasury, the National Treasury began implementing IDIP pilot projects in the Provincial Department of Education and the Public Works Branch of Transport and Public Works. The intention is to roll the IDIP out to Health and the Roads Branch of Transport and Public Works in 2006/07.

Tables 17 and 18 below reflect an increase of 8,0 per cent (2,8 per cent in real terms) in the allocation for infrastructure from the revised estimate of R1,850 billion in 2005/06 to R1,998 billion in 2006/07. The Province began to scale up its infrastructure investments in 2005/06 when it allocated R1,644 billion to infrastructure spending and then further augmented infrastructure spending by more than R200 million during the Adjustments Estimate in November 2005. Infrastructure spending reached R1,850 billion in 2005/06. In Budget 2006/07 the maintenance element of infrastructure spending is prioritised. To preserve the current asset base, the resources budgeted for maintenance increase by almost R70 million in 2006/07. As can be expected, the highest annual growth in infrastructure budgets occurs in the Department of Transport and Public Works. Its infrastructure budget in 2006/07 increases by R173,211 million from the revised estimate in 2005/06, which represents an increase of 14,8 per cent (6,05 per cent in real terms). This is mainly due to the investment in roads in terms of both new construction and maintenance.

Table 17 Summary of provincial infrastructure per category

Category R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
New Construction	98 935	123 917	169 813	241 972	327 728	327 728	334 374	2.03	268 892	182 578
Rehabilitation/Upgrading	261 992	367 371	400 973	544 843	541 144	541 144	544 414	0.60	554 780	641 474
Other capital projects	259 138	232 690	311 917	492 452	555 008	555 008	623 662	12.37	663 522	772 076
Maintenance	281 384	359 995	436 308	364 665	426 148	426 148	496 025	16.40	460 634	541 191
Total provincial infrastructure payments and estimates	901 449	1 083 973	1 319 011	1 643 932	1 850 028	1 850 028	1 998 475	8.02	1 947 828	2 137 319

Table 18 Summary of provincial infrastructure payments and estimates by vote

Provincial department R'000	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	144 795	161 007	239 337	188 972	373 808	373 808	279 476	(25.24)	171 038	138 941
6. Health	100 794	196 176	288 464	296 805	273 725	273 725	324 946	18.71	315 217	323 720
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	650 529	721 427	762 896	1 112 617	1 170 307	1 170 307	1 343 518	14.80	1 393 616	1 604 939
11. Agriculture	5 331	5 363	28 314	45 538	32 188	32 188	50 535	57.00	67 957	69 719
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
Total provincial infrastructure payments and estimates by vote	901 449	1 083 973	1 319 011	1 643 932	1 850 028	1 850 028	1 998 475	8.02	1 947 828	2 137 319

The following sections detail the infrastructure spending in each category (new construction; rehabilitation/upgrading; other capital projects; and maintenance) by Department.

10.1 New Construction

10.1.1 Transport and Public Works: Roads Infrastructure

An amount of R46 million has been allocated for phase 1 of the Potsdam interchange in 2006/07. The total cost of the project amounts to R74 million. The project commenced in January 2006 and it is estimated that the Department will spend about R8 million in 2005/06. R20 million is provided in 2007/08 for the completion of the interchange.

10.1.2 Education buildings

The Department of Education's budget for 2006/07 is R192,496 million. The following key projects have been provided for in full or in part in 2006/07:

- Nomzamo: Silukhanyo Primary School R9 million
- Smutsville: Sedgfield Primary School R7,5 million
- Table View Primary School R7,5 million
- Vredendal Primary School R6 million
- Wallacedene: Imvumelwano Primary School R4,5 million

• Weltevreden: Samora Machel Primary School	R6,869 million
• Du noon: Inkwenkwezi Secondary School	R8 million
• Khayelitsha Primary School No.2	R12,17 million
• Heinzpark Primary School	R13,5 million
• Kuyasa Primary School	R10,8 million
• Purchase of mobile classrooms	R10 million
• Boystown Secondary School	R6 million
• Dalebuhle Primary School	R6 million
• Khayamandi Secondary School	R7,8 million
• Sigcawu Primary School	R5,2 million

10.1.3 Health buildings

In 2006/07 the Department of Health receives a budget of R19 million for the construction of new health facilities. The following notable projects have been provided for in 2006/07:

• Swellendam community health centre	R4,2 million
• Browns Farm community health centre	R2,5 million
• Montagu community health centre	R2 million
• Simondium community health centre	R2,2 million
• Stanford community centre	R2,2 million
• Wellington community health centre	R2,2 million

10.2 Rehabilitation/upgrading

10.2.1 Transport and Public Works

Roads Infrastructure

An amount of R304,235 million has been allocated for the rehabilitation and upgrading of the roads in the 2006/07 financial year. Total amounts of R336,324 and R398,438 million have been allocated in 2007/08 in 2008/09 respectively. The following notable projects have been provided for in 2006/07:

• Wellington-Hermon:	R75 million
• Pakhuis Pass:	R10 million
• Citrusdal Paleisheuwel	R10 million
• Algeria Road	R15 million
• Marcaskraal Road	R10 million
• Stellenbosch Arterial phase 2	R12 million
• Mount Pleasant (Hermanus)	R12 million
• Somerset West – Sir Lowrys Pass phase 1	R20,353 million
• Malmesbury-Hermon	R20 million
• George/Outeniqua Pass	R11,84 million
• Pniel-Simondium	R12 million

- N1 rehabilitation phase 2 R12 million
- N2 rehabilitation phase 2 R9,151 million
- N2 rehabilitation phase 3 R10 million
- N2 rehabilitation phase 4 R16 million
- Bredasdorp to Gansbaai phase 1 R15, 671 million

Community-Based Projects

The amount of R28,647 million has been allocated over the 2006 MTEF for the upgrade of sidewalks and footpaths, and the upgrading of community access roads.

10.2.2 Health

Amounts of R61,829 million have been allocated from the Provincial Infrastructure Grant (PIG) and R149,703 million from the Hospital Revitalisation Programme (HRP) for 2006/07 for the rehabilitation and upgrade of health facilities. R188,159 million is allocated for 2007/08 and R210,124 million is allocated for 2008/09. The major projects selected for 2006/07 and their allocations are listed below:

- Worcester Hospital R71 million
- Paarl Hospital R30,104 million
- Vredenburg Hospital R14,198 million
- Khayelitsha Hospital R8 million
- George Hospital - Phase 2C R7,737 million
- Mowbray Maternity Hospital R16,2 million

10.3 Other capital projects

10.3.1 Transport and Public Works

Roads Infrastructure

R499,473 million is provided for other capital works on roads in 2006/07. The following key projects have been provided for in 2006/07:

- Mossel Bay safety phase 1 R10 million
- Bredasdorp to Gansbaai upgrading phase 1 R44,329 million
- Bredasdorp to Gansbaai upgrading phase 2 R20 million
- Rehabilitation of N2 phase 2 (Cape Town) R40 million
- Rehabilitation of N2 phase 4 (Cape Town) R20 million
- Resealing of roads R118,722 million
- Regravelling of roads R117,273 million

R477,07 million and R552,4 million have been allocated for 2007/08 and 2008/09 respectively.

Public Transport

An amount of R52,437 million is provided over the 2006/07 MTEF for public transport infrastructure, of which R23,122 million is the Province's contribution to financing the infrastructure upgrade components of the Klipfontein Corridor Strategy, which forms part of the City of Cape Town's Mobility Strategy. An amount of R8 million in 2006/07 has been provided for impoundment for facilities to support law enforcement.

10.3.2 Agriculture

The Department of Agriculture's budget for other capital projects in 2006/07 is R50,535 million compared to the revised estimate of R32,188 million in 2005/06. The allocation is mainly for the provision of infrastructure to emerging farmers. Agriculture's other capital projects in 2006/07 are funded as follows: R3 million from the Provincial Infrastructure Grant (PIG); R20,648 million from the Comprehensive Agriculture Support Programme (CASP); and R3,115 million from the Land Care Grant. R2 million of the PIG in 2006/07 is allocated for the construction of the Phillipi Market, which is to be commenced with in April 2006.

10.4 Maintenance

10.4.1 Transport and Public Works

Provincial Buildings

An amount of R93,141 million for the general maintenance of provincial buildings is allocated for 2006/07. Amounts of R34,947 million and R63,183 million have been allocated for 2007/08 and 2008/09 respectively.

Roads Infrastructure

An amount of R243,974 million is allocated in the 2006/07 budget for the maintenance of roads infrastructure. Amounts of R300,876 million and R320,484 million have been allocated for 2007/08 and 2008/09 respectively.

Community-Based Programmes

An amount of R8,75 million have been allocated in the 2006/07 budget for the Saamstaan school maintenance initiative and the Zenzele road maintenance initiative. R10,321 million and R10,781 million have been allocated for maintenance in the 2007/08 and 2008/09 respectively.

10.4.2 Education

An amount of R86,98 million is allocated in 2006/07, whilst R25,221 million and R52,368 million have been allocated for 2007/08 and 2008/09 respectively.

10.4.3 Health

An amount of R73,197 million has been allocated in 2006/07 for maintenance. The detail per category of service (programme) is as follows:

- | | |
|--------------------------------|-----------------|
| • Community health facilities | R8,015 million |
| • District hospital services | R13,019 million |
| • Provincial hospital services | R23,596 million |
| • Central hospital services | R22,387 million |
| • Other facilities | R6,18 million |

Public-Private Partnerships

The Province incurs three types of costs when it provides services through public-private partnerships. A unitary charge is paid to the private service provider for the service rendered, and is the main cost. Advisory fees cover the cost of feasibility studies and are paid over to “transactional advisors”. Monitoring costs cover the monitoring required to ensure the contract which includes performance targets with the private provider is adhered to. The amounts budgeted to meet these costs are given in the table below. Ongoing projects have been separated from the projects which are scheduled to start in 2006/07 and the years after.

