

Provincial Government Western Cape Provincial Treasury

BUDGET 2008 OVERVIEW



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To obtain additional information and/or copies of this document, please contact:

Western Cape Provincial Treasury
Directorate Budget Office
Private Bag X9165
15 Wale Street
Cape Town
Tel: (021) 483-5618
Fax: (021) 483-6601
E-mail: pppienaa@pgwc.gov.za

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Foreword

This year's budget bears testimony to the long way we have come in putting a credible budget process in place. The current budget process has matured and is one in which both technical scrutiny and political oversight has proved vital elements in deciding on funding priorities.

The 2008 Budget choices highlight the pressing social and economic challenges that lie ahead. It is about sharing the benefits of inclusive and faster economic growth through our increased investment in strategic and economic infrastructure, including roads, public transport and housing. Furthermore our committed investment in Education, Health and Social Development aim to improve quality of and extend access to much needed Government services.

Allocations also serve as mechanisms to achieve increased levels of economic growth, job creation and a shared economy by focusing on improvements in our human capital. Boosting skills development from within and outside of our departments; providing learnerships and bursaries; and ensuring that Public Ordinary Schools and Agricultural and FET colleges are responsive to labour market demands are among the initiatives we pursue.

Recently published economic indicators highlight our vulnerability to global markets conditions. The rise in inflation, fuel and food prices and interest rate hikes have put tremendous pressure on our choices and affordability levels of Government programmes.

Provincial Departments, as communicated in the 2008 Western Cape Medium Term Budget Policy Statement, are committed to accountable, effective, economic, efficient and equitable use of public resources. Provincial clusters (Governance and Administration, Social, and Economic) have started to explore possibilities for greater efficiency among them and within their individual areas of responsibilities. They have identified possible areas of complementarity and synergy and practical implementation of these strategies will be taken forward over the next year.

Provincial departments will furthermore also engage municipalities to bring about closer planning and budgetary collaboration and synergy between the two spheres.

It should be noted that it has been challenging putting this budget together given the tight fiscal envelope, global economic conditions and public service employment negotiations. Once more, any budget is about finding the right mixes and balance between priorities and funding levels – I believe this budget does just that.

I would like to thank the Minister of Finance and Tourism, Lynne Brown and the Provincial Cabinet for their invaluable leadership throughout the budget process, fellow Head of Clusters and Departments and the ever-diligent Provincial Treasury staff for long hours spent in compiling the inputs to 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
ACE	Advanced Certificate in Education
AFR	Asset Financing Reserve
AgriBEE	Agricultural Black Economic Empowerment
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
CASIDRA	Cape Agency for Sustainable Development in Rural Areas
CASP	Comprehensive Agricultural Support Programme
CFO	Chief Financial Officer
CPIX	Consumer price index
CSP	Comprehensive Service Plan
CSP	Community, Social and Personal services
DCAS	Department of Cultural Affairs and Sport
DOR Bill	Division of Revenue Bill
DORA	Division of Revenue Act
DoTP	Department of the Premier
ECD	Early Childhood Development
EMIS	Education Management Information System
EMS	Emergency Medical Services
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FIFA	Federation of International Football Association
FSD	Farmer Support and Development
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GET	General Education and Training
GFCF	Gross Fixed Capital Formation
GFS	Government Financial Statistics
GHS	General Household Survey
GIAMA	Government Immovable Asset Management Act
GRAP	Generally Recognised Accounting Practice
HCBC	Home Community Based Care
HCDS	Human Capital Development Strategy
HDIs	Historically disadvantage individuals
HIV/Aids	Human Immune Virus/Acquired Immune Deficiency Syndrome
HPRR	Health Professionals Remuneration Review
HRP	Hospital Revitalisation Programme
ICS	Improvement in Conditions of Service
ICT	Information Communication Technology

