

Provincial Government Western Cape Provincial Treasury

BUDGET 2007 OVERVIEW



PR: 14/2007
ISBN: 0-621-36998-5

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This publication is also available online at <http://www.capegateway.gov.za/eng/pubs/budgets/>

Printed in the Republic of South Africa
By the Government Printing Works
(012) 334-4500

Foreword

The main thrust of this year's budget remains faster economic growth whose benefits are shared by many and not simply enjoyed by a few. The Province aims for a type of economic growth which does not widen the gap between rich and poor, but instead translates into real improvements in the daily lives of vulnerable groups who struggle with poverty and other social challenges. We are fortunate that the economic outlook for the Western Cape remains upbeat, and with 2010 FIFA World Cup on the horizon, the opportunities to leverage massive investment in infrastructure are exciting and real. By making sound strategic choices, we ensure that the 2010 World Cup event creates a practical, lasting legacy in the Province.

This optimism was reflected in a population survey commissioned by Provincial Treasury which gathered information on how people perceived their living conditions, the performance of provincial departments and service delivery. Respondents were fairly positive about their own living conditions and also expected the economic and living conditions in the province to be better in 12 months' time. When asked to identify the most important problems facing the Western Cape, the answer came back clearly: crime, unemployment, housing and drug abuse.

In making resource allocations decisions for Budget 2007/08, we listened to these results. For example, additional funds are added to boost programmes to make our trains and schools safer places. And the budget for the Department of Social Development rises dramatically so that it can do more to support families and tackle pervasive social problems in our communities such as substance abuse.

In essence, the 2007/08 Budget is designed to respond to these key challenges. This budget firstly emphasises economic infrastructure investment, highlighting public transport and housing.

The second theme of the 2007/08 Budget is improvements to the quality of education and health care and access to social services, including boosts to ambulance services and higher pay for nurses. For example, this budget provides for a doubling of the number of no-fee schools in the Province.

Third, this budget includes massive investment in skills development, by providing for additional learnerships, bursaries for FET college learners, and training programmes.

The vision of a 'Home for All' in the Western Cape will not be realised immediately but will require step-by-step realisation of our goals. The 2007/08 Budget provides for spending to make inroads into those primary challenges which hold back our economy and frustrate the well-being of our communities.

For their assistance in putting this budget together, I must also express my sincere appreciation to my co-heads of provincial departments, the chairs of the various administrative clusters, CFOs and other departmental colleagues, my colleagues in National Treasury, municipal managers and their staff.

To all my colleagues in Provincial Treasury, my sincere thanks for all their hard work over many hours and weeks in compiling this budget. Finally, my thanks go to our Minister of Finance and Tourism for her valuable guidance and support in navigating the budget process towards the final outcome contained in this document.

A handwritten signature in black ink, appearing to read 'J.C. Stegmann', followed by a horizontal line.

DR JC STEGMANN
HEAD OFFICIAL: PROVINCIAL TREASURY

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Abbreviations

ABET:	Adult Basic Education and Training
ACSA:	Airports Company of South Africa
AG:	Auditor-General
AFR:	Asset Financing Reserve
ARV:	Anti-retroviral
ASSA2003:	Actuarial Society of South Africa
ASB:	Accounting Standards Board
AsgiSA:	Accelerated and Shared Growth Initiative of South Africa
BAS:	Basic Accounting System
BBBEE:	Broad Based Black Economic Empowerment
BEE:	Black Economic Empowerment
BER:	Bureau for Economic Research
BPO:	Business Process Outsourcing
CARP:	Community Access Roads Programme
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
CHC:	Community Health Centre
CIDB:	Construction Industry Development Programme
CPD:	Corporation for Public Deposits
CPIX:	Consumer Price Index excluding mortgage rates
CSG:	Child Support Grant
DBSA:	Development Bank of Southern Africa
DCAS:	Department of Cultural Affairs and Sport
DCS:	Department of Community Safety
DEADP:	Department of Environmental Affairs and Development Planning
DEDAT:	Department of Economic Development and Tourism
DG:	Disability Grant
DOR Bill:	Division of Revenue Bill
DoT:	Department of Transport (National)
DoTP:	Department of the Premier
DTPW:	Department of Transport and Public Works
DSD:	Department of Social Development
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
EMS:	Emergency Medical Services
EPWP:	Expanded Public Works Programme
FAS:	Foetal Alcohol Syndrome
FET:	Further Education and Training
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
GDP-R:	Gross Domestic Product by Region
GEPF:	Government Employees Pension Fund

GET:	General Education and Training
GHS:	General Household Survey
GRAP:	Generally Recognised Accounting Practice
GSSC:	Gauteng Shared Services Centre
HCBC:	Home Community Based Care
HCD:	Human Capital Development
HEI:	Higher Education Institutions
HIS:	Hospital Information System
HIV/Aids:	Human Immuno Deficiency Virus/Acquired Immune Deficiency Syndrome
HPRR:	Health Professionals Remuneration Review
HRD:	Human Resource Development
HRDS:	Human Resource Development Strategy
HRP:	Hospital Revitalisation Programme
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
IGR:	Intergovernmental relations
IHHSD:	Integrated Housing and Human Settlement Development Grant
iLRP:	Integrated Law Reform Project
INP:	Integrated Nutrition Programme
ISRDP:	Integrated Sustainable Rural Development Programme
ITDF:	Integrated Tourism Development Framework
IYM:	In-year monitoring
JIPSA:	Joint Initiative for Priority Skills Acquisition
LCC:	Loan Co-ordinating Committee
LED:	Local Economic Development
LFS:	Labour Force Survey
LG MTEC:	Local Government MTEC
LOGIS:	Logistical Information System
LRAD:	Land Redistribution and Agricultural Development
LTS:	Learner Tracking System
M&E:	Monitoring and Evaluating
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
MTEC:	Medium Term Expenditure Committee
MTBPS:	Medium Term Budget Policy Statement
MTEF:	Medium Term Expenditure Framework
MVAI	Motor Vehicle Accident Intervention Strategy
NGO:	Non-governmental Organisation
NMIR:	National Minimum Information Requirements
NMT:	Non-motorised transport
NQF:	National Qualification Framework
NSDF:	National Spatial Development Framework
NTSG:	National Tertiary Services Grant
PAFTECH:	Technical Provincial Advisory Forum
PCF:	Premier's Co-ordinating Forum
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 Strategy
PGWC:	Provincial Government Western Cape
PHC:	Primary Health Care
PIG:	Provincial Infrastructure Grant
PMTCT:	Prevention of Mother-to-Child Transmission
POS:	Public Ordinary Schools
PPHC:	Personal Primary Health Care
PPPs:	Public Private Partnerships
PSDF:	Provincial Spatial Development Framework
PSIRA	Private Security Industry Regulatory Authority
PSNP:	Primary School Nutrition Programme
PT:	Provincial Treasury
PTIF:	Provincial Transport Infrastructure Fund
QALYs:	Quality-Adjusted Life Years
QIDS-UP:	Quality Improvement, Development, Support and Upliftment Programme
REAF:	Rural Economic Assistance Fund
RED:	Real Enterprise Development
SAPS:	South African Police Services
SARS:	South African Revenue Services
SARCC:	South African Rail Commuter Corporation
SASCOC:	South African Sports Confederation and Olympic Committee
SASSA:	South African Social Security Agency
SCF:	Social Capital Formation
SCFS:	Social Capital Formation Strategy
SCM:	Supply Chain Management
SEDA:	Small Enterprise Development Agency
SEPLG:	Local Government Socio-Economic Profiles
SETA:	Sector Education and Training Authority
SGBs:	School Governing Bodies
SIP:	Strategic Infrastructure Plan
SHSS:	Sustainable Human Settlement Strategy
SITA:	State Information Technology Agency
SMME:	Small Medium and Micro Enterprise
SMS:	Senior Management Service
SCOA:	Standard Chart of Accounts
STI:	Sexually transmitted infection
TA	Technical Assistant
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
WC:	Western Cape
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

Introduction

In his 2007 State of the Province Address, the Premier underlined government's resolve to intensify the struggle against poverty and its various symptoms by making critical transitions from policy development to implementation, and from planning to delivery. The Western Cape Provincial Growth and Development Strategy (PGDS)—iKapa Elihlumayo—provides a coherent framework or map to plot our course towards higher growth which benefits all the people of the Province. Released as a green paper in October 2006, the PGDS served as the guiding policy document to shape our three-year fiscal policy, as captured in the 2007 MTBPS. In essence the PGDS articulated the vision and agenda while the MTBPS laid out the broad revenue estimates and spending priorities which will fuel its implementation. The 2007 Western Cape (WC) Budget then disaggregates the broad thrusts of the 2007 Medium Term Budget Policy Statement (MTBPS) into specific allocations per sector and vote over the next three years. In this manner, the 2007 WC Budget becomes a practical tool for making the critical transition to which the Premier referred, from the policy objectives contained in the PGDS to on-the-ground implementation.

The main themes of the 2007 WC Budget are the same as those introduced in the 2007 MTBPS: strategic economic infrastructure, skills development and improvements in the quality of social services. Economic infrastructure investment from national government as well as the private sector is catalysed by the immediate need to establish adequate infrastructure for the 2010 FIFA World Cup. Multiple departments across the economic and social clusters receive funds to roll out skills development interventions including learnerships, training, and Expanded Public Works Programme (EPWP) projects in various fields. A further important element of this

Main themes of 2007 Budget are economic infrastructure, skills development, and improvements in quality of social services

2007 MTEF is an initiative to boost the remuneration of health and education professionals.


This 2007 Budget Overview begins with an overview of the socio-economic situation in the Western Cape. Chapter 2 covers the Western Cape economic outlook and analyses labour market and employment trends by sector. Given this economic reality and the unique needs of the Western Cape, Chapter 3 then sets out the national policy imperatives, specifically the Accelerated and Shared Growth Initiative-South Africa (AsgiSA), and the fiscal framework detailed in the recent 2007 National Budget. The implications and funding flows for the provinces are drawn down and connected to the Western Cape's own policy priorities as contained in the PGDS. Chapter 3 concludes with a summary chart of 2007/08 key deliverables by department.

The annual budget is the result of a year-long, collaborative process with national and local government and between provincial departments. The process used by provincial departments to jointly agree upon spending priorities, as well as the means for provinces to input into national spending priorities, is described in Chapter 4 on the Budget Process. 2007 has also seen important developments in the building of structures and processes to align policy and expenditure planning between local and provincial government.

In order to achieve the policy objectives outlined in Chapter 3, the Province relies upon transfers from national government and own revenue. Chapter 5 details the provincial revenue envelope, which grows by 6,98 per cent in 2007/08 to R20,766 billion. Apart from the Provincial Equitable Share (PES) which makes up 72,80 per cent of the total Provincial Budget, national transfers to the Western Cape also include conditional grants which make up 17,69 per cent of the budget. Baseline revisions have been made to certain existing grants and a new grant, the Library Services Grant, has been added.

Chapter 6 outlines the overall fiscal framework for the Province. Given the revenue envelope described in Chapter 5, provincial expenditure will result in a net deficit of R91,574 million in 2007/08 and R18,001 million in 2008/09, and a net surplus of R109,577 million in 2009/10. By 2009/10, the Asset Financing Reserve is expected to be depleted *ceteris paribus*. The Chapter discusses how the Province will thus have to augment the resources currently available with alternate sources of own revenue.

Total provincial payments in 2007/08 amount to R20,857 billion, with provincial departments' budgets increasing by 7,05 per cent from the 2006/07 revised estimate. The departmental spending plans and earmarked allocations for provincial-specific priorities are described in greater depth in Chapter 7.



Chapters 8 to 12 provide detailed tables on expenditure by economic classification, departmental spending on training, capital expenditure and Public-Private Partnerships and Public Entities.

Funding flows from provincial government to municipalities and districts are set out in the remaining two chapters. The Budget Overview concludes with an analysis of how provincial funds are spread geographically across the Province via transfers to local government.

Socio-economic Backdrop to Budget 2007/08

The provincial economic growth rate outlook is higher than previously projected in the 2007 MTBPS. The upward revision is mainly due to the revisions to the Gross Domestic Product by Region (GDP-R) data by Statistics South Africa.

Despite the considerable success in the country's macroeconomic performance, unemployment and poverty continues to bedevil South Africa, suggesting that the benefits of economic growth are not shared.

In meeting the developmental challenge, the Province has adopted an evidence-based stance to spatially understand and quantify the progress and challenges in the Province as a whole.

The PGDS, taking its lead from the national development agenda, is designed to enable the Province to pursue a Shared Growth and Development Agenda. Shared Growth is a development strategy that views poverty reduction and economic growth as interdependent goals over the medium to long term.

Demographic projections

Demographic indicators are useful in assisting decision-makers to plan and implement programmes that mirror the developmental needs of the population. The main source of official demographic statistics available is the Statistics South Africa's mid-year population

*Demographic indicators
important for needs
analysis*

estimates that are published annually. However, mid-year population estimates lack a forward-looking view, making it difficult for future planning, especially in areas that are highly dependant on demographic information.

The Western Cape Provincial Government uses the ASSA2003 model, prepared by the Centre for Actuarial Research at the University of Cape Town and adapted for the Western Cape. The model takes natural growth, HIV and Aids and migration into account to generate its projections of the provincial population for the period between 2001 and 2025.

According to the model, the Western Cape had an estimated population of 4,9 million¹ in 2006 (Table 1). The figure does not differ significantly from the latest Stats SA's mid-year population estimates of 4,8 million.² In 2006 the population was 885 290 higher than the 1996 estimates and 1,9 million higher than the 1986 figure, which estimated the population at 3,1 million people.

The population grew at a relatively faster pace between 1986-1996, growing at an annual average rate of 3,36 per cent. This rate however, tapers off to 2,15 per cent for the period 1996-2006 and is expected to decline by more than half to 1,02 per cent for the period 2006-2010.

It is projected that by 2010 the total number of people residing in the Western Cape will be slightly over 5 million, representing a rise of 2,1 million people from 3,1 million people in 1986, or an estimated annual average growth rate of 4,93 per cent.

*WC population projected
to reach 5 million by
2010*

¹ See Table 1. Centre for Actuarial Research at the University of Cape Town, ASSA 2003 model.

² Statistics South Africa, Mid-year population estimates, South Africa: 2006.

Table 1 Population Growth in the Western Cape, 1986-2010

Total Population	Total Population (Thousands)				Total Change (Thousands)				Average Annual Growth Rate			
	1986	1996	2006	2010	1986-1996	1996-2006	2006-2010	1986-2010	1986-1996	1996-2006	2006-2010	1986-2010
African	512	895	1 422	1 521	383	527	98	1,009	7.5%	5.9	1.7	14.1
Coloured	1 969	2 299	2 618	2 728	330	319	109	759	1.7	1.4	1.1	2.8
Asian	17	41	48	50	24	7	1	33	14.2	1.8	1.0	14.1
White	578	872	904	898	294	31	(6)	319	5.1	0.4	(0.2)	4.0
Male	1 540	2 020	2 443	2 541	479	422	98	1 001	3.1	2.1	1.0	4.6
Female	1 535	2 088	2 550	2 656	552	462	106	1 120	3.6	2.2	1.0	5.2
0-14 yrs	1 077	1 258	1 343	1 381	181	84	38	304	1.7	0.7	0.7	2.0
15-34 yrs	1 164	1 515	1 781	1 759	351	266	(21)	595	3.0	1.8	(0.3)	3.7
35-64 yrs	716	1 138	1 597	1 754	421	458	157	1 037	5.9	4.0	2.5	10.4
65+yrs	118	196	272	303	77	75	30	184	6.5	3.9	2.8	11.1
Total Population	3 076	4 108	4 994	5 198	1 032	885	204	2 122	3.4	2.2	1.0	4.9

Source: Provincial Treasury calculations, CARE (2005).

Labour Market Trends

Employment prospects are, in general, closely aligned with economic activity. This alignment also holds true for the Western Cape as demonstrated by a relative rise in measured employment. The Labour Force Survey (LFS) for September 2005 shows an average annual growth rate of 1,50 per cent in total employment for the 5-year period ended September 2005. Total employment was estimated at 1,6 million jobs in September 2000, and increased marginally to approximately 1,7 million jobs in 2005.

Economic growth and employment closely related

Although unemployment remains a key problem, the unemployment rate in the Western Cape remains by far the lowest in South Africa.

According to the September 2005 LFS, official unemployment³ in the Province was estimated at 18,90 per cent and expanded unemployment was 22,70 per cent. According to the latest LFS (March 2006), the official unemployment rate continued to decline, falling to 15,90 per cent by March 2006.

³ The official definition of unemployment excludes discouraged workseekers while the expanded definition includes them.

Rate of growth in discouraged work seekers declines

It is, however, encouraging to note a relative decrease in the rate of growth of discouraged work-seekers in the Province, which is a sign of confidence in the economy's ability to create jobs.⁴ Between September 2001 and September 2005, the number of discouraged work-seekers grew only by an average annual rate of 3,0 per cent, compared to a growth rate of 19,5 per cent reported between September 2000 and September 2004. The number of discouraged work-seekers decreased to 189 000 in September 2005 from 218 000 in September 2004.

Formal sector accounts for 84 per cent of total employment

Formal job creation remains the main source of employment. In 2005, the formal sector accounted for over 1,5 million jobs or 84 per cent of total employment. 16 per cent of people counted as employed are found in the informal sector and domestic work.

Historically, the two most labour absorptive sectors were agriculture, forestry and fishing and manufacturing. However recently these sectors have shed jobs and have not yet experienced a turnaround.

The labour absorption rate in the Province has deteriorated, shrinking to 54,3 per cent in 2005 from 56,5 per cent in 2000. The fall in the absorption rate can be attributed to an increase in the labour force which outstripped employment creation. The labour force increased by an annual average rate of 2,70 per cent between 2000 and 2005 while the rate of employment creation was only 1,50 per cent during the same period.

Another striking feature is the large percentage change in the Province's working age population compared to a percentage change at the national level. Between 2000 and 2005 the working age population grew by 12,10 per cent in the Western Cape compared to a national growth rate of 6,60 per cent.

Expressed as an annual average, the working population growth rate in the Western Cape (2,30 per cent) almost doubled compared to the national estimates (1,30 per cent). The rapid growth of the working age population could be attributed to the natural population growth and in-migration to the Province. However, projections show that in-migration is expected to taper off over the forecast period to 2025.

⁴ Discouraged work-seekers are those individuals who are unemployed but have given up actively looking for work (i.e. these individuals are unemployed according to the broad definition of unemployment, but not according to the narrow definition of unemployment).

Table 2 Labour Market Aggregates, 2000 – 2005

	2000 (Thousands)	2005 (Thousands)	Total Change		Average Annual Growth
			Thousands	Per cent	
<i>Western Cape</i>					
Working Age Population	2 834	3 177	343	12.1	2.3
Employed	1 601	1 726	125	7.8	1.5
Broad Unemployed	426	591	165	38.7	6.8
Broad Labour Force	2 027	2 317	290	14.3	2.7
Narrow Unemployed	319	403	84	26.3	4.8
Narrow Labour Force	1 920	2 128	208	10.8	2.1
Discouraged Work-seekers	107	189	82	76.6	12.1
GDP (2000 prices, R million)	119 098	150 176	31 077	26.1	6.0
<i>South Africa</i>					
Working Age Population	27 869	29 697	1 828	6.6	1.3
Employed	12 238	12 300	62	0.5	0.1
Broad Unemployed	6 379	7 799	1 420	22.3	4.1
Broad Labour Force	18 618	20 100	1 482	8.0	1.5
Narrow Unemployed	4 162	4 487	325	7.8	1.5
Narrow Labour Force	16 400	16 788	388	2.4	0.5
Discouraged Work-seekers	2 218	3 312	1 094	49.3	8.3
GDP (2000 prices, R million)	922 148	1 016 750	178 532	21.3	4.9

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

Between September 2000 and September 2005, the labour force and the working age population (15 to 65) increased significantly, growing at an average annual rate of 2,7 per cent and 2,3 per cent respectively. The increase in the working age population means that the provincial economy is arguably under extra pressure to create employment opportunities.

Employment Trends by Sector

Three sectors, namely Wholesale & Retail Trade, Community, Social and Personal Services & Manufacturing, consistently accounted for the majority of employment in 2004 and 2005. However, these sectors exhibit some varying trends. Between 2004 and 2005, Wholesale & Retail Trade added 83 000 jobs to account for 424 000 jobs in 2005. While still significant employers, the Community Social & Personal Services & Manufacturing sectors' contribution to total employment dropped on a year-on-year basis:

Wholesale & Retail Trade sector a significant job creator

- Community, Social and Personal Services shed 11 000 workers to reach 311 000 workers in total. This decrease resulted in a drop in the share of the sector from 19 per cent of employment in 2004 to 17,90 per cent in 2005.
- Manufacturing had a marginally lower share of employment, decreasing to 283 000 workers or 16,30 per cent of total

employment in 2005. This level is down from 287 000 workers, or 17,0 per cent of employment in 2004.

- Agriculture, forestry, fishing & hunting lost a significant share of total employment in the Province, from a high of 14,68 per cent in 2000, dropping by more than half over the 5-year period to 7,44 per cent in 2005. This sector fell from the fourth largest employer in 2000 to become the sixth largest in 2005.

Table 3 Sectoral Distribution of Western Cape Employment, 2000 and 2005

	2000		2005		Change		
	'000s	Share	'000s	Share	'000s	Share	Ave An Gr
Agriculture	235	14.7	129	7.4	(106)	(45.1)	(11.3)
Manufacturing	262	16.4	283	16.3	21	8.0	1.6
Construction	117	7.3	160	9.2	43	36.8	6.5
Whole and Retail Trade	304	19.0	424	24.5	120	39.5	6.9
Trans/Communications	73	4.6	83	4.8	10	13.7	2.6
Finance	171	10.6	220	12.7	49	28.7	5.2
Community, Social and Other Personal Services	294	18.4	311	17.9	17	5.8	1.1
Private Households	113	7.1	124	7.2	11	9.7	1.9
<i>Primary Sector</i>	240	15.0	129	7.4	(111)	(46.3)	(11.7)
<i>Secondary Sector</i>	388	24.2	526	30.3	138	35.6	6.3
<i>Tertiary Sector</i>	955	59.7	1 079	62.2	84	8.4	1.6
Total	1 601	100.0	1 734	100.0	133	100.0	1.6

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

Note: 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 Creation and Skills

WC formal sector employment creation lags behind national rates

Formal sector employment creation in the Western Cape economy has lagged compared to the rest of the country in recent years, despite the upward revision of the regional employment growth.

According to estimates by Quantec Research, which derives regional employment data from the official labour market data sources, formal sector employment in the Western Cape grew by 0,3 per cent per annum between 2000 and 2005, compared to annual formal sector employment growth of 0,6 per cent at the national level over the corresponding period.

The Bureau for Economic Research (BER) business confidence survey in the manufacturing sector reveals a picture of waning confidence during the third quarter of 2006. This survey cites skilled labour constraints as a key issue, and identifies raw material shortages,

higher interest rates and the general political climate as the key binding constraints.

Less than 40 per cent of the respondents in the Western Cape reported satisfactory business confidence, far below Gauteng and Kwa-Zulu Natal where 76 per cent and 80 per cent of the respondents respectively reported satisfactory business conditions in the last quarter of 2006.

Macroeconomic environment and outlook for the Western Cape Economy

The South African Economy

The South African and Western Cape economies experienced strong growth over recent years with the national economic growth averaging around 5 per cent per annum for the past three calendar years to 2006. The growth momentum remained close to 5 per cent during the second half of 2006. Growth is projected to accelerate again in the run-up to the 2010 FIFA World Cup.

Growth expected to accelerate in run-up to 2010

The broader economic conditions in the national economy remained upbeat through the end of 2006 despite the changing financial climate (higher inflation and higher interest rates).

CPIX inflation increased from 3,70 per cent in April 2006 to 5 per cent in August and remaining at this level for the remainder of 2006. The increase in the CPIX inflation was mainly driven by higher food and energy prices, as well as the depreciation of the Rand. This increase led to four interest rate hikes by the South African Reserve Bank (SARB) since June 2006.

The impact of higher interest rates is evident in leading indicators. As a result, economic growth is expected to moderate during 2007/08.

Table 4 Macro-economic outlook for South Africa: 2007 to 2010

	Average 2000-2005	2006est	2007F	2008F	2009F	2010F
Expenditure on GDP (real % change):						
Household consumption	4.6	7.0	4.3	4.2	4.3	4.9
Fixed investment	6.6	11.9	8.7	8.8	8.5	7.7
Gross domestic expenditure (GDE)	4.9	8.1	4.7	5.0	5.2	5.3
Exports	3.8	3.2	6.2	6.3	6.7	8.7
Gross Domestic Product (GDP)	3.9	5.0	4.5	4.5	5.3	5.5
Inflation, interest & exchange rates						
CPIX inflation	6.5	4.6	5.4	5.1	4.9	5.2
PPI inflation	6.2	7.6	6.9	5.2	5.0	5.1
Prime overdraft rate	13.50	11.12	12.94	12.38	12.00	12.50
R/\$ exchange rate	7.74	6.77	7.64	8.18	8.63	9.09
R/euro exchange rate	8.09	8.50	10.16	10.63	10.90	11.19

Source: Bureau for Economic Research.

Real Output Trends and Western Cape Economic Outlook

The revised real GDP-R growth statistics indicate that the regional economy expanded by around 6 per cent per annum between 2004 and 2005. Current estimates indicate a growth rate of 5,50 per cent in 2006, on the back of strong growth in the services industries (excluding government) and construction.

The services industries grew by 6,50 per cent per annum on average between 2004 and 2005 and were estimated to grow by 6 per cent during 2006. The construction sector grew at double-digit levels, expanding by 12 per cent per annum from 2004 to 2005 and is expected to grow at an estimated 15 per cent during 2006.

The revised GDP-R statistics reveal a recovery in the manufacturing and the agricultural real value-added growth between 2004 and 2005. However the 5-year average annual growth rates of 3,10 per cent per annum for manufacturing and 1,60 per cent per annum for agriculture reveal a disappointing growth performance.

The underperformance of the manufacturing sector is a major concern. Manufactured exports fared poorly outside of the Western Cape between 2003 and 2005 yet also did not respond favourably to the competitive boost from the Rand's depreciation in 2006.

In summary, the Western Cape economic performance is currently characterized by strong growth of 5-6 per cent, but with an unsatisfactory rate of formal sector employment creation. The manufacturing sector also clearly underperforms, with a weak export performance being an important drag.

Table 5 Outlook for the Western Cape Economy: 2005/06 to 2009/10

	Average 2000- 2005	2005/06	2006/07	MTEF		
				2007/08	2008/09	2009/10
GDPR (R billion; current prices):	-	232.2	257.9	284.9	314.6	349.9
Real GDPR % growth	4.7	5.7	5.3	4.9	5.3	5.7
GDPR deflator	6.7	5.2	5.5	5.3	4.8	5.3
CPI inflation	5.2	4.5	4.6	5.5	4.5	4.6
GDPR by sector (real % change):						
Agric, forestry & fishing	1.6	4.4	2.7	1.9	2.4	2.8
Mining and quarrying	-0.5	0.9	0.8	2.0	2.6	2.7
Manufacturing	3.1	4.9	3.6	3.3	3.5	3.6
Electricity, gas and water	3.7	3.8	3.6	3.4	3.7	4.1
Construction	8.0	13.1	14.9	13.0	12.2	12.7
Retail trade & catering	6.0	6.6	7.0	5.4	6.1	6.4
Transport & communication	6.4	6.3	5.6	6.2	6.6	7.0
Financial & business services	6.6	5.9	5.6	5.5	5.9	6.3
CSP services	3.5	4.8	2.9	2.7	3.2	3.5
General government	1.0	3.0	3.2	2.6	2.9	3.2
Western Cape GDPR	4.7	5.7	5.3	4.9	5.3	5.7

Source: Bureau for Economic Research.

Note: F – Forecast. Fiscal years ending 31 March.

Local Government performance

The 2007 WC MTBPS noted that the performance of municipalities in the Western Cape hinged on their respective economic base. Municipalities with balanced economies somewhat outperformed the provincial growth trends, while those with economies heavy reliant on agriculture remained sluggish.

The upward growth revisions seen in November 2006 have filtered through to regional economies, albeit at different magnitudes.

The revised data shows that the share of the contribution to GDP-R from coastal districts rose. The Cape Winelands district's share of contribution declined significantly from 2004. Before the revisions, the Cape Winelands district was estimated to contribute approximately 10,49 per cent in 2004. The revised data shows that Cape Winelands contributed 8,90 per cent in 2004 and down to 8,82 per cent in 2005.

Meanwhile, the Metro's share rose from an un-revised 76,49 per cent. This figure was revised to 77,76 per cent in 2004, growing to 77,87 per cent in 2005.

Expressed in terms of growth, the metro and all districts' economies showed positive growth in 2005. However, the growth rate in the West Coast and Cape Winelands districts was slower compared to the Province as a whole.

The performance is largely linked to the municipalities' relative exposure to the top performing sectors in the Western Cape region, namely Construction, Wholesale Retail Trade & Catering; Transport & Communication; Financial & Business Services.

The strong construction performance will certainly benefit those municipalities with larger proportions of property developments. The recent construction boom in local municipalities, in addition to ageing infrastructure, has put more pressure on bulk infrastructure. Bulk infrastructure delivery and its financing is thus a priority if municipalities are to cope with the rising demand for water and sanitation.

Infrastructure expenditure will lead economic growth

Infrastructure-led growth will certainly be an impetus for growth, especially in the context of the pressing need to resolve the widespread problem of ageing infrastructure across the Province. The ability to spend faster on capital expenditure will be key to eradicating infrastructure bottlenecks.

The turnaround in agricultural activity will also be a welcome relief for those regions largely dependent on agriculture. In addition to faster increases in capital spending, the evidence of multifaceted deprivation needs coherent strategies targeted at rebuilding the fragmented social fibre.

In an attempt to promote a seamless government, the provincial government undertakes a series of bilateral engagements with municipalities, which also bring together provincial and national sector departments. The engagements, referred to as LGMTEC 2, are described in greater detail in Chapter 4. The sessions are essentially intended to assist in producing LEDs and IDPs that speak to the socio-economic imperatives, while advocating evidence-based approaches to planning for better service delivery.

The approach is important for improved intergovernmental relations, which, in turn, is a pre-condition for driving coherent policies and development strategies. In the coordination of these efforts, the challenge is to target these areas where interventions will have the maximum impact on growth and poverty while sequencing the plans for effective implementation.

Conclusion

The Western Cape economy continues to take its cue from the national economy. Buoyant economic conditions are expected to remain and the anticipated strong growth in fixed investment and the government-led infrastructure drive will underpin the provincial growth trajectory.

The economy has however failed to translate these gains into significant employment opportunities. Unemployment and poverty thus remain key social challenges.

In addition to skills-related constraints, key risks to the economic outlook are the Province's export performance, the building materials shortage and the political climate. While the skills shortage poses a serious threat for economic development, the historically labour-absorptive sectors in the Province continue to underperform. Strategic interventions such as the Joint Initiative for Priority Skills Acquisition (JIPSA) targeted at addressing the skills shortage and stimulating the economy while integrating the second economy are an urgent necessity if the Province aspires to eradicate poverty and contribute its fair share to the Millennium Development Goals.

Notwithstanding the budgetary constraints, the skills shortage will also make it more difficult for government to respond to the widespread bulk infrastructure backlogs in the Province.

Ability to respond to bulk infrastructure backlogs constrained by skills shortage.

National Policy Framework and Provincial Priorities

The preceding chapter describing the socio economic situation in the Western Cape indicates that despite strong economic growth, the provincial economy has failed to transform these gains into significant employment creation and poverty alleviation. As with the nation as a whole, the economic data tells us that interventions to address the skills shortage and stimulate the second economy ought to be key policy priorities. This Chapter sets out the policy imperatives—national and provincial—which draw their rationale from the socioeconomic situation and macroeconomic outlook for the Western Cape described in Chapter 2.

National policy imperatives

The national fiscal framework takes its direction from the policy objectives outlined in Accelerated and Shared Growth Initiative-South Africa (AsgiSA). AsgiSA describes the major factors that are currently holding back the South African economy. These six binding constraints are essentially the bottlenecks which must be unblocked in order for us to achieve higher growth and to share its benefits amongst all our people. Interventions to undo these barriers fall into six broad categories: infrastructure investment; sector investment (or industrial) strategies; skills and education initiatives; second economy interventions; macro-economic issues; and issues of public administration.

Provinces to play key role in implementing economic sector-based strategies

National government relies strongly on provinces for implementation in the area of infrastructure investment, including roads, bulk infrastructure and housing. Provinces can also play an important role in carrying out sector investment strategies in those areas receiving top attention from AsgiSA—business process outsourcing (BPO), tourism, agriculture and biofuels. The national fiscal framework also provides for provincial governments to ratchet up skills and education initiatives, especially Adult Basic Education and Training (ABET) and Further Education and Training (FET) colleges.

Two additional areas of AsgiSA-identified interventions directly relate to provinces. Provinces can actively boost the informal economy via: support to SMME's; measures to promote youth development and enhanced women's access to economic opportunities; Broad Based Black Economic Empowerment (BBBEE); Expanded Public Works Programme (EPWP); and reforms to the regulatory environment. Secondly, the success of AsgiSA relies on an underlying improvement in governance and public administration itself.