Table 19 Summary of departmental Public-Private Partnership projects

Project description R'000	Total cost of project			Main appro- priation 2005/06	Adjusted appro- priation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Projects under implementation		1 929	1 606	45 759	1 884	1 884	32 826	1642.36	39 552	41 172
PPP unitary charge				40 363			30 630		38 439	40 172
Advisory fees		873	711	3 996	484	484	996	105.79	113	
Revenue generated (if applicable)										
Project monitoring cost		1 056	895	1 400	1 400	1 400	1 200	(14.29)	1 000	1 000
New projects				2 500						
PPP unitary charge										
Advisory fees				2 500						
Revenue generated (if applicable)										
Project monitoring cost										
Total Public-Private Partnership projects		1 929	1 606	48 259	1 884	1 884	32 826	1642.36	39 552	41 172

Projects under implementation

The Health Department is undertaking PPP projects in the following hospitals: Lentegeur (combined with the Western Cape Rehabilitation Centre), Swellendam, Hermanus and Eerste River. These projects mainly entail the initial upgrading of physical facilities and the management of facilities thereafter (excluding the running of medical services). The Swellendam and Hermanus Projects also include “co-location” components, in terms of which the private party can erect its own facilities for commercial purposes on provincial land. Under this arrangement the Department can also make use of the commercial facilities in exchange for payments of a pre-determined unitary fee to the private party. Each contract is of a different length. The status of each project is briefly described below:

- Lentegeur Hospital: At the time of writing, the Final Evaluation Panel was about to evaluate the bidders for the Lentegeur Hospital/Rehabilitation Centre.
- Swellendam Hospital: In August 2005 the National Treasury approved the request for a PPP procurement process allowing the request for proposals (RFP) to be issued. The Draft Concession Agreement was put in place. The project is now at the procurement phase, with the closing date for the submission of bids in the very near future.
- Hermanus Hospital: This project is currently at the procurement stage. The closing date for the submission of bids is the 27 March 2006.
- Eerste River Hospital: Initially, the feasibility study associated with the Project covered facility management services by the private party using its own staff. The Department wants to build the retention of its staff responsible for facilities management into the PPP contract. The private party will then manage the Department’s staff. The Health Department has appointed transaction advisors for the PPP to further develop the feasibility study.

The Western Cape Nature Conservation Board is developing a PPP for De Hoop Nature Reserve. The PPP envisaged is a concession agreement in terms of which the private party will provide additional facilities, mainly accommodation, for its own commercial purposes in such a way that the Board shares in the revenue generated and the facilities constructed revert to the Board after a certain period (e.g. 30 years). At present the Board has selected a preferred bidder and is in the process of compiling a value-for-money report.

The National Treasury issued a PPP Toolkit for Eco-Tourism in early 2006. The aim of the new Toolkit is to empower public eco-tourism authorities to better manage the PPP set-up process, and thereby encourage private tourism investors and operators to do business with them. The Board/Department should use this new tool in the future.

The construction and maintenance of Chapman’s Peak Drive has been handled as a PPP project, which takes the form of a concession and is managed by the Department of Transport and Public Works. The post implementation phase began in December 2004. In this phase the Department will continue to monitor the performance of the project. Given that it is only two years out of the project’s 30-year lifespan have been completed, it is still too early to indicate whether it has been an unqualified success.

Summary of Transfers to Public Entities

Table 20 indicates the total transfers made by departments to public entities. Public entities will receive R164,178 million from various provincial departments in 2006/07.

Table 20 Summary of provincial transfers to public entities by transferring departments

Provincial department R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
1. Department of the Premier	3 092	3 262	3 428	3 579	5 000	5 000	6 419	28.38	6 574	7 042
2. Provincial Parliament										
3. Provincial Treasury	4 000	4 700								
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning	61 861	61 365	61 767	71 217	71 683	71 683	81 535	13.74	70 156	73 178
10. Transport and Public Works		14 982		17 000	12 000	12 000	1 000	(91.67)		
11. Agriculture	7 882	10 186	20 750	11 235	9 861	9 861	4 885	(50.46)	4 894	4 894
12. Economic Development and Tourism	7 090	34 052	69 482	64 950	63 750	63 750	60 670	(4.83)	58 670	59 670
13. Cultural Affairs and Sport	9 716	9 257	9 472	10 165	10 165	10 165	9 669	(4.88)	9 979	10 568
Total departmental transfers to public entities	93 641	137 804	164 899	178 146	172 459	172 459	164 178	(4.80)	150 273	155 352

Table 21 indicates the public entities to which provincial departments transfer resources, and the amounts of the transfers.

In 2006/07 the Western Cape Nature Conservation Board receives R81,54 million from the Province, via the Department of Environmental Affairs and Development Planning. At 44 per cent of total transfers to public entities, this is the single highest transfer the Province makes to a public entity in 2006/07. This trend is continued over the MTEF period.

Casidra (Pty) Ltd is budgeted to receive a total of R24,8 million from three departments. Economic Development is projected to be by far the biggest provincial contributor, transferring three quarters of the total provincial transfer to Casidra. Transport and Public Works and Agriculture, as the provincial overseer of this entity, contribute the remainder in roughly equal proportions.

Since 2002/03 the Province's contribution to the Western Cape Tourism Board (Destination Marketing Organisation) has grown substantially as the entity has scaled up its marketing role. The transfer is projected to grow from an audited amount of R6,34 million in 2002/03 to R26,6 million in 2006/07, although the biggest increases occurred between 2002/03 and 2004/05.

A number of the entities indicated on the table do not receive transfers from the Province. The Western Cape Liquor Board is constituted of provincial staff members and therefore does not require a transfer, while the Western Cape Gambling and Racing Board is self-financing. The establishment of the Western Cape Environmental Commissioner was indefinitely suspended in 2005/06.

The Department of Cultural Affairs and Sports provides transfers to a number of public cultural agencies and organisations. In 2006/07 the Western Cape Cultural Commission will receive R8 million; the Western Cape Language Committee will receive R602 000; and Artscape will receive R120 000.

Table 21 Summary of departmental transfers to public entities by transferring department

Public entities (transferring department) R'000	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Major public entities:									
1. Independent Development Trust: Vote 10: Transport and Public Works				5 000	10 000	10 000	1 000		
National Government Business									
Enterprises:									
2. South African Rail Commuter Corporation Vote 10: Transport and Public Works		14 982		10 000					
National public entities:									
3. Agricultural Research Council Vote 11: Agriculture	4 954	5 686	2 796	541	350	350	191	200	200
Provincial Government Business									
Enterprises:									
4. Casidra (Pty) Ltd.	3 678	8 750	35 204	27 994	29 911	29 911	24 794	24 794	24 794
Vote 11: Agriculture	2 928	4 500	17 954	10 694	9 511	9 511	4 694	4 694	4 694
Vote 10: Transport and Public Works				2 000	2 000	2 000			
Vote 12: Economic Development and Tourism	750	4 250	17 250	15 300	18 400	18 400	20 100	20 100	20 100
Western Cape public entities:									
5. Western Cape Cultural Commission Vote 13: Cultural Affairs and Sport	9 114	7 855	7 920	8 497	8 497	8 497	7 997	8 302	8 883
6. Western Cape Gambling and Racing Board Vote 3: Provincial Treasury	4 000	4 700							
7. Western Cape Investment and Trade Promotion Agency (Wesgro) Vote 12: Economic Development and Tourism		7 461	31 700	23 800	19 500	19 500	9 000	9 000	9 000
8. Western Cape Language Committee Vote 13: Cultural Affairs and Sport	602	602	602	602	602	602	602	602	602
9. Western Cape Liquor Board Vote 12: Economic Development and Tourism									
10. Western Cape Nature Conservation Board Vote 9: Environmental Affairs and Development Planning	61 861	61 365	61 767	71 216	71 682	71 682	81 535	70 156	73 178
11. Western Cape Provincial Development Council Vote 1: Department of the Premier	3 092	3 262	3 428	3 579	5 000	5 000	6 419	6 574	7 042
12. Western Cape Destination Marketing Organisation Vote 12: Economic Development and Tourism	6 340	14 741	20 532	25 850	25 850	25 850	26 570	24 570	25 570
13. Western Cape Environmental Commissioner Vote 9: Environmental Affairs and Development Planning				1	1	1			
14. Artscape Vote 13: Cultural Affairs and Sport				116	116	116	120	125	133
15. Council for Scientific and Industrial Vote 12: Economic Development and Tourism		7 600					5 000	5 000	5 000
Not listed in PFMA, but indicated as a public entity in Budget Statement 2:									
15. Heritage Western Cape		800	950	950	950	950	950	950	950
Total	93 641	137 804	164 899	178 146	172 459	172 459	164 178	150 273	155 352

Transfers to Local Government

In terms of section 28(2) of the Division of Revenue Act, 2006 (DORA), the Provincial Treasury must publish, with its annual budget or in the *Gazette*, the following information prior to 1 April 2006:

- The allocations per municipality for every allocation made by the Province to municipalities; and
- The envisaged division of those allocations contemplated in respect of each municipality.

Furthermore, in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) the MEC responsible for Finance in the Province must, to the extent possible, when tabling the Provincial annual budget in the Provincial Legislature, make public particulars of any allocations due to each municipality in terms of that budget. This includes the amount to be transferred to the municipality during each of the next three financial years. The public release of this information thus enables municipalities to effectively budget and implement programmes over a three-year budgeting cycle.

In compliance with both DORA and the MFMA, the provincial allocations per municipality are tabled in the *Local Government Allocations Booklet*. These allocations provide predictability, certainty and transparency regarding the sources and levels of provincial intergovernmental funding for municipalities. In addition, the publication of this information allows municipalities to comply with the provisions of the MFMA, which states that the municipal annual budget must be tabled at least 90 days before the start of their budget year. The Booklet outlines the allocations to recipient municipalities for each grant, in both the Provincial and Municipal financial years. Allocations are provided for the three year period, where possible.

Provincial transfers to local government per municipality, as indicated in table 22, decrease from a revised allocation of R1,007 billion in 2005/06 to R863,224 million in 2006/07. The total amount then increases by R173,597 million and R101,956 million year-on-year in 2007/08 and 2008/09, respectively. The decrease in 2006/07 can be attributed to the provincialisation of Personal Primary Health Care services as alluded to in the 2005/06 Budget. The Health Act, 2003 (Act No. 61 of 2003) provides for a

shift of Personal Primary Health Care services, previously provided by municipalities on an agency basis to provincial governments. Municipalities, excluding the City of Cape Town, will therefore no longer receive any allocations in respect of Personal Primary Health Care services.