IDIP	Infrastructure Delivery Improvement Programme
IDPs	Integrated Development Plans
IES	Income and Expenditure Survey
IGP	Infrastructure Grant to Provinces
IGR	Intergovernmental relations
iKapa GDS	Provincial Growth and Development Strategy
iLRP	Integrated Law Reform Project
IMF	International Monetary fund
ISDP	Integrated service delivery plan
IT	Information Technology
IYM	In-Year monitoring
LFS	Labour Force Survey
LG MTEC	Local Government MTEC
M&E	Monitoring and Evaluation
MDR-TB	Multi-Drug Resistant TB
MEC	Member of Executive Council
MEDS	Micro-Economic Development Strategy
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSP	Master Systems Plan
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NEMIS	National Education Management Information System
NGO	Non-governmental Organisation
NPDE	National Professional Diploma in Education
NQF	National Qualification Framework
NSDF	National Spatial Development Framework
NSF	National Skill Fund
NTSG	National Tertiary Services Grant
NYS	National Youth Service
OSD	Occupational Specific Dispensation
PAFTECH	Technical Provincial Advisory Forum
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PGWC	Provincial Government Western Cape
PHC	Primary Health Care
PPHC	Personal Primary Health Care
PPP	Public Private Partnerships
PSDF	Provincial Spatial Development Framework
PSIRA	Private Security Industry Regulatory Authority
PT	Provincial Treasury
PTRPA	Provincial Tax Regulation Process Act
QIDS-UP	Quality Improvement, Development, Support and Upliftment Programme
REAF	Rural Economic Assistance Fund
RED	Real Enterprise Development

SAPS	South African Police Services
SARB	South African Reserve Bank
SAWs	Social Auxiliary Workers
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SDFs	Spatial Development Frameworks
SEDA	Small Enterprise Development Agency
SEP-LG	Socio-Economic Profiles of Local Government
SETA	Sector Education Training Authority
SIP	Strategic Infrastructure Plan
SMME	Small Medium and Micro Enterprise
SPV	Special Purpose Vehicles
STI	Sexually transmitted infection
TB	Tuberculosis
WC	Western Cape
WCED	Western Cape Education Department
WCNCB	Western Cape Nature Conservation Board
Wesgro	Western Cape Investment and Trade Promotion Agency
XDR-TB	Extreme Drug Resistant TB

Executive Summary

Introduction

The 2008 Budget builds on the firm foundation that the Western Cape Provincial Government has embarked on since being elected in 2004. In his 2008 State of the Province address the Premier of the Western Cape, highlighted that the past four years have been about turning policy into practice and having instruments of delivery. He also highlighted that the Western Cape was a Province where social cohesion was fragile and that backlogs in housing and other services were dire.

The 2008 Budget builds on the firm foundations laid since 2004

In addressing the challenges above, the 2008 MTEF for the Province solidify the objectives identified in the 2007 Budget by:

- Improving the quality of social services such as quality of education, health care and access to social development services;
- Strengthening strategic and economic infrastructure, including roads and housing;
- Boosting skills development, learnerships and bursaries, FET colleges and job creation; and
- Providing and support responsible and responsive governance.

The four themes highlighted above are expressed in identifiable programmes in education, health, social development, agriculture, roads and transport, and other interventions targeted at growing the economy and creating employment.

The 2008 Budget is about making difficult trade-offs

The Budget acknowledges the difficulty of deciding on which policy options to fund and has had to make trade-offs amongst them. It further takes into account departmental spending performance in the 2007/08 financial-year and uses the third quarter expenditure trends as at 31 January 2008 to inform baseline allocations over the medium-term.

The remaining sections in this chapter provide a brief overview of the various chapters, which include the: macroeconomic outlook, policy context, budget process revenue and expenditure aggregates, spending interest, training, infrastructure, public private partnerships, public entities and transfers to local government.

Macro-Economic Outlook (Chapter 2)

The global economy is projected to slow down considerably in 2008 as the international financial market crisis intensifies. Advanced economies such as the United States (US) will be the most adversely affected, while emerging market economies is generally upbeat due to stronger growth in domestic demand.

BER projects Economic growth of 3.9 per cent for 2008

According to the most recent projections by the Bureau for Economic Research (BER), economic growth for South Africa is expected to slow down to 3.9 per cent in 2008 and recover to 4.8 per cent in 2009. GDP growth for the 2007 year is estimated at 5.1 per cent.

The immediate risk factors to the economic outlook are the current electricity supply challenges, the uncertain global environment and the lagged effects of the domestic interest rate hikes.

The Western Cape's Economy is expected to grow by 4.6 per cent in 2008/09

The Western Cape economy is estimated to have grown by 5.6 per cent in 2007 and is anticipated to grow at 4.6 per cent for the 2008/09 financial year. The major threats to the Western Cape economic outlook also emanate from the high interest rate environment and the impact of power supply constraints on agricultural and manufacturing activities.