Following on the 2006 national MTBPS, the national budget presented by Minister Manuel on 21 February 2007 centres on sustained shared growth. In order to achieve these policy objectives, the 2007 National Budget makes available a total of R90 billion in additional funds over the 2007 MTEF. These additional funds have been channeled to key performance areas which will support faster shared growth. The key social and economic development policy objectives which inform the national budget for the 2007 MTEF are:

- Investment in major economic infrastructure projects, especially stadium and transport infrastructure related to the 2010 FIFA World Cup.
- Increasing the social wage through investments in bulk water and sanitation and other essential services.

- Eliminating backlogs in social services delivery, including special attention to salaries, skills and attracting more professionals to the health, education and social development sectors.
- Modernising the state and improving governance and public administration.
- Strengthening regional and international partnerships for peacekeeping and development.

Nationally, over the 2007 MTEF an amount of R24,596 billion is added to the baseline of the Provincial equitable share (PES) compared to estimates in the 2006/07 Budget. The funds are intended for priority areas in social development, education and health, and to ratchet up support to economic functions which feed into AsgiSA.

Within the social sector, the dominant focus is on personnel. Approximately R1,163 billion over the MTEF will be targeted for improved remuneration for educators and medical professionals.

Despite sizable budget shares and noted achievements in the education sector, public investment in education have not yet resulted in the desired educational outcomes. The planned increases in **education** contained in the 2007 MTEF are therefore aimed at improving quality and heightening the return on investment. Additional funds in education are targeted for:

- Increased remuneration for education personnel, initially targeting school managers and providing administrative support in schools. The remuneration packages of school managers are to be scaled up gradually over the MTEF, and later extended to other categories of educators.
- Step-up in quality improvement programmes introduced in the 2006/07 Budget, including the eradication of backlogs and rehabilitation of deteriorating facilities and equipment (laboratories, libraries and photocopiers) in disadvantaged schools.
- In-service training and development programmes for teachers to improve the quality of teaching in the areas of maths, life orientation, Grade R and school management.
- Systemic evaluation, to get a more comprehensive and accurate understanding of the achievements and needs of learners.
- Bursaries for FET college students.

Strong focus on improving quality of education

Funds targeted to upgrade qualifications of educators and improve working conditions

Funds for the education priorities described above were announced in the 2006 MTBPS. Subsequently, the National Cabinet endorsed further adjustments to the equitable share of R2 billion in 2008/09 and R4 billion in 2009/10 to *further* extend personnel related adjustments in education. These additional allocations are to allow provinces to improve the levels of remuneration of teachers, increase the number of clerical and support staff in schools and districts, hire teaching assistants especially in the foundation phase of the schooling system and provide targeted incentives to teachers in critical subjects. The Western Cape's share of these funds totals R175,963 million in 2008/09 and R351,926 million in 2009/10.

Within the **health** sector, additional funds available from national government over the 2007 MTEF are targeted for the following priority areas:

Government continues to improve health care services and working conditions of health professionals

- Implementation of the Health Professional Remuneration Review in a phased manner in order to improve the conditions of service for professional health workers. The long term aim is to add 30 000 health personnel to the public sector over the next five years. The immediate priority is improving the pay of professional nurses. Doctors, dentists and pharmacists are to be targeted in the second year and various professional groups such as physiotherapists and occupational therapists in the third year.
- Creation of additional posts for health professionals, including a mandatory second year of medical internship and community service for nurses.
- Boost Emergency Medical Services, in anticipation of the demands around WC 2010. The aim is to shorten response times, improve communication systems, replace old emergency vehicles, extend aero-medical services and train additional basic ambulance staff.
- Augmentation of the Hospital Revitalisation Conditional Grant and the National Tertiary Services Grant to finance the acquisition of radiology and oncology equipment.
- Augmentation of the Comprehensive HIV and Aids Grant to extend the coverage of programmes, including HIV and Anti-retroviral (ARV) treatment.

The **social development** sector benefits from additional funds over the 2007 MTEF specifically for:

- Recruitment and employment of social auxiliary workers who are qualified to perform some tasks of a regular social worker. This will assist to relieve the burden on social workers.
- Fighting substance abuse and the implementation of the National Drug Master Plan, including funds to cover infrastructure needs and equip rehabilitation centers.

- Support to children's homes.

Turning to non-social sector priorities, national government has targeted additional funds for specific **economic functions** which support job creation, including roads, agriculture, tourism, and SMME development. In the Western Cape, R327 million is made available over the 2007 MTEF for specific economic priorities.

Investment in public transport and infrastructure to stimulate economic growth

National government has also added another R4,3 billion to the Provincial Infrastructure Grant nationally over the next three years. A total of R283,164 million of this will flow to the Western Cape. Seventy per cent of the increase is to be used for planned EPWP projects for roads and transport.

Subsequent to the 2006 National MTBPS, two main changes to the provincial fiscal framework have been introduced at national level:

- The equitable share is revised upwards by R6 billion over the 2007 MTEF to further extend personnel related adjustments in education, as mentioned above.
- The Gautrain Rapid Rail Link, HIV and Aids (in education and health), National Tertiary Services and Mass Sport and Recreation Participation Programme grants are revised upwards. The Community Library Services grant is also introduced.

Funds added to the Mass Sport and Recreation conditional grant are meant to expand mass sport participation and support club structures at grassroots level. The community library services grant is established to step up and institutionalise community library services in underserved areas. The programme seeks to recapitalise library infrastructure and facilities, given that responsibility for libraries is shifting from municipalities to provinces.

Western Cape Provincial Growth and Development Strategy

The national policy and spending priorities summarised above flow through to the provincial sphere and help to shape the main messages emanating from the 2007 WC Budget:

- Quality of education and health care and access to social services.
- Infrastructure investment.
- Learnerships, training and skills development.

Besides expressing national priorities, these themes from the WC Budget are tightly aligned with the Province's own development agenda, as captured in the PGDS. The iKapa Elihlumayo PGDS sets out 8 strategic goals as it charts a path of shared growth for the province as a whole:

PGDS charts a path towards shared economic growth and integrated development

- Broadening economic participation.
- Investing in efficient 'connectivity infrastructures'.
- Planning, building and managing effective public and non-motorised transport.
- Creating livable communities.
- Fostering resilient and creative communities.
- Ensuring greater spatial integration.
- Nurturing a culture of tolerance and mutual respect.
- Creating and protecting effective governance institutions.

The core of the PGDS is in its '**lead interventions**'— big-budget public sector project actions with the potential to unlock the developmental path to the Western Cape."⁵ Integrated transport is put front and centre, as the '**path-breaking**' **lead intervention**.

'Path-shaping' interventions identified in the PGDS are key infrastructure and skills projects which support AsgiSA: The Cape Flats Renewal Project; the World Cup 2010; Scarce Skills, Energy and Water; and the MEDS priority sectors. Tourism, BPO/Call Centres, Agriculture and Aquaculture, Oil and Gas, ICT and Creative Industries projects have been identified as leading sectors that need resources as they pose the ability to stimulate economic growth and create employment opportunities.

Finally, the PGDS's 'path-consolidating' interventions are a third layer of projects to get the province where it needs to go developmentally. These interventions include: MEDS; Safety and Security; Human Capital Development; Social Capital Formation; Integrated Law Reform; Burden of Disease; Healthcare 2010; Human Settlement; SDIP; and SIP (bulk infrastructure).

Given that the PGDS is our provincial development strategy, the Budget is its twin document, setting out the detail of how the provincial government will apply resources to these policy goals. In essence the 2007/08 WC Budget document needs to demonstrate how the spending priorities it sets out support the strategic goals of the PGDS.

However, we cannot achieve the development goals of the PGDS by only relying upon additional funds received from national government. Additional national transfers to the WC contained in the 2007 MTEF will not be sufficient to effect a marked shift in the growth and development trajectory of the Province. Only 12 per cent of the

⁵ PGDS Green Paper, pg. 79.

total PES funds in the 2007 MTEF are additional funds compared to the 2006 MTEF.

Therefore the achievement of the PGDS strategic goals requires that the Province improve the efficiency and effectiveness of its baseline spending in order to get more value for money from the funds we have. Given that the bulk of spending is in the existing baseline budget, we must reprioritise what we have instead of relying solely on new funding flows.

Government must improve efficiency and effectiveness of spending on existing funds

Western Cape provincial spending priorities for the 2007 MTEF

The three key themes of 2006 WC MTBPS were strengthening strategic economic infrastructure, boosting skills development, and improving the quality of social services. The 2007/08 WC Budget provides more detail and maps out the specific allocations which give substance to the fiscal policy introduced in the 2006 WC MTBPS.

Main themes of 2007 MTEF are economic infrastructure, skills development and improvement in the quality of social services

Within the social cluster, the top priority for this 2007 MTEF is to improve the quality of services and people's access to those services. As part of the national fiscal framework, our provincial health and education departments will improve remuneration and build skills of personnel in order to alleviate staff shortages and improve the quality of social services. Furthermore, the social sector departments aim to work together to lessen the burden of trauma and illness, by investing in emergency medical services and programmes to address infectious disease.

Workforce/skills development and infrastructure feature at the top of the list of priorities for the economic sector. Investments in public transport, agriculture and tourism infrastructure are also key interventions from the economic cluster which are designed to directly support PGDS and AsgiSA goals.

Within the Governance and Administration cluster, the main aim is to strengthen the provincial government internally so that it can deliver more effectively and efficiently. With greater capacity comes better quality services and more mileage for the money. Cluster priorities for the 2007 MTEF include: security risk management for Provincial Government of the Western Cape (PGWC) employees and facilities; internal audit capability in Departments to strengthen financial governance; and enhanced strategic capacity in the Department of the Premier.

Summary matrix of 2007/08 key deliverables

Beginning in the 2006 Budget Overview, Departments summarised their main objectives in a matrix of key deliverables for the upcoming budget year. This chart succinctly captures the essence of what this 2007/08 WC Budget will buy for the people of the Western Cape.

These are the core outputs which the departments have identified for themselves for the upcoming financial year.

The Key Deliverables matrix is only a snapshot, while other more sophisticated monitoring and evaluation tools provide more detail. A draft monitoring indicator framework for the PGDS is being developed which will be placed on the CapeGateway website before the end of April for public scrutiny and comment. A Provincial Programme of Action, linked to its national counterpart, will also be placed on the website to give citizens insight into how departments plan to bring about the iKapa Elihlumayo PGDS. These Monitoring and Evaluating (M&E) tools supplement or summarise the information contained in the provincial departments' annual performance plans and their quarterly performance reports containing both financial and non-financial information.

Table 6 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 2007/08	<ul style="list-style-type: none"> • Safeguarding of state’s tangible and intangible assets. • Oversight of SAPS, Metropolitan Police Services and the Provincial Traffic Service on issues of performance and service delivery. • Provide evidence based policy and strategic interventions. • Implementation of the Motor Vehicle Accident Strategy: <ul style="list-style-type: none"> ○ maintain 24 hours/ daily, 7 days/week Traffic Services ○ reduce road fatalities by 5% • Strengthened financial management systems by capacitating the risk and compliance unit, asset register and PFMA compliant procurement and provisioning. • Implementation of Youth Oriented Crime Prevention Projects: <ul style="list-style-type: none"> ○ Anti- gang ○ Anti drug ○ School safety • Enhanced safety of vulnerable groups: <ul style="list-style-type: none"> ○ Anti-rape strategy ○ Hands Off Our Children (HOOC) • Enhanced community involvement in safety provision and crime prevention: <ul style="list-style-type: none"> ○ Community Policing Forums ○ Bambanani Volunteers ○ Road Safety ○ Train Safety 	<ul style="list-style-type: none"> • Implementation of first phase of the redesign of the WCED in order to best implement the HCDS and ensure representivity. • Quality and upliftment programmes - through continued re-capitalisation of all 6 FET colleges and implementation of QIDS-UP, targeting the poorest primary schools as well as improving physical safety of high risk schools. • Improved access and equity – through the addition of 6 000 Grade R learners as well as the provision of teaching and learning kits. Expansion of the total number of no-fee schools to 652. Access to computer laboratories for a further 200 schools. • Implementation of the National Curriculum Statement – preparation for Grade 12 in 2008. • Monitoring and evaluation – implementation of Whole School Evaluation in 30 schools. • Human Resource policies and systems - further development of 160 principals and 500 teachers in structured training programmes. • Enhancement of numeracy and literacy – targeting primary schools through continuous training of teachers; classroom support; and the deployment of 510 teaching assistants in the Foundation Phase of the poorest primary schools. 	<ul style="list-style-type: none"> • Finalisation and implementation of Comprehensive Service Plan to implement Healthcare 2010. • Signing of the new multilateral and bilateral agreements between the Department and the four institutions of higher learning. • Restructured Emergency Medical Services to facilitate achievement of response times within nationally accepted norms. • Development and implementation of effective planned patient transport service (HealthNET). • Full assumption of responsibility for Personal Primary Health Care in the rural districts. • Strengthened TB programmes and management, treatment and care of people living with HIV and AIDS. • Implementation of national initiatives to appoint additional health professionals and to implement Health Professionals Remuneration Review to facilitate recruitment and retention of health professionals, especially nurses. • Strengthened human resource and financial management to improve performance. • Expansion of existing EPWP programmes to train community home-based carers and ARV lay counselors. 	<ul style="list-style-type: none"> • Orientation to the Section 75 Children’s Act to prepare for implementation, consultation around the Section 76 Children’s Amendment Bill, implementation and monitoring of the Older Person’s Act. • Strengthened initiatives to reduce supply of and demand for substances—focusing on treatment and prevention, after-care support, community based services and coordination and integration. • Strengthened families as well as early intervention and protection services for the vulnerable and those with special needs (ECD, children and families, older persons, persons with disabilities, victims, gender, persons infected and affected by HIV/AIDS, youth at risk). • Increased accessibility to services by migrating to areas of greatest need and highest priority and addressing historical imbalances. • Increased number of persons reached through the EPWP (ECD, HCBC and youth). • Strengthened initiatives to promote sustainable livelihoods. 	<ul style="list-style-type: none"> • Development and implementation of programmes for football development, arts, culture and language linked to WC 2010. • Maintenance of Sport School to sustain the nurturing of talent. • Focused use of libraries, archives and museums to build social & human capital and create an environment of learning and heritage appreciation. • Promotion of the principle of multilingualism and development of previously marginalised indigenous languages. • Progressive regionalisation of the Department so that services are more accessible to communities. • Sport development in prioritised sports codes. • Support to and promotion of High Performance programmes.

ECONOMIC CLUSTER KEY DELIVERABLES 2007/08	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"> • Waste Management with focus on landfill monitoring and permitting. • Implementation of the National Environmental Management Air Quality Act, the Health Care Waste Management Act, the review of the implementation of section 30 of the National Environmental Management Act and amendment of the Western Cape Noise Control Regulations. • Support to and monitoring of the Western Cape Nature Conservation Board. • Roll-out of the Sustainable Development Implementation Plan for the Province. <ul style="list-style-type: none"> ◦ Implementation of the provincial climate change response strategy and action plan for the Western Cape. ◦ Strengthening of the Environmental Economy through awareness and empowerment programmes. ◦ Roll-out of the Integrated Energy Strategy for the Western Cape. • Finalisation of the Integrated Law Reform Project on environmental, planning and heritage matters. • Expansion of the Law Enforcement and Compliance Monitoring Component to meet regulatory obligations associated with the National Environmental Management Act. 	<ul style="list-style-type: none"> • Strategic Infrastructure plan: Refine and start the roll-out. • Scarce skills: Expansion of the Masakh'iSizwe Programme to increase the number of external bursaries from 127 to 230 and to maintain Learnership 1000 Programme. • Public Works: Construction and maintenance of key social infrastructure, in particular the completion of 13 schools and the Worcester Regional Hospital; the continued construction of Paarl Regional Hospital; the commencement of construction of the Khayelitsha and Mitchell's Plain District Hospital; and maintenance and construction of general buildings. • Property Management: Development of an Immoveable Asset Management Plan and implementation of the Central Business District Office Accommodation Plan. • Roads: Completion of key highway infrastructure, in particular the Potsdam interchange; surfacing of a number of tourist routes such as the upgrading to a surfaced standard of the Gansbaai/Bredasdorp link (Phase 1); maintenance, resealing and regravelling programme according to the pavement management system; safety improvements such as street lighting, bridge handrails and pedestrian bridges. 	<ul style="list-style-type: none"> • Offer 170 Learnerships, 100 internships and 50 bursaries for target groups. • Provision of infrastructure to 150 land reform projects to improve primary production. • Expansion of food security projects by 20%. • Implementation of comprehensive mentorship programme for land reform projects. • Re-skilling of unemployed and evicted farm workers. • Launch of water wise and biodiversity awareness campaign. • Facilitated access for emerging farmers to the Philippi market and 15 export contracts. • Complete mapping of indigenous honeybush tea. • Connection of offices in two district municipalities to head office through wireless technology. • Completion of decentralisation model for better district service delivery. 	<ul style="list-style-type: none"> • Skills interventions – intensification and scaling up of existing skills development programmes as well as development of specific skills interventions for the MEDS priority sectors. • Enterprise development –to support informal sector and promote the migration of entrepreneurs from second to first economy. Focus areas: access to finance, training, mentorship and business-related infrastructure. • Sector support for priority and significant sectors through: the support of sector bodies, infrastructure development in order to improve accessibility and increase competitiveness and growth and the promotion of downstream activities to broaden the base of economic participation. • Spatial expression of economic development –support of municipalities in developing LED strategies, identification of economic opportunities as well broadening of participation and promoting shared growth through the Real Economic Assistance Fund. 	<ul style="list-style-type: none"> • Finalisation of Human Settlement Strategy. • Formulation of a Sustainability Framework. • Execution of 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. • Implementation of capacity building strategy for local government, including support of newly elected councilors and Project Consolidate municipalities. • Deepened democracy and more effective use of public participation instruments (ward committees, CDWs). • Coordinated 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).

	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
ECONOMIC CLUSTER KEY DELIVERABLES 2007/08	<ul style="list-style-type: none"> Alignment of municipal Integrated Development Plans and Spatial Development Frameworks with the Western Cape Provincial Spatial Development Framework. 	<ul style="list-style-type: none"> Public Transport: Implementation of the Public Transport Improvement Programme starting with service contracts on Klipfontein Corridor for the provision of subsidised public transport, implementation of an integrated fare management system, implementation of a safety and enforcement strategy and the establishment of a public transport operating entity; implementation of the George mobility strategy, including the upgrading of Sandkraal Road; designing of the Central Karoo, Cape Winelands and West Coast mobility strategies. Traffic Management: Implementation of the electronic driving license booking system. Expanded Public Works Programme: Implementation and mainstreaming the EPWP starting with strengthening of institutional capacity to provide technical support, and establishing institutional frameworks (sector and district forums). 2010 FIFA World Cup: Contribution to critical infrastructure such as the Airport Interchange, public transport priority lanes on the N2 linking the Airport and Metro South with the City and the planning and design of Koeberg Interchange (phase 1). 		<ul style="list-style-type: none"> Fair business environment – implement the Consumer Affairs Act (incl. the Consumer Tribunal) and position the Office of the Consumer Protector as a provincial credit regulator in terms of the National Credit Act, 2005. Establish the Office of the Consumer Protector and implement education and awareness campaigns. Institutional review – to ensure the appropriate institutional framework and vehicles for achieving the objectives of the Department. 	<ul style="list-style-type: none"> Rationalisation and strengthening of M&E. Strengthened intergovernmental relations through improved integrated planning alignment and performance monitoring.

GOVERNMENT AND ADMINISTRATION CLUSTER KEY DELIVERABLES 2007/08	Vote 1: Department of the Premier	Vote 8: Local Government	Vote 3: Provincial Treasury
	<ul style="list-style-type: none"> • Implementation of the PGDS White Paper with a coherent Strategic ICT Planning Framework and Communication Strategy. • Implementation of the Internal Human and Social Capital Strategies—Premier’s Service Excellence Awards, SMS Learning Network, Learnership Programme, Executive Leadership Programme and the Accelerated Development Programme. • Accelerated implementation of Project Khaedu and development of a PGWC Staff Performance Management Information System and a Service Delivery Improvement Program for the PGWC. • Development and implementation of integrated moral regeneration programme and intensification of the PGWC anti-corruption campaign. • Improved accessibility to government information and services by establishing a further 6 e-centres in communities and developing one community website. • Leadership and coordination to implement the World Cup 2010 Strategic and Business Plans 	<ul style="list-style-type: none"> • Municipalities with enhanced capacity to deliver services, via capacity building by means of road shows on social housing especially to the poor, in a developmental and sustainable manner. • Strengthened and institutionalised operational intergovernmental relations and quality Integrated Development Plans. • Enhanced social capital formation and facilitated active community participation. • A comprehensive information and knowledge management system supported by a strategic and coordinated research agenda as a basis for planning, action, monitoring and evaluation. • Clear and accessible communication both internally - in the Department, between government Departments and between spheres of government - and externally with the general public, communities and stakeholders. • Well functioning transformed Department capacitated to deliver. • Contribution to sustainable and safer communities in the Western Cape through effective disaster management and fire brigade services. 	<ul style="list-style-type: none"> • Credible medium term fiscal framework and socio-economic analyses leading to sustainable budgets to support 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. • Fostering prudent management of the Provincial Government’s built environment, physical and financial assets, financial systems and liabilities. • Improved in-year expenditure management practices, and analysis and improvement of intergovernmental financial management, municipal oversight and capacity-building.

The 2007 Budget Process

The primary goals of the budget process are firstly to see that departments' spending allocations adequately support provincial and national policy priorities and take account of municipalities' IDPs and development plans. The second goal of the budget process is to ensure that the activities funded effectively address those priorities and that departments have the capacity to spend their allocations. The Provincial Treasury achieves these goals through three main activities:

- The series of formal engagements held by the Treasury and the Departments of the Premier and Local Government and Housing with provincial departments and municipalities, including so-called Medium Term Expenditure Committee (MTEC) engagements.
- The review and ranking of the Departments' bids for additional resources carried out via the provincial parliamentary cluster system by teams consisting of department heads and by provincial cabinet committees.
- The series of 'benchmark' engagements between the Provincial and the National Treasury.

Engagements with provincial departments

As in past years, the 2006 process began with each department submitting a draft of its budget and its planned outputs for the three-year MTEF period beginning in April 2007, and its bids for new resources that may become available for the upcoming MTEF period.

In briefing correspondence, the Treasury notifies the departments of new provincial and national priorities that the Treasury feels should inform the realignment of the departments' "baseline" budgets, their annual performance plans and the design of their budget bids for the forthcoming MTEF period. The changes in priorities might arise from direction-setting political speeches at the beginning of the year or shifts in strategic direction arising from the on-going development and review of the PGDS.

In the first round MTEC engagements (MTEC 1) held in September, the Treasury and each department consider:

- The extent that the department is progressing in aligning its activities and spending to provincial priorities;
- The efficacy with which they are doing so, and
- How the department's bids might improve efficacy.

Formal engagement processes in 2006 included DotP and DLGH to improve co-ordination

The Departments of the Premier and Local Government and Housing were included in the engagement process with each department for the first time in 2006 to improve co-ordination amongst oversight departments in their interactions with line departments. The other heads of departments in the cluster in which the Department falls were also present during engagements to facilitate the design of co-ordinated and integrated approaches in meeting PGDS objectives. MTEC 1 role players also consider departments' spending performance and possible resource reallocations to improve efficacy. The role players used quarterly reports detailing the department's performance against targets as a basis for this discussion. In 2006/07, the non-financial performance information was used for first time in the MTEC assessments. In 2006, MTEC 1 was also focused on how the financial governance and management issues raised by the Auditor General and other audit processes will be addressed. MTEC proceedings are carefully documented, and Departments were asked to reflect on discussions when compiling their next round of submissions, which were submitted in December 2006.

MTEC2 considers whether second draft of each department's budget and output plan is credible

In the MTEC 2 engagement held in January 2007, the role players consider whether the second draft of each department's budget and output plan is "credible". To determine credibility, the role players considered whether departments have the capacity to spend in the manner outlined in their draft budgets, whether provincial and national priorities are adequately catered for, and whether spending plans are robust enough to withstand the more probable internal and external risks.

National resources flowing to the provinces via the equitable share are increasingly being linked to specific spending priorities. Therefore the departments can only bid for the resources that remain after national priorities have been catered for. The process through which the departments bid for extra resources is discussed below.

Political review of budget bids and the allocation of resources for successful bids to departments

In 2005, Provincial Treasury pioneered a new process to rank budget bids which was carried out via the provincial parliamentary cluster system. This process was further refined in 2006. The cluster system was introduced to better facilitate interaction between the top political and administrative executive in the setting of strategic policy and fiscal direction, and to cultivate spending plans that are more integrated across departments. Under the system, each department is grouped into one of three clusters: the Economic, the Social and the Governance and Administration.

In 2005, each cluster formed a task team consisting of the heads of the departments in that cluster. The task team was responsible for developing a set of weighted criteria for ranking budget bids within that cluster, and for carrying out the ranking. The result was a consolidated set of ranked bids for each cluster. The role of the corresponding cabinet committee was to deliberate on the list, and after any necessary feedback to the task team, endorse it. A similar process was followed in 2006, after the criteria and weightings were refined.

Cluster task teams develop sets of weighted criteria for ranking budget bids within their cluster

The size of the resource envelope for each cluster is determined in a number of ways. Firstly, National Treasury indicates for each cluster and to varying degrees the purposes for which additional national resources are intended. Secondly, the sources of revenue raised by the Province have each been allocated to a broad set of purposes. For instance, revenue raised for motor vehicle license fees is allocated to the construction and maintenance of transport infrastructure.

Engagements with the National Treasury

In order to enhance provincial and national policy alignment, two rounds of bilateral meetings between the National and the Provincial Treasury take place: in November, after the MTBPS is released, and in January, after the second round of MTECs are held. National Treasury holds these meetings with each of the provinces individually. The purpose of the meetings is to assess the extent to which provincial budgets give expression to the 2007 budget priorities agreed to by the Budget Council⁶, the national cabinet and extended national cabinet, which includes provincial premiers. 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. National

Two rounds of bilateral meetings between National and Provincial Treasury enhance provincial and national policy alignment

⁶ The Budget Council consists of the Minister of Finance and the MECs for Finance of each province.

Treasury officials are also present during the provincial MTEC engagements.

Engagements with municipalities

The consolidation of financial management and budget process reforms in recent years, as well as the advent of the PGDS, has paved the way for improvements in intergovernmental relations (IGR) and processes. The Provincial/Local Government Summit in November 2003 was the first important effort to elicit municipal support for and input on the provincial strategies and to begin the complicated process of aligning provincial development plans with the municipal Integrated Development Plans (IDP's). The Local Government MTEC (LG MTEC) process is the vehicle used to facilitate engagements between provincial line departments and municipalities. The Provincial Treasury and the Department of Local Government and Housing are the lead departments in facilitating the LG MTEC engagements between provincial departments and Western Cape municipalities.

LG MTEC 1 in 2006 took place through the Premier's Co-ordinating Forum

In October 2006, the first round of MTEC engagements (LG MTEC 1) took place through the Premier's Co-ordinating Forum (PCF). This engagement provided line departments and municipalities with a forum to engage with each another on:

- The relationship between the district and local municipalities.
- The past performance of municipalities.
- The developmental challenges municipalities have to confront.

Following LG MTEC 1, the Department of Local Government and Housing facilitated "one-on-one engagements" between line departments and municipalities in October and November. The parties discussed the progress municipalities had made on addressing issues raised in the LG MTEC engagements of the previous year. These issues included capacity constraints within municipalities and the need to strengthen cooperative governance.

LG MTEC 2 informed municipalities of line departments' preliminary allocations

The Provincial Treasury facilitated the LG MTEC 2 engagement, which took place in January 2007. The LG MTEC 2 set out to inform municipalities about the line departments' preliminary allocations, and the criteria against which the Provincial Treasury will assess draft municipal budgets for 2007/08. This year the LG MTEC 2 engagement was merged with the Technical Provincial Advisory Forum (PAFTECH) to optimise the efficiency of engagements with municipalities.

In February the Provincial Government holds *post* LG MTEC 2 one-on-one engagements with all the municipalities. The purposes of these engagements is to:

- Assist municipalities to interpret findings in the Local Government Socio-Economic Profiles (SEPLG) reports produced by Provincial Treasury and to incorporate the findings into future IDPs and budgets.
- Develop second generation IDPs.
- Prepare municipalities for LG MTEC 3, in which Provincial Treasury and the Departments of the Premier, Local Government and Housing and Economic Development and Tourism will engage with municipalities on their draft budgets and IDPs.

Key milestones after the tabling of the Provincial Budget

After the provincial budget has been tabled, the Departments submit their Strategic and Annual Performance Plans to the Provincial Treasury and table them in the Provincial Parliament on 31 March 2007. The second reading of the Western Cape Appropriation Bill, 2007 in the Provincial Parliament will then take place in mid-May 2007, with the third reading to follow in late May 2007. The Premier is to sign and promulgate the approved Appropriation Act by no later than the end of June 2007.

The LG MTEC 3 will take place in April/May 2007. Its purpose is to assess the degree to which the municipal budgets and IDPs are aligned to each other, and to national and provincial development priorities. Importantly, future municipal budgets and IDPs must be informed by the socio-economic context of their respective areas.

LG MTEC 3 to assess degree to which municipal budgets and IDPs are aligned to each other, and to national and provincial development priorities

Receipts

The Western Cape Provincial Government receives three sources of revenue to fulfill its service delivery obligations, namely the equitable share, conditional grants and provincial own receipts. The first two sources are transferred from national government and are funded through sources that accrue to the National Revenue Fund. Revenues raised nationally are then vertically divided amongst the different spheres of government and horizontally divided between provinces on an equitable basis.

Table 8 shows that the aggregate provincial receipt budget grows by 6,98 per cent or 1,79 per cent in real terms from R19,410 billion in 2006/07 to R20,766 billion in 2006/07. Provincial receipts are set to grow at an annual average rate of 9,36 per cent over the 2007 MTEF to R25,389 billion in 2009/10.

National transfers increase by 10,40 per cent or 5,04 per cent in real terms from R17,022 billion in 2006/07 to R18,791 billion in 2007/08. Revenue from national transfers will continue to increase at an annual average rate of 11,67 per cent or 6,73 per cent in real terms over the 2007 MTEF and will amount to R23,706 billion in 2009/10.

The growth in the equitable share transfers mirrors the growth trends in national transfers, increasing between 2006/07 and 2007/08 in nominal terms by 12,32 per cent and real terms by 6,87 per cent. Over the 2007 MTEF, the equitable share increases at an annual average nominal rate of 12,26 per cent and at an average annual real rate of 7,29 per cent. However, between 2006/07 and 2007/08, conditional grants will increase in nominal terms by 3,12 per cent, but decrease in real terms – by 1,88 per cent. The conditional grants are projected to

increase over the 2007 MTEF at an average annual nominal rate of 9,41 per cent and an average annual real rate of 4,56 per cent.

Table 7 Summary of provincial receipts

Receipts R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Transfer receipts from National	12 259 105	13 666 485	15 042 688	16 407 132	17 089 764	17 021 582	18 790 987	10.40	21 391 187	23 706 092
Equitable share	10 039 487	11 237 570	12 299 051	13 459 403	13 459 403	13 459 403	15 117 707	12.32	17 074 395	19 041 227
Conditional grants	2 219 618	2 428 915	2 743 637	2 947 729	3 630 361	3 562 179	3 673 280	3.12	4 316 792	4 664 865
Financing			524 498	625 936	925 118	802 372	360 326	(55.09)	400 000	
Total transfer receipts from National ^{Note}	12 259 105	13 666 485	15 567 186	17 033 068	18 014 882	17 823 954	19 151 313	7.45	21 791 187	23 706 092
Provincial own receipts										
Tax receipts	796 968	871 686	984 864	1 003 091	994 991	1 023 430	1 085 024	6.02	1 129 290	1 175 368
Sale of goods and services other than capital assets	216 259	237 898	276 051	255 919	286 747	285 642	301 728	5.63	316 259	328 862
Transfers received	6 782	43 768	69 155	93 424	100 921	101 759	112 695	10.75	115 168	82 926
Fines, penalties and forfeits	1 590	1 559	1 412	350	350	1 268	623	(50.87)	607	617
Interest, dividends and rent on land	250 972	218 748	237 570	59 108	59 108	59 780	51 125	(14.48)	56 563	57 597
Sale of capital assets	7 511	14 385	30 512	49	16 310	16 318	38	(99.77)	41	43
Financial transactions in assets and liabilities	49 997	72 730	114 439	23 739	78 877	97 936	63 132	(35.54)	57 253	37 253
Total provincial own receipts	1 330 079	1 460 774	1 714 003	1 435 680	1 537 304	1 586 133	1 614 365	1.78	1 675 181	1 682 666
Total provincial receipts	13 589 184	15 127 259	17 281 189	18 468 748	19 552 186	19 410 087	20 765 678	6.98	23 466 368	25 388 758

Note: Including provincial financing.

Aggregate provincial receipts set to increase by 9,36 per cent each year over 2007 MTEF

Growth in provincial own receipts is substantially lower than that of transfers from National, increasing by 1,78 per cent from R1,586 billion in 2006/07 to R1,614 billion in 2007/08 (a real decrease of 3,16 per cent). Provincial own receipts will increase at an average of 1,99 per cent annually over the 2007 MTEF, to total R1,683 billion in 2009/10. This translates into a real annual average decrease of 2,53 per cent over the same period.