Table 22 reflects the total provincial transfers to local government by category of municipality. Provincial transfers to the Category A municipalities decrease from a revised allocation of R672,314 million in 2005/06 to R537,714 million in 2006/07. The amounts then increase in 2007/08 to R744,646 million and to R831,729 million in 2008/09. For Category B municipalities, provincial transfers increase from R256,517 million in 2005/06 revised estimate to R301,535 million in 2006/07 but then drop to R267,271 million in 2007/08. The amount rises again in the outer year to R283,039 million. Allocations to Category C municipalities decrease year-on-year from R77,895 million in 2005/06 revised estimate to R23,975 million in 2006/07; R21,404 million in 2007/08 and R20,509 million in 2008/09.

Table 22 Summary of provincial transfers to local government by category

Departmental transfers R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2002/03	2003/04	2004/05				2006/07	2005/06	2007/08	2008/09
Category A	157 031	202 362	150 312	450 717	677 208	672 314	537 714	(20.02)	744 646	831 729
Category B	59 138	78 303	90 979	241 780	255 685	256 517	301 535	17.55	267 271	283 039
Category C	43 168	49 025	59 870	82 104	77 895	77 895	23 975	(69.22)	21 404	20 509
Unallocated	387 549	281 865	527 122	51 500	196	196			3 500	3 500
Total provincial transfers to local government	646 886	611 555	828 283	826 101	1 010 984	1 006 922	863 224	(14.27)	1 036 821	1 138 777

Provincial Payments and Estimates by District and Local Municipality

Table 23 shows the distribution of the payments by the location of provincial payment agencies operating in the Province. It provides some indication of the benefit incidence of provincial expenditure by district and municipalities, but cannot be seen as a true reflection of geographic benefit incidence. This is because payment agencies often tend to serve more than the municipality or district in which they are located. This is especially the case for agencies located in the metropolitan area as they tend to provide services across the whole Province rather than merely the metropolitan area. This means that measurement of distribution of payments by location of payment agency tends to *overestimate* the extent of the benefit of provincial spending in the metropolitan area, and *underestimate* the benefit of spending in the non-metropolitan areas.

Table 23 Provincial payments and estimates by district and local municipality

Municipalities R'000	Outcome			Main appro- priation 2005/06	Adjusted appro- priation 2005/06	Revised estimate 2005/06	Medium-term estimate % Change from Revised estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2005/06	2007/08	2008/09
	Cape Town Metro	8 080 970	9 169 592				10 080 656	11 107 948	11 565 998	11 524 389
West Coast Municipalities	525 448	625 880	747 836	860 934	885 093	883 618	1 012 642	14.60	1 096 192	1 095 708
Matzikama	84 042	95 287	104 756	114 583	120 185	120 032	134 152	11.76	138 975	152 871
Cederberg	60 541	67 723	73 317	83 081	86 977	86 833	91 807	5.73	97 012	105 046
Bergrivier	42 669	50 205	54 609	56 931	60 446	60 441	63 814	5.58	70 353	76 240
Saldanha Bay	92 842	124 374	116 329	168 735	173 778	173 305	187 742	8.33	203 417	220 138
Swartland	122 186	141 584	171 838	203 380	205 230	204 662	231 907	13.31	244 601	264 462
West Coast DMA	400	1 262								
West Coast District Municipality	28 922	29 793	27 881	35 443	39 244	39 112	40 267	2.95	43 665	46 010
Unallocated	93 846	115 652	199 106	198 781	199 233	199 233	262 953	31.98	298 169	230 941
Cape Winelands Municipalities	1 397 263	1 584 413	1 789 100	2 080 208	2 127 465	2 129 046	2 366 605	11.16	2 525 694	2 779 793
Witzenberg	106 919	122 040	130 286	142 817	148 673	148 508	165 039	11.13	174 462	188 932
Drakenstein	343 164	400 433	447 712	505 262	522 066	520 685	562 263	7.99	614 217	665 253
Stellenbosch	171 522	192 928	346 215	388 690	412 736	417 311	429 241	2.86	477 028	512 448
Breede Valley	294 088	321 625	371 803	507 257	491 437	489 508	590 236	20.58	613 847	664 965
Breede River/Winelands	105 036	129 037	135 123	146 843	158 384	158 146	163 906	3.64	179 741	194 775
Breede River DMA	89 930	104 497	118 219	132 563	135 527	135 527	141 846	4.66	168 125	199 660
Cape Winelands Municipality	38 601	40 877	45 484	44 946	46 235	46 122	53 087	15.10	58 114	60 013
Unallocated	248 003	272 976	194 258	211 830	212 407	213 239	260 987	22.39	240 160	293 747
Overberg Municipalities	322 658	378 586	443 764	524 739	550 222	549 565	640 640	16.57	677 108	663 150
Theewaterskloof	102 564	125 975	138 834	150 128	154 177	153 990	183 120	18.92	186 682	202 712
Overstrand	48 642	58 651	67 894	86 082	89 324	89 149	101 459	13.81	105 803	114 491
Cape Agulhas	37 269	41 306	47 571	50 651	53 538	53 451	56 557	5.81	62 110	67 296
Swellendam	32 257	49 477	60 680	63 134	70 136	70 024	70 198	0.25	77 126	83 408
Overberg District Municipality	31 275	22 347	25 897	29 684	30 685	30 589	33 264	8.74	36 535	39 534
Unallocated	70 651	80 830	102 888	145 060	152 362	152 362	196 042	28.67	208 852	155 709
Eden Municipalities	931 278	1 086 545	1 190 377	1 459 968	1 516 644	1 513 574	1 549 828	2.40	1 638 232	1 903 960
Kannaland	35 602	40 440	44 465	48 478	52 282	52 214	53 912	3.25	57 070	61 773
Hessequa	64 969	73 606	81 659	89 402	101 970	101 815	99 702	(2.08)	109 430	118 563
Mossel Bay	100 984	139 044	126 643	145 301	151 972	151 690	161 405	6.40	176 361	190 850
George	300 771	352 293	387 684	492 709	499 702	497 977	543 933	9.23	596 909	652 137
Oudtshoorn	167 672	191 822	206 384	236 500	244 197	243 801	261 802	7.38	288 540	315 346
Bitou	29 880	32 830	43 729	46 933	49 245	49 201	59 652	21.24	60 427	65 782
Knysna	74 925	91 656	106 714	110 735	121 377	121 127	122 680	1.28	135 761	147 168
Eden DMA		831	561							
Eden District Municipality	29 984	28 744	29 567	31 982	37 239	37 089	38 595	4.06	40 542	42 387
Unallocated	126 490	135 279	162 971	257 928	258 660	258 660	208 147	(19.53)	173 192	309 954
Central Karoo Municipalities	188 151	255 788	284 007	285 397	308 546	308 190	305 599	(0.84)	339 522	371 160
Laingsburg	10 612	13 089	15 997	16 454	16 969	16 947	18 006	6.25	19 945	21 545
Prince Albert	16 524	18 317	24 966	22 264	25 756	25 724	23 861	(7.24)	26 066	28 227
Beaufort West	108 930	123 691	146 868	158 677	169 619	169 423	182 986	8.01	193 483	215 446
Central Karoo DMA			100							
Central Karoo District Municipality	15 878	14 930	22 955	17 012	25 212	25 106	19 661	(21.69)	20 500	21 964
Unallocated	36 207	85 761	73 121	70 990	70 990	70 990	61 085	(13.95)	79 528	83 978
Unallocated	378 860		45 361	54 833	3 529	3 529			12 483	13 041
Total provincial expenditure by district and local municipality	11 824 628	13 100 804	14 581 101	16 374 027	16 957 497	16 911 911	18 360 059	8.56	19 838 501	21 604 851

Table 23 shows that in 2006/07 68,0 per cent of provincial spending takes place within the boundaries of the Cape Town Metro. The remainder of the provincial budget is spent in non-metropolitan municipal areas. The West Coast receives 5,2 per cent of the budget; Cape Winelands 12,9 per cent; Overberg 3,5 per cent; Eden 8,4 per cent; and Central Karoo 1,7 per cent.

Provincial payments and estimates per cluster by district and local municipality

The Provincial Spatial Development Framework (PSDF), which was finalised in 2005/06, provides an overall vision for the evolution of the provincial “space-economy” over the medium term. It indicates the geographic shape of the economy and the settlement system that the Western Cape Province aims to promote. The PSDF takes its lead from the National Spatial Development Framework (NSDF), which shows that, nationally, the areas of greatest economic potential and social need coincide across the country. The NSDF argues that by concentrating economic expenditure in these high potential, high need areas, one not only increases the probable success of the outcome on the economy, but also reduces the demand for direct poverty alleviation expenditure. This is because proximate poverty can be reduced through the benefits flowing from increased growth and employment.

The PSDF⁵ indicate that where in the provincial territory the Province sees economic growth occurring and what sectors this growth will be in. The economic role for small towns⁶ will have to be considered in relation to this provincial perspective. To give effect to this vision, the Province should orient its economic investment programme as well as its business support services and economic stimulatory provisions, especially the sector based interventions.⁷

The need for spatial development frameworks arise from the realisation that the key socio-economic variables which determine the Province’s delivery response are unevenly distributed geographically throughout the Province. Similarly, the Province’s limited resources for interventions are spread unevenly across the map of the Province. To achieve its economic objectives, the government therefore needs to focus its economic spending on areas which have the highest potential to succeed⁸.

⁵ The PSDF will translate the NSDF analysis of the economic potential and social need into a finer grained, provincial scale analysis, and apply the national principal of geographically targeting infrastructure investment and other delivery expenditure into high potential, high need areas.

⁶ Given that the scope of the PSDF is broader than economic development, the settlement role of small towns will also have to be considered.

⁷ The PSDF should also inform the Province’s social infrastructure investment programme, its targeting of housing subsidies and its social services programmes.

⁸ Social spending will also have to be focussed on areas of high potential and high need to ensure that populations are able to respond to the economic potential opened up, and their social needs are met.

Table 24 shows how the Province's budgeted spending is split across municipal jurisdictional areas by government cluster.