While the Western Cape appears to have been relatively less affected by the electricity supply crisis at the end of 2007 and early 2008, it has to be emphasised that growth can be significantly weaker in the event of an intensifying energy crisis. The manufacturing, commercial and to a lesser extent the construction sectors are particularly exposed to the impact of unplanned power outages and power rationing.

Overall, the Province continues to create new jobs, however, the major labour-absorptive sectors such as agriculture and manufacturing continue to shed jobs.

During the four-year period between March 2003 and March 2007, the Western Cape working-age population grew from 3 million to 3,3 million individuals. This represents an average annual growth rate of 2.1 per cent, which is almost one per cent higher than the national average growth rate of 1.2 per cent.

The Province's working-age population grew by 266 000 individuals between March 2003 and March 2007

The broad labour force in the Western Cape increased by 248 000 individuals during the four-year period, putting pressure on the economy to create more jobs.

Much of the employment growth in the Province is linked to the growth of informal sector activities (which is dominated by trade activities). The wholesale and trade industry is sensitive to changes in consumer expenditure hence it is expected to be adversely affected by the current high inflation and interest rate environment.

National Policy Framework and Provincial Priorities (Chapter 3)

Government's 2004 Election Manifesto and subsequent updated strategies and policies inform the choices we make at the provincial level. The priorities are affirmed through the strategic thrusts found in the 2008 State of the Nation Address, highlighting the "Apex of Priorities", and the subsequent State of the Province Address.

The 2004 Government Election manifesto and updated strategies and policies lay the basis for choices

Funded policy options take account of access to services and improvement in quality of Education, Health, Housing, Infrastructure, Economic service, etc. These policy thrusts provide for greater social resilience, a stronger basis for sustainable livelihoods, much needed skills development, improved governance, and regional economic development.

Access to Education, Health, Housing, Infrastructure and Economic services

Extensive negotiations along sectoral lines have resulted in a thorough scrutiny of new budget options at both technical and political levels. Provincial Treasury, in making recommendations on the funding mix and level to the Provincial Cabinet, proposed a number of guiding principles.

Among these principles were that budgets increase with at least the rate of inflation and that special provisions be made to maintain and extend the quantum and quality of Education and Health services.

Furthermore, the bolstering of initiatives to bring about greater collaboration and efficiency in planning and spending within the provincial clusters and also across the provincial, national and local spheres were deemed a priority for the new year, with the introduction of further initiatives over the 2008 MTEF to better achieve this goal.

The Budget Process is founded on principles of co-operation and participation

Budget Process (Chapter 4)

The success of our current budget process across the three spheres of Government and within the Province is founded on the principles of cooperation and participation. These principles have led to significant improvements in transparency and quality of budgetary information.

The budget process includes both technical and political processes, which are inextricably linked. During this process decision makers have to make choices about where to direct public resources so that the government achieves the outcomes it desires.

The Government's election manifesto is the starting point for the allocation of resources. At the national sphere the guiding of priorities finds a home in a document termed the Medium Term Strategic Framework (MTSF). The MTSF provides a comprehensive overview of:

- The economic and social outlook for the medium term;
- Government's strategic approach to key challenges;
- Cluster issues and priorities; and
- Budget choices for the 2008 Medium Term Expenditure Framework.

The Provincial Growth and Development Strategy (iKapa GDS) in turn reflects both provincial specific priorities and national priorities in a provincial context.

Receipts, and Summary of Aggregates (Chapters 5 and 6)

Sources of funding: National transfers, Own Revenue, Asset Finance Reserve

Chapter 5 considers the funding mechanisms available to the Province, which includes: transfers from the National Government (equitable share and conditional grants), own revenue and financing from the Asset Finance Reserve. This chapter also considers the extent of Donor funding and conditions attached to these.

The Provincial Equitable Share allocations to provinces have been reassessed and the formula updated using the 2007 Snapshot Survey of school enrolment data, the General Household Survey (GHS) 2007, the Community Survey 2007, and the GDP-R 2005, all conducted by Stats SA.

In the recalculation of the Provincial Equitable Share, the Western Cape's share increased from 8.80 per cent in the 2007 MTEF to 8.98 per cent over the 2008 MTEF. This means that more national transfers would be made available to the Province over the 2008 MTEF.