Financing in 2006/07 as reflected in the adjusted appropriation and revised estimate includes transfers from the Asset Financing Reserve (AFR), financing from the Provincial Revenue Fund and over collections in provincial receipts. In 2007/08 and 2008/09, financing is sourced from the AFR alone. This source of funding decreases by 55,09 per cent (57,27 per cent in real terms) from R802,372 million in

2006/07 to R360,326 million in 2007/08, increasing again to R400,000 million in 2008/09. No financing allocation is made from the AFR in 2009/10.

Equitable share

In 2007/08 the Provincial Equitable Share (PES) makes up 72,80 per cent of the total Provincial Budget. The PES is an unconditional transfer allocated to the Province according to a formula. The formula includes the following six components (with weights included in brackets):

- An education component (51 per cent) based on school age cohort and school enrolment data;
- A health component (26 per cent) based on the proportion of the population with and without medical aid (at a ratio of 1:4);
- A basic component (14 per cent) derived from each province's share of the national population;
- A poverty component (3 per cent) reinforcing the redistributive function of the formula;
- An institutional component (5 per cent) divided equally between provinces to fund institutional requirements of provinces; and
- An economic activity component (1 per cent) based on Gross Domestic Product by Region (GDP-R).

The National Treasury retained the current basic structure of the 2006 allocation formula to divide resources between provinces over 2007 MTEF. Although the basic structure remains, other revisions to the formula were introduced. Formula components were adjusted to take account of the demarcation of provincial boundaries and the release of updated official data, i.e. the General Household Survey (GHS) 2005, 2006 school enrolment numbers and GDP-R 2004 figures. In addition, the Budget Council has agreed to discontinue the use of moving averages and the phasing-in of new provincial shares.

Both the National and Provincial Governments are concerned about the responsiveness of the formula to the changing needs and priorities of government. In the medium term, Government is planning to fundamentally review the formula.

The Western Cape is concerned with the increasing limitations placed on PES transfers. For the 2007 MTEF, the bulk of transfers are allocated as 'non-discretionary', particularly for compensation of employees, in the social sector (Departments of Health, Education and Social Development). The remaining portion is allocated as 'discretionary'.

The extra non-discretionary PES funds provided by the National Treasury for mainly addressing human capacity constraints in health,

Equitable share makes up 72,80 per cent of the provincial budget over 2007 MTEF

Concern over the responsiveness of the formula to the changing needs of government

education and social development give provinces more resources in their budgets to cover nationally-defined policy priorities. Spending the equitable share on these priorities, however, means less space for the Province to address Provincial-own priorities, or to adapt delivery programmes to the Provincial context.

Demarcation of provincial boundaries

The PES formula has been adjusted to take account of the disestablishment of cross boundary municipalities. The Western Cape has not been affected by the demarcation of provincial boundaries, and the changes do not therefore impact on the Western Cape's equitable share allocation.

PES formula adjusted to reflect new provincial boundaries

The use of moving averages

Previously, weighted averages were used in the PES formula for two reasons. Firstly, to limit data fluctuations within the formula and secondly, in the case of population data, to allow allocations to be weighted back to the more reliable and robust Census 2001 data.

The Budget Council, however, discontinued the use of moving averages in the PES formula for two primary reasons. Firstly, using moving averages of annual population data means that inter-provincial migration is not properly accounted for. Secondly, it is difficult to accurately rework historical information when demographic variables are re-benchmarked, as occurred with the GHS data. Carrying through the re-benchmarking to historical information reduces the robustness of the PES formula.

Data revisions

For the 2007 Budget the Budget Council agreed to update the PES formula based on the revisions of official data. These updates relate to 2006 school enrolment data, GHS 2005 and GDP-R 2004 data. Further, mid-year estimates replace the use of GHS data in the basic and poverty components of the formula. Table 8 displays the impact of these data revisions on the Western Cape component shares.

PES formula updated using revised official data

Table 8: Changes in PES component shares

	Weight	2006 MTEF	2007 MTEF	Variance
	%	%	%	
Education	51	8.2125	8.2099	-0.0026
Health	26	9.2384	9.2190	-0.0194
Basic	14	10.0642	10.0135	-0.0507
Poverty	3	3.7765	3.7643	-0.0122
Institutional	5	11.1111	11.1111	0.0000
Economic activity	1	14.4685	14.3808	-0.0877
Final share	100	8.8143	8.7982	-0.0161

Firstly, 2006 school enrolment data is used to update the education component. Provincial Departments of Education conduct the SNAP survey on the tenth school day of each year to determine school enrolment numbers. Results of the SNAP survey show that school enrolment in the Western Cape decreased from 979 576 in 2005 to 978 826 in 2006. As a percentage of national enrolment, the Western Cape's share has decreased by 0,1 per cent over the period. The overall impact of this change, together with the discontinuation of the use of moving averages, is a reduction in the Western Cape's share of the education component from 8,2125 per cent to 8,2099 per cent.

School enrolment in the Western Cape decreased between 2005 and 2006

Secondly, GHS 2005 data replaces the use of average historical GHS data in the health component. The results is a 0,02 percentage point reduction in the Western Cape's share of the health component from 9,2384 per cent in the 2006 MTEF to 9,2190 per cent in the 2007 MTEF.

Thirdly, the Western Cape's contribution to national Gross Domestic Product has decreased from 14,46 per cent as per the GDP-R 2003 data to 14,38 per cent as per the GDP-R 2004 data. This decrease results in a 0,0877 percentage point reduction in the economic activity component, from 14,469 per cent over the 2006 MTEF to 14,381 per cent over the 2007 MTEF.

Western Cape contribution to National GDP decreased between 2003 and 2004

Finally, in 2004, Statistics South Africa re-benchmarked⁷ GHS data to take account of the mortality data obtained from administration records of the Department of Home Affairs. The re-benchmarking resulted in reductions to both the national and provincial population estimates.

The Western Cape's share of the estimated national population decreased from 10,23 per cent as per the pre-benchmarked GHS 2003 data to a figure of 9,79 per cent given by the re-benchmarked GHS 2004 data. Periods prior to 2004 have since been re-benchmarked and the Western Cape now shows an increasing trend in its share of total national population. GHS 2005 estimates put the Western Cape's share of the national population at 9,92 per cent.

The 2006 MTEF calculations used the average of Census 2001, original GHS 2002 and 2003 data, as well as the re-benchmarked GHS 2004 data to determine population shares. The average suggests that an estimated 10,06 per cent of the national population resides in the Western Cape.

⁷ A distinction is drawn between rebasing (which suggests that a change in the reference year is agreed), and re-benchmarking (which suggests that the methodology and components of a statistical unit has been changed).

Mid year population estimates replace GHS data

In the 2007 MTEF, mid-year population estimates replace GHS data in the basic and poverty components of the formula. The 2006 mid-year population estimates put the Western Cape's share of the national population at 10,01 per cent. The use of the mid-year estimates together with the discontinued use of moving averages reduces the basic component by 0,05 percentage points. The same combination of factors reduces the poverty component by 0,0122 percentage points from 3,7765 per cent over the 2006 MTEF to 3,7643 per cent over the 2007 MTEF.

Table 8 above shows the combined effect of the data revisions, the use of mid-year estimates in place of GHS data and the discontinued use of moving averages on the Western Cape's share of formula components. Although the Western Cape is not affected by the demarcation of provincial boundaries, data revisions have resulted in the Province's overall share of the PES decreasing by 0,0161 percentage points from 8,814 per cent in 2006 to 8,798 per cent in 2007.

Phasing-in of new provincial shares

The revised PES formula reduces the Western Cape's equitable share. In previous years, revised shares were phased in over a period of three years to avoid disruptive adjustments in provincial allocations and to ensure stability in provincial budgets.

Revised shares implemented with immediate effect

However, this year the demarcation of provincial boundaries has resulted in substantial shifts in the expenditure responsibilities of seven of the provinces, in particular with regard to schools, clinics, hospitals, roads and other public facilities. Therefore the new provincial shares will not be phased in over the 2007 MTEF. Instead, the new shares allocated will be implemented with immediate effect to ensure that the affected provinces receive the funding required to fund their new expenditure needs.

This decision has negative implications for the Western Cape as it means that the impact of the revised data and the discontinuation of the use of averages are to be implemented with immediate effect. The resulting allocations for 2007/08 and 2008/09 are lower than would have been the case had the new shares been phased in.

Table 9 shows that taking the above revisions into consideration and excluding any additional amounts to the baseline, the Western Cape's equitable share allocation decreases by R102,436 million in 2007/08, R32,827 million in 2008/09 and R35,289 million in 2009/10.

Table 9: Comparison between 2006 and 2007 MTEF allocations

	2006/07	2007/08	2008/09	2009/10
2006 MTEF	13 459 403	14 906 049	16 546 427	17 787 409
2007 MTEF (demarcation and data revisions)	13 459 403	14 803 613	16 513 600	17 752 120
Difference		(102 436)	(32 827)	(35 289)
2007 MTEF final allocations	13 459 403	15 117 707	17 074 395	19 041 227
Difference	-	211 658	527 968	1 253 818

The National Government has, however, increased the national PES allocation to all provinces over the 2007 MTEF by R24,596 billion.

The overall impacts of both data revisions and increased baselines are a R1,993 billion net increase in the Western Cape's PES allocation over the 2007 MTEF. Additional PES allocations amounting to R211,658 million are transferred in 2007/08, R527,968 million in 2008/09 and R1,254 billion in 2009/10.

R1,993 billion added to Western Cape equitable share over 2007 MTEF

The final PES allocations to the Western Cape therefore amount to R15,118 billion, R17,074 billion and R19,041 billion in 2007/08, 2008/09 and 2009/10 respectively.

Conditional grants

Conditional grants⁸, the second source of revenue transferred from National, contribute 17,69 per cent to the provincial budget in 2007/08. The allocation criteria used for determining the provincial shares of each grant are guided by the purpose of each grant and, in some cases use the same demographic data that inform the equitable share.

Conditional grants contribute 17,69 per cent to provincial budget over 2007 MTEF

Conditional grant transfers to the Province are estimated to increase from R3,562 billion in 2006/07 to R3,673 billion in 2007/08, R4,317 billion in 2008/09 and R4,665 billion in 2009/10.

As described above, revisions made to the PES formula over the 2007 MTEF have resulted in a reduction in the Western Cape's overall equitable share. Conditional grants that make use of PES data in their allocation formulae therefore decrease accordingly. The affected grants include the Provincial Infrastructure Grant (PIG), the Mass Sport and Recreation Participation Programme and the HIV and Aids (Life Skills Education) Grant.

⁸ A conditional grant is a conditional allocation to a province from the national government's share of revenue raised nationally, contemplated in section 214(1)(c) of the Constitution of the Republic of South Africa, 1996.

Western Cape receives an additional R2,213 billion in conditional grants transfers over the 2007 MTEF

National Treasury has however revised the baselines of a number of grants which results in a net *increase* in grant allocations. Table 10 shows that R2,213 billion of the national R10,982 billion baseline adjustment will be transferred to the Western Cape over the 2007 MTEF. Of this amount, R1,081 billion is transferred through the Integrated Housing and Human Settlement Development Grant (IHHSDD), of which R900,000 million has been earmarked for the N2 Gateway Programme; R545,069 million through the Hospital Revitalisation Grant; R283,164 million through the PIG; and R139,328 million through the National Tertiary Services Grant (NTSG). The remaining R164,846 million is transferred through the Comprehensive HIV and Aids Grant and the Mass Sport and Recreation Participation Grant.

Table 10 Revisions to conditional grant baseline allocations for the 2007 MTEF

Grant (R'000s)	2007 MTEF baseline adjustments		Revisions to baseline (provincial)		
	National	Provincial	2007/08	2008/09	2009/10
Integrated Housing and Human Settlement	2 700 000	1 080 617	200 000	381 558	499 059
Provincial Infrastructure Grant	4 290 000	283 164	55 188	75 658	152 318
National tertiary services	1 030 000	139 328	12 800	67 360	59 168
Hospital revitalisation	1 000 000	545 069	83 899	252 700	208 470
Comprehensive HIV and Aids	1 650 000	135 793	29 105	40 166	66 522
Mass Sport and Recreation Participation Grant	312 000	29 053	3 936	8 104	17 013
Total	10 982 000	2 213 024	384 928	825 546	1 002 550

Library Services grant is introduced in 2007/08

A new grant, the Community Library Services Grant, is introduced over the 2007 MTEF as a result of the shifting of the library function from municipalities to provincial governments. The grant aims to step up and institutionalise community library services in under-serviced areas, to recapitalise library infrastructure and facilities and to bolster community library services in the Province. A needs analysis is currently being undertaken by the national department to determine the need for community libraries.

Table 11 sets out the national conditional grant transfers to the Western Cape between 2003/04 and 2009/10.

The framework for the PIG allows for the grant to be split between the Departments of Transport and Public Works, Education, Health and Agriculture for the rehabilitation and maintenance of new and existing infrastructure. However, most of the new monies will be used for roads. To relieve the administrative burden of the grant on the Department of Agriculture, the Provincial Treasury will no longer allocate PIG funds to the Department and will fully cover the shortfall by means of PES funds.

Table 11 Summary of conditional grants by vote and grant

Vote and grant R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
Vote 5: Education	101 880	84 714	143 683	192 012	257 012	257 012	224 003	231 527	167 348
Provincial infrastructure	36 326	38 709	83 141	61 829	126 829	126 829	80 263	85 881	94 469
Financial management and quality enhancement	18 519								
Early childhood development	6 952								
HIV and Aids (Lifeskills education)	9 518	9 814	11 205	11 870	11 870	11 870	13 011	13 847	14 626
Disaster management	70								
Further education and training college sector recapitalisation				70 000	70 000	70 000	80 000	77 305	
National school nutrition programme	30 495	36 191	49 337	48 313	48 313	48 313	50 729	54 494	58 253
Vote 6: Health	1 555 421	1 684 382	1 814 939	1 991 725	2 054 907	2 020 501	2 177 028	2 499 265	2 562 363
Provincial infrastructure	36 324	38 693	55 229	61 829	61 829	61 829	80 262	85 880	94 468
Hospital revitalisation	81 939	124 115	99 417	149 703	178 256	172 757	191 796	376 944	326 974
Hospital management and quality improvement ^a	16 376	15 179	18 016						
National tertiary services	1 076 724	1 104 087	1 214 684	1 272 640	1 272 640	1 272 640	1 335 544	1 456 241	1 527 215
Health professions training and development	314 696	327 210	323 278	323 278	323 278	323 278	339 442	356 414	362 935
Integrated nutrition programme	4 158	4 704	5 288						
Comprehensive HIV and Aids	24 204	70 394	92 773	115 670	133 170	133 170	150 559	168 251	200 614
Medico-legal	1 000								
Forensic pathology services ^b			6 254	68 605	85 734	56 827	79 425	55 535	50 157
Vote 7: Social Development ^c	22 934	6 984	42 345						
HIV and Aids (community-based care)	2 900	3 088	6 089						
Food emergency relief	20 034	3 896	16 222						
One stop child justice									
Integrated Social Development Services Grant			20 034						
Vote 8: Local government and housing	460 803	551 698	580 484	598 800	1 004 732	998 143	948 548	1 203 984	1 468 699
Housing subsidy	423 282	510 951							
Human resettlement and redevelopment	13 500	16 179	18 601						
Integrated housing and human settlement development			533 248	598 800	998 143	998 143	948 548	1 203 984	1 468 699
Disaster relief			17 911		6 589				
Local government capacity building fund	20 714	21 141	10 724						
Provincial project management capacity for Municipal	3 307	3 427							
Subtotal Conditional grants	2 141 038	2 327 778	2 581 451	2 782 537	3 316 651	3 275 656	3 349 579	3 934 776	4 198 410

Table 11 Summary of conditional grants by vote and grant (continued)

Vote and grant R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
Vote 9: Environmental affairs and development planning	2 400								
Disaster damage	2 400								
Vote 10: Transport and Public Works	67 076	64 645	91 538	126 329	231 032	234 286	251 319	284 645	344 129
Provincial infrastructure ^d	67 076	64 645	91 538	126 329	231 032	234 286	251 319	284 645	344 129
Vote 11: Agriculture	9 104	35 492	67 979	26 763	70 577	40 137	36 696	38 458	41 631
Land care programme: Poverty relief and infrastructure	1 800	3 166	3 200	3 115	3 730	3 730	3 270	3 428	3 085
Drought relief/Agriculture disaster management grant		366	16 435		43 199	10 199			
Comprehensive Agriculture		11 705	19 385	20 648	20 648	20 648	33 426	35 030	38 546
Provincial Infrastructure	7 304	20 255	28 959	3 000	3 000	5 560			
Vote 13: Cultural Affairs and Sport		1 000	2 669	12 100	12 101	12 100	35 686	58 913	80 695
Mass sport and recreation participation programme		1 000	2 669	12 100	12 101	12 100	18 946	27 479	37 357
Library services grant							16 740	31 434	43 338
Subtotal Conditional grants	78 580	101 137	162 186	165 192	313 710	286 523	323 701	382 016	466 455
Total Conditional grants	2 219 618	2 428 915	2 743 637	2 947 729	3 630 361	3 562 179	3 673 280	4 316 792	4 664 865

^a As from 1 April 2006 the Hospital Management and Quality Improvement Grant merged 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 2005/06.

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

^d The revised estimate of R234,286 million in 2006/07 includes an amount of R3,254 million transferred to PIG from own revenue.

Own receipts

The larger contributors to provincial own receipts are tax receipts (which include casino taxes, motor vehicle licences, horseracing and liquor licence fees); sales of goods and services other than capital assets, which include hospital fees; and interest, dividends and rent on land, of which interest is the main contributor.

In aggregate, provincial own sourced revenue is projected to increase from R1,586 billion in 2006/07 to R1,614 billion in 2007/08. Provincial own sourced revenue will increase further to R1,675 billion in 2008/09 and to R1,683 billion in 2009/10. This implies an average annual nominal growth rate of 1,99 per cent over the 2007 MTEF.

Motor vehicle licence fees

Motor vehicle license fees are the largest contributor to tax receipts in the Province and are projected to contribute R753,501 million to provincial own receipts in 2006/07. This source is projected to increase to R776,106 million in 2007/08, R799,389 million in 2008/09 and R823,371 million in 2008/09. These increases constitute an annual nominal growth of 3,00 per cent from 2006/07 to 2007/08.

Motor vehicle licence fee tariffs in the Western Cape are the highest in the country. It is widely believed that the differential in vehicle licence fee tariffs between provinces has contributed to the migration of vehicle fleet registration to neighbouring provinces. The Province has therefore taken a policy decision not to increase motor vehicle licence fees in 2007/08. In addition, the Province is conducting an analysis on the impact of the current licence fees on consumer behaviour. The study will consider:

- The socio-economic incidence/impact of cross-border registrations;
- The financial impact of cross-border licensing of motor vehicles;
- The feasibility, efficiency and effectiveness of alternative collection mechanisms for motor vehicle licensing; and
- The possible implementation of other levies.

The results of this research will be also be used to strengthen the design of the fuel levy as both taxes share the same base.

Casino taxes

Casino taxes are the second largest source of revenue available to the Province. Casino taxes are projected to contribute R246,231 million to provincial own receipts in 2006/07. The amount is projected to increase to R269,942 million in 2007/08 and R287,555 million in 2008/09 and to further increase to R305,774 million in 2009/10. These increases imply an annual nominal growth of 9,63 per cent from the 2006/07 revised estimate.

Horseracing

The horseracing tax is projected to contribute R19,368 million to provincial own receipts in 2006/07. The tax's contribution is projected to decrease to R18,476 million in 2007/08 and later to increase to R18,846 million in 2008/09 and R19,223 million in 2009/10. This implies a negative year-on-year nominal growth of 4,61 per cent from the 2006/07 revised estimate to 2007/08.

Motor vehicle licence fees are the largest contributor to Provincial own receipts

Casino taxes are the second largest source of revenue to Provincial own receipts

*Western Cape Liquor Bill
scheduled for enactment
in 2007*

Liquor licence fees

Liquor licence fees are expected to contribute R4,330 million in 2006/07. Over the 2007 MTEF, these licence fees are estimated to increase to R20,500 million in 2007/08, R23,500 million in 2008/09 and R27,000 million in 2009/10. These increases imply an annual nominal growth of 373,44 per cent between 2006/07 revised estimate and 2007/08 or an annual average nominal growth of 84,06 per cent over the 2007 MTEF. These increases are due to the planned implementation of the Western Cape Liquor Bill, scheduled for enactment by the end of March 2007.

Hospital fees

Hospital fees are expected to contribute R194,823 million to provincial own receipts in 2006/07. This is forecast to increase to R223,537 million in 2007/08, growing further to R233,149 million in 2008/09 and R243,641 million in 2009/10. These projected increases imply an annual nominal growth of 14,74 per cent from the 2006/07 revised estimate to 2007/08.

*Patient fees are the main
source of revenue for the
health sector*

The largest proportion of revenue generated by the health sector is from patient fees, which include payments from Medical Aid Schemes, the Workmen's Compensation Fund, the Road Accident Fund, other National Departments, and from private patients.

It is anticipated that the introduction of the Government Employees Medical Aid Scheme, starting in 2006/07, should also contribute to increased revenue due to an increase in the number of paying clients.

Interest

Interest revenue from the current account in the Provincial Revenue Fund is expected to contribute R56,648 million to provincial own receipts in 2006/07. Interest revenue is projected to decrease to R49,992 million in 2007/08, and later increase to R55,924 million in 2008/09 and R56,958 million in 2009/10.

Own receipts per department

Table 12 below shows departmental contributions to own sourced revenue over the medium term and highlights that the Provincial Treasury, the Department of Health and the Department of Transport and Public Works are the predominant contributors of provincial own receipts.

Table 12 Summary of provincial own receipts by vote

Provincial department R'000	Outcome			Main appropriation 2006/07	Adjusted appropriation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
1. Department of the Premier	1 910	1 516	1 279	510	510	510	522	2.35	543	564
2. Provincial Parliament	224	158	154	58	58	98	52	(46.94)	52	52
3. Provincial Treasury	388 934	385 312	467 378	290 000	292 300	331 369	336 617	1.58	360 419	380 048
4. Community Safety	2 402	1 647	1 669	646	1 013	1 435	867	(39.58)	930	1 000
5. Education	15 585	9 962	12 739	11 641	21 641	21 641	18 675	(13.71)	12 819	12 819
6. Health	165 011	236 541	276 618	297 080	325 053	325 052	363 069	11.70	376 034	354 325
7. Social Development	18 212	21 276	1 200	272	272	553	275	(50.27)	280	280
8. Local Government and Housing	28 474	39 084	50 725	25 090	60 090	60 090	50 000	(16.79)	50 000	30 000
9. Environmental Affairs and Development Planning	559	767	149	58	58	160	151	(5.63)	126	106
10. Transport and Public Works	691 175	744 423	878 619	783 285	817 047	821 710	809 755	(1.45)	836 024	861 389
11. Agriculture	12 224	13 385	16 183	11 620	13 003	16 584	13 187	(20.48)	13 754	14 373
12. Economic Development and Tourism	4 040	5 937	4 628	15 000	4 600	4 681	20 770	343.71	23 770	27 270
13. Cultural Affairs and Sport	1 329	766	2 662	420	1 659	2 250	425	(81.11)	430	440
Total provincial own receipts by Vote	1 330 079	1 460 774	1 714 003	1 435 680	1 537 304	1 586 133	1 614 365	1.78	1 675 181	1 682 666

The Provincial Treasury (Vote 3) estimates that the revenue it collects will increase by 1,58 per cent from R331,369 million in 2006/07 to R336,617 million in 2007/08. This increase is mainly due to the growth in casino tax estimates. The Department of Health (Vote 6) estimates that between 2006/07 and 2007/08 the revenue it collects will increase by 11,70 per cent from R325,052 million to R363,069 million. This increase is mainly due to the revised patient fee estimates.

All main revenue-collecting departments (excluding DTPW) plan to increase their own sourced revenue in 2007/08

The Department of Transport and Public Works (Vote 10) estimates a decrease of 1,45 per cent in the revenue it collects between 2006/07 and 2007/08. The Department projects its takings will decrease from R821,710 million to R809,755 million. This decrease is mainly due to the inclusion of a once-off item 'sales of capital assets', amounting to R16,261 million in the Adjusted Budget 2006/07, which is not provided for over the MTEF. The Department of Economic Development and Tourism estimates the revenue it collects will increase by 343,71 per cent between 2006/07 and 2007/08. The Department projects that its revenue will increase from R4,681 million to R20,770 million. This increase is chiefly as a result of the planned implementation of the Western Cape Liquor Act in the 2007/08 financial year.

Negative changes from the 2006/07 revised estimates to the 2007/08 estimates are mainly due to the realisation of once-off collections during the course of the 2006/07 financial year.

Expanding the Provincial Revenue Base

The Western Cape's financing situation is not sustainable over the medium- to long-term as the Province is currently financing fiscal deficits from accumulated reserves.

Need to raise the fiscal bar over the medium- to long-term

To raise the fiscal bar over the medium- to long-term, the Province needs to deepen and expand its own receipts base. The expansion of the base will serve two purposes. Firstly, it will raise the discretionary part of the Province's revenue envelope. Secondly, it will raise the Western Cape's capacity to fund large economic infrastructure projects.

The Provincial Treasury has made substantial progress in the implementation of the Provincial Tax Regulation Process Act, 2001 (Act No. 53 of 2001). The Act does not define the new taxes that provinces may impose. Instead, the Act regulates the intergovernmental process that must be followed by provinces in the exercising of their taxing powers contained in section 228 of the Constitution.

The Western Cape has identified a number of taxes for consideration and exploration. These include a fuel levy, tourism related levies and other levies.

Fuel Levy

Province made substantial progress with the implementation of the Fuel Levy

The Province concluded research on the feasibility of the implementation of a fuel levy in the Province in 2004. The national Minister of Finance has granted approval for the use of this tax, subject to a number of conditions including:

- "An inception rate of up to 10 cents a litre, without the provision of a band;
- That the implementation date and any future adjustments to the levy and the date of such adjustments be done with concurrence of the Minister; and
- That steps be taken to mitigate the possible adverse impact that the provincial fuel levy may have on sectors that qualify for a refund of the national diesel fuel tax".

Publication of Draft Western Cape Fuel Levy Bill for public comment during 2007/08

National enabling legislation is required before the proposal may be presented to the Provincial Parliament for consideration. The Province requested the national Minister of Finance to introduce such an enabling national legislation by early 2007. Subsequent to the introduction of the enabling Bill in National Parliament, Provincial

Treasury, in consultation with the Department of Transport and Public Works, will publish a draft Western Cape Fuel Levy Bill.

A consultation process on the published Bill will be embarked upon. It is envisaged that the Bill to regulate the fuel levy will be tabled on Provincial Budget Day 2008 and passed into law during the 2008/09 financial year.

Western Cape Fuel Levy Bill will be tabled on Budget Day 2008 and enacted during 2008/09

Given the risks and various processes that still need to be completed before the fuel levy will be eventually implemented, it was decided not to budget for any income from the levy in the outer year of the 2007 MTEF until there is more certainty on the processes and implementation date of the fuel levy.

Tourism related levies and other levies

Research on the feasibility of tourism related levies and other levies has commenced. It is envisaged that these levies will be used to supplement spending on tourism related initiatives, roads and other economic infrastructure.

Potential tourism and other related levies have been investigated, including an accommodation tax (to be paid by a guest in a commercial accommodation establishment), a passenger movement tax (to be paid by each passenger arriving or departing by air, tour bus or rented car) and a site tax (which is a per capita tax paid by a visitor to an identified tourist site).

Passenger Movement Tax appears to be most feasible option

Preliminary findings from the study conducted by the Bureau for Economic Research at the University of Stellenbosch, find that none of these taxes prejudices national economic policies, that the macro economic impact of these taxes is small and that the poor would not be disproportionately affected by the introduction of such taxes. However, it was found that from a tax administration, feasibility and revenue perspective, the passenger movement tax appeared to be the most feasible in terms of the economic and administrative criteria investigated in the feasibility study.

The various processes as laid down in the Provincial Tax Regulation Process Act (Act 53 of 2001) will now have to be undertaken. These processes include a public participation process involving key stakeholders within the industry. This process is scheduled to commence in the latter part of the 2007/08 financial year.

Financing

Apart from transfers from national government and provincial own receipts, the third source of funds for the province is Financing, which accounts for 1,74 per cent of the total provincial budget in 2007/08.

Financing amounts to R360,326 million in 2007/08 and R400,000 million in 2008/09. These funds are to be used almost exclusively for infrastructure-related expenditure.

In 2007/08, R276,084 million in financing has been allocated to the Department of Transport and Public and Works for roads infrastructure and R30,000 million to the Department of Local Government and Housing for the acceleration of housing delivery in rural areas.

R212 million allocation for the construction of Greenpoint Stadium

In 2008/09, R212,000 million has been allocated to the Department of Cultural Affairs and Sport for the construction of Green Point Stadium for World Cup 2010. The balance of R188,000 million has been allocated to the Department of Transport and Public and Works to augment the spending on roads infrastructure.

AFR expected to be depleted by 2009/10

No provision is made for the 2009/10 financial year as the AFR will be have reached a depletion point. Alternative funding, such as the income to be generated from the proposed implementation of the fuel levy, needs to be sourced to augment the fund in order to maintain the current level of spend on roads infrastructure.

Summary of Aggregates

Table 13 takes the revenue information provided in Chapter 5 and pulls it together with expenditure amounts to provide an overall summary of the main revenue and expenditure components of the 2007/08 budget. Total provincial payments in 2007/08 amount to R20,857 billion, a 7,05 per cent increase from the 2006/07 revised estimate of R19,484 billion.

As outlined in Chapter 5, total provincial receipts are estimated to increase from R19,410 billion to R20,766 billion or 6,98 per cent between the 2006/07 revised estimate and the 2007/08 budget. Revenue sourced internally (own receipts and financing) is projected to decrease from R2,389 billion in 2006/07 to R1,683 billion in 2009/10. By 2009/10, the Asset Financing Reserve is expected to be depleted.

As a result of this situation, the province is projecting a net deficit of R91,574 million in 2007/08 and R18,001 million in 2008/09, and a net surplus of R109,577 million in 2009/10. To meet future expenditure obligations, the Province will have to augment the resources it currently has available with additional sources of own revenue, as discussed in Chapter 5.

Totalling R20,857 billion in 2007/08, provincial payments are set to climb to R25,279 billion by 2009/10. Chapter 7 outlines the expenditure plans of departments and details how these funds will be used to achieve national and provincial policy objectives.

Revenue sourced internally projected to decrease to R1,683 billion in 2009/10

Province must augment present resources with additional sources

Table 13 Provincial budget summary

R'000	Outcome			Main appropriation 2006/07	Adjusted appropriation 2006/07	Revised estimate 2006/07	Medium-term estimate				
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate		2007/08	2008/09	2009/10
Provincial receipts											
Transfer receipts from national	12 259 105	13 666 485	15 042 688	16 407 132	17 089 764	17 021 582	18 790 987	10.40	21 391 187	23 706 092	
Equitable share	10 039 487	11 237 570	12 299 051	13 459 403	13 459 403	13 459 403	15 117 707	12.32	17 074 395	19 041 227	
Conditional grants	2 219 618	2 428 915	2 743 637	2 947 729	3 630 361	3 562 179	3 673 280	3.12	4 316 792	4 664 865	
Financing			524 498	625 936	925 118	802 372	360 326	(55.09)	400 000		
Provincial own receipts	1 330 079	1 460 774	1 714 003	1 435 680	1 537 304	1 586 133	1 614 365	1.78	1 675 181	1 682 666	
Total provincial receipts	13 589 184	15 127 259	17 281 189	18 468 748	19 552 186	19 410 087	20 765 678	6.98	23 466 368	25 388 758	
Provincial payments											
Current payments	10 308 590	11 391 461	12 558 927	14 325 692	14 533 929	14 519 660	15 919 657	9.64	17 725 456	19 271 136	
Transfers and subsidies	1 850 135	2 133 936	2 703 064	2 417 596	3 124 513	3 114 983	3 161 589	1.50	3 774 440	3 899 321	
Payments for capital assets	942 079	1 055 704	1 472 110	1 616 771	1 785 055	1 763 530	1 620 366	(8.12)	1 751 655	1 858 862	
Direct charge	12 164	12 892	13 288	15 531	14 241	14 223	14 942	5.06	15 689	15 616	
GEMS				71 224	71 224	71 224	141 750		211 578	228 696	
Unallocated contingency reserve							(1 052)		5 551	5 550	
Total provincial payments	13 112 968	14 593 993	16 747 389	18 446 814	19 528 962	19 483 620	20 857 252	7.05	23 484 369	25 279 181	
Surplus (Deficit)	476 216	533 266	533 800	21 934	23 224	(73 533)	(91 574)	24.53	(18 001)	109 577	

Expenditure by Department

Chapters 5 and 6 described the receipts and financing envelope used to finance Provincial spending over the MTEF. In this chapter we describe how the available funds are allocated per department. In aggregate, R20,702 billion is allocated in the 2007/08 financial year. This represents a nominal increase of 6,72 per cent from the 2006/07 revised estimate.