For the purposes of this table, the Provincial Departments have been categorised in the following government clusters:

Economic cluster

Department of Environmental Affairs and Development Planning

Department of Transport and Public Work

Department of Agriculture

Department of Economic Development and Tourism

Social cluster

Department of Education

Department of Health

Department of Social Services and Poverty Alleviation

Department of Local Government and Housing

Department of Cultural Affairs and Sport

Department of Community Safety

Governance and Administration cluster

Department of Premier

Provincial Parliament

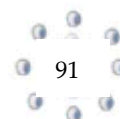
Provincial Treasury

Table 24 Summary of provincial payments and estimates per cluster by district and local municipality

Departmental transfers R'000	Outcome			Main appro- prietion 2005/06	Adjusted appro- prietion 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Economic Cluster	1 475 997	1 620 176	1 717 428	2 254 065	2 368 016	2 373 730	2 682 318	13.00	2 749 952	3 036 321
Cape Town Metro	840 108	876 863	736 209	1 081 741	1 154 438	1 154 438	1 374 791	19.09	1 395 908	1 590 610
West Coast District	103 637	124 275	227 612	231 519	234 165	234 165	298 570	27.50	338 580	273 227
Cape Winelands District	272 523	294 213	365 167	398 981	423 818	429 532	469 472	9.30	470 470	536 166
Overberg District	78 388	87 574	116 190	168 501	178 790	178 790	221 488	23.88	237 865	186 142
Eden District	141 708	148 101	191 238	292 772	296 254	296 254	246 292	(16.86)	216 140	354 222
Central Karoo	39 633	89 150	81 012	80 551	80 551	80 551	71 705	(10.98)	90 989	95 954
Social Cluster	9 549 627	11 073 431	12 396 610	13 600 422	14 131 394	14 083 245	15 184 677	7.82	16 554 749	18 007 741
Cape Town Metro	6 832 155	7 897 246	8 934 578	9 574 185	9 970 531	9 932 073	10 631 123	7.04	11 646 990	12 655 373
West Coast District	421 811	501 605	520 224	629 415	650 928	649 453	714 072	9.95	757 612	822 481
Cape Winelands District	1 113 303	1 278 486	1 412 100	1 668 542	1 690 118	1 685 985	1 882 900	11.68	2 040 279	2 227 935
Overberg District	244 270	291 012	327 574	356 238	371 432	370 775	419 152	13.05	439 243	477 008
Eden District	789 570	938 444	999 139	1 167 196	1 220 390	1 217 320	1 303 536	7.08	1 422 092	1 549 738
Central Karoo	148 518	166 638	202 995	204 846	227 995	227 639	233 894	2.75	248 533	275 206
Governance and Administration Cluster ^{Note}	420 144	407 197	421 702	464 707	454 558	451 407	493 064	9.23	521 317	547 748
Cape Town Metro	408 707	395 483	409 869	452 022	441 029	437 878	478 831	9.35	506 372	532 056
West Coast District										
Cape Winelands District	11 437	11 714	11 833	12 685	13 529	13 529	14 233	5.20	14 945	15 692
Overberg District										
Eden District										
Central Karoo										
Unallocated	378 860		45 361	54 833	3 529	3 529		(100.00)	12 483	13 041
Total payments and estimates per cluster	11 824 628	13 100 804	14 581 101	16 374 027	16 957 497	16 911 911	18 360 059	8.56	19 838 501	21 604 851

Note: Community Safety is excluded from the Governance and Administration cluster and Provincial Parliament included.

As reflected in Table 27, in 2006/07 the Social Cluster spends 82,7 per cent of the total provincial budget, while the Economic Cluster spends 14,6 per cent and the Governance and Administration Cluster spends 2,7 per cent. The implementation of the PSDF will cause the distribution across districts within the economic and social clusters to shift.



Annexures

Table A.1 Conditional Grants: Information relating to Section 5

Vote and grant R'000	2002/03			2003/04			2004/05			2005/06			Medium-term estimate		
	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	Main appro- p-riation	Adjusted appro- p-riation	Revised estimate	2006/07	2007/08	2008/09
Vote 5: Education	82 987	82 987	81 516	101 810	101 880	101 880	96 064	84 714	84 714	106 562	143 091	143 091	192 012	223 456	229 709
Provincial infrastructure	24 053	24 053	24 053	36 326	36 326	36 326	48 904	38 709	38 709	55 229	82 565	82 565	61 829	80 263	85 881
Financial management and quality enhancement	18 037	18 037	18 037	18 519	18 519	18 519									
Early childhood development	4 187	4 187	2 716	6 952	6 952	6 952									
HIV and Aids (Lifeskills education)	11 376	11 376	11 376	9 518	9 518	9 518	10 543	9 814	9 814	11 198	11 205	11 205	11 870	12 464	13 303
Disaster management					70	70									
Further education and training college sector recapitalisation													70 000	80 000	77 305
National school nutrition programme	25 334	25 334	25 334	30 495	30 495	30 495	36 617	36 191	36 191	40 135	49 321	49 321	48 313	50 729	53 220
Vote 6: Health	1 467 022	1 467 022	1 468 967	1 554 421	1 555 421	1 555 421	1 645 171	1 684 382	1 684 382	1 870 576	1 861 159	1 816 047	1 991 725	2 051 224	2 139 039
Provincial infrastructure	24 052	24 052	24 052	36 324	36 324	36 324	48 903	38 693	38 693	55 229	55 229	57 259	61 829	80 262	85 880
Hospital revitalisation	45 000	45 000	46 786	81 939	81 939	81 939	85 217	124 115	124 115	172 038	148 038	104 748	149 703	107 897	124 244
Hospital management and quality improvement ^a	19 000	19 000	19 000	16 376	16 376	16 376	16 983	15 179	15 179	17 608	17 608	17 608			
National tertiary services	1 047 438	1 047 438	1 047 438	1 076 724	1 076 724	1 076 724	1 104 087	1 104 087	1 104 087	1 214 684	1 214 684	1 214 684	1 272 640	1 322 744	1 388 881
Health Professions training and development	316 364	316 364	316 364	314 696	314 696	314 696	327 210	327 210	327 210	323 278	323 278	323 278	323 278	339 442	356 414
Integrated nutrition programme	3 455	3 455	3 455	4 158	4 158	4 158	4 809	4 704	4 704	5 288	5 288	5 288			
Comprehensive HIV and Aids	11 713	11 713	11 872	24 204	24 204	24 204	57 962	70 394	70 394	82 451	82 451	93 182	115 670	121 454	128 085
Medico-legal					1 000	1 000									
Forensic pathology services ^b											14 583		68 605	79 425	55 535
Vote 7: Social Development^c	2 090	1 067	56 061	22 934	22 934	22 934	23 122	6 984	6 984	26 123	43 139	30 898			
Social security backlog			53 977												
HIV and Aids (Community-based care)	2 090	1 067	2 084	2 900	2 900	2 900	3 088	3 088	3 088	6 089	6 089	10 864			
Food emergency relief				20 034	20 034	20 034	20 034	3 896	3 896						
One stop child justice											794				
Integrated Social Development Services ^d										20 034	36 256	20 034			
Vote 8: Local Government and Housing	411 371	417 453	408 741	460 803	460 803	460 803	483 903	551 698	551 698	466 113	598 270	583 733	598 800	748 548	822 426
Housing subsidy	372 778	378 860	378 860	423 282	423 282	423 282	446 035	510 951	510 951						
Human resettlement and redevelopment	13 250	13 250	5 804	13 500	13 500	13 500	14 310	16 179	16 179	9 373	29 738	25 984			
Integrated housing and human settlement development										456 740	533 249	533 249	598 800	748 548	822 426
Disaster relief											24 500	24 500			
Local government support	16 500	16 500	15 376												
Local government capacity building fund				20 714	20 714	20 714	20 050	21 141	21 141		10 783				
Provincial project management capacity for Municipal infrastructure (MIG) [previously CMIP]	8 843	8 843	8 701	3 307	3 307	3 307	3 508	3 427	3 427						
Vote 9: Environmental affairs and development planning					2 400	2 400									
Disaster damage					2 400	2 400									
Vote 10: Transport and Public Works	38 484	43 322	46 176	67 076	67 076	67 076	81 708	64 645	64 645	92 557	95 857	95 857	126 329	190 891	203 511
Provincial Infrastructure	38 484	43 322	46 176	67 076	67 076	67 076	81 708	64 645	64 645	92 557	95 857	95 857	126 329	190 891	203 511
Subtotal Conditional grants	451 945	461 842	510 978	550 813	553 213	553 213	588 733	623 327	623 327	584 793	737 266	710 488	725 129	939 439	1 025 937

Table A.1 Conditional Grants: Information relating to Section 5 (continued)

Vote and grant R'000	2002/03			2003/04			2004/05			2005/06			Medium-term estimate		
	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	Main appro- p-riation	Adjusted appro- p-riation	Revised estimate	2006/07	2007/08	2008/09
Vote 11: Agriculture	10 921	6 083	7 802	7 264	9 104	9 104	52 171	35 492	35 492	45 538	74 828	66 194	26 763	41 936	43 934
Land care programme: Poverty relief and infrastructure development	1 300	1 300	1 666	1 800	1 800	1 800	3 796	3 166	3 166	2 500	3 174	3 174	3 115	3 270	3 428
Drought relief/Agriculture disaster management grant							9 000	366	366		26 634	18 000			
Comprehensive Agriculture support programme							13 765	11 705	11 705	17 206	19 264	19 264	20 648	33 426	35 030
Provincial Infrastructure	9 621	4 783	6 136	5 464	7 304	7 304	25 610	20 255	20 255	25 832	25 756	25 756	3 000	5 240	5 476
Vote 13: Cultural affairs and sport							1 000	1 000	1 000	2 670	2 670	2 670	12 100	15 010	19 375
Mass sport and recreation participation programme							1 000	1 000	1 000	2 670	2 670	2 670	12 100	15 010	19 375
Subtotal Conditional grants	10 921	6 083	7 802	7 264	9 104	9 104	53 171	36 492	36 492	48 208	77 498	68 864	38 863	56 946	63 309
Total Conditional grants	462 866	467 925	518 780	558 077	562 317	562 317	641 904	659 819	659 819	633 001	814 764	779 352	763 992	996 385	1 089 246

^a As from 1 April 2006 the Hospital Management and Quality Improvement Grant will merge with the Hospital Revitalisation Grant.