Apart from transfers from the National Government and provincial own receipts, the third source of funding for provincial allocation is from the Asset Finance Reserve (AFR), which was set up to separate daily and long-term cash transactional management, but more specifically to provide top-up funding for infrastructure requirements, especially roads.

Chapter 6 provides a summary of the main revenue and expenditure aggregates of the 2008 MTEF. It notes that the Province will table deficit budgets in 2008/09 and 2009/10 of R86 million and R66 million respectively and a surplus of R152 million in 2010/11 resulting in a balanced 2008 MTEF budget.

Expenditure by Departments (Chapter 7)

This chapter describes briefly the available funds allocated per department and how this is to be spent. In aggregate, R24.892 billion (excluding Direct Charges) is allocated in the 2008/09 financial year. This represents a nominal increase of 14.28 per cent from the 2007/08 revised estimates.

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 (36.24 per cent) and closely followed by Health (34.72 per cent). In total, over 75 per cent of the provincial budget in 2008/09 is allocated to education, health and social development. In support of 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 (10.49 per cent).

Education (at 36.2 per cent) and Health (at 34.7 per cent) make up the lion share of Provincial expenditure followed by Transport and Works (at 10.5 per cent)

Expenditure by Economic Classification (Chapter 8)

Chapter 8 provides an analysis of provincial expenditure by economic classification. This classification allows Government and international credit rating agencies such as the International Monetary Fund and others to better assess the extent and intent of Government consumption. It further allows for improved planning and adjustments to economic spending items in instances where they do not adequately contribute to Government's overall objectives, for example, Gross Fixed Capital Formation.

Spending on Training (Chapter 9)

The National Skills Development Levies Act, 1999 requires that each public service employer in the national and provincial spheres of government, 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).

This chapter provides a summary of all provincial expenditure on training per vote. The expenditure is inclusive of training-related expenditure, which includes 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).

Spending on Infrastructure (Chapter 10)

This chapter provides detail on infrastructure projects, spending and budgeting. Most of the projects listed in this chapter are implemented over more than one financial year.

The Province spends infrastructure funds on: the construction of new infrastructure, maintaining, rehabilitating and upgrading existing infrastructure, and assisting municipalities to provide infrastructure.

The knock-on effect of infrastructure investment on development and poverty relief is particularly worth noting, ahead of the 2010 FIFA World Cup. The Budget also acknowledges the role that investment in productive capacity plays in economic growth, skill development and job creation.

Public Private Partnerships (Chapter 11)

To improve service delivery and gain value for money, the Province, in collaboration with the National Treasury, promote and facilitates the establishment of public-private partnerships (PPPs) at both provincial and local government levels. The Provincial Treasury plans to intensify its promotion of PPPs where appropriate, through extending training to both provincial departments and municipalities.

Public Entities (Chapter 12)

This chapter deals with departmental transfers to Public Entities under control of a department and brings Public Entity information into the public domain through its inclusion in the Budget Review.

There is however a number of other public entities that do not receive transfers from the Province. The Western Cape Liquor Board is constituted of provincial staff and therefore does not require a transfer, while the Western Cape Gambling and Racing Board is self-financing.

Transfers to Local Government (Chapter 13)

The publication of transfers to municipalities 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.

Three-year 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 (i.e. 1 July).

Provincial Payments and Estimates within Metro, District and Local Municipalities (Chapter 14)

The last chapter makes an attempt to articulate provincial funding flows to municipal regions. It aims to draw attention to where the Province is spatially directing its resources and highlights that planned provincial spending are proportionately aligned to the relative size of a particular municipality and its contribution to provincial growth.

To give effect to the Provincial Spatial Development Framework, the Province aims to accordingly orientate its economic investment programmes, business support and sector-based interventions.

Socio-economic Backdrop to Budget 2008/09

The global economy is projected to slow down considerably in 2008 as the international financial market crisis intensifies. Advanced economies such as the United States (US) will be the most adversely affected although growth in emerging market economies is generally upbeat due to stronger growth in domestic demand.

Economic growth in South Africa is also expected to moderate to 3.9 per cent in 2008 (from an estimated 5.1 per cent in 2007) partly due to the threat emanating from the energy crunch which is expected to put a strain on the South African economy over the next four years.

The lagged effects of tighter monetary policy are also expected to contribute towards South Africa's slower growth momentum in 2008. Despite these concerns, the South African economy is not projected to plunge into a recession.