In keeping with previous budget trends and consistent with national and provincial policy objectives, the lion's share of the provincial budget is allocated to the Department of Education (37,12 per cent) and Health (34,27 per cent). In total, over 75 per cent of the provincial budget in 2007/08 is allocated to education, health and social development. In keeping with the policy emphasis on economic infrastructure, the budget of the Department of Transport and Public Works takes the third largest slice of the provincial budget (10,66 per cent).

Each department's expenditure is discussed in turn below.

Departments of Health, Education and Social Development together receive 75 per cent of total 2007/08 budget

Table 14 Summary of provincial payments and estimates by vote

Provincial department R'000	Outcome			Main appro- pria- tion 2006/07	Adjusted appro- pria- tion 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2003/04	2004/05	2005/06				2007/08	2006/07	2008/09	2009/10
1. Department of the Premier	312 936	288 662	296 048	310 927	320 327	320 327	337 076	5.23	367 831	410 310
2. Provincial Parliament	28 840	30 707	34 939	47 891	43 793	43 793	56 997	30.15	57 619	63 119
3. Provincial Treasury	65 421	102 333	114 275	134 246	134 246	132 502	119 001	(10.19)	126 053	138 576
4. Community Safety	141 187	164 256	178 768	181 257	184 124	184 124	202 112	9.77	218 387	243 270
5. Education	5 304 807	5 690 709	6 449 244	6 988 131	7 115 861	7 115 861	7 684 658	7.99	8 497 205	9 340 516
6. Health	4 547 304	5 169 199	5 718 812	6 323 493	6 476 348	6 472 360	7 095 173	9.62	7 942 423	8 411 769
7. Social Development	518 964	603 003	653 512	727 143	727 971	727 971	891 503	22.46	1 058 098	1 141 856
8. Local Government and Housing	426 692	665 872	790 167	776 962	1 266 109	1 264 517	1 198 094	(5.25)	1 438 332	1 704 873
9. Environmental Affairs and Development Planning	120 622	135 468	158 859	175 525	184 669	184 669	181 414	(1.76)	207 254	252 029
10. Transport and Public Works	1 216 208	1 258 628	1 773 251	2 064 326	2 321 437	2 316 437	2 206 698	(4.74)	2 321 379	2 417 059
11. Agriculture	160 591	196 893	258 515	254 034	302 290	269 290	290 212	7.77	311 077	345 487
12. Economic Development and Tourism	122 755	126 439	142 006	188 433	178 661	178 661	214 152	19.86	235 749	267 608
13. Cultural Affairs and Sport	134 477	148 932	165 705	187 691	187 661	187 661	224 522	19.64	470 144	292 847
Total provincial payments and estimates by vote	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	6.72	23 251 551	25 029 319

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

Vote 1: Department of the Premier

The Department of the Premier receives 1,63 per cent of the total provincial budget in 2007/08, amounting to R337,075 million. This budget represents an increase of 5,23 per cent in nominal terms compared to 4,31 per cent for 2005/06. In 2008/09 the Department receives R367,831 million and R410,310 million in 2009/10.

Policy implementation is the key to improve service delivery

The re-engineering initiative undertaken by the Department has broadened the focus and 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. The newly created structure in the Department will improve policy and programme co-ordination, enhance communication, intensify policy implementation and monitor the impact of government policies and programmes. In order for the Department to fulfill the newly created mandate, it receives an earmarked allocation amounting to R8,763 million in 2007/08; R14,333 million in 2008/09 and R25,542 million in 2009/10 to strengthen strategic and implementation capacity. The Department also receives R8 million in 2008/09 and R15 million in 2009/10 for ICT requirements.

Related to its policy coordination and integration role, the Department receives R2,5 million in 2007/08; R3,5 million in 2008/09 and R5 million in 2009/10 to provide strategic leadership, co-ordination and communication to ensure that the Province and the country at large host a successful 2010 FIFA World Cup.

2010 FIFA World Cup remains high on the Province's agenda

For 2006/07, the Department developed the Internal Social and Human Capital Strategy, set for implementation in 2007/08. The Department will continue to use Project Khaedu as an action learning programme and implement the Executive Leadership Skills Development programme with the purpose of improving Senior Management Skills. In 2007/08, the Cape Administrative Academy will offer a different outlook as the development of a new curriculum has been completed and course offerings reviewed, coupled with the completion of the Skills Audit Report.

The Department will channel resources to improve the capacity of the provincial government to better serve the broader population, and more specifically the poorer population. For 2007/08 the Department will develop and implement a skills development plan to enhance the capacity of the provincial government to better serve the citizens of the Western Cape. 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.

The development of the ICT E-Learning strategy and its incorporation into the Internal Human Capital Development plan will strengthen the implementation of government policies and programmes. For 2007/08 the Department will support and co-ordinate the implementation of the PGDS. The development and implementation of the Strategic ICT Planning Framework and Communication Strategy will enable effective implementation of the PGDS. Central to the implementation of the PGDS is the assurance that the broader population accrues the benefits of economic growth. Furthermore access to ICT services for communities plays a critical role in building social capital and social stability. The Department sees 2007/08 as an opportunity to enhance strategic partnership with other spheres of government and stakeholders to maximise growth and development.

Department to co-ordinate and support the implementation of the PGDS

Policy implementation and assessment of the impact of government programmes is high on the government's agenda. To this end the Draft Provincial wide Monitoring and Evaluation (M&E) System Conceptual Framework has been completed.

The Provincial Government will develop and implement an integrated moral regeneration programme and intensify initiatives geared to eradicate corruption in the public sector and in the society. The rights of children and vulnerable people take centre stage on the government's agenda. Furthermore access to ICT services for the

communities plays a critical role in building social capital and social stability. The Department intends establishing additional E-community centres. The Premier's Excellence Awards and Long Service Awards will play a vital role to strengthen the Department's initiatives to build social and human capital in the Province. The Premier will also continue to engage citizens through social dialogue and further enhance public participation by using izimbizo as an instrument to gather information on how citizens view government performance.

Vote 2: Provincial Parliament

Following the signing of the Petitions Act in November 2006, in 2007/08 Provincial Parliament will implement an education programme on the process for the submission of public petitions. A system to assist Members in exercising their oversight role will also be effected. These initiatives are in addition to expanding its current programmes to encourage public participation and intensify public education.

The Provincial Parliament receives 0,28 per cent of the Western Cape budget in 2007/08. This share remains relatively constant over the 2007 MTEF period. Excluding direct charges, the budget provides for expenditure of R56,997 million in 2007/08 - a nominal increase of 30,15 per cent on the 2006/07 revised estimate of R43,793 million. This increase is primarily to offset increasing constituency office running costs and inflationary pressures related to fuel, travel and accommodation costs. The budget increases to R57,619 million in 2008/09 and R63,119 million in 2009/10. Over the period 2006/07 to 2009/10, the allocation increases annually at an average of 12,96 per cent in nominal terms.

The remuneration of the Members, Speaker and Deputy Speaker of the Provincial Parliament form a direct charge on the Provincial Revenue Fund. This is excluded from the provincial allocation above. In 2007/08 this amounts to R14,942 million and increases to R15,689 million in 2008/09 and to R15,616 million in 2009/10.

Vote 3: Provincial Treasury

Provincial Treasury (PT) receives R119,001 million in 2007/08 which constitutes 0,68 per cent of the total Provincial budget. This is a decrease of 10,19 per cent from the revised 2006/07 estimate. PT will receive R126,053 million in 2008/09 and R138,576 million in 2009/10 - an increase of 5,93 per cent, and 9,93 per cent in each year respectively.

PT has set the maintenance of the credibility of the medium term fiscal framework as a key deliverable. In addition to this, it will continue to provide socio-economic analyses that will inform the budget process. These analyses will ensure budget allocations that

are effective, sustainable, and facilitate shared economic growth and integrated development in the Province.

The second key deliverable is the proper recording of all financial transactions, thereby promoting substantive compliance with financial management norms and standards, effective provincial risk management capacity and professional internal audit services. PT will continue to pursue the goal of achieving 'information level' (or 'level 4' as defined by the Auditor-General) organisation status for all provincial government departments. In this regard R15,260 million has been earmarked over the 2007 MTEF period (R4,6 million in 2007/08, R5,26 million in 2008/09 and R5,4 million in 2009/10) to effect the strengthening of the Internal Audit unit. PT intends doing this through expanding current staff numbers by introducing learnerships.

Internal Audit Unit to be strengthened through staff expansion and learnerships

The Provincial Treasury's third key deliverable is fostering prudent management of the Provincial Government's built environment, physical and financial assets, financial systems and liabilities. Finally, PT aims to improve in-year expenditure management practices and analysis, intergovernmental financial management, municipal oversight and capacity-building.

Vote 4: Community Safety

Criminal behaviour, especially crime, gangsterism and substance abuse, continue to damage the business environment, harm skills development and undermine social capital. According to recent crime reports, the Western Cape shows the highest rates of murder and violent crimes. These negative elements pose an enormous threat to the achievement of shared economic growth and integrated development. The PGDS regards safety and security as path-shaping interventions that will unblock critical constraints to growth, development and service delivery. The role of Department of Community Safety (DCS) in this regard is to create a livable and enabling Western Cape.

The 2007 Budget allocates R202,112 million to the Department of Community Safety to consolidate its efforts to provide a safe and enabling environment for people and business in the Province. The DCS's share of total provincial budget is 0,98 per cent, representing an increase of 9,77 per cent from the 0,95 per cent share in 2006/07. Community Safety's budget increases to R218,387 million and R243,270 million in 2008/09 and 2009/10 respectively.

DCS continues with its people-orientated approach of mobilising neighbourhood watch volunteers to support the SAPS in the fight against crime. The key priority in the coming year is to train and equip neighbourhood watch volunteers to be deployed in the Safer Schools Project and the Train Safety Project to reduce the incidents of violence and crime in and around schools, on trains and at train

More volunteers to be deployed at schools, trains and train stations

stations. Already 700 volunteers have successfully signed up as Group D reservists in the police force, while 829 volunteers are in the process of being signed up. The SAQA-accredited training received by the volunteers has also allowed some of them to enter the private security sector. The volunteers will be registered in the Department's database, and will be paid a daily stipend of R50. A code of conduct in accordance with the Expanded Public Works Programme (EPWP) will be developed to ensure consistent behaviour and discipline among the volunteers. In the 2007 MTEF period, the DCS intends to provide support at schools where School Governing Bodies (SGBs) are not able to afford private security. An additional 700 Bambanani volunteers (350 per day) will be deployed on trains and priority train stations to focus on economic and social crimes. The Safer Schools Project and train safety together receive R10,657 million in earmarked funds for 2007/08, R14,174 million in 2008/09 and R16,13 million in 2009/10.

Further implementation of the 24-hour 7-day a week traffic services

Road fatalities and homicide remain the major cause of mortality in the Western Cape. Criminal activity along the N2, R300 and the N7 routes is on the increase, and has resulted in the death of motorists. Furthermore, road traffic accidents continue to have serious financial implications for the Western Cape economy in terms of traffic management and health care costs. Trauma from road accidents creates a major burden on health facilities, and negatively impacts on the Department of Health's budget. The 2010 FIFA World Cup is also expected to put an additional strain on Western Cape roads. The Motor Vehicle Accident Intervention Strategy (MVAI) that seeks to extend the coverage of the law enforcement service and to improve education and communication initiatives, was finalised in early 2006. Traffic enforcement is now provided 24-hours a day and seven days a week. In the coming year the DCS will continue with the implementation of MVAI strategy and will maintain the 24-hour 7-day a week traffic services in order to reduce road fatalities by 5 per cent.

The 2006/07 financial year saw an improvement in the co-ordination of security services within the Province, as a result of awareness sessions which were conducted by the Department. Subsequently there has been a gradual decrease in the loss of state property. Private security companies rendering security services in the PGWC are being monitored to ensure compliance with the Private Security Industry Regulatory Authority (PSIRA). Service Level Agreements between departments and the private security companies are also being monitored. The 2007 MTEF budget injects R37,993 million over the next three years to capacitate the security risk management and upgrade access control and monitoring system. The aim is to improve security in the PGWC in respect of employees, visitors, guests and property by minimising loss, damage or injury to property and personnel.

Vote 5: Education

Education receives 37,12 per cent of the provincial budget for 2007/08, an increase of 0,44 percentage points compared to the 2006/07 revised estimate. The Department's budget grows from R7,115 billion in the 2006/07 revised estimate to R7,685 billion in 2007/08, or by 8,00 per cent in nominal terms. Over the MTEF, the budget increases annually on average by 9,49 per cent in nominal terms from the 2006/07 revised estimate to R8,497 billion in 2008/09 and to R9,341 billion in 2009/10. The increase provides for a number of personnel-related expenditure items, the carry-through cost of pay progression for educators, and the implementation of national and provincial priorities.

Education receives the largest slice of the Provincial budget

The 2006/07 financial year identified a number of key deliverables, many of which are on-going and will continue to receive funding over the 2007 MTEF period. The following highlights progress made on some of these key deliverables:

- The launch and roll-out of the Human Capital Development Strategy, which will lead to the phased implementation of the re-design of the Department.
- The re-capitalisation of all 6 FET colleges, the investment in school safety infrastructure, the occupation of 14 new schools at the beginning of 2006 and the expansion of the number of Focus and Dinaledi schools, which all form part of the Department's Quality and Upliftment Programmes.
- The implementation of 'no-fee status' schools for certain of the poorest schools is an important achievement for 2006. 419 of the poorest primary schools, were declared no-fee schools covering 149 000 or 15,10 per cent of all learners. Improved access and equity is further promoted through the expansion of the Khanya Project which provides access to computer laboratories at 200 additional schools. Together with the Department of Social Development, 900 ECD practitioners are currently undergoing accredited training as part of the Expanded Public Works Programme. The Department has accommodated an additional 6 000 Grade R learners.

Progress being made on key deliverables

The 2007 MTEF will see the continuation of last year's national and provincial priorities which can be clustered around the following key themes: quality and upliftment; numeracy and literacy; improved access and equity; monitoring and evaluation; human resource policies and systems; and the phased-in implementation of the re-design of the Department. The outer years, 2008/09 and 2009/10, make special provision for personnel-related spending priority issues in schooling.

Over the 2007 MTEF the Department will receive a number of earmarked allocations that are specifically targeted at improving the quality of learning outcomes. An amount of R386,875 million is

allocated over the MTEF for the Quality Improvement, Development, Support and Upliftment Programme (QIDS-UP) and is specifically targeted at ensuring that all schools receive the basic minimum resource package. For 2007/08 the Department is targeting the poorest primary schools in the National Quintile 1 in order to ameliorate the deterioration of and backlogs in equipment such as laboratories, libraries, photocopiers, etc.

The Literacy and Numeracy Strategy 2006-2016, launched this year, is a provincial initiative that sets out targets for improved literacy and numeracy levels for each primary school in the Province. The Department will provide ongoing support for literacy and numeracy in primary schools through the continuous training of teachers, ongoing classroom support and the deployment of 510 teaching assistants to assist in the Foundation Phase in the poorest primary schools.

Boosting the skills base

The allocation for Further Education and Training increases from R264,527 million in the 2006/07 revised estimate to R309,637 million in 2007/08, representing an increase of 17,05 per cent. The recapitalisation of all 6 FET Colleges remains a focus for which the Department receives R157,305 million over 2007/08 and 2008/09 through the Further Education and Training College Sector Recapitalisation Grant. This grant will be used to ensure that skills development is aligned to the Micro Economic Development Strategy and national needs as outlined by the National Human Resource Development Strategy. R26,325 million is earmarked in 2007/08 to promote equity within FET colleges and to provide greater access for poor and academically deserving learners through a bursary scheme.

More than a third of learners gain access to 'no-fee status' schools

Ensuring greater access and equity remains a key deliverable for the Department. Over the 2007 MTEF, R622,267 million is earmarked for the expansion of the no-fee status schools. The number of no-fee schools for 2007 will be increased by 233 to 652 including both the poorest primary and secondary schools in National Quintiles 1 – 3. It is anticipated that more than 344 000 learners will be enrolled at no-fee status schools. The allocation provides National Norms and Standards Funding of R738 per learner per annum in quintile level one; R669 per learner per annum in quintile level two and R554 per learner per annum in quintile level three.

Although only accounting for 2 per cent of the total education budget, the allocation for Early Childhood Development (ECD) increases by 42,50 per cent from R107,397 million in the 2006/07 revised estimate to R153,039 million in 2007/08. Over the MTEF, the budget increases annually on average by 28 per cent from the 2006/07 revised estimate to R225,204 million in 2009/10. 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. For 2007/08 the Department plans to enroll a further 6 000 learners in

approximately 200 new sites in poor and rural communities. Furthermore, the allocation is to be used for the provision of new teaching and learning kits that help learners to meet the requirements of the national curriculum. Over the 2007 MTEF R238,828 million is earmarked for the expansion of Grade R.

R239 million earmarked for expansion of Grade R over the 2007 MTEF

R149,573 million is allocated over the 2007 MTEF for the ECD Expanded Public Works Programme. The funds will be utilised for the upgrading of the skills levels and employment of Early Childhood Development practitioners in poor communities. Currently 900 practitioners are enrolled in accredited training. For 2007/08 an additional 1 500 practitioners will participate in the training programme.

Teacher development (specifically focused on mathematics, literacy, life orientation and Grade R) as well as school management have been identified as crucial national priorities. Over the MTEF R121,000 million is allocated towards teacher development programmes that are aimed at upgrading the qualifications of existing teachers, while specific training programmes will improve the leadership and management skills of school principals. For the 2007/08 year, 160 principals and 500 teachers will be enrolled in training programmes.

Enhancing the managerial capacity of our schools

Systemic evaluation is undertaken in order to monitor the performance of grade three and six learners in numeracy, literacy and life skills proficiency. In addition to the provincial initiative, an amount of R10,648 million is earmarked over the MTEF in support of National Systemic Evaluation. In addition to providing an early indication of learner performance, these assessments will provide rigorous evidence to indicate which schooling resources and management practices merit prioritisation.

Strengthening accountability through monitoring and systematic evaluation

In order to meet the challenge of increasing administrative demands at schools and districts, R8 million is allocated in 2007/08 for the recruitment of administrative support staff.

Over the 2007 MTEF, R149,488 million is allocated for the implementation of human resource policies and systems consisting of new personnel structures, computer hardware and software databases.

An amount of R233,518 million is earmarked for the targeted improvement in the remuneration of specific categories of educators over the 2007 MTEF. Initially the focus is on school principals and is to be extended to other educators in subsequent years.

Finally, in keeping with national priorities, an additional amount of R175,963 million for 2008/09 and R351,926 million for 2009/10 is earmarked for the following personnel related issues in schooling:

- To improve the level of remuneration of teachers;
- To increase the number of clerical and support staff in schools and districts;
- To hire teaching assistants especially in the foundation phase of the schooling system and;
- To provide targeted incentives to teachers in critical subjects.

The exact details regarding how much will be allocated to each of these four priorities have yet to be finalised and will be influenced by national negotiation processes.

Vote 6: Health

The imminent finalisation and implementation of the Comprehensive Service Plan (CSP) will see the Department implement Healthcare 2010, the strategic framework to improve healthcare throughout the Western Cape. In addition to this, the Department will accelerate the pace of delivery in preparation for the 2010 FIFA World Cup.

Comprehensive Service Plan to drive expenditure over the 2007 MTEF

The Department of Health's total budget for 2007/08 amounts to R7,095 billion or 34,27 per cent of the total Provincial budget. The budget increases over the 2007 MTEF period to R7,942 billion in 2008/09 and R8,412 billion in 2009/10. In nominal terms these changes represent increases of 9,62 per cent in 2007/08; and 11,94 per cent and 5,91 per cent in 2008/09 and 2009/10 respectively. In total, the Department receives R23,449 billion over the 2007 MTEF period indicating an average annual growth rate of 9,13 per cent from 2006/07 to 2009/10. The strategic nature of Healthcare 2010 and resultant implementation of the CSP will drive expenditure over the 2007 MTEF period. The implementation of the CSP has thus been identified as a key deliverable for 2007/08.

EMS receives additional funding in preparation for the 2010 FIFA World Cup

A number of earmarked allocations have been made over the 2007 MTEF period to address national health priorities namely: Emergency Medical Services (EMS); the Health Professionals Remuneration Review (HPRR) and additional posts for health professionals. An amount of R41,000 million in 2007/08, R24,020 million in 2008/09 and R25,441 in 2009/10 has been earmarked for EMS with a view to prepare these services for the 2010 FIFA World Cup. The establishment of and full operation of a number of call centres across the Province, reduction in ambulance response times and acquisition of additional ambulances in 2006/07 indicate delivery on this priority. The allocation for the first year of the 2007 MTEF period allows the Department to continue to build its EMS fleet, enhance communications, appoint additional staff and upgrade equipment. As such EMS remains a key focus of the Department. The patient transport system will also be improved in 2007/08 to ensure a more efficient and effective system.

The implementation of HPRR and additional posts for health professionals have also been identified as key deliverables for 2007/08. Both initiatives aim to address the staff shortages experienced in the public health sector. The HPRR seeks to address staff shortages by improving conditions of services to attract and retain staff. Initially nurses' salaries will be targeted, followed by doctors and other health professionals in subsequent years. The focus on nurse salaries is of particular importance given the emphasis on nurse-led initiatives at primary health care (PHC) facilities. R97,094 million has been earmarked in 2007/08 for this purpose. R127,969 million and R176,494 million have been earmarked in 2008/09 and 2009/10 respectively.

Health professionals' salaries receive a boost

The additional posts for health professionals are part of a national drive to increase the number of health professionals in the public sector by 30 000 over the next 5 years. Specifically, salaries of medical students in their second internship year and nurses completing community service will be funded from this earmark.

Further funds have been earmarked for HIV/Aids, human resource development, the modernisation of tertiary services and the Expanded Public Works Programme (EPWP) within the Department.

Delivery in the HIV/Aids programmes in 2006/07 included extended awareness and education programmes and STI (Sexually Transmitted Infection) services at all PHC facilities. Over 22 000 patients are receiving ARV treatment in 47 sites across the Province. The Prevention of Mother-to-Child Transmission programme is also available at all sub-districts in the Province. TB management has also received a boost with the appointment of additional nursing and administration staff. The TB and HIV/Aids programmes receive priority in 2007/08 with the Department reaffirming its commitment to prevention, education and management programmes. HIV/Aids programmes receive an earmarked amount of R116,449 million over the MTEF: R37,048 million in 2007/08; R38,827 million in 2008/09; and R40,574 million in 2009/10.

Department strengthens Anti-retroviral Treatment services

Human resource development continues to receive earmarked allocations for 2007/08 (R42,657 million) and 2008/09 (R64,219 million) to further build the skills of professional staff. In 2006/07 the earmarked funds were used to extend nurse training and mentorship, appoint additional staff (including specialist staff) and improve the quality of rehabilitation services.

The modernisation of tertiary services receives an earmarked amount of R51,206 million for 2007/08. R30,434 million and R31,804 million have been allocated for the remaining 2007 MTEF years respectively. These funds will be used to further replace medical equipment in specialist hospitals (especially diagnostic radiology equipment,) strengthen cancer oncology services and increase the number of

Department to assume full responsibility of Personal Primary Health Care in rural districts

medical specialists. In 2006/07, linear accelerator units were purchased for Tygerberg and Groote Schuur Hospitals to extend radio-oncology treatment services at these sites. The unit at Tygerberg Hospital has been installed while the unit at Groote Schuur Hospital is in the process of being installed.

In 2006/07, nine community health centres (CHC) in the Metro implemented extended operating hours in an effort to identify and emphasis PHC facilities as the initial take-up point for non-life threatening emergencies. This extended service was possible due to the appointment of additional nursing staff at these facilities. While funding for PHC no longer receives earmarked funding, the Department will prioritise the assumption of full responsibility for Personal Primary Health Care (PPHC) in rural districts in 2007/08. This is a further step toward establishing the district-based health system as outlined in the CSP.

The EPWP for Health saw the training of 1 105 learners across the Province in 2006/07. These learners were trained to provide a range of community based services including home-based care and treatment adherence. The expansion of the EPWP remains a key deliverable for the Department in 2007/08 and earmarked funding of R49,054 million has been allocated for this year. R74,044 million and R77,376 million has been earmarked for 2008/09 and 2009/10 respectively.

Report on Burden of Disease study to be discussed at March summit

The anticipated Burden of Disease study report, financed via an earmarked allocation in the 2006/07, will be submitted in March 2007. This study aims to better inform policy and resource allocation in managing diseases prevalent in the Western Cape, factors contributing to these diseases and their causes. This document will be discussed at a summit in March where key role-players will provide further input into the management of diseases in the Western Cape.

The signing of the new bilateral and multi-lateral agreements with the four institutions of higher learning in the Province has also been identified as a key deliverable for 2007/08. Amongst other, these agreements regulate joint staff appointments between the Department and the institutions. Furthermore, the Department will strengthen human resource and financial management in the Department in 2007/08 to improve performance.

Vote 7: Social Development

The 2006/07 financial year marked the beginning of a new era for the Department of Social Development, as the shift of the social security function paved the way for increased focus on social welfare services. Although the Department was still responsible for rendering corporate support services to SASSA, it was able to renew its

commitment to support and empower poor and marginalised people. The final shift of the social security function to SASSA is expected to take place in April 2007. The Department's objectives support the PGDS goals of creating liveable communities and strengthening social capital networks. The DSD's objectives continue to be influenced by the national agenda; hence its objectives are also closely linked to the national priority of building strong communities through the spirit of ubuntu.

To further deepen and consolidate these social capital initiatives, the Department receives a budget of R891,503 million in 2007/08. This budget represents 4,031 per cent of the total Western Cape budget in the new financial year. The Department's budget increases to R1,142 billion in 2009/10, to allow for the expansion of social welfare services to the prioritised target groups especially youth, women and children and marginalized communities.

Of critical importance for the Department in the next three years is improving the quality of social services by investing in human resource management and implementing strategies to retain and attract skills. R34,779 million is provided over the MTEF period for the employment of Social Auxiliary Workers to assist with tasks that do not legally require a social worker, thus relieving the burden on social workers. In-service training and further studies will help to prepare some of the social auxiliary workers to become full-fledged social workers.

Additional money provided for employment of Social Auxiliary Workers to assist Social Workers with non-legislative tasks

Further improvements in the delivery of social welfare services include the expansion and transformation of existing social welfare services to priority areas as well as areas of greatest need (especially in previously disadvantaged communities). The Department is adopting a phased approach to the implementation of a cost centre model, as part of a multi-year plan. During 2006/07, 3 local offices were established and 1 district office is in the process of being established in Vredenburg. Service providers have been appointed to capacitate emerging and new organisations. The monitoring and evaluation function has now been decentralised to district offices. R301,433 million is earmarked for the expansion of social welfare services with R57,450 million in 2007/08; R126,175 million in 2008/09 and R117,808 million in 2009/10). An additional amount of R2,085 million is set aside in the 2007/08 financial year for capital projects that will include the refurbishment of district offices.

The scope and growth of the substance abuse problem has necessitated national intervention. R77,925 million is made available over the next three years to cover infrastructure needs and equip rehabilitation centres. The Department is developing an Integrated Provincial Substance Abuse Strategy to address substance abuse in the Province. The focus of the strategy is on education and training, developing criteria for the expansion of services for both residential

R78 million earmarked to strengthen interventions to fight substance abuse in the Province

Increase number of people benefiting from EPWP - ECD, HCBC and youth development programmes

and non-residential services, and ensuring accreditation of substance abuse programmes. Initiatives to reduce the supply of and demand for drugs will be strengthened with a special focus on treatment, prevention and community-based services. The Department will place special attention on building the capacity of service providers, implementing and monitoring service delivery and implementing the National Drug Master Plan.

The 2006/07 Budget introduced a new injection of funds for the expansion of Expanded Public Works Programmes (EPWP) in the Social Cluster. EPWP programmes driven by the Department include Early Childhood Development (ECD), home-based care and youth learnerships. With regard to ECD, significant progress has been made to increase the ECD subsidy from R5 per child per day to R6,50 per child per day. To date 45,679 children have access to ECD facilities. Service providers are currently being secured to manage a six-month project to train 233 ECD assistants in 2007/08.

In 2006/07, approximately 315 care givers received training in Home Community Based Care (HCBC), 32 organisations were supported, and two new service providers have been added to the pool of training providers for HCBC. EPWP youth participants benefited from youth learnerships hosted at the Wolwekloof Academy, where they received skills and training as ECD practitioners, Home-Based Carers, youth interns and mentors. In 2006/07, 600 young people received training on entrepreneurial and life skills training in the West Coast. During 2006 the DSD started recruiting 1 000 young people who will be trained to mentor, assist with referrals for victims of substance abuse, and provide support services to youth abusing substances and drugs.

Amounts of R40,150 million in 2007/08 million and R60,603 million in 2008/09 are again earmarked for further expansion of the EPWP. The funds now include R63,330 million for the 2009/10 financial year, to increase the number of persons reached through the EPWP with reference to ECD, HCBC and youth.

The Older Persons' Bill was enacted during 2006, at which time the Department commenced with the training of staff and service providers. In 2006/07 the Department introduced the Golden Games Programme for older persons to strengthen social cohesion. The costing of the Children's Bill and the Child Justice Bill has been finalised, laying the foundation for further work. The DSD also started with the training of staff and NGO staff members on the Child Justice Bill. A service level agreement has been entered into with the University of the Western Cape, to provide training to staff and service providers on the Children's Bill. Orientation on the Section 75 Children's Act to prepare for implementation, consultation around the Section 76 Children's Amendment Bill and implementation and monitoring of the Older Person's Act will be paramount in the

coming year. The Department is receiving R181,737 million over the 2007 MTEF for the implementation of the three pieces of social welfare services legislation.

Vote 8: Local Government and Housing

Local Government and Housing's 2007/08 budget amounts to R1,198 billion and constitutes 5,79 per cent of the provincial budget. Using the 2006/07 revised estimate as a base, the Department's allocation is budgeted to grow at an average annual rate of 10,47 per cent over the MTEF period, reaching R1,705 billion in 2009/10. The growth is mainly due to the substantial increase in the national Integrated Housing and Human Settlement Development Grant (Housing Grant). The Housing Grant is projected to grow at an average annual rate of 34,9 per cent from an original allocation of R598 million in 2006/07 to R1,469 billion in 2009/10. When comparing the revised estimate for 2006/07 to the allocation for 2007/08, the Department's allocation declines by 5,25 per cent. The decline is due to the distorting affect of the large addition given to the national Housing Grant specifically earmarked for the N2 Gateway project. The amounts in the Housing Grant earmarked for the N2 drop dramatically in 2007/08 when compared with 2006/07, and then grow at a steady rate over the MTEF. If the national funds for the N2 Project are excluded from 2006/07 revised budget and the 2007/08 estimates, the budget grows by 11,83 per cent year-on-year.

Substantial increase in national resources for subsidised housing

The Department will launch the Province's Sustainable Human Settlement Strategy (SHSS) in the early part of 2007/08. The strategy provides a framework for increasing the rate at which the provincial housing backlog can be addressed and for locating subsidised housing closer to the economic cores of towns and cities. The Department is setting up a programme of housing project pilots to develop a number of the policy tools and instruments outlined in the SHSS. For instance, the Department has set up pilots to focus on how best to leverage the private sector to supply the subsidised market as part of its normal market-drive activities. Once the Department has identified the tools which proved workable, the Department will refine its strategy so as to provide a useful basis for action by housing agencies. The SHSS will also begin to show how housing agencies can improve the environmental sustainability of settlements giving practical effect to some of the instruments contained in the Provincial Spatial Development Framework.

Despite receiving substantial additional resources through the national Housing Grant, the ability of the Department to accelerate the delivery of housing through the existing subsidy instruments is being hampered by the rise in the value of the subsidy and local shortages in bulk and connector infrastructure. Subsidy quanta have risen to take account of the significant increases in construction costs, to provide a larger housing unit and to cater for the complicated

Ability to increase number of houses built hampered by increase in subsidy values

relocation and decanting process often required for in situ informal settlement upgrade. In 2007/06 the Department plans keep its annual output of serviced sites and housing units stable at 18 000 and 16 000 respectively. If the subsidy quanta increase in the outer years at the rate suggested by policy announcements, given the current budget levels, the number of subsidised units delivered will drop markedly.

Subsidised housing delivery is also constrained by the lack of well-located land affordable to housing agencies. The Province will release strategic pockets of land in such a way as to supply the subsidised housing market and leverage private resources for subsidised housing delivery. The Department will co-ordinate closely with Department of Transport and Public Works to achieve these aims.

One quarter of national housing grant, or R900 million, earmarked for N2 Gateway over MTEF

During 2006/07 the role of the Department in the N2 Gateway project shifted substantially. The service provider overseeing the N2 Project, Thubelitsha Homes, became contracted directly to the National Housing Department, while the Department became responsible for administering the payment to Thubelitsha Homes. The Department receives allocations specifically earmarked for the N2 Project from the National Department. In 2006/07 the Department received R372 million for the N2 Project from the National Department in the adjusted budget in November. Over the course of the MTEF, a quarter of the national Housing Grant, or R900 million, is earmarked for the N2 Project. The Province will make payments to Thubelitsha Homes according to the housing code and the Provincial Financial Management Act as Thubelitsha delivers on the National Department's brief for the Project.

Compared to the revised estimates for 2006/07, the Local Government Programme allocation for 2007/08 drops by 24,10 per cent. The drop is, however, an effect of once-off allocations made in Local Government's Adjusted Estimate for national payments for disaster relief and rollovers from 2005/06. If these once-offs are removed, the allocation grows year-on-year by 0,15 per cent. Using the revised estimates with once-off items removed from the base, Local Government's allocation is projected to grow at an average annual rate of 8,84 per cent.