^b Includes the shift of R5 million to Vote 10: Transport and Public Works for the purchasing of vehicles for the forensic pathology services by the Government Motor Transport trading entity.

^c Conditional grants in respect of this vote has been phased into PES as from 2006/07.

^d The revised estimate of R20,034 million in 2005/06 excludes an amount of R16,222 million which was rolled over from 2004/05 and which is expected to be spent by the end of 2005/06.

Table A.2 Details of total provincial own receipts: Information relating to Section 5

Receipts R'000	Outcome			Main appro- prium 2005/06	Adjusted appro- prium 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Tax receipts	665 117	796 968	871 686	922 565	917 565	952 287	1 003 091	5.34	1 055 852	1 104 742
Casino taxes	111 079	132 640	157 611	168 281	168 281	201 356	219 660	9.09	245 816	270 408
Motor vehicle licences	528 636	646 938	695 160	731 554	731 554	731 554	753 501	3.00	776 106	799 389
Horseracing	21 345	13 004	15 134	14 000	14 000	15 685	15 200	(3.09)	15 200	16 215
Other taxes	4 057	4 386	3 781	8 730	3 730	3 692	14 730	298.97	18 730	18 730
Sales of goods and services other than capital assets	169 079	223 297	238 570	225 087	242 517	254 264	255 919	0.65	263 244	265 774
Sales of goods and services produced by department (excluding capital assets)	169 049	223 294	238 500	225 087	242 517	254 245	255 919	0.66	263 244	265 774
Sales by market	13 886	16 918	192	18 400	18 400		19 200		20 928	22 812
Administrative fees	17 084	12 725	16 793	11 569	11 705	21 670	16 049	(25.94)	15 547	15 887
Other sales	138 079	193 651	221 515	195 118	212 412	232 575	220 670	(5.12)	226 769	227 075
<i>Of which</i>										
Boarding & Lodging	6 367	9 656	6 335	7 715	7 715	6 315	7 730	22.41	8 605	8 605
Commission on insurance	2 437	2 452	2 787	2 575	2 575	2 827	4 085	44.50	4 085	4 085
External exams										
Health patient fees	95 159	137 145	158 868	148 842	167 173	160 607	178 491	11.14	183 769	183 769
House rent	471	846	911	575	575	575	595	3.48	600	600
Lab services	2 130	2 081	1 458	2 273	2 273	2 273	2 456	8.05	2 559	2 559
Letting of property			36							
Lost library books	1 144									
Miscellaneous Capital Receipts	7	2		7	7	7	7		7	7
Parking	34	6	35	5	5	5	5		5	5
Registration, tuition & exam fees	2 859	3 713	4 312	3 145	5 345	4 939	3 679	(25.51)	3 407	3 407
Sales of agricultural products	2 970	3 253	21 914	2 322	2 772	29 350	2 500	(91.48)	2 607	2 607
Sales	328	361	825	189	189	179	355	98.32	382	382
Sport gatherings	226	679	263	81	517	517	209	(59.57)	248	303
Subsidised Motor Transport										
Tender documentation	625	616	729	689	689	515	350	(32.04)	363	375
Trading account surplus	1	70								
Tuition fees			61							
Vehicle repair service	36	335	315	100	100	191	72	(62.30)	72	72
Other	23 285	32 436	22 666	26 600	22 477	24 275	20 136	(17.05)	20 060	20 299
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	30	3	70			19		(100.00)		
Transfers received from	9 696	6 782	43 768	62 795	63 788	64 749	93 424	44.29	106 055	111 721
Other governmental units	551	1 627								
Universities and technikons	8 808	5 126	14 282	9 123	10 116	10 116	8 921	(11.81)	9 123	9 123
Foreign governments										
International organisations			29 424	50 671	50 671	50 671	84 502	66.77	96 931	102 597
Public corporations and private enterprises	285	29	58	3 000	3 000	3 000		(100.00)		
Households and non-profit institutions	52		4	1	1	962	1	(99.90)	1	1
Fines, penalties and forfeits	2 349	1 514	1 120	350	350	1 374	350	(74.53)	350	350
Interest, dividends and rent on land	256 159	271 894	221 192	114 585	108 137	204 873	59 108	(71.15)	52 200	28 130
Interest	255 883	247 980	221 169	111 303	104 974	201 752	55 982	(72.25)	49 068	24 992
Dividends			23							
Rent on land	276	23 914		3 282	3 163	3 121	3 126	0.16	3 132	3 138
Sales of capital assets	3 784	7 504	14 385	24 046	24 046	24 057	49	(99.80)	49	49
Land and subsoil assets			13 953							
Other capital assets	3 784	7 504	432	24 046	24 046	24 057	49	(99.80)	49	49
Financial transactions in assets and liabilities	9 239	22 120	70 053	23 418	25 998	36 943	23 739	(35.74)	23 917	23 917
Total departmental receipts	1 115 423	1 330 079	1 460 774	1 372 846	1 382 401	1 538 546	1 435 680	(6.69)	1 501 667	1 534 683

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Section 8

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05	Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Current payments	9 262 360	10 308 590	11 391 460	12 705 061	12 887 468	12 827 426	14 325 692	11.68	15 447 401	16 813 418
Compensation of employees	6 963 902	7 458 955	8 164 939	9 221 911	9 186 466	9 090 636	10 195 098	12.15	10 950 664	11 708 015
Salaries and wages	5 919 946	6 352 245	7 006 838	8 007 394	7 982 819	7 889 394	8 844 467	12.11	9 492 530	10 148 479
Social contributions	1 043 956	1 106 710	1 158 101	1 214 517	1 203 647	1 201 242	1 350 631	12.44	1 458 134	1 559 536
Goods and services	2 291 647	2 834 378	3 213 949	3 475 963	3 693 233	3 727 729	4 125 839	10.68	4 491 753	5 100 195
Interest and rent on land	1 922	2 243		2 588	2 588	2 588		(100.00)		
Interest	1									
Rent on land	1 921	2 243		2 588	2 588	2 588		(100.00)		
Financial transactions in assets and liabilities	4 889	13 014	12 572	4 599	5 181	6 473	4 755	(26.54)	4 984	5 208
Unauthorised expenditure										
Transfers and subsidies to (Current)	1 283 158	1 440 123	1 537 626	1 648 572	1 689 491	1 752 827	1 694 099	(3.35)	1 870 641	2 090 096
Provinces and municipalities	233 342	261 256	290 819	286 090	285 455	287 169	170 540	(40.61)	158 494	166 690
Provinces			306	10	10	10		(100.00)	526	58
Provincial Revenue Funds										
Provincial agencies and funds			306	10	10	10		(100.00)	526	58
Municipalities	233 342	261 256	290 513	286 080	285 445	287 159	170 540	(40.61)	157 968	166 632
Municipalities	228 978	256 551	288 003	284 230	283 595	285 309	170 049	(40.40)	157 968	166 632
of which										
Regional services council levies	18 061	19 332	21 111	22 976	22 986	24 500	6 796		683	735
Municipal agencies and funds	4 364	4 705	2 510	1 850	1 850	1 850	491	(73.46)		
Departmental agencies and accounts	153 287	185 619	135 317	149 485	139 122	139 122	145 440	4.54	133 017	138 521
Social security funds							13			
Provide list of entities receiving transfers	153 287	185 619	135 317	149 485	139 122	139 122	145 427	4.53	133 017	138 521
Western Cape Provincial Development Council	3 092	3 262	3 428	3 579	5 000	5 000	6 419	28.38	6 574	7 042
Western Cape Gambling and Racing Board	4 000	4 700								
Hospital Trading Account: Karl Bremer	58 399	66 408								
Environmental Commissioner				1	1	1		(100.00)		
Western Cape Nature Conservation Board	61 861	61 365	61 767	71 216	71 682	71 682	81 535	13.75	70 156	73 178
South African National Roads Agency Limited										
Agricultural Research Council	4 954	5 686	2 796	541	350	350	191	(45.43)	200	200
Destination Marketing Organisation	6 340	14 741	20 532	25 850	25 850	25 850	26 570	2.79	24 570	25 570
Western Cape Trade and Investment Promotion Agency		7 461	31 700	23 800	19 500	19 500	9 000	(53.85)	9 000	9 000
Western Cape Cultural Commission	9 114	7 855	7 920	8 497	8 497	8 497	7 997	(5.88)	8 302	8 883
Western Cape Language Committee	602	602	602	602	602	602	602		602	602
Artscape				116	116	116	120	3.45	125	133
Heritage Western Cape		800	950	950	950	950	950		950	950
SETA	4 925	5 139	5 622	6 639	6 574	6 574	6 979	6.16	7 468	7 893
CSIR		7 600					5 000		5 000	5 000
Other				7 694			64		70	70

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Section 8 (continued)