The Western Cape economy is estimated to have grown by 5.6 per cent in 2007 and is anticipated to grow at 4.6 per cent for the 2008/09 financial year. The major threats to the Western Cape economic outlook also emanate from the high interest rate environment and the impact of power supply constraints on agricultural and manufacturing activities. Overall, the Province continues to create new jobs, however, the labour-absorptive sectors such as agriculture and manufacturing continue to shed jobs.

The global economy is projected to decelerate to 4.1 per cent real growth in 2008

World economic outlook update

The International Monetary Fund (IMF) expects global economic growth to decelerate from 4.9 per cent in 2007 to 4.1 per cent in 2008 despite stronger than expected growth experienced during the third quarter of 2007.

This represents a markdown of 0.3 percentage points from a 2007 forecast of 5.2 per cent presented in October 2007. The major reason for the projected slowdown is the financial market strains emanating from the United States (US) sub-prime market, which have intensified and spread further since the third quarter of 2007.

The US economy is now projected to slow down to 1.5 per cent in 2008, revised down from 1.9 per cent projected in October 2007. This is a result of the weakening manufacturing and housing sector activity in addition to declining employment growth and consumption expenditure. There are fears that the US economy will fall into a recession if the interest rate cuts and the fiscal stimulus package¹ fail to stimulate economic growth.

Deceleration in economic activity is also expected in the Euro area, where growth is forecast to come in at 1.6 per cent in 2008.

The economic growth performance of emerging market economies (led by China and India) remained strong in 2007 despite slower growth in exports. Strong domestic demand and high commodity prices continued to foster the growth momentum. However, those emerging market countries that rely heavily on capital inflows for growth still face a major risk from the deteriorating international financial market conditions.

The global economy has also experienced upward pressure on headline inflation in both advanced and developing economies as a result of high oil and food prices, specifically in developing countries where food and energy contribute a higher share of the consumption basket.

¹ The US Congress agreed on a US\$150 billion package of fiscal stimulus to avert a recession in the US, the world's largest economy.

Table 1 World Economic Outlook Update Projections

	2005	2006	Estimates 2007	Projections 2008	Projections 2007Q4 to 2008 Q4
World Output	4.4	5.0	4.9	4.1	-
<i>Advanced Economies</i>	2.5	3.0	2.6	1.8	1.5
of which					
United States	3.1	2.9	2.2	1.5	0.8
Euro area	1.5	2.8	2.6	1.5	1.3
Japan	1.9	2.4	1.9	1.5	1.6
Other advanced economies	3.2	3.7	3.8	2.8	2.9
<i>Emerging market and developing economies</i>	7.0	7.7	7.8	6.9	-
Africa	5.9	5.8	6.0	7.0	-
Central and Eastern Europe	5.6	5.8	6.0	7.0	-
Common Wealth of Independent States	6.6	8.1	8.2	7.0	-
<i>Developing Asia</i>	9.0	9.6	9.6	8.6	-
of which					
China	10.4	11.1	11.4	10.0	11.2
Middle East	5.6	5.8	6.0	5.9	-
Western Hemisphere	4.6	5.4	5.4	4.3	-

Source: International Monetary Fund (IMF) World economic outlook update, January 2008.

In summary, the major downside risk to global economic growth remains the ongoing financial market turmoil. A deeper economic downturn in the US could serve to widen the crisis beyond the sub-prime sector and exacerbate the pressure on major financial institutions, which have already suffered big losses.

The intensifying financial market turmoil remains a major downside risk to global economic growth

On the upside, the moderate slowdown projected in China (from 11.4 per cent in 2007 to 10 per cent in 2008) could alleviate overheating concerns in the global economy. In addition, the strong potential for domestic demand in China and India to promote growth presents an opportunity for sustained global growth.

South African economic update

Despite the international financial market turmoil that occurred in the third quarter of 2007, the South African economy registered a moderate acceleration in economic performance in the third quarter of 2007². Gross Domestic Product (GDP) grew by 4.8 per cent in real terms in the third quarter of 2007 compared to an annualised rate of 4.5 per cent in the second quarter.

The South African economy registered stronger economic growth in the third quarter of 2007 compared to the second quarter

This was a result of a stronger growth in the real output of both the primary and tertiary sectors which grew by 3 per cent and 6.8 per cent respectively in the third quarter of 2007.

² Source: South African Reserve Bank, Quarterly Bulletin December 2007.