New drive to boost municipal capacity based on the retention and expansion of existing capacity within municipalities

During 2006/07 the Department began to implement its "hands-on support" capacity building programme to municipalities. In the first year, the Department focussed on supporting newly elected councils by providing councilor training in partnership with the South African Local Government Association and assisting councils to appoint municipal managers. The Department also provided intensive support to Kannaland and Cedarberg, both Project Consolidate Municipalities. The Department began to test the application of the "shared service" concept through which municipalities will pool specialised service resources at district level to increase economies of scale for these high-cost services. During 2007/08 the Department will

begin to facilitate the setting up on “shared service” facilities within districts more broadly. The Department also plans to deploy department officials to specific districts to enable the Department to give the “hands-on support” envisaged.

Over the MTEF period, these initiatives will be partially resourced from the R34,355 million allocation earmarked for this purpose. To improve the design and targeting of the Department’s capacity building responses, the Department is developing a municipal capacity assessment tool which it will apply annually.

In partnership with other government agencies, in 2007/08 the Department will continue to co-ordinate and drive the national initiative to eradicate the bucket system in established, formal settlements in the Province. The 2007 eradication targets are largely on course to be met. In some areas, however, due to geo-technical factors and the spatial layout of housing units, the costs required to provide a basic level of service outstrip available resources.

To enhance public participation at a local level, the Department provides support to ward committees and manages the Community Development Workers (CDW) system in the Province. Before expanding the CDW system, the Department aims to consolidate it by setting up a clear and responsive system through which CDW can refer service delivery problems picked up at a local level to the relevant service authority. The Department will also refine and augment the regional management and co-ordination structures for CDWs.

Improving efficacy of the CDW system through the establishment of clear, enforceable referral system

The Department receives an earmarked allocation of R27,470 million over the MTEF to operationalise the Provincial Emergency Management Centre. More than half of these funds are to finance the satellite-based communication services used in disaster management across all the districts in the Province and in the routine dispatching of ambulance and traffic management services. The resources will also be used to populate and develop computer-based systems to enable the Provincial Centre to carry out all aspects of disaster management at the provincial level and to support municipalities to carry out their own disaster management functions. The systems to be developed include two models to assist authorities, one to avoid or prevent disasters and another to recover from disasters.

Provincial Emergency Management function to be operationalised

R3,050 million of the Department’s allocation over the first two years of the MTEF is to continue establishing a monitoring and evaluation (M&E) facility for local government and a resource centre to support policy makers and planners working in the fields of human settlement and local governance in the Western Cape. A key element of the M&E facility is municipal capacity assessment tool mentioned above.

Vote 9: Environmental Affairs and Development Planning

The Department of Environmental Affairs and Development Planning receives 0,88 per cent of the total provincial budget. In 2007/08 the Department's budget amounts to R181,414 million, a decrease of 1,76 per cent on its 2006/07 revised estimate. The budget, however, increases at an average annual rate of 10,92 per cent between 2006/07 and 2009/10.

The Environmental and Land Management Programme receives R28,033 million or 15,45 per cent of the Department's budget in 2007/08. Using the 2006/07 revised estimate as a base, the programme grows by 8,21 per cent over the MTEF. The Programme receives an earmarked allocation of R0,8 million in 2007/08 for the formulation of regulations and the initial implementation of the Integrated Law Reform Project (iLRP). The iLRP seeks to streamline the environmental, planning and heritage approval processes for land development into a single system of parallel decision making. The project was delayed in 2006/07 as it became apparent that certain national environmental and planning provisions would have to be eased if the project is to be successful. The Department is lobbying national government to remove these constraints and has received support from the Deputy Presidency.

In 2007/08, the Environmental and Land Planning Programme is budgeted to receive 71,57 per cent of the Department's entire budget. Compared to the 2006/07 revised estimate the budget for the Programme declines by 6,11 per cent in 2007/08 but increases at an average annual rate of 11,32 per cent over the MTEF.

Additional resources to upgrade and develop nature-based tourist facilities

A significant portion of the programme's budget (61,73 per cent) is transferred to the Western Cape Nature Conservation Board (WCNCB), also known as CapeNature. In 2006/07 CapeNature received additional funding to develop the nature-based tourism potential of the Western Cape through upgrading its tourism facilities at the De Hoop Nature Reserve and establishing a new coastal 'whale trail' in the Province. This initiative receives a further boost amounting to R52,110 million over the MTEF period. CapeNature will use these resources to upgrade existing tourist facilities (campsites, picnic sites, toilet facilities etc) within its nature reserves and to develop adventure tourism destinations and hubs in places such as the Garden Route, Cederberg and Boland Mountains.

Fire management capacity of CapeNature gets a boost

CapeNature has also been given an additional R36,300 million over the MTEF to augment its fire management capacity and to reduce the risk of fires on nature reserves. Besides fire fighting, fire management includes prevention and rapid response activities such as the use of helicopters, fire detection systems and increasing fire awareness. Part of these funds will be used to remove alien vegetation. Extra

resources were provided in 2006/07 for CapeNature to boost its fire fighting capacity and to develop an integrated fire prevention strategy, which is currently under review by the Department.

Over the MTEF the Department plans to begin implementation of the Environmental Economy, an Integrated Energy Strategy and the Western Cape Climate Change Response Strategy and Action Plan. All of these strategies are multi-sectoral; in implementing them the Department will assume a co-ordination and driving role.

- The aim of the provincial climate strategy is to identify key risk areas and recommend adaptation and mitigation measures for dealing with climate change. The Department began to devise this strategy in 2005/06 and will release a draft towards the end of 2006/07.
- Under the label of the “environmental economy”, the Department is looking for ways in which the delivery of services and the building of infrastructure in more sustainable ways can stimulate economic activity and job creation. The Department plans to strengthen the environmental economy through awareness and empowerment programmes.
- The Integrated Energy Strategy focuses on action plans that will ensure energy security in the Province and facilitate the switch to renewable energy and improvements in energy efficiency.

Department to begin implementation of the Provincial Climate Change Response Strategy and Action Plan

The Department aims to improve the alignment between municipal Integrated Development Plans (IDPs) and Spatial Development Frameworks (SDFs) and the Provincial Spatial Development Framework through monitoring the degree of alignment and assisting municipalities to increase alignment. To prepare municipalities to recast their IDPs and SDFs, in 2006/07 the Department ran a communication and training campaign on the PSDF. Technical support and financial resources were also directed to high growth towns in the Province to assist them to reformulate their IDPs and SDFs using the PSDF as a basis.

Improved alignment between municipalities' IDPs and SDFs with the PSDF

In 2006/07, the Department took on a new regulatory function, that of waste facility permitting. An audit of selected waste disposal sites which begun in 2006/07 will be used to classify waste disposal facilities and assess the extent to which the sites comply with regulations. This information will inform the design of systems to manage and monitor waste disposal facilities.

In 2007/08 the Department will expand its Law Enforcement and Compliance monitoring unit to better meet regulatory obligations arising from the National Environmental Management Act and other environmental legislation.

Expansion of environmental law enforcement capacity

Over the MTEF, the Department also plans to strengthen its pollution control and clean-up activities by focusing on implementing

provisions in the National Environmental Management Air Quality Act and the Healthcare Waste Management Act.

Vote 10: Transport and Public Works

Transport and Public Works amounts to R2,207 billion and makes up 10,66 per cent of the 2007/08 Provincial budget. Compared to the revised estimate for 2006/07, the Department's budget decreases by 4,74 per cent in 2007/08. However, the Department received a number of once-off payments in its 2006/07 adjusted budget which if removed leads to positive growth of 4,37 per cent. The once-off payments mainly arise from national transfers for the reconstruction and repair of provincial roads and buildings damaged by the floods in 2006/07, above-target motor vehicle license collections and accounting practices for the depreciation of the Province's vehicle fleet.

Over the MTEF period the Department's budget is projected to grow at an average rate of 1,43 per cent from its 2006/07 revised spending estimates. The Department is projected to allocate between 41 and 44 per cent of its annual budgets to capital asset payments over the MTEF period. Capital assets are projected to increase at an average annual rate of 1,45 per cent over the MTEF period. The Department thus keeps the amounts spent on capital payments at the new levels reached in the previous MTEF.

The Department will launch the Strategic Infrastructure Plan (SIP) early in 2007/08 with the release of a discussion document which summarises significant infrastructure supply and operating interventions under way or planned by infrastructure agencies in the Province. Provincial departments, municipalities and State Owned Enterprises are included amongst these agencies. The SIP will suggest how the agencies' plans and activities can be enhanced to improve the sustainability of infrastructure, its accessibility and its impact on growth.

Over the MTEF period the Department will ready the Province for the implementation of the Government Infrastructure Asset Management Act. The Act seeks to improve the efficiency with which government uses infrastructure by making user departments explicitly accountable for the use and up-keep of their infrastructure. The Department is also developing a plan for consolidating and upgrading its office building holdings in the CBD of Cape Town to form a head office precinct for the provincial government. The precinct will increase the efficiency of administrative operations by boosting agglomeration economies. Over the MTEF period, R109,111 million has been earmarked for the maintenance and upgrade of head office buildings. Furthermore, although not specifically contained in this 2007/08 budget, the 4 Dorp Street office

Provincial government head office precinct in the Cape Town CBD to be created to lower administrative and communication costs and facilitate integration

building will require extensive exterior maintenance work which must be covered in the 2007 Adjusted Estimates.

The Department has budgeted to spend R3,778 billion over the MTEF period on the maintenance and provision of road infrastructure, preserving the significantly higher level of roads funding reached in 2006/07. This increased level of funding has allowed the Department to improve the condition of surfaced roads – the most critical component of the road network along which 95 per cent of provincial traffic flows. The increased funding has also allowed the surfacing of key tourist routes in the Province.

In partnership with the City of Cape Town, the Roads Branch is upgrading and building roads to enable the successful hosting of the 2010 FIFA World Cup event, including the upgrade of the airport link along the N2.

Additional national resources have been made available via the Provincial Infrastructure Grant to expand the creation of work opportunities and provision of accredited training beyond current levels achieved by the Roads Infrastructure Programme. This initiative is referred to as “upscaling the Expanded Public Works Programme (EPWP) on roads”.

During 2006/07 the Department put substantial effort into improving the co-ordination in planning and funding between the Province, the City of Cape Town and the South African Rail Commuter Corporation (SARCC), the commuter rail agency. A mechanism to allow for routine co-operation in the planning and operation of the restructured public transport system in the metropolitan area is being set up. Over the 2007 MTEF period the Department, working through this co-ordination mechanism, will put in place a number of longer-term smaller contracts which will provide for an 18-hour service along transport corridors identified in the City’s integrated transport plan.

Outside of the metropolitan area, the Department will refocus the support it provides to municipalities to improve their public transport systems. A key goal will be to improve the capacity of the municipalities to undertake public transport planning and enable them to improve their Integrated and Public Transport Plans. Over the last few years the Department has provided resources to municipalities to develop these statutory plans, and upon review has found that the conceptual basis to most of the plans submitted was weak. The Department will continue to support the George Mobility Strategy through funding for the detailed design of the public transport system, and for the provision of non-motorised transport (NMT) and public transport facilities along Sandkraal Road which links Thembalethu to the industrial and central area. Resources will also be made available to districts to fund NMT infrastructure where

Statutory co-ordination mechanism for government public transport agencies in the broader metropolitan area

Increased focus on building capacity of municipalities to plan and operate public transport

this infrastructure is well motivated for in the transport plans of the district. To enable Stellenbosch to fulfill its role as an official practice venue for the 2010 FIFA World Cup, the Department will partially fund the provision of public transport infrastructure as a matching component to national Provincial Transport Infrastructure Fund (PTIF) funds and municipal funds.

Department to play a driving role in taxi recapitalisation programme

The Department will play a number of key roles in the taxi recapitalisation process. The Department, through the Taxi Registrar, receives and administers applications for scrapping from taxi operators. Part of the administration process is to verify whether applicants are licenced operators. The decision to scrap vehicle and the awarding of scrapping allowances lies outside the Provincial Government with the Scrapping Agency. The Department will undertake a number of related empowerment initiatives amongst operators including training and the linking of operators to vehicle financing services.

Improved coordination between public transport law and safety enforcement agencies

In 2007/08 the Department will begin to implement its Safety and Compliance Strategy for public transport developed in 2006/07. The Strategy maps out how the Department will give effect to its statutory role to improve public transport safety. The key focus of the strategy is to ensure that all taxi operators are licensed and that their vehicles are roadworthy. The Department will attempt to improve the co-ordination of enforcement agencies in implementing the strategy, and feed agencies intelligence on "hot-spots" that it is able to glean through the Taxi Registrar which it houses. Given the paucity of impound facilities in the Province, the Department will fund the construction of an impoundment facility in Beaufort West to allow for better enforcement.

The Province has earmarked a total amount of R115,374 million over the MTEF for the improvement of public transport services in the Province, including the upgrade of road and public transport infrastructure along the Klipfontein Corridor, an important transport corridor in Cape Town.

In 2007/08 the Department will transfer R30 million to the City of Cape Town as its final payment of the Province's R60 million contribution for the upgrade of the Athlone Stadium. The stadium is to be used as an official practice venue in the 2010 FIFA World Cup 2010.

R600 million secured from national government for public transport needs for WC 2010

In addition, an amount of R600 million has been secured for 2010 transport infrastructure from the Provincial Transport Infrastructure Fund (PTIF). The PTIF was established by National Treasury to address the transport funding requirements relating to the 2010 FIFA World Cup. Host cities and provinces were required to submit their transport plans to National Treasury, for funding consideration from the PTIF. Consolidated plans for both the City of Cape Town and the

Department of Transport and Public Works, detailing the respective projects and resource needs, were submitted.

The CBPW Programme began to take on its new role of supporting and co-ordinating the implementation of the EPWP in the Province and to withdraw from the direct delivery of infrastructure in 2006/07. It began setting up sector-based and district based co-ordination structures to assist delivery agencies, especially municipalities, to mainstream the EPWP into their delivery programmes. Support was given to agencies to improve the quality of their EPWP reporting. In 2007/08 the unit will focus on formulating realistic sector plans so that the attainment of national targets can be guaranteed.

Support given to the mainstreaming of the EPWP in service delivery

An earmarked allocation of R26,5 million over the MTEF has been provided as a contribution to the Department's broad efforts to build skills in the built environment sector. These resources will be used to partially fund a bursary scheme that the Department offers to the public covering degree-based technical and professional courses. In partnership with National Skill Fund, the Department is facilitating the provision of 1 500 "learnerships" over a three-year period through a programme called Learnership 1000.

The Province has also set aside R47,982 million to enhance the technical capacity of the Department, particularly the Public Works Programme. To do this, the Department will draw significant number of entry-level professionals into its ranks and develop their skills through the provision of an accredited, experiential training and mentorship programme run by retired professionals. Given that Supply Chain Management (SCM) is a key function of the Department, the Department is also setting up a central SCM compliance and monitoring unit to support the programme level decentralised units that carry out this function.

Innovative ways of boosting scarce skills

Vote 11: Agriculture

The Department of Agriculture projects to spend R290,212 million in 2007/08, which constitutes 1,40 per cent of the total Provincial budget. The budgeted expenditure for 2007/08 increases by 7,77 per cent from the 2006/07 revised estimate largely due to increases in resources dedicated to farmer support and development and agricultural training. Over the entire MTEF, the Department's budget is expected to grow at an average annual growth rate of 8,66 per cent, reaching R345,487 million in 2009/10.

During 2006/07 the Agricultural and Agri-business Strategy for the Western Cape Province was finalised. The strategic objectives are set out for land reform, human resource development, food safety and security, and extension and farmer support among other themes. The action plans for implementing the strategy were agreed upon

between the four social partners (government, business, labour and civil society). The Department has used these action plans to devise its budget and output plans over the MTEF period.

Farmer Support and Development is the biggest programme in the department and receives R84,586 million or 29,15 per cent of the Department's budget in 2007/08. Compared to the revised estimate of 2006/07, the programme budget grows by 18,01 per cent in 2007/08. This growth is partly driven by increases in the Comprehensive Agricultural Support Programme (CASP) conditional grant, which increases by 61,89 per cent between 2006/07 and 2007/08.

In 2006, the Department set up a Farm Worker Development Sub-programme. The aim of the sub-programme is to facilitate skills development amongst farm workers, fund agricultural projects and deliver a referral service which links the farm worker sector to public service providers. The strategic plan for Farm Worker Development has been developed and indications are that the main focus areas will be improving the provision of education to farm worker children, enhancing the delivery of health, social services and housing, and raising awareness on Agri-BEE and labour laws. The Food Security sub-programme plans to expand food security projects by 20 per cent in presidential nodes and schools and communities that have a high incidence of HIV/Aids.

170 learnerships, 100 internships and 50 bursaries for historically disadvantaged individuals

The Human Capital Development (HCD) Strategy, developed in 2006/07, seeks to address the shortage of critical and scarce skills in the agricultural sector, with a strong focus on historically disadvantaged individuals. The Department began the implementation of the strategy by allocating a number of bursaries and learnerships to employees and external candidates. In 2007/08, the Department plans to expand its HCD activities by offering 170 learnerships, 100 internships and 50 bursaries to historically disadvantaged individuals both outside and inside the Department. At least 25 farm workers will also benefit from an exchange programme between Burgundy in France and the Western Cape which focuses on upgrading their technical skills.

The Structured Agricultural Training Programme receives R29,487 million in 2007/08, an increase of 22,36 per cent on the 2006/07 revised estimate. Included in the budget is an earmarked allocation of R38,951 million over the 2007 MTEF which the Department is using to augment its Further Education and Training Sub-programme. The sub-programme's activities are targeted at historically disadvantaged individuals particularly rural youth, women and land reform beneficiaries. The Programme has also been restructured to establish two new sub-programmes to better cater for the internal functions of quality assurance and administration and support for the Department's training activities.

The Department is launching special initiatives in the environmental management fields of water, biodiversity and natural resources which will be highlighted in 2007/08. For instance, a “water wise and biodiversity” campaign will be targeted at district municipalities that consume the most water for agricultural purposes. Another initiative will make use of remote sensing technology to determine the efficiency of agriculture water use in the Cape Winelands.

Department to launch a water wise and biodiversity campaign

The Department has planned a series of interventions in 2007/08 to support the second economy in the Western Cape. These interventions consist of efforts to re-skill unemployed and evicted farm workers and the implementation of a comprehensive mentorship programme for all BEE and land reform beneficiaries. A total of 150 land reform projects will benefit from the provision of infrastructure to enhance primary production and value addition to farm products. The Department also plans to increase international market access for emerging farmers through facilitating 15 export contracts for this sector. Domestic market access for emerging farmers will be facilitated through the Phillipi Fresh Produce Market, which the Department helped establish with the City of Cape Town and the private sector.

Supporting the second economy through re-skilling unemployed and evicted farm workers

Investigating alternative agricultural practices, industries and markets is another key deliverable for 2007/08. Some of the specific activities the Department plans to undertake are:

- Completing a bio-fuel strategy.
- Mapping the honey bush tea species in the Western Cape.
- Completing a survey on game farming and trade.
- Initiating a conservation farming strategy for the production of rooibos tea.

The Department will be taking a regional development approach in the delivery of its services. In adopting this approach the Department has set out to complete a decentralisation model for improving service delivery at district level and to develop a database of six socio-economic indicators per district. Furthermore two districts will be linked through wireless technology to the Department’s head office.

Vote 12: Economic Development and Tourism

The Department of Economic Development and Tourism accounts for 1,03 per cent of the Provincial Budget. The allocation to the Department increases by 19,86 per cent to R214,152 million in 2007/08, up from R178,661 million on the 2006/07 revised estimate. The budget continues to increase, to R235,749 million in 2008/09 and R267,608 million in 2009/10. Totalling R717,509 million over the 2007 MTEF, the Departments budget grows at an average annual rate of 14,42 per cent over the MTEF period. At this rate the Department’s

budget increases faster than the average annual Provincial growth rate of 8,87 per cent over the MTEF.

As a key economic development agency in the Province, the Department must tackle the binding constraints to shared economic growth identified by AsgiSA. The Department has grouped its activities into four strategic thrusts:

- Skills development;
- Enterprise development;
- Sector support; and
- Spatial expression of economic development.

Many of the key deliverables identified for 2006/07 remain valid in 2007/08 and will continue to receive funding over the 2007 MTEF period.

Ensuring a better match between the supply and demand for skills

Over the 2007 MTEF, R216,330 million is allocated to the Trade and Industry Development programme, of which R50,821 million is earmarked for “Workforce Development” in order to intensify and scale-up existing skills interventions. A range of new interventions will also be introduced which are targeted to ensure a better match between the demand for and supply of skills. The interventions will be backed by new research undertaken by the Department on labour market and sector skills needs. One existing skills intervention that will receive substantial support under the workforce development initiative is within the Business Processing Outsourcing (BPO) sector. The sector body, “Calling the Cape”, runs a learnership programme targeted at historically disadvantaged individuals. 90 per cent of the participants have gained employment in the sector upon completion of the programme.

Sector support continues to be a key priority for the Department. At present the Department has established 21 sector specific bodies and 5 general sector bodies. The main role of these sector bodies, in which key players in the sectors are represented, is to design support interventions for their sectors, to seek resources with which to implement the intervention, and to co-ordinate the implementation of those interventions.

The priority sectors previously identified for support include: Tourism, BPO, Information and Communication Technology and Oil and Gas. Creative industries, clothing and textiles as well as metals and engineering have also been identified as significant sectors and are also being targeted for support. Critical focus areas of work for these sector bodies include developing infrastructure and interventions that will lead to increased competitiveness as well as growth within the sector. Furthermore, these sector bodies play an

active role in promoting downstream economic activities that not only stimulate job creation, but also broaden economic participation.

The Department of Economic Development and Tourism makes extensive use of outside agencies (referred to as Special Purpose Vehicles) in order to deliver on its mandate. Over the 2007 MTEF the Department will conduct a review of its sector bodies in order to ensure the most appropriate institutional framework and vehicle for achieving the objectives of the Department. This process will include a review of the trade and investment promotion activities supported by the Department, with a view to up-scaling and intensifying this area of work.

Institutional review in order to improve efficiency and efficacy

The allocation for the Integrated Economic Development Services Programme increases by 35,26 per cent from R46,972 million (the 2006/07 revised estimate) to R63,535 million for 2007/08. An amount of R201,279 million is allocated to this programme over the 2007 MTEF. Key priorities for this programme include enterprise development and the need to give spatial expression to economic development. The Department will continue to support enterprise development through facilitating the access small businesses enjoy to financial services, training and business-related infrastructure.

The Department will broaden the access that businesses have to support services by expanding RED Doors and by forming partnerships with the Small Enterprise Development Agency (SEDA), a body run by the national Department of Trade and Industry. Red Doors are "one-stop-shop single access points for SMME's". RED Doors have provided assistance to more than 1 500 entrepreneurs over the past two years. To date, nine RED Door offices have been opened and two mobile units established. Two additional RED Door offices are planned for the Mossel Bay and Stellenbosch areas in 2007.

The Department is also prioritising the geographic location of its intervention strategies. The Department has established 5 PLEK PLAN offices, one in each of the five District Municipalities, excluding the City of Cape Town. These offices will work together with municipalities to formulate realistic Local Economic Development strategies and to identify and develop viable market opportunities for entrepreneurs.

The Rural Economic Assistance Fund (REAF) provides further support to rural economic development once viable economic opportunities have been identified. The REAF is focused on expanding community-based and community-owned enterprises and cooperatives.

The Department is responsible for certain aspects of business regulation and governance. A key deliverable for the Department is to ensure the existence of a fair business environment. In order to achieve this objective, the Department implements the Consumer Affairs Act which include the running of a Consumer Tribunal and Office of the Consumer Protector. To meet these objectives the allocation for Business Regulation and Governance Programme increases by 36,65 per cent from the 2006/07 revised estimate of R11,030 million to R13,970 million in 2007/08.

Vote 13: Cultural Affairs and Sport

The Department of Cultural Affairs and Sport (DCAS) receives a total budget of R224,522 million in 2007/08, constituting 1,08 per cent of the total provincial budget. In 2008/09 the Department receives R470,144 million and R292,847 million in 2009/10. This budget represents a nominal growth of 19,64 per-cent in 2007/08. In 2008/09 the budget increases by 109,40 per cent as a result of additional funds geared to boost capital infrastructure in preparation for the 2010 FIFA World Cup and decreases by -37,71 per cent in 2009/10.

The demands of a changing society force the DCAS to change its vision and mission to focus more on service delivery guided by iKapa Elihlumayo strategies, the PGDS and furthermore by the national policy framework. The Department of Cultural Affairs and Sport thus plays an important role in building social capital and enhancing social cohesion.

In 2006/07 the Department established a residential sport school as part of the vision to promote and develop sport in the Western Cape. The old Education College site in Kuilsriver has been converted to serve the Western Community as the sport school. The sport school follows a holistic sport and integrated curriculum programme and offers a broad range of support services that would optimally enhance the performance of young athletes in the Western Cape. The Department receives R3,137 million in 2007/08; R4,280 million in 2008/09 and R4,473 million in 2009/10 to fulfill its objective for the promotion and development of the sport school in the Western Cape.

One of the central objectives of the Department is to use the 2010 FIFA World Cup as a springboard to achieve developmental outcomes. In 2006 the Department hosted a 2010 Conference in George to assist municipalities to refocus and define their strategies to enable them to accrue spin-offs of the 2010 FIFA World Cup. The Department has formed the Dutch Project, which is a twinning project with the Netherlands designed to expose local soccer talent to the international arena. In 2007, the Department will launch 2010 Football Ambassadors programme and the Dutch Football Exchange training camp. Over the MTEF period the Department receives R4,211 million in 2007/08; R4,455 million in 2008/09 and R6,498 million in 2009/10 to

assist the Department to fulfill the 2010 FIFA World Cup non-infrastructure requirements.

The Department will continue to use the Mass Participation Programme to mobilise young people to participate in sport, shifting their minds and attention away from anti-social behaviour. To this end the DCAS receives R18,946 million for 2007/08; R27,479 million in 2008/09 and R37,357 million in 2009/10.

Library services also play an important part in building social and human capital, thus enhancing social cohesion. During 2006/07, the Department played a critical role in extending library services to the broader population. Mobile libraries enable these services to reach rural communities. Via a grant from the National Department of Arts and Culture, library services receives R16,740 million for 2007/08; R31,434 million in 2008/09 and R43,338 million in 2009/10 to improve provisioning of library services and staffing conditions.

Over the 2007 MTEF, Government allocates R91,512 million to the library services to improve service delivery

In 2007, the Department will strengthen its partnership 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 also aims to leverage sport and culture (heritage, museums) and to expand tourism (including initiatives to mitigate the detrimental effects of seasonality).

During 2007/08 the Department will progressively regionalise departmental services to ensure greater access of services to the communities. The Department policy position is supported by the new public policy perspective, which seeks to involve communities in rendering public services.

Expenditure by Economic Classification

While the preceding chapter disaggregated provincial expenditure per department, Chapter 8 provides an analysis of provincial expenditure by economic classification. Table 15 shows the total budget according to the Standard Chart of Accounts (SCOA) classification of expenditure. Excluding direct charges, aggregate expenditure amounts to R20,702 billion in 2007/08, R23,252 billion in 2008/09 and R25,029 billion in 2009/10.

Table 15 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2003/04	2004/05	2005/06				2007/08	2006/07	2008/09	2009/10
Current payments	10 308 590	11 391 461	12 558 927	14 325 692	14 533 929	14 519 660	15 919 657	9.64	17 725 456	19 271 136
Compensation of employees	7 458 955	8 164 939	8 839 985	10 195 098	10 072 862	9 918 098	11 269 618	13.63	12 377 578	13 508 522
Goods and services	2 834 378	3 213 950	3 708 607	4 125 839	4 456 000	4 593 661	4 645 342	1.13	5 342 979	5 757 495
Interest and rent on land	2 243									
Financial transactions in assets and liabilities	13 014	12 572	10 335	4 755	5 067	7 901	4 697	(40.55)	4 899	5 119
Unauthorised expenditure										
Transfers and subsidies to	1 850 135	2 133 936	2 703 064	2 417 596	3 124 513	3 114 983	3 161 589	1.50	3 774 440	3 899 321
Provinces and municipalities	359 368	352 438	490 161	293 196	393 029	393 337	344 256	(12.48)	602 919	308 324
Departmental agencies and accounts	188 099	139 420	160 121	147 980	207 573	204 660	141 729	(30.75)	163 005	200 952
Universities and technikons	42 723	57 799	55 631	2 664	4 529	4 759	1 698	(64.32)	1 987	2 245
Public corporations and private enterprises	23 793	37 930	46 523	26 841	48 150	48 145	36 247	(24.71)	45 681	47 836
Foreign governments and international organisations	67	120	88	163	171	172	120	(30.23)	120	120
Non-profit institutions	805 086	899 391	1 197 014	1 207 954	1 274 136	1 298 416	1 507 741	16.12	1 590 363	1 693 186
Households	430 999	646 838	753 526	738 798	1 196 925	1 165 494	1 129 798	(3.06)	1 370 365	1 646 658
Payments for capital assets	942 079	1 055 704	1 472 110	1 616 771	1 785 055	1 763 530	1 620 366	(8.12)	1 751 655	1 858 862
Buildings and other fixed structures	693 505	813 045	1 137 593	1 314 026	1 460 988	1 434 987	1 319 632	(8.04)	1 445 583	1 515 832
Machinery and equipment	240 428	229 718	271 744	284 646	270 913	273 842	285 828	4.38	291 969	328 086
Cultivated assets		112	1 049	36	94	94	527	460.64	24	30
Software and other intangible assets	5 909	8 944	22 324	7 563	11 376	14 101	10 878	(22.86)	10 278	10 713
Land and subsoil assets	2 237	3 885	39 400	10 500	41 684	40 506	3 501	(91.36)	3 801	4 201
Total economic classification	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	6.72	23 251 551	25 029 319
Direct charge	12 164	12 892	13 288	15 531	14 241	14 223	14 942	5.06	15 689	15 616
Total economic classification (including direct charge)	13 112 968	14 593 993	16 747 389	18 375 590	19 457 738	19 412 396	20 716 554	6.72	23 267 240	25 044 935

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

Compensation of employees

Compensation of employees amounts to 54 per cent of 2007/08 budget

Compensation of employees amounts to R11,270 billion or 54,44 per cent of total expenditure in 2007/08. In nominal terms, it grows on average by 9,48 per cent between 2007/08 and 2009/10. As a share of total expenditure, the amount spent on compensation of employees decreases by 0,47 percentage points to 53,97 per cent in 2009/10.

Table 16 Summary of personnel numbers and cost by vote

Provincial department		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	As at 31 March 2010	
1.	Department of the Premier	(numbers) (R'000)	531 88 028	531 89 562	533 121 001	560 139 030	620 154 833	628 168 117	651 183 719
2.	Provincial Parliament	(numbers) (R'000)	61 10 961	59 11 210	51 10 935	98 12 708	98 21 909	98 23 344	98 25 193
3.	Provincial Treasury	(numbers) (R'000)	171 29 974	174 33 590	210 41 941	273 54 553	332 76 550	358 85 847	375 99 754
4.	Community Safety	(numbers) (R'000)	608 68 380	735 85 980	761 94 336	805 101 761	918 121 310	989 131 216	1 099 147 690
5.	Education	(numbers) (R'000)	37 828 4 316 446	38 213 4 567 683	38 505 4 962 469	38 692 5 388 025	38 692 5 903 639	38 692 6 509 924	38 692 7 166 961
6.	Health	(numbers) (R'000)	23 384 2 444 792	23 128 2 799 467	23 893 2 976 610	25 965 3 419 496	27 814 3 989 531	28 573 4 377 869	28 790 4 730 136
7.	Social Development	(numbers) (R'000)	1 558 136 987	1 757 162 823	1 662 151 086	1 670 206 883	1 787 241 403	1 832 271 030	1 832 289 716
8.	Local Government and Housing	(numbers) (R'000)	400 53 519	491 63 147	633 75 489	744 102 269	763 126 435	753 128 705	753 137 438
9.	Environmental Affairs and Development Planning	(numbers) (R'000)	176 30 252	255 37 401	266 46 414	277 52 413	368 72 760	371 79 369	371 83 934
10.	Transport and Public Works	(numbers) (R'000)	1 250 128 633	1 358 139 451	1 335 159 118	1 402 206 686	1 810 259 696	1 810 281 425	1 810 302 642
11.	Agriculture	(numbers) (R'000)	731 85 401	740 92 585	875 106 954	902 119 932	1 042 155 570	1 042 164 783	1 042 174 671
12.	Economic Development and Tourism	(numbers) (R'000)	124 14 678	124 22 182	160 27 084	186 32 148	212 45 781	246 50 970	246 54 579
13.	Cultural Affairs and Sport	(numbers) (R'000)	457 48 360	472 57 237	523 63 762	659 79 228	697 96 991	697 101 499	697 108 316
Total provincial personnel numbers			67 279	68 037	69 407	72 233	75 153	76 089	76 456
Total personnel cost (R'000)			7 456 411	8 162 318	8 837 199	9 915 132	11 266 408	12 374 098	13 504 749
Unit cost (R'000)			111	120	127	137	150	163	177

Table 16 shows that the number of posts is set to expand from a projected amount of 72 233 on 31 March 2007 to 76 456 on 31 March 2010. This represents an absolute increase of 4 223 jobs, of which 66,90 per cent will be in the Department of Health due to: the take-over of forensic services from the South African Police Services (SAPS); the Personal Primary Health Care (PPHC) provincialisation in the Metro and rural regions; and the additional posts for health professionals. The growth in the number of posts within the Provincial Treasury is concentrated in the Internal Audit unit with the purpose to provide strategic support to all departments and municipalities. Furthermore the Department of Environmental Affairs and Development Planning aims to expand its environmental law enforcement and compliance monitoring unit, as well as the Human Resource and Supply Chain Management components.