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05	Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Universities and technikons	41 075	42 723	57 799	60 083	58 723	58 723	2 664	(95.46)	2 494	2 782
Public corporations and private enterprises	3 911	8 991	37 924	22 742	40 206	40 184	26 841	(33.20)	25 740	25 755
Public corporations	3 829	8 868	37 694	22 463	40 074	40 068	25 953	(35.23)	24 960	24 960
Subsidies on production	2 928	4 500	9 000		4 500	9 511	4 500	(52.69)	4 500	4 500
Other transfers (Casidra)	901	4 368	28 694	22 463	35 574	30 557	21 453	(29.79)	20 460	20 460
Private enterprises	82	123	230	279	132	116	888	665.52	780	795
Subsidies on production										
Other transfers	82	123	230	279	132	116	888	665.52	780	795
Foreign governments and international organisations	93	67	120	100	150	150	163	8.67	170	173
Non-profit institutions	774 039	803 686	896 828	1 016 919	1 036 996	1 097 753	1 205 858	9.85	1 395 770	1 592 723
Households	77 411	137 781	118 819	113 153	128 839	129 726	142 593	9.92	154 956	163 452
Social benefits	30 560	77 812	48 389	28 070	31 616	32 845	38 528	17.30	39 996	41 368
Other transfers to households	46 851	59 969	70 430	85 083	97 223	96 881	104 065	7.42	114 960	122 084
Transfers and subsidies to (Capital)	456 117	410 012	596 311	589 769	847 955	844 006	723 497	(14.28)	928 306	1 013 141
Provinces and municipalities	66 001	98 112	61 617	107 653	209 434	210 266	122 656	(41.67)	176 045	187 469
Provinces	6 133			1 639	1 639	1 639		(100.00)		
Provincial Revenue Funds	6 133									
Provincial agencies and funds				1 639	1 639	1 639		(100.00)		
Municipalities	59 868	98 112	61 617	106 014	207 795	208 627	122 656	(41.21)	176 045	187 469
Municipalities	59 868	98 112	61 617	106 014	207 795	208 627	122 656	(41.21)	176 045	187 469
<i>of which</i>										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	2 392	2 480	4 103	5 419	14 425	14 425	2 540	(82.39)	2 684	2 845
Social security funds										
Provide list of entities receiving transfers	2 392	2 480	4 103	5 419	14 425	14 425	2 540	(82.39)	2 684	2 845
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	2 392	2 000	4 103	2 419	5 165	5 165	2 540	(50.82)	2 684	2 845
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board										
South African National Roads Agency Limited		480								
Agricultural Research Council										
Council for Scientific and Industrial Research										
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading Account					9 260	9 260		(100.00)		
CSIR										
Other				3 000						

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Section 8 (continued)

Economic classification R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change from Revised estimate			
	2002/03	2003/04	2004/05	2005/06	2005/06	2005/06	2006/07	2005/06	2007/08	2008/09
Universities and technikons										
Public corporations and private enterprises		14 802		10 000						
Public corporations		14 802		10 000						
Subsidies on production										
Other transfers		14 802		10 000						
Private enterprises										
Subsidies on production										
Other transfers										
Foreign governments and international organisations	7									
Non-profit institutions	314	1 400	2 563	1 996	1 996	1 996	2 096	5.01	2 200	2 350
Households	387 403	293 218	528 028	464 701	622 100	617 319	596 205	(3.42)	747 377	820 477
Social benefits										
Other transfers to households	387 403	293 218	528 028	464 701	622 100	617 319	596 205	(3.42)	747 377	820 477
Transfers and subsidies to (Total)	1 739 275	1 850 135	2 133 937	2 238 341	2 537 446	2 596 833	2 417 596	(6.90)	2 798 947	3 103 237
Provinces and municipalities	299 343	359 368	352 436	393 743	494 889	497 435	293 196	(41.06)	334 539	354 159
Provinces	6 133		306	1 649	1 649	1 649		(100.00)	526	58
Provincial Revenue Funds	6 133									
Provincial agencies and funds			306	1 649	1 649	1 649		(100.00)	526	58
Municipalities	293 210	359 368	352 130	392 094	493 240	495 786	293 196	(40.86)	334 013	354 101
Municipalities	288 846	354 663	349 620	390 244	491 390	493 936	292 705	(40.74)	334 013	354 101
of which										
Regional services council levies	18 061	19 332	21 111	22 976	22 986	24 500	6 796		683	735
Municipal agencies and funds	4 364	4 705	2 510	1 850	1 850	1 850	491	(73.46)		
Departmental agencies and accounts	155 679	188 099	139 420	154 904	153 547	153 547	147 980	(3.63)	135 701	141 366
Social security funds							13			
Provide list of entities receiving transfers	155 679	188 099	139 420	154 904	153 547	153 547	147 967	(3.63)	135 701	141 366
Western Cape Provincial Development Council	3 092	3 262	3 428	3 579	5 000	5 000	6 419	28.38	6 574	7 042
Western Cape Gambling and Racing Board	4 000	4 700								
CMD Capital Augmentation	2 392	2 000	4 103	2 419	5 165	5 165	2 540	(50.82)	2 684	2 845
Hospital Trading Account: Karl Bremer	58 399	66 408								
Environmental Commissioner				1	1	1		(100.00)		
Western Cape Nature Conservation Board	61 861	61 365	61 767	71 216	71 682	71 682	81 535	13.75	70 156	73 178
South African National Roads Agency Limited		480								
Agricultural Research Council	4 954	5 686	2 796	541	350	350	191	(45.43)	200	200
Destination Marketing Organisation	6 340	14 741	20 532	25 850	25 850	25 850	26 570	2.79	24 570	25 570
Western Cape Trade and Investment Promotion Agency		7 461	31 700	23 800	19 500	19 500	9 000	(53.85)	9 000	9 000
Western Cape Cultural Commission	9 114	7 855	7 920	8 497	8 497	8 497	7 997	(5.88)	8 302	8 883
Western Cape Language Committee	602	602	602	602	602	602	602		602	602
Artscape				116	116	116	120	3.45	125	133
Heritage Western Cape		800	950	950	950	950	950		950	950
SETA	4 925	5 139	5 622	6 639	6 574	6 574	6 979	6.16	7 468	7 893
Government Motor Trading Account					9 260	9 260		(100.00)		
CSIR		7 600					5 000		5 000	5 000
Other				10 694			64		70	70

Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Section 8 (continued)

Economic classification R'000	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Universities and technikons	41 075	42 723	57 799	60 083	58 723	58 723	2 664	(95.46)	2 494	2 782
Public corporations and private enterprises	3 911	23 793	37 924	32 742	40 206	40 184	26 841	(33.20)	25 740	25 755
Public corporations	3 829	23 670	37 694	32 463	40 074	40 068	25 953	(35.23)	24 960	24 960
Subsidies on production	2 928	4 500	9 000		4 500	9 511	4 500	(52.69)	4 500	4 500
Other transfers	901	19 170	28 694	32 463	35 574	30 557	21 453	(29.79)	20 460	20 460
Private enterprises	82	123	230	279	132	116	888	665.52	780	795
Subsidies on production										
Other transfers	82	123	230	279	132	116	888	665.52	780	795
Foreign governments and international organisations	100	67	120	100	150	150	163	8.67	170	173
Non-profit institutions	774 353	805 086	899 391	1 018 915	1 038 992	1 099 749	1 207 954	9.84	1 397 970	1 595 073
Households	464 814	430 999	646 847	577 854	750 939	747 045	738 798	(1.10)	902 333	983 929
Social benefits	30 560	77 812	48 389	28 070	31 616	32 845	38 528	17.30	39 996	41 368
Other transfers to households	434 254	353 187	598 458	549 784	719 323	714 200	700 270	(1.95)	862 337	942 561
Payments for capital assets	822 993	942 079	1 055 704	1 430 625	1 532 583	1 487 652	1 616 771	8.68	1 592 153	1 688 196
Buildings and other fixed structures	587 648	693 505	813 045	1 146 882	1 189 569	1 144 852	1 314 026	14.78	1 256 144	1 351 146
Buildings	253 003	362 814	409 636	459 860	567 383	524 222	445 959	(14.93)	397 243	378 341
Other fixed structures	334 645	330 691	403 409	687 022	622 186	620 630	868 067	39.87	858 901	972 805
Machinery and equipment	233 490	240 428	229 718	260 831	279 166	279 445	284 646	1.86	317 746	314 415
Transport equipment	29 258	11 418	5 860	8 991	9 691	9 691	14 738	52.08	17 446	18 446
Other machinery and equipment	204 232	229 010	223 858	251 840	269 475	269 754	269 908	0.06	300 300	295 969
Cultivated assets			112	52	132	132	36	(72.73)	110	110
Software and other intangible assets		5 909	8 944	9 460	10 316	9 823	7 563	(23.01)	6 953	6 025
Land and subsoil assets	1 855	2 237	3 885	13 400	53 400	53 400	10 500	(80.34)	11 200	16 500
Total economic classification	11 824 628	13 100 804	14 581 101	16 374 027	16 957 497	16 911 911	18 360 059	8.56	19 838 501	21 604 851

Table A.4 Summary of departmental personnel number and cost: Information relating to section 8

Description	Outcome			Main appropriation 2005/06	Adjusted appropriation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Total for department										
Personnel numbers (head count)	66 780	66 442	67 931	70 978	69 863	69 915	73 461	5.07	74 077	74 875
Personnel cost (R'000)	6 887 103	7 370 232	8 162 721	9 233 114	9 183 730	9 096 651	10 191 888	12.04	10 947 130	11 704 481
Human resources component										
Personnel numbers (head count)	432	492	656	786	777	775	791	2.06	798	801
Personnel cost (R'000)	44 044	53 334	83 257	104 418	102 987	102 326	110 998	8.48	118 693	125 521
Head count as % of total for department	0.65	0.74	0.97	1.11	1.11	1.11	1.08		1.08	
Personnel cost as % of total for department	0.64	0.72	1.02	1.13	1.12	1.12	1.09		1.08	
Finance										
Personnel numbers (head count)	455	472	570	749	728	726	829	14.19	847	848
Personnel cost (R'000)	49 518	53 695	74 670	104 995	100 368	99 815	118 987	19.21	130 333	137 626
Head count as % of total for department	0.68	0.71	0.84	1.06	1.04	1.04	1.13		1.14	
Personnel cost as % of total for department	0.72	0.73	0.91	1.14	1.09	1.10	1.17		1.19	
Full time workers										
Personnel numbers (head count)	39 546	38 814	61 306	65 010	64 734	64 189	68 000	5.94	68 620	69 367
Personnel cost (R'000)	4 234 654	4 644 897	7 372 082	8 404 490	8 389 503	8 333 638	9 369 994	12.44	10 063 389	10 755 158
Head count as % of total for department	59.22	58.42	90.25	91.59	92.66	91.81	92.57		92.63	
Personnel cost as % of total for department	61.49	63.02	90.31	91.03	91.35	91.61	91.94		91.93	
Part-time workers										
Personnel numbers (head count)	76	82	196	214	266	263	192	(27.00)	192	195
Personnel cost (R'000)	1 177	3 147	20 918	24 036	29 155	28 654	26 215	(8.51)	28 007	30 331
Head count as % of total for department	0.11	0.12	0.29	0.30	0.38	0.38	0.26		0.26	
Personnel cost as % of total for department	0.02	0.04	0.26	0.26	0.32	0.31	0.26		0.26	
Contract workers										
Personnel numbers (head count)	2 349	3 254	5 340	5 506	5 330	5 372	5 126	(4.58)	5 118	5 168
Personnel cost (R'000)	155 469	164 222	564 358	677 146	654 022	644 551	686 754	6.55	733 576	788 924
Head count as % of total for department	3.52	4.90	7.86	7.76	7.63	7.68	6.98		6.91	
Personnel cost as % of total for department	2.26	2.23	6.91	7.33	7.12	7.09	6.74		6.70	