*Over 2007 MTEF
personnel numbers will
increase by 4 223*

The unit cost of personnel is also projected to increase from R150 000 to R177 000 over the 2007 MTEF, chiefly due to salary adjustments linked to inflation.

Capital expenditure

Table 15 shows that aggregate capital expenditure amounts to R1,620 billion in 2007/08 and grows on average by 7,11 per cent per year to R1,859 billion in 2009/10. Capital expenditure's share of the total Provincial budget constitutes 7,83 per cent in 2007/08; 7,53 per cent in 2008/09; and 7,43 per cent in 2009/10.

Capital expenditure growth signals positive commitment to infrastructure development

Due to once-off allocations for *inter alia* school buildings and flood repairs in the 2006/07 Adjusted Estimates, the capital expenditure decreases by R143,164 million between 2006/07 and 2007/08 (a nominal decrease of 8,12 per cent). The average annual nominal growth over the MTEF period is 1,77 per cent. Chapter 10 discusses capital expenditure in greater detail.

Expenditure on Training

The National Skills Development Levies Act, 1999 requires that 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 employees and may contribute funds to a Sectoral Education and Training Authority (SETA).⁹ Table 17 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 nominal terms, expenditure on provincial training increases by 29,79 per cent from R191,035 million in 2006/07 to R247,954 million in 2007/08. Over the MTEF period expenditure on training is expected to increase by an average annual nominal rate of 25,90 per cent to reach R381,223 million in 2009/10. The reasons for the increases are:

- An earmarked allocation of R92 million in 2009/10 for teacher development;
- 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 expected to grow from 323 in 2002/03 to around 3000 by 2009/10;

⁹ Payroll can be defined as the gross basic salary resorting under the Standard Chart of Accounts item "compensation of employees".

Table 17 Summary of provincial payments on training by vote

Provincial department R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
1. Department of the Premier	3 990	3 275	3 680	2 123	2 123	2 123	4 326	103.77	4 875	5 663
2. Provincial Parliament	110	131	165	255	255	255	379	48.63	395	412
3. Provincial Treasury	571	296	628	1 084	1 309	998	700	(29.86)	735	768
4. Community Safety	242	486	715	430	430	292	1 059	262.67	1 085	1 132
5. Education	31 967	41 700	41 606	44 718	52 098	52 098	56 307	8.08	67 467	141 687
6. Health	73 549	81 226	91 067	121 809	125 101	119 796	161 568	34.87	197 253	208 539
7. Social Development	256	282	310	340	340	340	374	10.00	374	374
8. Local Government and Housing	680	849	2 921	3 204	3 204	2 700	4 647	72.11	2 215	2 639
9. Environmental Affairs and Development Planning	669	726	1 163	1 429	1 329	1 168	1 456	24.66	1 620	1 960
10. Transport and Public Works	1 824	1 362	6 623	7 560	7 660	7 660	12 628	64.86	13 527	13 414
11. Agriculture		1 575	1 420	2 358	2 358	2 358	3 233	37.11	3 233	3 233
12. Economic Development and Tourism		345	377	481	481	481	458	(4.78)	510	546
13. Cultural Affairs and Sport	315	567	763	766	766	766	819	6.92	856	856
Total provincial payments on training	114 173	132 820	151 438	186 557	197 454	191 035	247 954	29.79	294 145	381 223

- 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 and professional development by the Department of Transport and Public Works.

Skills development and training remain high priorities

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

- 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).

Infrastructure¹⁰

Chapter 8 indicated that aggregate capital expenditure amounts to R1,620 billion in 2007/08 and constitutes 7,83 per cent of the total provincial budget. This chapter delves into more detail on issues related to capital spending, including policy directions and service delivery challenges.

Strategic Infrastructure Plan (SIP) for the Western Cape

Through the Strategic Infrastructure Plan, the Province plans to align, coordinate, target and leverage public and private infrastructure expenditure on strategic priorities and in so doing improve the impact of investment. Social equity and ecological integrity objectives are built into the SIP to ensure that sustainable development is a prerequisite for deciding on programmes to be delivered.

SIP aims to align, coordinate, target and leverage public and private infrastructure expenditure

Five strategic thrusts are identified in the SIP. These are:

- An efficient public transport system;
- Effective and timeous asset maintenance and management;
- Basic sanitation to all;
- Sustainable resources; and
- Training, education and research.

The SIP aims to direct investment to areas of high economic potential, as well as to support the infrastructure programmes as identified within the PGDS.

¹⁰ Please consult the tables (B.6) of the relevant votes in the booklet "Budget 2007: Estimates of Provincial Expenditure" for more detail on the projects.

Critical to achieving the iKapa Elihlumayo directive of shared growth and integrated development is the need to focus on maintenance and management of infrastructure, especially bulk infrastructure.

Having been approved by Provincial Cabinet in December 2006, the SIP will be launched in 2007. However development of the SIP by the Department of Transport and Public Works will continue in 2007/08. To leverage all possible investment from a myriad of stakeholders and to fast-track delivery of projects where numerous stakeholders are involved, the Province needs to ensure that infrastructure delivery mechanisms are in place. The setting up of mechanisms is to be given attention in a second iteration of the SIP. In addition, further attention will be given to developing the funding and financing mechanisms, which were identified in the first iteration. Municipalities are critical role-players in infrastructure delivery; the Province will give greater attention to supporting municipal infrastructure planning and supply.

Infrastructure Delivery Improvement Programme (IDIP)

IDIP is national programme to improve effectiveness and efficiency of public sector infrastructure spending

The Infrastructure Delivery Improvement Programme (IDIP) is a national programme aimed at improving the effectiveness and efficiency of the provincial public sector infrastructure delivery through institutionalising best practice tools and building capacity. Five outputs have been defined to achieve this purpose:

- The IDIP is effectively institutionalised and managed;
- The best practice methodologies are continually improved;
- Change issues associated with IDIP are dealt with in a realistic manner that will support sustainability of the interventions;
- Needs-based capacity building support is provided to departments to ensure they have the ability to implement and operationalise the best practice methods and systems which have been introduced; and
- Ongoing support is provided to National and Provincial Treasuries to design interventions to correct unanticipated poor infrastructure spending practices in implementing and client departments within financial years. Interventions could include improved planning.

IDIP programme prioritises education and health infrastructure spending

In 2004, with the assistance of the Provincial Treasury, the National Treasury commenced with the implementation of phase I of the IDIP in the Department of Education. In Phase 1 a design and assessment team appointed by the National Treasury designed an intervention to deal appropriately with the issues underlying education infrastructure delivery and motivated this through a business case. Phase II began in 2006 and entailed the appointment of a technical

assistant (TA) in the Department of Education, the client department, and Transport and Public Works, the implementing agent. The role of the TA is to assist the department to implement the business case.

During February 2007, the Assessment and Design phase started in the Department of Health with the appointment of an Assessment and Design Team with the mandate to prepare business case for the Department.

Provincial infrastructure payments and estimates

The revised estimate for 2006/07 in Tables 18 below includes additional funds of R202 million made available in the Adjustments Estimate 2007 for flood relief and acceleration of the provision of school infrastructure. If these funds are factored out of the 2006/07 revised estimate, the total infrastructure allocation for the Province drops slightly by 3,18 per cent between 2006/07 and 2007/08. Over the outer years of the MTEF, the annual infrastructure budgets are somewhat above the 2007/08 level. With the once-off additions factored out of the 2006/07 budget, period the infrastructure budget grows at an average annual rate of 2,82 per cent over the MTEF.

The Province has provided R212 million in 2008/09 towards the construction of the Green Point Stadium for the 2010 FIFA World Cup. This amount is allocated to the Department of Cultural Affairs and Sport.

Table 18 Summary of provincial infrastructure payments and estimates by vote

Provincial department R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate				
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate				
							2007/08	2006/07	2008/09	2009/10	
1. Department of the Premier											
2. Provincial Parliament											
3. Provincial Treasury											
4. Community Safety											
5. Education	164 172	244 646	346 839	279 476	379 222	379 222	178 038	(53.05)	138 941	149 916	
6. Health	196 176	288 464	217 025	324 946	345 093	339 594	368 689	8.57	565 929	528 369	
7. Social Development							17 000		17 000	14 000	
8. Local Government and Housing											
9. Environmental Affairs and Development Planning											
10. Transport and Public Works	721 427	762 896	1 174 149	1 343 518	1 482 246	1 477 246	1 358 530	(8.04)	1 432 107	1 460 873	
11. Agriculture	5 363	28 314	32 188	50 535	50 229	50 299	55 896	11.13	64 243	67 416	
12. Economic Development and Tourism											
13. Cultural Affairs and Sport									212 000		
Total provincial infrastructure payments and estimates by vote	1 087 138	1 324 320	1 770 201	1 998 475	2 256 790	2 246 361	1 978 153	(11.94)	2 430 220	2 220 574	

Table 18(a) Summary of provincial infrastructure payments and estimates by vote (Capital and Recurrent maintenance)

Category R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Capital	723 978	882 710	1 356 612	1 502 450	1 753 116	1 742 687	1 516 256	(12.99)	1 902 030	1 691 890
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	92 691	125 785	270 665	192 496	289 416	289 416	147 352	(49.09)	86 578	95 197
6. Health	126 555	222 267	177 067	251 749	272 651	267 152	288 492	7.99	480 824	439 442
7. Social Development							17 000		17 000	14 000
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	499 369	506 344	876 692	1 007 670	1 140 820	1 135 820	1 007 516	(11.30)	1 041 385	1 075 835
11. Agriculture	5 363	28 314	32 188	50 535	50 229	50 299	55 896	11.13	64 243	67 416
12. Economic Development and Tourism										
13. Cultural Affairs and Sport									212 000	
Recurrent maintenance	363 160	441 610	413 589	496 025	503 674	503 674	461 897	(8.29)	528 190	528 684
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	71 481	118 861	76 174	86 980	89 806	89 806	30 686	(65.83)	52 363	54 719
6. Health	69 621	66 197	39 958	73 197	72 442	72 442	80 197	10.71	85 105	88 927
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	222 058	256 552	297 457	335 848	341 426	341 426	351 014	2.81	390 722	385 038
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
Total provincial infrastructure by Vote										
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	164 172	244 646	346 839	279 476	379 222	379 222	178 038	(53.05)	138 941	149 916
6. Health	196 176	288 464	217 025	324 946	345 093	339 594	368 689	8.57	565 929	528 369
7. Social Development							17 000		17 000	14 000
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	721 427	762 896	1 174 149	1 343 518	1 482 246	1 477 246	1 358 530	(8.04)	1 432 107	1 460 873
11. Agriculture	5 363	28 314	32 188	50 535	50 229	50 299	55 896	11.13	64 243	67 416
12. Economic Development and Tourism										
13. Cultural Affairs and Sport									212 000	
Total provincial infrastructure payments and estimates	1 087 138	1 324 320	1 770 201	1 998 475	2 256 790	2 246 361	1 978 153	(11.94)	2 430 220	2 220 574

Table 18(b) Summary of provincial infrastructure payments and estimates by category and vote

Category R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
New construction ^{Note}	123 917	169 820	379 019	334 374	493 908	493 908	273 027	(44.72)	421 074	253 491
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	92 691	125 785	270 665	192 496	289 416	289 416	147 352	(49.09)	86 578	95 197
6. Health	25 371	44 035	22 421	19 000	32 566	32 566	16 434	(49.54)	18 000	18 000
7. Social Development							14 000		14 000	14 000
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	5 855		85 933	122 878	171 926	171 926	95 241	(44.60)	90 496	126 294
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport									212 000	
Rehabilitation/Upgrading ^{Note}	367 371	400 973	375 651	544 414	522 780	512 281	576 187	12.47	863 214	896 283
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	101 184	178 232	154 646	211 532	240 085	234 586	272 058	15.97	462 824	421 442
7. Social Development							3 000		3 000	
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	266 187	222 741	221 005	332 882	282 695	277 695	301 129	8.44	397 390	474 841
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
Recurrent maintenance ^{Note}	363 160	441 610	413 589	496 025	503 674	503 674	461 897	(8.29)	528 190	528 684
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	71 481	118 861	76 174	86 980	89 806	89 806	30 686	(65.83)	52 363	54 719
6. Health	69 621	66 197	39 958	73 197	72 442	72 442	80 197	10.71	85 105	88 927
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	222 058	256 552	297 457	335 848	341 426	341 426	351 014	2.81	390 722	385 038
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										

Table 18(b) Summary of provincial infrastructure payments and estimates by category and vote (continued)

Category R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Other capital projects ^{Note}	232 690	311 917	601 942	623 662	736 428	736 498	667 042	(9.43)	617 742	542 116
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health				21 217						
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	227 327	283 603	569 754	551 910	686 199	686 199	611 146	(10.94)	553 499	474 700
11. Agriculture	5 363	28 314	32 188	50 535	50 229	50 299	55 896	11.13	64 243	67 416
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
Total provincial infrastructure payments and estimates	1 087 138	1 324 320	1 770 201	1 998 475	2 256 790	2 246 361	1 978 153	(11.94)	2 430 220	2 220 574
<i>of which</i>										
Professional fees	156 992	194 878	257 429	242 744	218 252	299 016	322 623	7.89	340 529	353 636
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	20 637	29 992	48 212	37 270	15 041	52 312	25 267	(51.70)	17 719	19 495
6. Health ^a	27 465	40 385	39 427	45 492	2 821	48 313	51 616	6.84	79 230	73 972
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works ^b	108 890	121 301	159 377	140 448	180 856	181 044	233 561	29.01	230 880	246 899
11. Agriculture		3 200	10 413	19 534	19 534	17 347	12 179	(29.79)	12 700	13 270
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										

^a Calculated at 14% of total project cost.

^b Calculated at 10% of project cost for Roads and Public Transport and 16% for Public Works.

Note: Inclusive of Professional fees.

Infrastructure by category

The Province spends infrastructure funds on: the construction of new infrastructure; maintaining, rehabilitating and upgrading existing infrastructure; assisting municipalities to provide infrastructure; and providing productive infrastructure to emerging farmers. The following sections provide more detail on the infrastructure spending projected in the budget by department for each category of infrastructure spending.

New Construction

Transport and Public Works

General provincial buildings

Sharp increase in the provision of general provincial buildings

The 2007/08 budget for general provincial buildings in the Department of Transport and Public Works' budget is R69,180 million. This amount increases slightly in 2008/09 to R70,020 million, but is budgeted to increase steeply to R126,294 million in 2009/10.

The following key projects have been provided for in part or in full in 2007/08:

- Beaufort West Traffic Centre R9,630 million
- Athlone Stadium upgrade R30 million
- Cape Town Shared Service Centre R15 million

Transport and Public Works

Roads Infrastructure

An amount of R20,031 million has been allocated for the completion of phase I of the Potsdam interchange in 2007/08. The estimated original cost of the project amounted to R68 million. The project commenced in January 2006 and has a completion date of 30 September 2007. The total expenditure to date (end of December 2006) amounts to R37,272 million.

Education

Reduction in education infrastructure budgets due to compensation for frontloading in 2005/06

In 2005/06 the Department of Education brought forward R200 million for the construction of new educational facilities from its 2007/08 and 2008/09 infrastructure budgets. This means that the education infrastructure budgets for 2007/08 and 2008/09, amounting to R147,352 million and R86,578 million respectively, are each R100 million lower than they would have been had the 2005/06 school-building budget not been frontloaded. The revised budget for school-building in 2006/07 is R289,416 million and includes R65 million in

national transfers provided in the 2006/07 Adjusted Budget for accelerated school delivery and R31,920 million from internal savings within Education. In 2009/10, the second outer year of the MTEF, the allocation for education infrastructure is R95,197 million, which is slightly below previous funding levels. The restoration of previous funding levels in 2009/10 will need to be revisited in the next budget cycle.

The following key projects have been provided for in part or in full in 2007/08:

• Khayelitsha Primary School No 1	R6,851 million
• Khayelitsha Primary School No 2	R6,671 million
• Delft N2 Gateway Primary School	R6,671 million
• Table View Primary School	R8,631 million
• Heinz Park Primary School	R1,362 million
• Samora Marchel Primary School	R4,514 million
• Smutsville Primary School	R5,268 million
• Dalebuhle Primary School	R7,565 million
• Bloekombos Secondary School	R16,168 million
• Khayamandi Secondary School	R17,018 million
• Khayelitsha Secondary School No 1	R8,933 million
• Khayelitsha Secondary School No 2	R8,933 million
• Khayelitsha Secondary School No 3	R8,933 million
• Wellington Secondary School	R13,535 million

Health

The Department of Health's budget for 2007/08 is R16,434 million for the construction of new health facilities. The following notable projects have been provided for in 2007/08:

• G F Jooste Hospital: New Anti-retroviral clinic	R4,576 million
• Montagu Community Health Centre	R1,788 million
• Simondium Community Health Centre	R4,090 million
• Stanford Community Health Centre	R2,040 million

Amounts of R18 million have been allocated in each of the 2008/09 and 2009/10 financial years.

Rehabilitation/upgrading

Transport and Public Works

Roads Infrastructure

An amount of R229,444 million has been allocated for the rehabilitation and upgrading of the roads in the 2007/08 financial year. Amounts of R248,221 million and R296,188 million have been allocated in 2008/09 and 2009/10 respectively.

The following notable projects are provided for in the 2008/09 allocation:

- Bottelary Road R43,979 million
- Malmesbury - Hermon R41,753 million
- N2 Eastbound R29 million
- Piketberg-Redelinghuys R30,507 million
- TR77-St Helena R22,015 million
- White Bridge – Knysna R20 million

Community Based Projects

The Community Based Programme is currently changing its function from implementing community-based programmes to coordinating the scaling-up of the Expanded Public Works Programme (EPWP) amongst all public agencies in the Western Cape. The programme is re-organising to allow this shift in functions to occur. The responsibility for implementing the community-based programmes such as the Community Access Roads Programme (CARP), the Saamstaan building maintenance programme and the Zenzele roads maintenance programme will fall to the respective line functions within the Department.

Health

R272,058 million has been allocated in 2007/08 for the upgrading of health facilities. R80,262 million flows from the Provincial Infrastructure Grant (PIG), while R191,796 million comes from the Hospital Revitalisation Programme (HRP). In the outer years of the MTEF the allocations for rehabilitation and upgrade are projected to increase dramatically – to R462,824 million in 2008/09 and R421,442 million in 2009/10. The additional amounts are due to projected increases in the national transfers to provide for the expansion of district hospital services on the Cape Flats in the metropolitan area.

Community based programme reorganises to better coordinate the scaling up of EPWP

Sharp increase in the allocation for health facilities in the outer years

The major projects selected for 2007/08 and their allocations are listed below:

• Paarl Hospital	R75 million
• Worcester Hospital	R31,300 million
• Vredenburg Hospital Phase 2	R6,500 million
• Wellington community health centre	R12,440 million
• Mitchell's Plain Hospital	R2,462 million
• Khayelitsha Hospital	R5 million
• Khayelitsha community health centre	R5 million
• Worcester Hospital Ambulance Station	R9,600 million
• Beaufort West ambulance station	R4,588 million
• Caledon Hospital	R9,840 million
• Hottentots Holland Hospital	R6,120 million
• Hottentots Holland Hospital OPD	R5,200 million

Most of these projects are implemented over more than one financial year.

Other capital projects

Transport and Public Works

Roads Infrastructure

R547,161 million is provided for "other capital works" on roads in 2007/08. Amounts of R449,473 million and R449,550 million have been allocated for 2008/09 and 2009/10 respectively.

The major projects selected for 2007/08 and their allocations are listed below:

• Reseal various roads	R100,822 million
• Re-gravelling of various roads	R97,151 million
• Reconstruction of the Wellington-Hermon	R64,776 million
• Upgrade of Bredasdorp - Gansbaai	R44,600 million
• C788 Marcuskraal Road	R27,085 million
• Community Based Projects	R25 million
• N2 Westbound	R22,367 million

Most of these projects are implemented over more than one financial year.

Public and Non-Motorised Transport

An amount of R63,985 million is provided for in 2007/08 for public transport infrastructure, of which R30 million is the Province's contribution to financing the infrastructure upgrade components of the Klipfontein Corridor Strategy. An amount of R5 million has been allocated for non-motorised transport to prepare Cape Town for the 2010 FIFA World Cup. An amount of R15 million in 2007/08 has been provided for the building of Non-Motorised Transport (NMT) infrastructure along Sandkraal Road in George, actions which are called for in the George Mobility Strategy.

Amounts of R104,026 million and R25,150 million have been allocated for the outer years of 2008/09 and 2009/10 respectively.

Agriculture

The Department of Agriculture is projected to spend R55,896 million on "other capital" projects in 2007/08, which is more than the revised estimate of R50,229 million for 2006/07. "Other capital" mainly covers the provision of infrastructure to emerging farmers.

In 2007/08 Agriculture's "other capital" budget is funded keep as follows: R33,426 million from the Comprehensive Agriculture Support Programme (CASP); R3,270 million from the Land Care Grant; and R19,200 million from the equitable share. The major projects selected for 2007/08 and their allocations are listed below:

- Dwarstrek Water R2,300 million
- Residue Detection Laboratory R2 million
- Nelspoort: development of community farm R2 million
- Zoar Irrigation R2,100 million
- Klipfontein Water Supply R1,600 million
- Matjiesrivier R2,176 million
- Agri-academy R1,800 million

Maintenance

Transport and Public Works

Provincial Buildings

In 2007/08 R46,407 million is allocated for maintenance of general provincial buildings. Amounts of R71,000 million and R50,163 million have been allocated in for 2008/09 and 2009/10 respectively.

Roads Infrastructure

An amount of R304,607 million is allocated in the 2007/08 budget for the maintenance of roads infrastructure. Amounts of R319,722 million and R334,875 million have been allocated for 2008/09 and 2009/10 respectively.

Road maintenance remains a top priority

Education

Over the MTEF period, a total amount of R137,768 million is allocated for the maintenance of educational facilities.

Health

An amount of R80,197 million has been allocated in 2007/08 for maintenance. Amounts of R85,105 million and R88,927 million have been allocated for 2008/09 and 2009/10 respectively. The detail per category of service (i.e. per programme) is as follows:

- Community health facilities R9,130 million
- District hospital services R10 million
- Provincial hospital services R20,928 million
- Central hospital services R36,139 million
- Other facilities R4 million

Public-Private Partnerships

In a bid to improve service delivery and gain value for money, the Province, in collaboration with the National Treasury, promotes and facilitates public-private partnerships (PPPs) at both the provincial and local government level. From a PPP perspective, 2006/07 was a mixed year for the Province. The first PPP for the management of health facilities was concluded while other health PPPs in the planning phases have either proved unfeasible or are under review. However the eco-tourism PPPs, which have been in planning since 2005, have progressed. A number of local government PPP projects were also registered during 2006/07.

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 include the cost of feasibility studies and are paid over to “transactional advisors”. Monitoring costs cover the monitoring required to ensure that the contract with the private provider is adhered to. Contracts lay out performance targets for the private providers. 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 2007/08 and the years thereafter.

Table 19 Summary of departmental public-private partnership projects

Project description R'000	Project Unitary Annual Fee at time of contract	Total cost of project			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
		Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
								2007/08	2006/07	2008/09	2009/10
Projects under implementation^a		1 929	1 606	2 673	32 826	1 200	1 200	33 096	2658.00	34 571	36 113
PPP unitary charge					30 630			31 286		32 720	34 220
Advisory fees		873	711	1 273	996						
Revenue generated (if applicable)											
Project monitoring cost		1 056	895	1 400	1 200	1 200	1 200	1 810	50.83	1 851	1 893
New projects^b							1 633	11 138	582.06	11 352	11 919
PPP unitary charge								10 811		11 352	11 919
Advisory fees							1 633	327	(79.98)		
Revenue generated (if applicable)											
Project monitoring cost											
Total Public-Private Partnership projects		1 929	1 606	2 673	32 826	1 200	2 833	44 234	1461.38	45 923	48 032

^a Projects signed in terms of Treasury Regulation 16

^b Projects in preparation, registered in terms of Treasury Regulation 16

Provincial Projects under implementation

PPP for the upgrade of Lentegeur Psychiatric Hospital concluded

Over the past two years, the Health Department has investigated using PPPs to upgrade some of its physical facilities. The facilities investigated for PPPs were Lentegeur, Swellendam, Hermanus and Eerste River Hospitals. The PPPs investigated included the management of the upgraded facilities (excluding the running of medical services). Of these, only a PPP for the management of the Western Cape Rehabilitation Centre and Psychiatric Hospital facilities at Lentegeur has been concluded. The agreement has been signed with the preferred bidder and will commence on 1 March 2007. The Provincial Treasury will provide ongoing support to the Health Department during the contract management and monitoring and evaluation phases of the project. The status of each of the other projects is briefly described below:

- Swellendam Hospital: This project is at Request for Best and Final Offer (Rf-BAFO) stage, but the Department is currently reviewing the project's viability.
- Hermanus Hospital: Only one bidder responded to the request for proposals during the procurement phase. The Department is currently reviewing the viability of this project.

- Eerste River Hospital: Upon review of the feasibility study, the Health Department decided to deregister this project.

CapeNature is developing PPPs for the upgrade of tourist facilities at the De Hoop Nature Reserve and the setting up of another “Whale Trail” within the De Hoop Reserve. Over the last year, both these projects have progressed. The status of each project is described below:

Eco-tourism PPPs progress

- National Treasury has approved a “Value for Money” report on the De Hoop project. CapeNature is currently negotiating with the preferred bidder to conclude the deal.
- CapeNature appointed transaction advisors for the Whale Trail Project and has commenced with the procurement process. Tenders have been advertised.

In 2003, the construction and maintenance of Chapman’s Peak Drive was undertaken as a PPP project with a 30-year lifespan. Given that the project is only three years old, it is still too early to indicate whether it has been an unqualified success. Transport and Public Works will continue to monitor and evaluate this project in post-implementation phase to ensure that the PPP continues to deliver value for money to the Province. The Provincial Treasury provides monitoring and evaluation assistance to the Department.

Too early to assess success of Chapman’s Peak PPP

Municipal Projects under implementation

Local Government PPP’s are relatively new, both nationally and in the Province. A training workshop offered to municipalities promoting PPPs generated a great deal of interest. The workshop was well attended by representatives from 28 of the 30 municipalities in the Western Cape. Several municipalities requested further workshops to address their specific interests. Three municipalities have registered PPPs.

Bitou and Oudtshoorn Municipalities registered PPPs for the construction and management of municipal airports with National Treasury in December 2006 and January 2007 respectively. Bitou and Oudtshoorn have both completed the pre-feasibility checklist. The municipalities still need to prove that the facilities can best be supplied through a PPP rather than directly thus fulfilling Section 78 of the Municipal Systems Act (MSA), before they can continue with commissioning a feasibility study.

Municipalities register PPPs for development of municipal airports and upgrading of commercial areas

Theewaterskloof Municipality registered a “Sustainable Growth and Development PPP project” in September 2006. The municipality hopes to use this PPP to redevelop its commercial areas and to provide public facilities and mixed-use and mixed-income housing areas. Transaction Advisors have been appointed in accordance with the Municipal Financial Management Act and MSA and the feasibility study is underway.

Summary of Transfers to Public Entities

Table 20 indicates the total transfers made by departments to public entities. Public entities will receive R165,087 million from various provincial departments in 2007/08. This amount represents a decrease of 16,68 per cent from the 2006/07 revised estimate. The decline occurs for two reasons:

Total transfers to public entities drops 17 per cent to R168 million in 2007/08

- Once-off allocations in excess of R10 million to the Department of Environmental Affairs and Development Planning for the Western Cape Nature Conservation Board (also known as CapeNature) in the 2006/07 Adjusted Estimates and;
- A policy decision by the Department of Cultural Affairs and Sport to deal with Non Profit Organisation (NPO) transfers in-house as from 2007/08.¹¹

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

In 2007/08 the Western Cape Nature Conservation Board receives R80,156 million from the Province via the Department of Environmental Affairs and Development Planning. At 48,55 per cent of total transfers to public entities, this is the single highest transfer by the Province to a public entity in 2007/08. This trend continues over the MTEF period.

¹¹ The funds were previously transferred via the Western Cape Cultural Commission.

Casidra (Pty) Ltd is budgeted to receive a total of R25,100 million from two departments. Economic Development and Tourism is the biggest provincial contributor, transferring almost 72 per cent of the total provincial transfer to Casidra. The remainder is contributed by the Department of Agriculture, as the provincial overseer of this entity.

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

Provincial department R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
1. Department of the Premier	3 262	3 428	4 000	6 419	15 319	12 406	15 074	21.51	16 042	16 881
2. Provincial Parliament										
3. Provincial Treasury	4 700									
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning	61 365	61 767	72 682	81 535	91 790	91 790	80 156	(12.67)	97 788	132 246
10. Transport and Public Works	14 502		5 500	1 000	2 500	2 500	500	(80.00)		
11. Agriculture	10 486	20 750	16 569	4 885	12 980	12 980	7 100	(45.30)	6 800	7 145
12. Economic Development and Tourism	29 802	69 562	71 890	60 670	68 781	68 781	60 300	(12.33)	72 600	75 750
13. Cultural Affairs and Sport	9 257	9 472	10 165	9 669	9 669	9 669	1 957	(79.76)	2 000	2 044
Total departmental transfers to public entities	133 374	164 979	180 806	164 178	201 039	198 126	165 087	(16.68)	195 230	234 066

Since 2003/04 the Province's contribution to the Western Cape Destination Marketing Organisation has grown substantially as the entity has scaled up its tourism marketing role. The transfer grew from an audited amount of R14,741 million in 2003/04 to R26,510 million in 2005/06, and is projected to average approximately R24 million over the MTEF period.

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.

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

Public entities (transferring department) R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
Major public entities:									
1. Independent Development Trust: Vote 10: Transport and Public Works			5 000	1 000	1 000	1 000			
National Government Business Enterprises:									
2. South African Rail Commuter Corporation Vote 10: Transport and Public Works	14 502						500		
National public entities:									
3. Agricultural Research Council Vote 11: Agriculture	5 686	2 796	350	191	40	40			
Provincial Government Business Enterprises:									
4. Casidra (Pty) Ltd. Vote 11: Agriculture	9 050	35 284	37 599	24 794	41 040	41 040	25 100	35 100	36 595
Vote 10: Transport and Public Works	4 800	17 954	16 219	4 694	12 940	12 940	7 100	6 800	7 145
Vote 12: Economic Development and Tourism	4 250	17 330	20 880	20 100	26 600	26 600	18 000	28 300	29 450
Western Cape public entities:									
5. Western Cape Cultural Commission Vote 13: Cultural Affairs and Sport	7 855	7 920	8 497	7 997	7 997	7 997	640	668	695
6. Western Cape Gambling and Racing Board Vote 3: Provincial Treasury	4 700								
7. Western Cape Investment and Trade Promotion Agency (Wesgro) Vote 12: Economic Development and Tourism	7 461	31 700	24 500	9 000	10 431	10 431	11 300	12 300	13 300
8. Western Cape Language Committee Vote 13: Cultural Affairs and Sport	602	602	602	602	602	602	242	252	263
9. Western Cape Liquor Board Vote 12: Economic Development and Tourism									
10. Western Cape Nature Conservation Board Vote 9: Environmental Affairs and Development Planning	61 365	61 767	72 682	81 535	91 790	91 790	80 156	97 788	132 246
11. Western Cape Provincial Development Council Vote 1: Department of the Premier	3 262	3 428	4 000	6 419	6 419	4 963	6 574	7 042	7 381
12. Western Cape Destination Marketing Organisation Vote 12: Economic Development and Tourism	14 741	20 532	26 510	26 570	26 750	26 750	23 000	24 000	25 000
13. Western Cape Environmental Commissioner Vote 9: Environmental Affairs and Development Planning									
14. Artscape Vote 13: Cultural Affairs and Sport			116	120	120	120	125	130	136
15. Council for Scientific and Industrial Research Vote 12: Economic Development and Tourism	3 350			5 000	5 000	5 000	8 000	8 000	8 000
16. Western Cape Provincial Youth Commission Vote 1: Department of the Premier					8 900	7 443	8 500	9 000	9 500
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	950
Total	133 374	164 979	180 806	164 178	201 039	198 126	165 087	195 230	234 066

Transfers to Local Government

In terms of section 31(2)(a) of the Division of Revenue Bill, 2007 (DOR Bill), the Provincial Treasury must on the same day that its budget is tabled in the provincial legislature or at a later date approved by National Treasury, but not later than 14 April 2007, publish, the following in the *Gazette*:

- The indicative allocation per municipality for every allocation made by the Province to municipalities, including Schedule 5 allocations transferred to municipalities and other allocations from the Province's own funds;
- The envisaged division of those allocations contemplated in respect of each municipality for the next financial year and the 2009/10 financial year; and
- The conditions and other information in respect of these allocations to facilitate performance measurement and the use of the required inputs and outputs.