Table A.5 Information on training: Relating to section 9

Description	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Number of staff	67 718	67 442	68 207	71 037	70 048	70 100	73 628	5.03	74 244	75 042
Number of personnel trained	22 214	46 857	57 673	58 723	58 849	58 814	60 298	2.52	61 495	61 495
<i>of which</i>										
Male	8 380	16 045	23 362	20 129	20 242	20 224	20 611	1.91	21 137	21 137
Female	13 834	30 812	34 311	38 594	38 607	38 590	39 687	2.84	40 358	40 358
Number of training opportunities	10 944	19 711	19 678	20 635	20 798	20 798	21 865	5.13	22 502	22 848
<i>of which</i>										
Tertiary	425	549	390	883	896	896	1 538	71.65	1 758	2 096
Workshops	388	1 226	1 717	1 532	1 545	1 545	1 616	4.60	1 670	1 670
Seminars	15	31	78	112	124	124	123	(0.81)	126	130
Other	10 116	17 905	17 493	18 108	18 233	18 233	18 588	1.95	18 948	18 952
Number of bursaries offered	435	885	1 365	1 950	1 975	1 975	2 647	34.03	3 369	3 434
Number of interns appointed	181	176	250	289	618	618	737	19.26	422	422
Number of learnerships appointed	28	41	1 008	1 493	1 330	1 330	3 903	193.46	4 883	5 863
Number of days spent on training	40 120	40 669	41 154	43 648	43 752	43 752	43 912	0.37	43 997	43 997

Table A.6 Transfers to local government by category and municipality: Information relating to section 13

Municipalities R'000	Outcome			Main appro- prium 2005/06	Adjusted appro- prium 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
Category A	157 031	202 362	150 312	450 717	677 208	672 314	537 714	(20.02)	744 646	831 729
City of Cape Town	157 031	202 362	150 312	450 717	677 208	672 314	537 714	(20.02)	744 646	831 729
Category B	59 138	78 303	90 979	241 780	255 685	256 517	301 535	17.55	267 271	283 039
Beaufort West	1 819	4 067	4 132	4 691	10 961	10 961	11 592	5.76	6 474	6 647
Bergrivier	1 045	1 752	636	4 281	6 425	6 425	2 898	(54.89)	4 181	4 671
Bitou	2 197	2 712	3 520	11 758	15 243	15 243	14 879	(2.39)	11 880	13 272
Breede River/Winelands	1 433	2 242	4 701	7 394	13 780	14 196	7 567	(46.70)	8 492	9 488
Breede Valley	2 166	9 198	7 197	20 539	15 490	15 490	45 889	196.25	24 789	27 694
Cape Agulhas	697	727	913	4 523	3 413	3 413	2 156	(36.83)	3 200	3 575
Cederberg	729	1 312	738	4 992	6 070	6 070	6 285	3.54	1 648	1 841
Drakenstein	4 571	5 633	10 152	24 031	24 459	24 875	15 537	(37.54)	23 354	26 091
George	8 624	8 164	9 778	30 442	31 872	31 872	23 220	(27.15)	27 250	17 186
Kannaland	504	1 095	461	2 518	2 931	2 931	2 854	(2.63)	1 209	1 351
Knysna	2 138	3 145	3 778	12 003	16 346	16 346	7 754	(52.56)	11 607	12 967
Laingsburg	285	1 144	1 656	2 475	2 538	2 538	1 549	(38.97)	2 271	2 538
Hessequa	2 548	3 363	4 586	4 818	6 613	6 613	3 780	(42.84)	5 562	6 213
Matzikama	2 051	2 488	2 026	2 719	5 004	5 004	8 763	75.12	1 721	1 923
Mossel Bay	2 944	3 275	4 102	13 059	13 676	13 676	5 897	(56.88)	12 254	13 104
Oudtshoorn	4 165	2 037	3 652	11 024	14 351	14 351	5 139	(64.19)	7 639	8 534
Overstrand	2 823	5 413	5 107	6 553	7 853	7 853	12 063	53.61	7 356	8 218
Prince Albert	539	722	1 201	3 269	5 654	5 654	689	(87.81)	959	1 071
Saldanha Bay	1 770	3 193	6 573	8 695	9 689	9 689	6 089	(37.16)	12 378	13 242
Stellenbosch	3 056	4 577	4 941	17 477	10 619	10 619	15 451	45.50	23 389	26 126
Swartland	6 013	3 366	4 384	4 638	6 172	6 172	10 163	64.66	2 801	3 129
Swellendam	839	1 824	1 925	3 260	3 285	3 285	3 580	8.98	4 904	5 478
Theewaterskloof	4 720	3 849	3 470	14 235	16 768	16 768	27 863	66.17	18 448	20 610
Witzenberg	1 462	3 005	1 350	5 318	6 473	6 473	9 972	54.06	6 369	7 116
Unallocated				17 068			49 906		37 136	40 954
Category C	43 168	49 025	59 870	82 104	77 895	77 895	23 975	(69.22)	21 404	20 509
Cape Winelands	10 358	10 587	21 610	19 094	20 576	20 576	4 893	(76.22)	3 835	4 796
Central Karoo	4 767	4 771	4 914	7 567	14 574	14 574	2 520	(82.71)	1 568	3 072
Eden	10 391	14 946	9 994	14 793	17 695	17 695	7 032	(60.26)	4 396	2 855
Overberg	8 041	8 284	10 370	10 787	11 432	11 432	3 815	(66.63)	2 619	1 571
West Coast	9 611	10 437	12 982	16 931	13 618	13 618	5 715	(58.03)	5 408	4 383
Unallocated				12 932					3 578	3 832
Unallocated	387 549	281 865	527 122	51 500	196	196			3 500	3 500
Total transfers to local government	646 886	611 555	828 283	826 101	1 010 984	1 006 922	863 224	(14.27)	1 036 821	1 138 777

Note: Excludes regional services council levy and discontinued transfers.

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

Policy Area R'000	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate			
	Audited 2002/03	Audited 2003/04	Audited 2004/05				% Change from Revised estimate			
							2006/07	2005/06	2007/08	2008/09
General public services	468 869	461 753	474 699	513 332	543 466	538 695	540 346	0.31	570 157	599 677
Public order and safety	48 257	51 486	74 601	72 307	79 586	79 586	87 720	10.22	91 760	96 437
Economic affairs	1 408 587	1 553 701	1 645 264	2 164 413	2 273 892	2 279 606	2 567 731	12.64	2 651 205	2 933 014
Environmental protection	120 470	120 622	135 468	158 720	159 020	159 020	175 525	10.38	165 865	173 991
Housing and community amenities	445 169	384 300	625 767	599 097	737 817	732 925	745 211	1.68	902 978	985 196
Health	3 958 378	4 556 799	5 180 258	5 755 438	5 789 757	5 746 502	6 337 235	10.28	6 788 850	7 348 209
Recreation, culture and religion	108 478	134 477	148 932	167 799	168 312	168 312	187 691	11.51	204 464	218 106
Education	4 810 615	5 314 129	5 701 523	6 271 760	6 521 573	6 521 573	7 003 988	7.40	7 609 409	8 229 388
Social protection	467 145	535 701	607 481	686 078	698 991	698 991	730 143	4.46	870 121	1 037 957
Total payments and estimates by policy area	11 835 968	13 112 968	14 593 993	16 388 944	16 972 414	16 925 210	18 375 590	8.57	19 854 809	21 621 975

Table A.8 Payments table summary by policy area

GFS function	Category	Department	Programme	
General public services	Legislative	Department of the Premier	1.1	Administration
		Provincial Parliament	2.1	Administration
			2.2	Facilities for Members and political parties
			2.3	Parliamentary services (Operational and institutional support)
	Financial and Fiscal Affairs	Provincial Treasury	3.1	Administration
		3.2	Sustainable resource management	
		3.3	Asset and liabilities management	
		3.4	Financial governance	
General Services	Department of the Premier	1.2	Corporate support	
		1.3	Policy and governance	
	Local Government and Housing	8.3	Local government	
Public order and safety	Police services	Community Safety	4.1	Administration
			4.2	Provincial secretariat for safety and security
			4.3	Security risk management
Economic affairs	General economic	Economic Development and Tourism	12.1	Administration
			12.2	Economic participation
			12.3	Fair business environment
			12.4	Economic sector development (exclude Tourism)
	Agriculture	Agriculture	11.1	Administration
			11.2	Sustainable resource management
			11.3	Farmer support and development
			11.4	Veterinary services
			11.5	Technology research and development
			11.6	Agricultural economics
			11.7	Structured agricultural training
	Transport	Transport and Public Works	10.2.4	Agriculture (Public works)
			10.1	Administration
			10.2.1	Programme support
			10.2.6	Other infrastructure
			10.2.7	Property management
			10.3	Roads infrastructure
			10.4	Public transport
	Communication	Community Safety	10.5	Traffic management
10.6			Community based programme	
4.4			Traffic safety promotion	
Economic Development and Tourism			12.5.1	Management: Tourism
			12.5.2	Tourism industry development
	12.5.3	Tourism strategic implementation		
	12.5.4	Destination marketing organisation		

Table A.8 Payments table 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 and land management
			9.3	Environmental and land planning
Housing and Community Amenities	Housing development	Local Government and Housing	8.1	Administration
			8.2	Housing
			8.4	Development and Planning
Health	Health n.e.c	Health	6.1	Administration
			10.2.2	Health (public works)
			6.2	District health services
			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 information services	
Education	Pre-primary and primary education	Education	5.2.1	Public primary schools
			5.7	Early childhood development
	Secondary education		5.2.2	Public secondary schools
	Subsidiary service to education		5.3	Independent school subsidies
	Education not definable		5.1	Administration
			5.2.3	Professional services
			5.2.4	Human resource development
			5.2.5	National school nutrition programme
5.4		Public special school education		
		5.5	Further education and training	
		5.6	Adult basic education training	
		5.8	Auxiliary associated services	
		10.2.3	Education (Public works)	
Social protection	Social security services	Social Development	7.1	Administration
			7.2	Social welfare services
			7.3	Development and research
			10.2.5	Social development (Public Works)

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

GFS function R'000	Outcome			Main appro- priation 2005/06	Adjusted appro- priation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05				2005/06	2005/06	2005/06
FUNCTION - GENERAL PUBLIC SERVICES									
Category - Legislative									
Department of the Premier (Programme 1.1)	26 626	28 876	45 913	43 710	40 072	40 072	35 694	39 660	43 982
Provincial Parliament (Vote 2 plus direct charge)	35 227	41 004	43 599	55 598	55 998	51 229	63 422	65 380	69 331
Total for Category - Legislative	61 853	69 880	89 512	99 308	96 070	91 301	99 116	105 040	113 313
Category - Financial and fiscal affairs									
Department of Provincial Treasury (Vote 3)	60 533	65 421	102 333	125 914	115 409	115 409	134 246	145 340	152 448
Total for Category - Financial and fiscal affairs	60 533	65 421	102 333	125 914	115 409	115 409	134 246	145 340	152 448
Category - General services									
Department of the Premier (Programme 1.2 to 1.3)	309 098	284 060	242 749	254 402	257 996	257 996	275 233	287 245	299 111
Department of Local government and Housing (Programme 8.3)	37 385	42 392	40 105	33 708	73 991	73 989	31 751	32 532	34 805
Total for Category - General services	346 483	326 452	282 854	288 110	331 987	331 985	306 984	319 777	333 916
TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES	468 869	461 753	474 699	513 332	543 466	538 695	540 346	570 157	599 677
FUNCTION - PUBLIC ORDER AND SAFETY									
Category - Police services									
Department of Community Safety (Programmes 4.1, 4.2, and 4.3)	48 257	51 486	74 601	72 307	79 586	79 586	87 720	91 760	96 437
Total for Category - Police services	48 257	51 486	74 601	72 307	79 586	79 586	87 720	91 760	96 437
TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY	48 257	51 486	74 601	72 307	79 586	79 586	87 720	91 760	96 437
FUNCTION - ECONOMIC AFFAIRS									
Category - General economic affairs									
Department of Economic Development and Tourism (Vote 12 exclude 12.5.6 and 12.6.6)	19 796	98 307	99 976	110 099	107 396	107 427	144 296	162 086	167 816
Total for Category - General economic	19 796	98 307	99 976	110 099	107 396	107 427	144 296	162 086	167 816

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

GFS function R'000	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Category - Agriculture									
Department of Agriculture (Vote 11 and sub-programme 10.2.4)	136 587	176 976	216 360	252 495	286 169	291 051	262 964	291 217	308 989
Total for Category - Agriculture	136 587	176 976	216 360	252 495	286 169	291 051	262 964	291 217	308 989
Category - Transport									
Department of Transport and Public Works (Programmes 10.1, 10.3, 10.4, 10.5 and 10.6 and sub-programmes 10.2.1, 10.2.6 and 10.2.7)	1 058 884	1 164 269	1 212 810	1 665 353	1 746 108	1 746 940	2 022 797	2 055 491	2 306 421
Department of Community Safety (Programme 4.4)	70 494	89 701	89 655	101 417	99 210	99 210	93 537	97 788	102 855
Total for Category - Transport	1 129 378	1 253 970	1 302 465	1 766 770	1 845 318	1 846 150	2 116 334	2 153 279	2 409 276
Category - Communication									
Department of Economic Development and Tourism (Sub- programme 12.5.1, 12.5.2, 12.5.3 and 12.5.4)	122 826	24 448	26 463	35 049	35 009	34 978	44 137	44 623	46 933
Total for Category - Communication	122 826	24 448	26 463	35 049	35 009	34 978	44 137	44 623	46 933
TOTAL FOR FUNCTION - ECONOMIC AFFAIRS	1 408 587	1 553 701	1 645 264	2 164 413	2 273 892	2 279 606	2 567 731	2 651 205	2 933 014
FUNCTION - ENVIRONMENTAL PROTECTION									
Category - Environmental protection									
Department of Environmental Affairs and development Planning (Vote 9)	120 470	120 622	135 468	158 720	159 020	159 020	175 525	165 865	173 991
Total for Category - Environmental protection	120 470	120 622	135 468	158 720	159 020	159 020	175 525	165 865	173 991
TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION	120 470	120 622	135 468	158 720	159 020	159 020	175 525	165 865	173 991
FUNCTION - HOUSING AND COMMUNITY AMENITIES									
Category - Housing development									
Department of Housing (Programmes 8.1, 8.2 and 8.4)	445 169	384 300	625 767	599 097	737 817	732 925	745 211	902 978	985 196
Total for Category - Housing development	445 169	384 300	625 767	599 097	737 817	732 925	745 211	902 978	985 196
TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES	445 169	384 300	625 767	599 097	737 817	732 925	745 211	902 978	985 196

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

GFS function R'000	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
FUNCTION - HEALTH									
Category - Health n.e.c.									
Department of Health (Programme 6.1 and sub- programme 10.2.2)	128 629	225 139	224 375	208 553	195 079	187 717	213 096	233 884	250 552
Total for Category - Health n.e.c.	128 629	225 139	224 375	208 553	195 079	187 717	213 096	233 884	250 552
Category - Outpatient service									
Department of Health Services (Programme 6.2)	993 592	1 144 699	1 330 397	1 611 684	1 640 479	1 649 725	1 914 072	2 041 229	2 279 172
Total for Category - Outpatient service	993 592	1 144 699	1 330 397	1 611 684	1 640 479	1 649 725	1 914 072	2 041 229	2 279 172
Category - R & D Health (CS)									
Department of Health Services (Programme 6.6)	65 381	71 116	73 541	83 648	83 648	81 533	106 047	142 015	178 477
Total for Category - R & D Health (CS)	65 381	71 116	73 541	83 648	83 648	81 533	106 047	142 015	178 477
Category - Hospital services									
Department of Health Services (Programmes 6.3, 6.4, 6.5 and 6.7 and 6.8)	2 770 776	3 115 845	3 551 945	3 851 553	3 870 551	3 827 527	4 104 020	4 371 722	4 640 008
Total for Category - Hospital services	2 770 776	3 115 845	3 551 945	3 851 553	3 870 551	3 827 527	4 104 020	4 371 722	4 640 008
TOTAL FOR FUNCTION - HEALTH	3 958 378	4 556 799	5 180 258	5 755 438	5 789 757	5 746 502	6 337 235	6 788 850	7 348 209
FUNCTION - RECREATION CULTURE AND RELIGION									
Category - Recreation and sporting services									
Department of Cultural Affairs and Sport (Programme 13.4)	18 561	22 074	26 577	32 300	34 348	34 348	46 175	55 761	61 835
Total for Category - Recreation and sporting services	18 561	22 074	26 577	32 300	34 348	34 348	46 175	55 761	61 835
Category - Cultural services									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	89 917	112 403	122 355	135 499	133 964	133 964	141 516	148 703	156 271
Total for Category - Cultural services	89 917	112 403	122 355	135 499	133 964	133 964	141 516	148 703	156 271
TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION	108 478	134 477	148 932	167 799	168 312	168 312	187 691	204 464	218 106

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

GFS function R'000	Outcome			Main appro- piation 2005/06	Adjusted appro- piation 2005/06	Revised estimate 2005/06	Medium-term estimate		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
FUNCTION - EDUCATION									
Category - Pre-primary and primary education									
Department of Education (Programme 5.7 and sub-programme 5.2.1)	2 354 523	2 578 881	2 782 166	3 038 053	3 127 753	3 127 753	3 283 602	3 719 693	3 892 740
Total for Category - Pre-primary and primary education	2 354 523	2 578 881	2 782 166	3 038 053	3 127 753	3 127 753	3 283 602	3 719 693	3 892 740
Category - Secondary education									
Department of Education (Sub- programme 5.2.2)	1 534 070	1 712 387	1 845 868	1 983 153	2 114 176	2 114 176	2 285 921	2 350 886	2 676 712
Total for Category - Secondary education	1 534 070	1 712 387	1 845 868	1 983 153	2 114 176	2 114 176	2 285 921	2 350 886	2 676 712
Category - Subsidiary service to education									
Department of Education (Programme 5.3)	23 745	26 243	29 761	32 471	32 471	32 471	34 127	35 765	37 375
Total for Category - Subsidiary service to education	23 745	26 243	29 761	32 471	32 471	32 471	34 127	35 765	37 375
Category - Education not definable by level									
Department of Education (Programmes 5.1, 5.4, 5.5, 5.6 and 5.8, sub-programmes 5.2.3, 5.2.4, 5.2.5 and 10.2.3)	898 277	996 618	1 043 728	1 218 083	1 247 173	1 247 173	1 400 338	1 503 065	1 622 561
Total for Category - Education not definable by level	898 277	996 618	1 043 728	1 218 083	1 247 173	1 247 173	1 400 338	1 503 065	1 622 561
TOTAL FOR FUNCTION - EDUCATION	4 810 615	5 314 129	5 701 523	6 271 760	6 521 573	6 521 573	7 003 988	7 609 409	8 229 388
FUNCTION - SOCIAL PROTECTION									
Category - Social security services									
Social Development (Vote 7 and sub- programme 10.2.5)	467 145	535 701	607 481	686 078	698 991	698 991	730 143	870 121	1 037 957
Total for Category - Social security services	467 145	535 701	607 481	686 078	698 991	698 991	730 143	870 121	1 037 957
TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT	467 145	535 701	607 481	686 078	698 991	698 991	730 143	870 121	1 037 957
TOTAL: BY FUNCTION	11 835 968	13 112 968	14 593 993	16 388 944	16 972 414	16 925 210	18 375 590	19 854 809	21 621 975