Furthermore, in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) the Minister 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.

Release of information on transfers enables municipalities to budget effectively

In compliance with both the DOR Bill and the MFMA, the provincial allocations per municipality will be made public by means of the *Local Government Allocations Booklet* and Gazette which are tabled together with the 2007 Budget. 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.

The public release of this information thus enables municipalities to effectively budget and implement programmes over a three-year budgeting cycle. Secondly, it assists in aligning the spending priorities of both the provincial and local spheres of government.

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.

Provincial transfers to municipalities as indicated in Table 22, decrease from a revised allocation of R1,337 billion in 2006/07 to R1,284 billion in 2007/08. This reduction can be attributed to a R372 million allocation during the 2006/07 Adjustment Estimate which was specifically earmarked for the N2 Gateway, whilst only R200 million has been allocated in 2007/08 for the same project. The total allocations then increase by R506,564 million year-on-year between 2007/08 and 2008/09. The increase in transfers in 2008/09 can be attributed to the provincial contribution towards the construction of the Green Point Stadium for the 2010 FIFA World Cup as well as increased allocations for the N2 Gateway project. In 2009/10 the transfers to municipalities decrease from R1,791 billion to R1,771 billion.

Allocations to category A and B increase over the MTEF, while those to category C decrease

Table 22 reflects the total provincial transfers to local government by category of municipality. Provincial transfers to the Category A municipality (City of Cape Town) increase from a revised allocation of R565,762 million in 2006/07 to R694,116 million in 2007/08. The amount increases further in 2008/09 to R1,031 billion and decreases to R833,384 million in 2009/10.

For Category B municipalities, provincial transfers increase from a revised estimate of R323,556 million in 2006/07 to R346,820 million in 2007/08, to R392,234 million in 2008/09. The amount increases further in 2009/10 to R468,420 million.

Allocations to Category C municipalities decrease year-on-year from a revised estimate of R43,213 million in 2006/07 to R21,706 million in 2007/08; R18,651 million in 2008/09 and R13,121 million in 2009/10.

R221,577 million, R348,985 million, R455,969 million remains unallocated respectively in 2007/08, 2008/09 and 2009/10. The unallocated amounts relate to allocations received from the national government specifically earmarked for the N2 Gateway project, i.e. R200 million in 2007/08, R300 million in 2008/09 and R400 million in 2009/10.

Unallocated amounts relate to amounts earmarked for the N2 Gateway project

Table 22 Summary of provincial transfers to local government by category

Departmental transfers R'000	Outcome			Main appro- p-riation 2006/07	Adjusted appro- p-riation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Category A	194 105	453 312	551 279	537 714	565 762	565 762	694 116	22.69	1 030 913	833 384
Category B	76 181	219 230	290 752	266 415	323 556	323 556	346 820	7.19	392 234	468 428
Category C	49 025	66 941	87 134	24 089	43 213	43 213	21 706	(49.77)	18 651	13 121
Unallocated	281 865	72 621	29 386	35 006	404 000	404 000	221 577	(45.15)	348 985	455 969
Total provincial transfers to local government	601 176	812 104	958 551	863 224	1 336 531	1 336 531	1 284 219	(3.91)	1 790 783	1 770 902

Provincial Payments and Estimates within Metro, District and Local Municipalities

The Provincial Spatial Development Framework (PSDF) indicates where in the provincial territory the Province sees economic growth occurring and what sectors this growth will be in. The PSDF and the National Spatial Development Framework (NSDF) argue that by concentrating economic expenditure in geographic areas which have high economic potential and high social need, 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.

To give effect to this vision, the Province aims to orient its economic investment programmes, business support services and sector-based interventions within the framework of the PSDF. Effective implementation of the PSDF therefore requires that we have a clear understanding of:

- Where the social needs are,
- Where economic potential is concentrated, and
- Where provincial financial flows are currently concentrated or targeted.

With regard to the first two requirements, the Socio-Economic Profiles of Local Government (SEP-LG) is a key source of information to understand where the social needs are the most severe and where economic growth potential is located. One of the main messages from the SEP-LG data is that key socio-economic variables which determine the Province's delivery response are unevenly distributed geographically throughout the Province.

The data in Table 25 can be used to show in which geographic areas the provincial financial resources are concentrated or targeted. The table lists payments from provincial departments to local government by district and local municipality. Total allocations in 2007/08 increased by R1,303 billion or 6,72 per cent compared to the revised estimate in 2006/07.

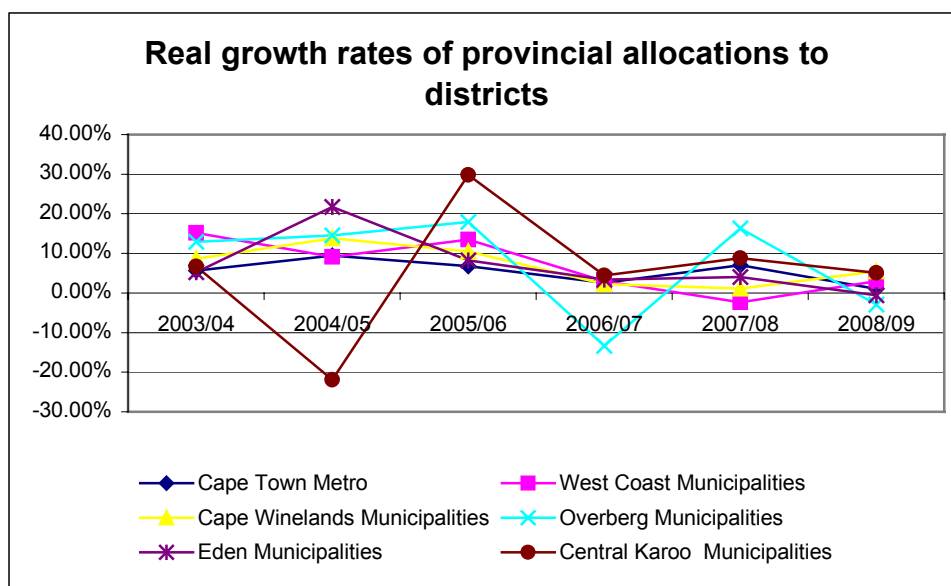
In 2007/08, 67,92 per cent of provincial spending takes place within the boundaries of the Cape Town Metro. The remainder of the provincial budget is spent in non-metropolitan municipal areas. The West Coast receives 5,50 per cent of the budget; Cape Winelands 13,20 per cent; Overberg 3,10 per cent; Eden 8,43 per cent; and Central Karoo 1,71 per cent.

Provincial allocations to municipalities are proportionately aligned to municipalities' relative sizes and their contribution to provincial growth

The table gives evidence that the Province's limited resources for interventions are spread unevenly across the map of the Province. However analysis indicates that the allocations are proportionately aligned to the municipalities' relative sizes and their ranking in terms of their contribution to provincial growth in nominal terms.

However in real terms the trend is rather different, due to changes to inflation rates from year to year. The distribution of real expenditure from 2006/07 onwards normalises, but conceals the extent to which intra-district beneficiaries benefit from the allocations.

The allocations in real terms reflect larger statistical errors in the case of Central Karoo and Overberg. This is expected given that they are smaller regions. However, Overberg remains an outlier throughout the period from 2006/07 to 2007/08 despite the fact that Overberg is smaller than the Central Karoo. This masks the ability to quantify the true benefits for such regions. The phenomenon is reflected in the graph below.



Supplementing the information in Table 23, Table 24 shows how the Province’s budgeted spending, per government cluster, is split across municipal jurisdictional areas.

As noted above, the PSDF argues that to achieve its economic objectives, the Province needs to focus its economic spending on areas which have the highest potential to succeed. However simultaneously social spending must be channeled to areas of high potential and high need to ensure that poor populations are able to respond to the economic potential opened up, and their social needs are met. The PSDF should also inform the Province’s social infrastructure investment programme, its targeting of housing subsidies and its social services programmes.

In this respect, the analytical tool of benefit incidence analysis can be very valuable to assist the Province to use the municipal socio-economic data to effectively target economic and social spending, as per the PSDF.

Benefit incidence analysis is widely used to infer distributional impacts of public spending. It is particularly useful in reflecting or quantifying the magnitude of benefits for antipoverty strategies, and for targeting areas by geographic location, gender or access poverty (basic services or income.). However rigorous analysis of geographical benefit incidence requires that one also consider indicators related to the standard of living in targeted regions, using information from the Census, Household Surveys or demographic data.

Another qualification attached to benefit incidence analysis relates to 'spillover' effects. The service area of payment agencies often tends to extend beyond a specific municipal or district area in which they are located. This is especially the case for agencies located in the metropolitan area as they tend to provide services for district municipal areas across the whole Province rather than merely the metropolitan area. This means that measurement of distribution of payments in nominal terms 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.

Geographical benefit incidence analysis will be explored and researched further in 2007

The socio-economic profiling of local government assists to provides the basis for understanding the spatial location of poverty and its depth, using development indices such as the Provincial Index of Multiple Deprivation and the Census data. The profiles and geographical incident benefit analysis are useful tools to assist in targeting expenditure in areas such as health and education, which happen to have more distributional impact. The concept of geographical benefit incidence analysis will therefore be explored and researched further during 2007/08 to support and underpin the socio-economic profiling of municipalities.

Table 23 Provincial payments and estimates by district and local municipalities

Municipalities R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Cape Town Metro	9 169 592	10 080 656	11 498 208	12 447 358	13 242 994	13 234 137	14 061 144	6.25	15 918 732	17 010 288
West Coast Municipalities	625 880	747 836	850 733	1 008 022	1 011 460	1 008 822	1 130 662	12.08	1 174 872	1 274 152
Matzikama	95 287	104 756	119 299	134 152	136 894	136 894	149 570	9.26	169 937	196 001
Cederberg	67 723	73 317	85 619	91 257	92 961	92 961	99 738	7.29	109 224	117 841
Bergrivier	50 205	54 609	59 668	63 814	65 942	65 942	77 516	17.55	81 110	90 034
Saldanha Bay	124 374	116 329	172 221	187 742	193 338	193 338	207 124	7.13	225 573	241 249
Swartland	141 584	171 838	190 742	220 807	225 292	225 292	251 296	11.54	269 489	289 787
West Coast DMA	1 262									
West Coast District Municipality	29 793	27 881	49 190	47 297	47 037	47 037	50 559	7.49	103 696	123 062
Unallocated	115 652	199 106	173 994	262 953	249 996	247 358	294 858	19.20	215 842	216 179
Cape Winelands Municipalities	1 584 413	1 789 100	2 117 822	2 359 507	2 454 993	2 421 993	2 727 459	12.61	3 044 904	3 380 718
Witzenberg	122 040	130 286	146 984	165 039	167 995	167 995	182 740	8.78	197 347	221 361
Drakenstein	400 433	447 712	517 587	562 262	573 313	573 313	719 898	25.57	921 282	1 048 386
Stellenbosch	192 928	346 215	245 936	273 818	277 273	277 273	305 128	10.05	337 930	376 449
Breede Valley	321 625	371 803	488 328	590 236	601 770	601 770	669 731	11.29	741 006	784 047
Breede River/Winelands	129 037	135 123	156 503	163 586	171 686	171 686	184 357	7.38	204 368	227 488
Breede River DMA	104 497	118 219	135 335	141 846	142 101	142 101	168 530	18.60	200 085	212 552
Cape Winelands Municipality	40 877	45 484	201 488	201 733	257 298	224 298	215 499	(3.92)	261 717	293 073
Unallocated	272 976	194 258	225 661	260 987	263 558	263 558	281 576	6.84	181 169	217 362
Overberg Municipalities	378 586	443 764	528 543	643 568	655 015	655 015	639 469	(2.37)	714 426	797 852
Theewaterskloof	125 975	138 834	152 037	182 595	185 562	185 562	202 532	9.15	234 009	257 406
Overstrand	58 651	67 894	75 712	90 599	92 223	92 223	109 282	18.50	121 674	132 029
Cape Agulhas	41 306	47 571	52 995	56 557	62 613	62 613	63 546	1.49	70 215	76 395
Swellendam	49 477	60 680	66 564	67 901	74 326	74 326	79 355	6.77	88 251	95 312
Overberg District Municipality	22 347	25 897	37 941	49 874	47 590	47 590	32 579	(31.54)	45 357	54 625
Unallocated	80 830	102 888	143 294	196 042	192 700	192 700	152 176	(21.03)	154 921	182 085
Eden Municipalities	1 086 545	1 190 377	1 503 845	1 556 633	1 729 362	1 729 362	1 745 625	0.94	1 944 751	2 069 501
Kannaland	40 440	44 465	52 244	53 912	59 904	59 904	59 210	(1.16)	63 489	68 890
Hessequa	73 606	81 659	101 017	99 702	108 679	108 679	111 460	2.56	123 007	133 819
Mossel Bay	139 044	126 643	149 714	161 405	167 140	167 140	179 362	7.31	196 847	212 873
George	352 293	387 684	508 364	556 228	567 212	567 212	639 842	12.80	718 259	761 115
Oudtshoorn	191 822	206 384	236 837	256 312	266 198	266 198	295 156	10.88	326 230	354 051
Bitou	32 830	43 729	48 747	59 652	60 564	60 564	64 861	7.09	78 998	96 231
Knysna	91 656	106 714	120 771	122 680	137 075	137 075	139 906	2.07	154 715	168 091
Eden DMA	831	561								
Eden District Municipality	28 744	29 567	37 101	38 595	55 123	55 123	35 868	(34.93)	59 404	81 486
Unallocated	135 279	162 971	249 050	208 147	307 468	307 468	219 960	(28.46)	223 803	192 945
Central Karoo Municipalities	255 788	284 007	234 754	309 965	317 674	316 845	353 069	11.43	396 941	432 553
Laingsburg	13 089	15 997	16 539	18 006	18 425	18 425	21 157	14.83	23 534	25 833
Prince Albert	18 317	24 966	25 513	23 861	24 307	24 307	27 007	11.11	29 395	32 014
Beaufort West	123 691	146 868	173 860	188 402	189 637	189 637	205 514	8.37	225 163	245 841
Central Karoo DMA		100								
Central Karoo District Municipality	14 930	22 955	24 212	18 611	19 705	19 705	22 779	15.60	22 266	23 799
Unallocated	85 761	73 121	(5 370)	61 085	65 600	64 771	76 612	18.28	96 583	105 066
Unallocated		45 361	196	35 006	32 000	32 000	44 184	38.08	56 925	64 255
Total provincial expenditure by district and local municipality	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	6.72	23 251 551	25 029 319

Table 24 Summary of provincial payments and estimates per cluster by district and local municipality¹²

Departmental transfers R'000	Outcome			Main appropriation 2006/07	Adjusted appropriation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Economic Cluster	1 620 176	1 717 428	2 332 631	2 682 318	2 987 057	2 949 057	2 892 226	(1.93)	3 071 351	3 277 797
Cape Town Metro	876 863	736 209	1 179 647	1 372 410	1 538 852	1 537 319	1 548 520	0.73	1 794 470	1 896 099
West Coast District	124 275	227 612	205 467	293 950	279 964	277 326	330 393	19.14	260 558	263 815
Cape Winelands District	294 213	365 167	427 748	462 375	518 542	485 542	493 491	1.64	438 471	513 370
Overberg District	87 574	116 190	161 025	224 416	218 546	218 546	171 548	(21.50)	187 241	222 036
Eden District	148 101	191 238	292 800	253 098	352 606	352 606	259 416	(26.43)	281 521	263 268
Central Karoo	89 150	81 012	65 944	76 069	78 547	77 718	88 858	14.33	109 090	119 209
Social Cluster	11 073 431	12 396 610	13 956 012	15 149 671	15 926 074	15 920 494	17 252 128	8.36	19 571 772	21 075 262
Cape Town Metro	7 897 246	8 934 578	9 886 700	10 596 117	11 220 009	11 214 429	12 010 495	7.10	13 584 451	14 514 584
West Coast District	501 605	520 224	645 266	714 072	731 496	731 496	800 269	9.40	914 314	1 010 337
Cape Winelands District	1 278 486	1 412 100	1 676 673	1 882 899	1 922 218	1 922 218	2 223 023	15.65	2 594 741	2 854 948
Overberg District	291 012	327 574	367 518	419 152	436 469	436 469	467 921	7.21	527 185	575 816
Eden District	938 444	999 139	1 211 045	1 303 535	1 376 756	1 376 756	1 486 209	7.95	1 663 230	1 806 233
Central Karoo	166 638	202 995	168 810	233 896	239 127	239 127	264 211	10.49	287 851	313 344
Governance and Administration Cluster ^{Note}	407 197	421 702	445 262	493 064	498 366	496 622	513 074	3.31	551 503	612 005
Cape Town Metro	395 483	409 869	431 861	478 831	484 133	482 389	502 129	4.09	539 811	599 605
West Coast District										
Cape Winelands District	11 714	11 833	13 401	14 233	14 233	14 233	10 945	(23.10)	11 692	12 400
Overberg District										
Eden District										
Central Karoo										
Unallocated		45 361	196	35 006	32 000	32 000	44 184	38.08	56 925	64 255
Total payments and estimates per cluster	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	6.72	23 251 551	25 029 319

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

¹² For the purposes of this table, the Provincial Departments have been categorised as follows: Economic cluster includes: Department of Environmental Affairs and Development Planning; Transport and Public Works; Agriculture; Economic Development and Tourism. Social cluster includes: Departments of Education; Health; Social Development; Local Government and Housing; Cultural Affairs and Sport; Community Safety. Governance and Administration cluster includes: Department of Premier; Provincial Parliament; Provincial Treasury.

Annexures

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

Vote and grant R'000	2003/04			2004/05			2005/06			2006/07			Medium-term estimate		
	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Main appropriation	Adjusted appropriation	Revised estimate	2007/08	2008/09	2009/10
Vote 5: Education	101 810	101 880	101 880	96 064	84 714	84 714	143 091	143 091	143 683	192 012	257 012	257 012	224 003	231 527	167 348
Provincial infrastructure	36 326	36 326	36 326	48 904	38 709	38 709	82 565	82 565	83 141	61 829	126 829	126 829	80 263	85 881	94 469
Financial management and quality enhancement	18 519	18 519	18 519												
Early childhood development	6 952	6 952	6 952												
HIV and Aids (Lifeskills education)	9 518	9 518	9 518	10 543	9 814	9 814	11 205	11 205	11 205	11 870	11 870	11 870	13 011	13 847	14 626
Disaster management		70	70												
Further education and training college sector recapitalisation										70 000	70 000	70 000	80 000	77 305	
National school nutrition programme	30 495	30 495	30 495	36 617	36 191	36 191	49 321	49 321	49 337	48 313	48 313	48 313	50 729	54 494	58 253
Vote 6: Health	1 554 421	1 555 421	1 555 421	1 645 171	1 684 382	1 684 382	1 861 159	1 861 159	1 814 939	1 991 725	2 054 907	2 020 501	2 177 028	2 499 265	2 562 363
Provincial infrastructure	36 324	36 324	36 324	48 903	38 693	38 693	55 229	55 229	55 229	61 829	61 829	61 829	80 262	85 880	94 468
Hospital revitalisation	81 939	81 939	81 939	85 217	124 115	124 115	148 038	148 038	99 417	149 703	178 256	172 757	191 796	376 944	326 974
Hospital management and quality improvement ^a	16 376	16 376	16 376	16 983	15 179	15 179	17 608	17 608	18 016						
National tertiary services	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	1 272 640	1 272 640	1 335 544	1 456 241	1 527 215
Health Professions training and development	314 696	314 696	314 696	327 210	327 210	327 210	323 278	323 278	323 278	323 278	323 278	323 278	339 442	356 414	362 935
Integrated nutrition programme	4 158	4 158	4 158	4 809	4 704	4 704	5 288	5 288	5 288						
Comprehensive HIV and Aids	24 204	24 204	24 204	57 962	70 394	70 394	82 451	82 451	92 773	115 670	133 170	133 170	150 559	168 251	200 614
Medico-legal		1 000	1 000												
Forensic pathology services ^b							14 583	14 583	6 254	68 605	85 734	56 827	79 425	55 535	50 157
Vote 7: Social Development^c	22 934	22 934	22 934	23 122	6 984	6 984	43 139	42 345	42 345						
HIV and Aids (Community-based care)	2 900	2 900	2 900	3 088	3 088	3 088	6 089	6 089	6 089						
Food emergency relief	20 034	20 034	20 034	20 034	3 896	3 896		16 222	16 222						
One stop child justice							794								
Integrated Social Development Services							36 256	20 034	20 034						
Vote 8: Local Government and Housing	460 803	460 803	460 803	483 903	551 698	551 698	598 270	598 270	580 484	598 800	1 004 732	998 143	948 548	1 203 984	1 468 699
Housing subsidy	423 282	423 282	423 282	446 035	510 951	510 951									
Human resettlement and redevelopment	13 500	13 500	13 500	14 310	16 179	16 179	29 738	29 738	18 601						
Integrated housing and human settlement development							533 249	533 249	533 248	598 800	998 143	998 143	948 548	1 203 984	1 468 699
Disaster relief							24 500	24 500	17 911		6 589				
Local government capacity building fund	20 714	20 714	20 714	20 050	21 141	21 141	10 783	10 783	10 724						
Provincial project management capacity for Municipal infrastructure (MIG) [previously CMIP]	3 307	3 307	3 307	3 508	3 427	3 427									
Subtotal Conditional grants	2 139 968	2 141 038	2 141 038	2 248 260	2 327 778	2 327 778	2 645 659	2 644 865	2 581 451	2 782 537	3 316 651	3 275 656	3 349 579	3 934 776	4 198 410

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

Vote and grant R'000	2003/04			2004/05			2005/06			2006/07			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	2007/08	2008/09	2009/10
Vote 9: Environmental affairs and development planning		2 400	2 400												
Disaster damage		2 400	2 400												
Vote 10: Transport and Public Works	67 076	67 076	67 076	81 708	64 645	64 645	95 857	95 857	91 538	126 329	231 032	234 286	251 319	284 645	344 129
Provincial Infrastructure d	67 076	67 076	67 076	81 708	64 645	64 645	95 857	96 207	91 538	126 329	231 032	234 286	251 319	284 645	344 129
Vote 11: Agriculture	7 264	9 104	9 104	52 171	35 492	35 492	74 828	74 828	67 979	26 763	70 577	40 137	36 696	38 458	41 631
Land care programme: Poverty relief and infrastructure development	1 800	1 800	1 800	3 796	3 166	3 166	3 174	3 174	3 200	3 115	3 730	3 730	3 270	3 428	3 085
Drought relief/Agriculture disaster management grant				9 000	366	366	26 634	26 634	16 435		43 199	10 199			
Comprehensive Agriculture support programme				13 765	11 705	11 705	19 264	19 264	19 385	20 648	20 648	20 648	33 426	35 030	38 546
Provincial Infrastructure	5 464	7 304	7 304	25 610	20 255	20 255	25 756	25 756	28 959	3 000	3 000	5 560			
Vote 13: Cultural affairs and sport				1 000	1 000	1 000	2 670	2 670	2 669	12 100	12 101	12 100	35 686	58 913	80 695
Mass sport and recreation participation programme				1 000	1 000	1 000	2 670	2 670	2 669	12 100	12 101	12 100	18 946	27 479	37 357
Library services grant													16 740	31 434	43 338
Subtotal Conditional grants	74 340	78 580	78 580	134 879	101 137	101 137	173 355	173 355	162 186	165 192	313 710	286 523	323 701	382 016	466 455
Total Conditional grants	2 214 308	2 219 618	2 219 618	2 383 139	2 428 915	2 428 915	2 819 014	2 818 220	2 743 637	2 947 729	3 630 361	3 562 179	3 673 280	4 316 792	4 664 865

^a As from 1 April 2006 the Hospital Management and Quality Improvement Grant merged 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 2005/06.

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

^d The revised estimate of R234,286 million in 2006/07 includes an amount of R3,254 million transferred to PIG from own revenue.

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

Receipts R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change from Revised estimate			
	2003/04	2004/05	2005/06	appropriation 2006/07	appropriation 2006/07	estimate 2006/07	2007/08	2006/07	2008/09	2009/10
Tax receipts	796 968	871 686	984 864	1 003 091	994 991	1 023 430	1 085 024	6.02	1 129 290	1 175 368
Casino taxes	132 640	157 611	205 318	219 660	221 960	246 231	269 942	9.63	287 555	305 774
Motor vehicle licences	646 938	695 160	758 594	753 501	753 501	753 501	776 106	3.00	799 389	823 371
Horsing taxes	13 004	15 134	16 654	15 200	15 200	19 368	18 476	(4.61)	18 846	19 223
Other taxes (Liquor licence fees)	4 386	3 781	4 298	14 730	4 330	4 330	20 500	373.44	23 500	27 000
Sales of goods and services other than capital assets	216 259	237 898	276 051	255 919	286 747	285 642	301 728	5.63	316 259	328 862
Sales of goods and services produced by department (excluding capital assets)	216 256	237 434	275 130	255 409	286 053	284 905	301 008	5.65	315 539	328 142
Sales by market establishments	16 918	18 310	28 570	19 202	29 202	29 202	20 928	(28.33)	22 812	24 181
Administrative fees	23 077	15 242	26 711	14 197	14 597	18 255	16 003	(12.34)	17 089	17 069
Agricultural activities		270	877	346	346	206	207	0.49	207	207
Inspection fees	8 756	11 519	15 438	11 856	11 856	15 705	13 389	(14.75)	14 470	14 450
Licences or permits		29	30				5		5	5
Registration		2 256	2 918	1 723	2 123	2 126	2 127	0.05	2 127	2 127
Request for information	11 891	1 168	7 448	272	272	218	275	26.15	280	280
Other	176 261	203 882	219 849	222 010	242 254	237 448	264 077	11.21	275 638	286 892
Other sales										
<i>of which</i>										
Academic services:	3 714	4 312	5 269	1 816	1 941	3 223	4 484	39.13	5 057	5 691
Registration, tuition & examination fees										
Boarding services	8 121	6 335	5 763	7 244	5 400	6 861	5 763	(16.00)	5 783	5 798
Commission on insurance	7 045	7 732	8 386	9 391	9 456	8 290	8 609	3.85	9 007	9 023
External examinations										
Health services										
Hospital fees	134 474	158 868	176 027	178 491	197 035	194 823	223 537	14.74	233 149	243 641
Laboratory services	2 180	1 470	1 993	2 233	2 233	2 233	2 647	18.54	2 647	2 647
Lost library books			53	7			32		33	34
Miscellaneous capital receipts	2									
Parking	23	43	272	5	5	11		(100.00)		
Rental of buildings, equipment and other services	2 413	4 169	3 882	2 025	3 176	3 509	3 739	6.55	3 742	3 742
Sales of goods	6 585	9 156	5 667	4 819	4 873	4 882	2 172	(55.51)	2 914	2 948
Sales of agricultural products	3 253	3 796	4 182	3 936	5 319	5 319	2 607	(50.99)	2 607	2 607
Sport gatherings	679	263	499	209	400	256	342	33.59	390	417
Subsidised motor transport		19	1							
Tender documentation	616	710	556	350	350	350	265	(24.29)	286	300
Trading account surplus	70									
Tuition fees		61								
Vehicle repair service	335	315	152	72	117	117	138	17.95	144	144
Services rendered	3 236	4 510	6 339	6 086	6 613	6 613	6 757	2.18	6 757	6 757
Photocopies and faxes	1 045	503	47	2 331	2 331	199	2 467	1139.70	2 581	2 581
Other	2 446	1 603	749	2 995	2 995	752	510	(32.18)	530	550

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

Receipts R'000	Outcome			Main appro- prium	Adjusted appro- prium	Revised estimate	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	3	464	921	510	694	737	720	(2.31)	720	720
Transfers received from	6 782	43 768	69 155	93 424	100 921	101 759	112 695	10.75	115 168	82 926
Other governmental units	1 627		1 239		4 598	4 598		(100.00)		
Universities and technikons	5 126	14 282	10 109	8 921	10 551	10 551	11 123	5.42	11 123	11 123
Foreign governments										
International organisations		29 424	57 807	84 502	85 771	85 771	101 571	18.42	104 044	71 802
Public corporations and private enterprises	29	58				838		(100.00)		
Households and non-profit institutions		4		1	1	1	1		1	1
Fines, penalties and forfeits	1 590	1 559	1 412	350	350	1 268	623	(50.87)	607	617
Interest, dividends and rent on land	250 972	218 748	237 570	59 108	59 108	59 780	51 125	(14.48)	56 563	57 597
Interest	250 114	218 128	236 700	55 976	55 976	56 646	49 992	(11.75)	55 924	56 958
Dividends		23	4	6	6	6		(100.00)		
Rent on land	858	597	866	3 126	3 126	3 128	1 133	(63.78)	639	639
Sales of capital assets	7 511	14 385	30 512	49	16 310	16 318	38	(99.77)	41	43
Land and subsoil assets		13 953	30 441		16 261	16 261		(100.00)		
Other capital assets	7 511	432	71	49	49	57	38	(33.33)	41	43
Financial transactions in assets and liabilities	49 997	72 730	114 439	23 739	78 877	97 936	63 132	(35.54)	57 253	37 253
Arrear wages income										
Loan repayments	21 775	10 214	28 953	20 000	25 000	25 000	45 000	80.00	45 000	25 000
Recovery of previous year's expenditure	15 330	34 927	28 225	2 723	44 238	48 152	12 404	(74.24)	6 446	6 446
Staff debt	4 535	5 298	9 125	992	1 277	2 866	3 328	16.12	3 400	3 400
Stale cheques	643	523	507							
Unallocated credits	189	1 434	358	8	4 204	8 124	2 267	(72.10)	2 267	2 267
Cash surpluses	4 386	4	2 091	14	4 156	13 049	1	(99.99)	1	1
Other	3 139	20 330	45 180	2	2	745	132	(82.28)	139	139
Total departmental receipts	1 330 079	1 460 774	1 714 003	1 435 680	1 537 304	1 586 133	1 614 365	1.78	1 675 181	1 682 666

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

Economic classification R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Current payments	10 308 590	11 391 461	12 558 927	14 325 692	14 533 929	14 519 660	15 919 657	9.64	17 725 456	19 271 136
Compensation of employees	7 458 955	8 164 939	8 839 985	10 195 098	10 072 862	9 918 098	11 269 618	13.63	12 377 578	13 508 522
Salaries and wages	6 352 245	7 006 838	7 709 976	8 844 467	8 748 018	8 612 689	9 776 453	13.51	10 729 069	11 705 189
Social contributions	1 106 710	1 158 101	1 130 009	1 350 631	1 324 844	1 305 409	1 493 165	14.38	1 648 509	1 803 333
Goods and services	2 834 378	3 213 950	3 708 607	4 125 839	4 456 000	4 593 661	4 645 342	1.13	5 342 979	5 757 495
<i>Of which</i>										
Animal feed	1 591	1 872			51	51	105	105.88	191	209
Audit fees	3 596	4 048	6 623	3 756	4 437	4 489	5 999	33.64	7 343	7 446
Audit fees: external	7 138	11 228	10 128	14 815	14 023	14 578	12 849	(11.86)	14 032	14 408
Communication	4 881	16 071	21 737	19 930	22 912	22 816	24 283	6.43	27 662	29 830
Computer equipment	479	1 798	4 874	8 395	1 794	1 470	2 269	54.35	2 189	2 403
Consultancy fees	8 365	11 218	12 831	37 010	23 566	25 882	54 421	110.27	46 550	63 400
Consultants and specialised services	117 490	265 483	361 295	413 789	475 808	524 160	476 426	(9.11)	512 561	545 232
Consumables	7 748	3 313	4 256	4 702	4 825	4 364	3 209	(26.47)	3 380	3 584
Contractors	6 183	6 352	4 602	24 937	23 913	32 015	38 885	21.46	47 313	62 307
Contribution to Parmed										
Learning and teaching support materials	108 496		172 622	81 117	81 117	81 217	178 523	119.81	266 681	365 222
Infrastructure										
Inventory	19 745	35 199	58 702	40 945	44 587	45 180	56 809	25.74	60 001	63 210
Information Technology expenses	1 946	38 651	51 378	86 065	92 501	117 107	87 200	(25.54)	100 734	117 613
Legal fees	1 956	2 079	3 459	2 536	2 319	2 268	3 093	36.38	3 412	4 023
Library material	30 986	31 897	30 833	30 033	30 090	31 082	32 245	3.74	33 602	36 226
Machinery and equipment	715	1 352	9 287	2 897	9 630	10 339	11 975	15.82	12 979	13 935
Maintenance and repairs and running cost	385 007	445 688	442 647	507 270	587 422	601 053	470 056	(21.79)	535 402	528 331
Medical services	181 894	308 364	351 075	278 648	291 285	310 924	288 486	(7.22)	318 635	332 996
Medical supplies	307 829	321 490	392 611	448 713	506 042	528 385	491 889	(6.91)	523 090	546 631
Medicine	320 276	312 326	353 082	373 389	354 631	365 396	387 511	6.05	419 445	438 320
Operating Leases	14 626	22 228	23 414	23 585	23 854	23 834	28 844	21.02	29 516	30 866
Owned and leasehold property	35 487	27 591	57 458	133 030	132 648	159 552	180 190	12.93	196 648	211 356
Printing and publications	3 874	3 153	4 276	12 425	10 813	8 702	10 057	15.57	10 835	11 283
Scholar transport	105 297		95 137	119 753	94 753	94 753	104 106	9.87	108 583	113 469
Sport and Recreation Equipment	507	141	556	795	795	795	1 744	119.37	1 179	1 096
Training	4 205	6 164	10 311	11 885	14 866	13 205	16 047	21.52	14 038	14 887
Transport	10 818	8 614	125	11 986	11 481	11 196	11 841	5.76	13 546	13 696
Travel and subsistence	33 690	46 543	73 782	63 090	71 564	70 801	75 624	6.81	81 746	86 297
Utilities (municipal services)	26 527	365	9 680	9 943	9 943	9 943	10 408	4.68	10 856	11 347
Veterinary supplies	498	815			755	949	1 292	36.14	1 486	1 709
Licency Agency fees	109 385	129 013	128 476	134 893	154 700	154 700	133 932	(13.42)	140 781	145 891
Advertising	4 064	9 431	23 131	3 743	11 172	13 426	9 852	(26.62)	10 256	12 067
Entertainment	1 187	1 490	2 337	3 101	2 032	1 774	4 824	171.93	5 091	5 382
Other	208 138	148 468	92 333	79 721	83 065	72 621	77 978	7.38	79 577	93 533
Interest and rent on land	2 243									
Interest										
Rent on land	2 243									
Financial transactions in assets and liabilities	13 014	12 572	10 335	4 755	5 067	7 901	4 697	(40.55)	4 899	5 119
Unauthorised expenditure										

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

Economic classification R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Transfers and subsidies to (Current)	1 440 123	1 537 458	1 880 006	1 694 099	1 898 988	1 889 457	2 060 650	9.06	2 215 651	2 378 443
Provinces and municipalities	261 256	290 821	290 451	170 540	220 088	220 396	207 056	(6.05)	234 261	238 974
Provinces		306	50							
Provincial Revenue Funds										
Provincial agencies and funds		306	50							
Municipalities	261 256	290 515	290 401	170 540	220 088	220 396	207 056	(6.05)	234 261	238 974
Municipalities of which	256 525	287 950	288 483	170 027	218 342	218 665	207 002	(5.33)	234 211	238 924
Regional services council levies	19 306	21 058	23 410	6 774	6 424	6 427	5	(99.92)	5	6
Municipal agencies and funds	4 731	2 565	1 918	513	1 746	1 731	54	(96.88)	50	50
Departmental agencies and accounts	185 619	135 317	143 545	145 440	159 879	156 966	139 062	(11.41)	160 107	197 880
Social security funds										
Entities receiving transfers	185 619	135 317	143 545	145 440	159 879	156 966	139 062	(11.41)	160 107	197 880
Western Cape Provincial Development Council	3 262	3 428	4 000	6 419	6 419	4 963	6 574	32.46	7 042	7 381
Western Cape Gambling and Racing Board	4 700									
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer	66 408									
Environmental Commissioner										
Western Cape Nature Conservation Board	61 365	61 767	72 682	81 535	91 790	91 790	80 156	(12.67)	97 788	132 246
South African National Roads Agency Limited										
Agricultural Research Council	5 686	2 796	350	191	40	40		(100.00)		
Destination Marketing Organisation	14 741	20 532	26 510	26 570	26 750	26 750	23 000	(14.02)	24 000	25 000
Western Cape Trade and Investment Promotion Agency	7 461	31 700	24 500	9 000	10 431	10 431	11 300	8.33	12 300	13 300
Western Cape Cultural Commission	7 855	7 920	8 497	7 997	7 997	7 997	640	(92.00)	668	695
Western Cape Liquor Board										
Western Cape Language Committee	602	602	602	602	602	602	242	(59.80)	252	263
Artscape			116	120	120	120	125	4.17	130	136
Heritage Western Cape	800	950	950	950	950	950	950		950	950
SETA	5 139	5 622	5 253	6 979	5 868	5 868	7 574	29.07	7 976	8 408
Government Motor Trading Account										
CSIR	3 350			5 000						
Western Cape Provincial Youth Commission					8 900	7 443	8 500	14.20	9 000	9 500
Other	4 250		85	77	12	12	1	(91.67)	1	1
Universities and technikons	42 723	57 799	55 506	2 664	4 529	4 759	1 698	(64.32)	1 987	2 245
Public corporations and private enterprises	8 991	37 930	35 307	26 841	48 150	48 145	36 247	(24.71)	45 681	47 836
Public corporations	8 868	35 437	33 694	25 953	47 188	47 187	33 758	(28.46)	43 270	44 778
Subsidies on production	4 500	9 000	4 500	4 500	8 500	8 500	4 500	(47.06)	4 500	4 500
Other transfers	4 368	26 437	29 194	21 453	38 688	38 687	29 258	(24.37)	38 770	40 278
Private enterprises	123	2 493	1 613	888	962	958	2 489	159.81	2 411	3 058
Subsidies on production					140	140		(100.00)		
Other transfers	123	2 493	1 613	888	822	818	2 489	204.28	2 411	3 058
Foreign governments and international organisations	67	120	88	163	171	172	120	(30.23)	120	120
Non-profit institutions	803 686	896 828	1 193 843	1 205 858	1 272 040	1 296 320	1 503 261	15.96	1 585 089	1 687 373
Households	137 781	118 643	161 266	142 593	194 131	162 699	173 206	6.46	188 406	204 015
Social benefits	39 881	27 978	35 152	28 528	37 763	43 590	57 533	31.99	59 744	62 489
Other transfers to households	97 900	90 665	126 114	114 065	156 368	119 109	115 673	(2.88)	128 662	141 526

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

Economic classification R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Transfers and subsidies to (Capital)	410 012	596 478	823 058	723 497	1 225 525	1 225 526	1 100 939	(10.17)	1 558 789	1 520 878
Provinces and municipalities	98 112	61 617	199 710	122 656	172 941	172 941	137 200	(20.67)	368 658	69 350
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	98 112	61 617	199 710	122 656	172 941	172 941	137 200	(20.67)	368 658	69 350
Municipalities	98 112	61 617	199 710	122 656	172 941	172 941	137 200	(20.67)	368 658	69 350
<i>of which</i>										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	2 480	4 103	16 576	2 540	47 694	47 694	2 667	(94.41)	2 898	3 072
Social security funds										
Entities receiving transfers	2 480	4 103	16 576	2 540	47 694	47 694	2 667	(94.41)	2 898	3 072
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	2 000	4 103	7 316	2 540	2 540	2 540	2 667	5.00	2 898	3 072
Hospital Trading Account: Karl Bremer										
Environmental Commissioner Western Cape Nature Conservation Board										
South African National Roads Agency Limited	480									
Agricultural Research Council 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 CSIR Western Cape Provincial Youth Commission Other			9 260		45 154	45 154		(100.00)		
Universities and technikons			125							
Public corporations and private enterprises	14 802		11 216							
Public corporations	14 802		9 062							
Subsidies on production										
Other transfers	14 802		9 062							
Private enterprises			2 154							
Subsidies on production										
Other transfers			2 154							
Foreign governments and international organisations										
Non-profit institutions	1 400	2 563	3 171	2 096	2 096	2 096	4 480	113.74	5 274	5 813
Households	293 218	528 195	592 260	596 205	1 002 794	1 002 795	956 592	(4.61)	1 181 959	1 442 643
Social benefits										
Other transfers to households	293 218	528 195	592 260	596 205	1 002 794	1 002 795	956 592	(4.61)	1 181 959	1 442 643

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

Economic classification R'000	Outcome			Main appropriation 2006/07	Adjusted appropriation 2006/07	Revised estimate 2006/07	Medium-term estimate				
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate		2007/08	2008/09	2009/10
Transfers and subsidies to (Total)	1 850 135	2 133 936	2 703 064	2 417 596	3 124 513	3 114 983	3 161 589	1.50	3 774 440	3 899 321	
Provinces and municipalities	359 368	352 438	490 161	293 196	393 029	393 337	344 256	(12.48)	602 919	308 324	
Provinces		306	50								
Provincial Revenue Funds											
Provincial agencies and funds		306	50								
Municipalities	359 368	352 132	490 111	293 196	393 029	393 337	344 256	(12.48)	602 919	308 324	
Municipalities	354 637	349 567	488 193	292 683	391 283	391 606	344 202	(12.11)	602 869	308 274	
<i>of which</i>											
Regional services council levies	19 306	21 058	23 410	6 774	6 424	6 427	5	(99.92)	5	6	
Municipal agencies and funds	4 731	2 565	1 918	513	1 746	1 731	54	(96.88)	50	50	
Departmental agencies and accounts	188 099	139 420	160 121	147 980	207 573	204 660	141 729	(30.75)	163 005	200 952	
Social security funds											
Entities receiving transfers	188 099	139 420	160 121	147 980	207 573	204 660	141 729	(30.75)	163 005	200 952	
Western Cape Provincial Development Council	3 262	3 428	4 000	6 419	6 419	4 963	6 574	32.46	7 042	7 381	
Western Cape Gambling and Racing Board	4 700										
CMD Capital Augmentation	2 000	4 103	7 316	2 540	2 540	2 540	2 667	5.00	2 898	3 072	
Hospital Trading Account: Karl Bremer	66 408										
Environmental Commissioner											
Western Cape Nature Conservation Board	61 365	61 767	72 682	81 535	91 790	91 790	80 156	(12.67)	97 788	132 246	
South African National Roads Agency Limited	480										
Agricultural Research Council	5 686	2 796	350	191	40	40		(100.00)			
Destination Marketing Organisation	14 741	20 532	26 510	26 570	26 750	26 750	23 000	(14.02)	24 000	25 000	
Western Cape Trade and Investment Promotion Agency	7 461	31 700	24 500	9 000	10 431	10 431	11 300	8.33	12 300	13 300	
Western Cape Cultural Commission	7 855	7 920	8 497	7 997	7 997	7 997	640	(92.00)	668	695	
Western Cape Liquor Board											
Western Cape Language Committee	602	602	602	602	602	602	242	(59.80)	252	263	
Artscape			116	120	120	120	125	4.17	130	136	
Heritage Western Cape	800	950	950	950	950	950	950		950	950	
SETA	5 139	5 622	5 253	6 979	5 868	5 868	7 574	29.07	7 976	8 408	
Government Motor Trading Account			9 260		45 154	45 154		(100.00)			
CSIR	3 350			5 000							
Western Cape Provincial Youth Commission					8 900	7 443	8 500	14.20	9 000	9 500	
Other	4 250		85	77	12	12	1	(91.67)	1	1	
Universities and technikons	42 723	57 799	55 631	2 664	4 529	4 759	1 698	(64.32)	1 987	2 245	
Public corporations and private enterprises	23 793	37 930	46 523	26 841	48 150	48 145	36 247	(24.71)	45 681	47 836	
Public corporations	23 670	35 437	42 756	25 953	47 188	47 187	33 758	(28.46)	43 270	44 778	
Subsidies on production	4 500	9 000	4 500	4 500	8 500	8 500	4 500	(47.06)	4 500	4 500	
Other transfers	19 170	26 437	38 256	21 453	38 688	38 687	29 258	(24.37)	38 770	40 278	
Private enterprises	123	2 493	3 767	888	962	958	2 489	159.81	2 411	3 058	
Subsidies on production					140	140		(100.00)			
Other transfers	123	2 493	3 767	888	822	818	2 489	204.28	2 411	3 058	
Foreign governments and international organisations	67	120	88	163	171	172	120	(30.23)	120	120	
Non-profit institutions	805 086	899 391	1 197 014	1 207 954	1 274 136	1 298 416	1 507 741	16.12	1 590 363	1 693 186	
Households	430 999	646 838	753 526	738 798	1 196 925	1 165 494	1 129 798	(3.06)	1 370 365	1 646 658	
Social benefits	39 881	27 978	35 152	28 528	37 763	43 590	57 533	31.99	59 744	62 489	
Other transfers to households	391 118	618 860	718 374	710 270	1 159 162	1 121 904	1 072 265	(4.42)	1 310 621	1 584 169	

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

Economic classification R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			2007/08
Payments for capital assets	942 079	1 055 704	1 472 110	1 616 771	1 785 055	1 763 530	1 620 366	(8.12)	1 751 655	1 858 862
Buildings and other fixed structures	693 505	813 045	1 137 593	1 314 026	1 460 988	1 434 987	1 319 632	(8.04)	1 445 583	1 515 832
Buildings	362 814	409 636	506 687	445 959	603 369	582 368	478 454	(17.84)	620 120	618 141
Other fixed structures	330 691	403 409	630 906	868 067	857 619	852 619	841 178	(1.34)	825 463	897 691
Machinery and equipment	240 428	229 718	271 744	284 646	270 913	273 842	285 828	4.38	291 969	328 086
Transport equipment	11 418	5 860	12 400	14 738	13 301	13 301	13 612	2.34	14 743	15 630
Other machinery and equipment	229 010	223 858	259 344	269 908	257 612	260 541	272 216	4.48	277 226	312 456
Cultivated assets		112	1 049	36	94	94	527	460.64	24	30
Software and other intangible assets	5 909	8 944	22 324	7 563	11 376	14 101	10 878	(22.86)	10 278	10 713
Land and subsoil assets	2 237	3 885	39 400	10 500	41 684	40 506	3 501	(91.36)	3 801	4 201
Total economic classification	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	6.72	23 251 551	25 029 319

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

Description	Outcome			Main appropriation 2006/07	Adjusted appropriation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Total for department										
Personnel numbers (head count)	66 548	68 037	69 407	74 006	73 234	72 233	75 153	4.04	76 089	76 456
Personnel cost (R'000)	7 371 010	8 162 318	8 837 199	10 191 888	10 069 892	9 915 132	11 266 408	13.63	12 374 098	13 504 750
<i>of which</i>										
Human resources component										
Personnel numbers (head count)	492	656	773	808	804	791	854	7.96	866	867
Personnel cost (R'000)	53 334	83 257	103 155	112 639	112 992	112 111	134 276	19.77	144 161	151 938
Head count as % of total for department	0.74	0.96	1.11	1.09	1.10	1.10	1.14		1.14	1.13
Personnel cost as % of total for department	0.72	1.02	1.17	1.11	1.12	1.13	1.19		1.17	1.13
Finance component										
Personnel numbers (head count)	472	570	753	877	843	842	927	10.10	938	943
Personnel cost (R'000)	53 695	74 670	103 356	127 174	125 295	124 441	141 191	13.46	150 359	158 232
Head count as % of total for department	0.71	0.84	1.08	1.19	1.15	1.17	1.23		1.23	1.23
Personnel cost as % of total for department	0.73	0.91	1.17	1.25	1.24	1.26	1.25		1.22	1.17
Full time workers										
Personnel numbers (head count)	39 546	62 146	63 590	68 239	67 388	66 470	69 394	4.40	70 276	70 625
Personnel cost (R'000)	4 727 955	7 539 641	8 211 259	9 477 414	9 358 307	9 218 388	10 492 356	13.82	11 435 626	12 503 118
Head count as % of total for department	59.42	91.34	91.62	92.21	92.02	92.02	92.34		92.36	92.37
Personnel cost as % of total for department	64.14	92.37	92.92	92.99	92.93	92.97	93.13		92.42	92.58
Part-time workers										
Personnel numbers (head count)	82	196	197	180	181	177	184	3.95	186	187
Personnel cost (R'000)	3 147	20 918	23 041	26 216	25 991	25 248	28 427	12.59	28 425	30 090
Head count as % of total for department	0.12	0.29	0.28	0.24	0.25	0.25	0.24		0.24	0.24
Personnel cost as % of total for department	0.04	0.26	0.26	0.26	0.26	0.25	0.25		0.23	0.22
Contract workers										
Personnel numbers (head count)	3 254	5 340	5 673	5 587	5 665	5 586	5 575	(0.20)	5 627	5 644
Personnel cost (R'000)	164 222	564 358	606 311	688 258	685 594	671 501	745 625	11.04	910 047	971 542
Head count as % of total for department	4.89	7.85	8.17	7.55	7.74	7.73	7.42		7.40	7.38
Personnel cost as % of total for department	2.23	6.91	6.86	6.75	6.81	6.77	6.62		7.35	7.19

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

Description	Outcome			Main appropriation 2006/07	Adjusted appropriation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Number of staff	67 442	68 207	69 619	74 147	73 389	72 356	75 346	4.13	76 282	76 649
Number of personnel trained	46 857	57 673	58 574	61 946	61 996	62 181	63 695	2.43	63 782	63 792
<i>of which</i>										
Male	16 045	23 362	20 446	20 603	21 055	21 037	21 358	1.53	21 406	21 411
Female	30 812	34 311	38 128	41 343	41 215	41 144	42 337	2.90	42 376	42 381
Number of training opportunities	19 711	19 678	17 419	21 585	21 946	21 664	21 693	0.13	21 760	21 342
<i>of which</i>										
Tertiary	549	390	759	1 258	1 258	1 244	959	(22.91)	1 000	1 173
Workshops	1 226	1 717	1 255	1 616	1 613	1 481	1 564	5.60	1 577	1 580
Seminars	31	78	128	123	118	145	154	6.21	163	166
Other	17 905	17 493	15 277	18 588	18 957	18 794	19 016	1.18	19 020	18 423
Number of bursaries offered	885	1 365	1 579	2 644	2 474	2 483	2 408	(3.02)	3 334	3 548
Number of interns appointed	176	250	702	737	710	748	565	(24.47)	572	576
Number of learnerships appointed	41	1 008	801	3 903	1 903	1 893	1 527	(19.33)	2 092	2 162
Number of days spent on training	41 034	41 519	44 132	44 277	44 143	42 794	44 173	3.22	44 135	44 145

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

Municipalities R'000	Outcome			Medium-term estimate						
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
Category A	194 105	453 312	551 279	537 714	565 762	565 762	694 116	22.69	1 030 913	833 384
City of Cape Town	194 105	453 312	551 279	537 714	565 762	565 762	694 116	22.69	1 030 913	833 384
Category B	76 181	219 230	290 752	266 415	323 556	323 556	346 820	7.19	392 234	468 428
Beaufort West	4 067	4 446	13 656	11 616	11 656	11 656	7 590	(34.88)	8 113	8 800
Bergrivier	1 752	3 567	2 812	2 982	4 032	4 032	11 278	179.71	7 428	9 135
Bitou	2 712	10 350	22 733	14 935	16 938	16 938	15 336	(9.46)	19 696	24 098
Breede River/Winelands	2 242	7 591	3 515	7 605	12 685	12 685	11 582	(8.70)	14 432	17 737
Breede Valley	9 198	18 811	11 258	46 929	46 999	46 999	33 287	(29.18)	41 470	50 790
Cape Agulhas	727	2 887	2 418	2 318	7 358	7 358	4 206	(42.84)	5 484	6 749
Cederberg	1 283	738	5 390	6 297	6 337	6 337	4 448	(29.81)	3 272	3 995
Drakenstein	4 911	28 713	24 351	17 997	18 105	18 105	30 989	71.16	39 479	48 427
George	8 164	15 234	26 801	27 093	30 125	30 125	36 161	20.04	26 611	30 966
Kannaland	644	640	2 712	3 355	8 395	8 395	3 262	(61.14)	2 327	2 835
Knysna	3 145	14 964	29 520	7 818	19 879	19 879	16 634	(16.32)	19 465	23 850
Laingsburg	1 144	2 720	1 669	1 589	1 629	1 629	3 227	98.10	4 141	5 046
Hessequa	3 363	4 979	15 220	4 302	11 781	11 781	7 473	(36.57)	9 592	11 778
Matzikama	2 427	6 239	7 710	9 155	9 195	9 195	8 285	(9.90)	3 474	4 271
Mossel Bay	3 275	6 753	13 815	7 344	9 899	9 899	9 770	(1.30)	17 565	20 437
Oudtshoorn	2 037	6 433	12 617	5 246	10 306	10 306	10 100	(2.00)	13 134	16 132
Overstrand	5 413	15 368	7 758	12 431	12 531	12 531	10 116	(19.27)	12 652	15 541
Prince Albert	722	8 004	8 990	717	757	757	1 860	145.71	1 899	2 310
Saldanha Bay	3 108	10 231	8 724	6 129	7 725	7 725	10 108	30.85	17 910	20 868
Stellenbosch	4 380	13 524	18 318	17 997	18 037	18 037	35 184	95.07	41 868	47 603
Swartland	3 184	4 557	13 204	10 741	10 969	10 969	9 600	(12.48)	5 252	6 500
Swellendam	1 690	9 821	5 481	3 580	8 475	8 475	6 569	(22.49)	8 337	10 205
Theewaterskloof	3 588	21 310	16 728	28 063	29 527	29 527	24 172	(18.14)	30 831	37 736
Witzenberg	3 005	1 350	15 352	10 176	10 216	10 216	14 333	40.30	11 194	13 733
Unallocated							21 250		26 608	28 886
Category C	49 025	66 941	87 134	24 089	43 213	43 213	21 706	(49.77)	18 651	13 121
Cape Winelands	10 587	21 664	24 295	4 908	5 648	5 648	3 175	(43.79)	2 500	2 500
Central Karoo	4 771	11 931	15 532	2 600	3 636	3 636	3 291	(9.49)	3 476	2 614
Eden	14 946	9 994	21 243	7 043	23 586	23 586	5 592	(76.29)	2 709	779
Overberg	8 284	10 370	11 941	3 818	4 123	4 123	4 603	11.64	1 935	664
West Coast	10 437	12 982	14 123	5 720	6 220	6 220	5 045	(18.89)	4 199	2 664
Unallocated									3 832	3 900
Unallocated	281 865	72 621	29 386	35 006	404 000	404 000	221 577	(45.15)	348 985	455 969
Total transfers to local government	601 176	812 104	958 551	863 224	1 336 531	1 336 531	1 284 219	(3.91)	1 790 783	1 770 902

Note: Excludes regional services council levy.

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

Policy Area R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				% Change from Revised estimate			
							2007/08	2006/07	2008/09	2009/10
General public services	453 753	469 616	529 906	556 300	595 702	593 101	586 305	(1.15)	635 545	706 274
Public order and safety	51 486	74 601	81 476	87 720	88 554	88 554	100 901	13.94	112 115	130 622
Economic affairs	1 553 701	1 645 264	2 243 861	2 567 731	2 865 359	2 824 751	2 774 714	(1.77)	2 934 361	3 089 143
Environmental protection	120 622	135 468	158 859	175 525	184 669	184 669	181 414	(1.76)	207 254	252 029
Housing and community amenities	380 136	617 958	705 523	713 726	1 168 773	1 168 038	1 124 863	(3.70)	1 354 290	1 610 604
Health	4 556 799	5 180 258	5 729 673	6 337 235	6 490 090	6 486 102	7 113 342	9.67	7 961 850	8 437 947
Recreation, culture and religion	134 477	148 932	165 705	187 691	187 661	187 661	224 522	19.64	470 144	292 847
Education	5 314 129	5 701 523	6 463 134	7 003 988	7 131 718	7 134 326	7 704 048	7.99	8 517 894	9 367 997
Social protection	535 701	607 481	655 964	730 143	730 971	730 971	891 503	21.96	1 058 098	1 141 856
Total payments and estimates by policy area	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	6.72	23 251 551	25 029 319

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 Integrated economic development services 12.3 Trade and industry development 12.4 Business regulation and governance
	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 10.5 Traffic management 10.6 Community based programme
	Communication	Community Safety	4.4 Traffic safety promotion
		Economic Development and Tourism	12.5.1 Management: Tourism 12.5.2 Tourism growth 12.5.3 Tourism participation 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
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
			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 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
FUNCTION - GENERAL PUBLIC SERVICES									
Category - Legislative									
Department of the Premier (Programme 1.1)	28 876	45 913	39 822	35 694	53 888	54 349	36 503	38 853	40 900
Provincial Parliament (Vote 2 plus direct charge)	28 840	30 707	34 939	47 891	43 793	43 793	56 997	57 619	63 119
Total for Category - Legislative	57 716	76 620	74 761	83 585	97 681	98 142	93 500	96 472	104 019
Category - Financial and fiscal affairs									
Department of Provincial Treasury (Vote 3)	65 421	102 333	114 275	134 246	134 246	132 502	119 001	126 053	138 576
Total for Category - Financial and fiscal affairs	65 421	102 333	114 275	134 246	134 246	132 502	119 001	126 053	138 576
Category - General services									
Department of the Premier (Programme 1.2 to 1.3)	284 060	242 749	256 226	275 233	266 439	265 978	300 573	328 978	369 410
Department of Local government and Housing (Programme 8.3)	46 556	47 914	84 644	63 236	97 336	96 479	73 231	84 042	94 269
Total for Category - General services	330 616	290 663	340 870	338 469	363 775	362 457	373 804	413 020	463 679
TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES	453 753	469 616	529 906	556 300	595 702	593 101	586 305	635 545	706 274
FUNCTION - PUBLIC ORDER AND SAFETY									
Category - Police services									
Department of Community Safety (Programmes 4.1, 4.2 and 4.3)	51 486	74 601	81 476	87 720	88 554	88 554	100 901	112 115	130 622
Total for Category - Police services	51 486	74 601	81 476	87 720	88 554	88 554	100 901	112 115	130 622
TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY	51 486	74 601	81 476	87 720	88 554	88 554	100 901	112 115	130 622
FUNCTION - ECONOMIC AFFAIRS									
Category - General economic affairs									
Department of Economic Development and Tourism (Vote 12 exclude 12.5)	98 307	99 976	104 905	144 296	135 679	135 679	165 654	184 818	202 157
Total for Category - General economic	98 307	99 976	104 905	144 296	135 679	135 679	165 654	184 818	202 157

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

GFS function R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
Category - Agriculture									
Department of Agriculture (Vote 11 and sub-programme 10.2.4)	176 976	216 360	271 814	262 964	315 669	282 669	295 452	316 553	345 487
Total for Category - Agriculture	176 976	216 360	271 814	262 964	315 669	282 669	295 452	316 553	345 487
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)	1 164 269	1 212 810	1 732 749	2 022 797	2 275 459	2 267 851	2 163 899	2 275 787	2 363 400
Department of Community Safety (Programme 4.4)	89 701	89 655	97 292	93 537	95 570	95 570	101 211	106 272	112 648
Total for Category - Transport	1 253 970	1 302 465	1 830 041	2 116 334	2 371 029	2 363 421	2 265 110	2 382 059	2 476 048
Category - Communication									
Department of Economic Development and Tourism (Sub- programme 12.5.1, 12.5.2, 12.5.3 and 12.5.4)	24 448	26 463	37 101	44 137	42 982	42 982	48 498	50 931	65 451
Total for Category - Communication	24 448	26 463	37 101	44 137	42 982	42 982	48 498	50 931	65 451
TOTAL FOR FUNCTION - ECONOMIC AFFAIRS	1 553 701	1 645 264	2 243 861	2 567 731	2 865 359	2 824 751	2 774 714	2 934 361	3 089 143
FUNCTION - ENVIRONMENTAL PROTECTION									
Category - Environmental protection									
Department of Environmental Affairs and development Planning (Vote 9)	120 622	135 468	158 859	175 525	184 669	184 669	181 414	207 254	252 029
Total for Category - Environmental protection	120 622	135 468	158 859	175 525	184 669	184 669	181 414	207 254	252 029
TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION	120 622	135 468	158 859	175 525	184 669	184 669	181 414	207 254	252 029
FUNCTION - HOUSING AND COMMUNITY AMENITIES									
Category - Housing development									
Department of Housing (Programmes 8.1, 8.2)	380 136	617 958	705 523	713 726	1 168 773	1 168 038	1 124 863	1 354 290	1 610 604
Total for Category - Housing development	380 136	617 958	705 523	713 726	1 168 773	1 168 038	1 124 863	1 354 290	1 610 604
TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES	380 136	617 958	705 523	713 726	1 168 773	1 168 038	1 124 863	1 354 290	1 610 604

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

GFS function R'000	Outcome			Main appro- piation 2006/07	Adjusted appro- piation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
FUNCTION - HEALTH									
Category - Health n.e.c.									
Department of Health (Programme 6.1 and sub- programme 10.2.2)	225 139	224 375	178 152	213 096	189 270	181 441	385 407	418 465	542 930
Total for Category - Health n.e.c.	225 139	224 375	178 152	213 096	189 270	181 441	385 407	418 465	542 930
Category - Outpatient service									
Department of Health Services (Programme 6.2)	1 144 699	1 330 397	1 629 951	1 914 072	1 996 771	1 976 416	2 440 654	2 728 663	2 866 811
Total for Category - Outpatient service	1 144 699	1 330 397	1 629 951	1 914 072	1 996 771	1 976 416	2 440 654	2 728 663	2 866 811
Category - R & D Health (CS)									
Department of Health Services (Programme 6.6)	71 116	73 541	79 009	106 047	106 698	101 393	142 214	177 064	187 459
Total for Category - R & D Health (CS)	71 116	73 541	79 009	106 047	106 698	101 393	142 214	177 064	187 459
Category - Hospital services									
Department of Health Services (Programmes 6.3, 6.4, 6.5 and 6.7 and 6.8)	3 115 845	3 551 945	3 842 561	4 104 020	4 197 351	4 226 852	4 145 067	4 637 658	4 840 747
Total for Category - Hospital services	3 115 845	3 551 945	3 842 561	4 104 020	4 197 351	4 226 852	4 145 067	4 637 658	4 840 747
TOTAL FOR FUNCTION - HEALTH	4 556 799	5 180 258	5 729 673	6 337 235	6 490 090	6 486 102	7 113 342	7 961 850	8 437 947
FUNCTION - RECREATION CULTURE AND RELIGION									
Category - Recreation and sporting services									
Department of Cultural Affairs and Sport (Programme 13.4)	22 074	26 577	34 209	46 175	44 316	44 280	56 288	280 664	82 479
Total for Category - Recreation and sporting services	22 074	26 577	34 209	46 175	44 316	44 280	56 288	280 664	82 479
Category - Cultural services									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	112 403	122 355	131 496	141 516	143 345	143 381	168 234	189 480	210 368
Total for Category - Cultural services	112 403	122 355	131 496	141 516	143 345	143 381	168 234	189 480	210 368
TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION	134 477	148 932	165 705	187 691	187 661	187 661	224 522	470 144	292 847

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

GFS function R'000	Outcome			Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10
FUNCTION - EDUCATION									
Category - Pre-primary and primary education									
Department of Education (Programme 5.7 and sub-programme 5.2.1)	2 578 881	2 782 166	3 055 671	3 283 602	3 353 602	3 353 602	3 695 346	4 099 449	4 508 583
Total for Category - Pre-primary and primary education	2 578 881	2 782 166	3 055 671	3 283 602	3 353 602	3 353 602	3 695 346	4 099 449	4 508 583
Category - Secondary education									
Department of Education (Sub-programme 5.2.2)	1 712 387	1 845 868	2 139 444	2 285 921	2 299 094	2 299 094	2 361 540	2 589 776	2 855 587
Total for Category - Secondary education	1 712 387	1 845 868	2 139 444	2 285 921	2 299 094	2 299 094	2 361 540	2 589 776	2 855 587
Category - Subsidiary service to education									
Department of Education (Programme 5.3)	26 243	29 761	32 445	34 127	34 127	34 127	39 541	41 241	43 097
Total for Category - Subsidiary service to education	26 243	29 761	32 445	34 127	34 127	34 127	39 541	41 241	43 097
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)	996 618	1 043 728	1 235 574	1 400 338	1 444 895	1 447 503	1 607 621	1 787 428	1 960 730
Total for Category - Education not definable by level	996 618	1 043 728	1 235 574	1 400 338	1 444 895	1 447 503	1 607 621	1 787 428	1 960 730
TOTAL FOR FUNCTION - EDUCATION	5 314 129	5 701 523	6 463 134	7 003 988	7 131 718	7 134 326	7 704 048	8 517 894	9 367 997
FUNCTION - SOCIAL PROTECTION									
Category - Social security services									
Social Development (Vote 7 and sub-programme 10.2.5)	535 701	607 481	655 964	730 143	730 971	730 971	891 503	1 058 098	1 141 856
Total for Category - Social security services	535 701	607 481	655 964	730 143	730 971	730 971	891 503	1 058 098	1 141 856
TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT	535 701	607 481	655 964	730 143	730 971	730 971	891 503	1 058 098	1 141 856
TOTAL: BY FUNCTION	13 100 804	14 581 101	16 734 101	18 360 059	19 443 497	19 398 173	20 701 612	23 251 551	25 029 319

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

Provincial department R'000	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	Medium-term estimate			
				% Change from Revised estimate			
				2007/08	2006/07	2008/09	2009/10
1. Department of the Premier							
2. Provincial Parliament							
3. Provincial Treasury							
4. Community Safety	6 676	9 176	9 176	10 657	16.14	14 174	16 130
5. Education	15 463	15 463	15 463	36 599	136.69	55 244	57 730
6. Health	20 725	20 725	15 725	49 054	211.95	74 044	77 376
7. Social Development	16 963	16 963	16 963	40 150	136.69	60 603	63 330
8. Local Government and Housing							
9. Environmental Affairs and Development Planning				3 100		4 800	15 232
10. Transport and Public Works ^a	484 629	484 629	484 629	748 242	54.39	703 030	761 326
11. Agriculture							
12. Economic Development and Tourism							
13. Cultural Affairs and Sport							
Total EPWP	544 456	546 956	541 956	887 802	63.81	911 895	991 124

^a Total project budget reflects total project cost which includes the EPWP component value.