Sectoral performance

Within the primary sector there was a notable deceleration in the real value added by the agricultural sector, from an annualised rate of 4.5 per cent in the second quarter of 2007 to just 0.5 per cent in the third quarter. Slower growth in agricultural output was mainly due to a decline in the volume of field crop production.

Real mining sector output (4%) strengthened in the third quarter of 2007 after declining in the second quarter (-3%). This turnaround was primarily due to an improvement in the non-gold mining sub-sector, particularly the production of diamonds and platinum.

Growth in the real value added by the secondary sector lost momentum, hence real output growth slowed down to 0.5 per cent in the third quarter of 2007. Slower growth in this sector can be attributed to poor performance by the manufacturing sector.

The construction sector output growth continued its buoyancy in the third quarter of 2007 by registering an annualised growth rate of 14.8 per cent compared with a revised 11.8 per cent in the second quarter.

Consumption and investment expenditure trends

Real growth in Gross Fixed Capital Formation (GFCF) increased slightly from 12.5 per cent in the second quarter of 2007 to 13 per cent in the third quarter. However, GFCF decelerated from a robust growth rate of 15.8 per cent in the third quarter of 2006. Strong capital expenditure by general government and public corporations contributed significantly to the expansion of GFCF in the third quarter of 2007. However, the growth in GFCF could be dampened by electricity supply constraints that the country is currently facing.

The tight monetary policy environment has weakened growth in household consumption expenditure, which was the main driver of economic growth in South Africa between 2003 and 2007. In the third quarter of 2007, real final consumption by households slowed down considerably to 4.5 per cent from 7.5 per cent registered in the first quarter of 2007.

The CPIX inflation rate remains above the target for about ten months since April 2007. Higher food and oil prices remain the main drivers of CPIX inflation. An increase in electricity prices poses a risk to the inflation outlook over the medium term. South African Reserve Bank (SARB) expects CPIX inflation to decline to the target range by the final quarter of 2008.

Tight monetary policy has resulted in subdued growth in final consumption expenditure

Balance of payments and exchange rate developments

Increased spending by public corporations and general government in 2007 stimulated domestic economic activity. However, on top of the still buoyant spending by households and private businesses, this contributed to the widening of the deficit on the current account of the balance of payments to 8.1 per cent of GDP (R162 billion) in the third quarter of 2007, up from 6.5 per cent (R124 billion) in the second quarter. The wide current account deficit and the implied financing requirement are likely to result in pressure on the rand exchange rate given the more hostile external financing environment.

The rand depreciated further in the first quarter of 2008 on the back of increased risk aversion emerging market economies and the depreciating US dollar following the fears of an imminent recession in the US economy. At the time of writing, the rand took a major tumble against the Euro (trading at above R11.10 per Euro) and other major currencies. The depreciation of the currency is expected to boost export growth in the short-term.

Inflation and monetary policy developments

Inflation pressures in South Africa have intensified since October 2007. Annual Consumer Price Index (CPIX) inflation for 2007 averaged 6.5 per cent, up from an average of 4.6 per cent in 2006. The year-on-year CPIX inflation rate continued its upward trend outside the upper band of the inflation target range to 8.6 per cent in December 2007. Food and petrol prices remained persistently high and are the main drivers of the deteriorating inflation outlook.

The South African Reserve Bank (SARB) has responded to these high inflationary pressures by increasing the Repurchase (Repo) rate by a cumulative 400 basis points since June 2006. In the most recent Monetary Policy Committee (MPC) meeting in January 2007, the SARB decided to leave the repo rate unchanged given the uncertainties in the economic outlook pertaining to the power outages and the deteriorating global economic outlook.

The SARB projects a further deterioration in the inflation outlook in the short-term. However, the Central Bank expects CPIX inflation to decline to within the target range by the end of 2008.

South African economic outlook

According to the most recent projections by the Bureau for Economic Research (BER), economic growth for South Africa is expected to slow down to 3.9 per cent in 2008 and recover to 4.8 per cent in 2009. GDP growth for the year 2007 is estimated at 5.1 per cent.

The immediate risk factors to the economic outlook are the current electricity supply challenges, the uncertain global environment and the lagged effects of the domestic interest rate hikes.

Depending on assumptions regarding the negative effects of the electricity supply shortages and the mining shutdowns during the last week of January 2008, the BER estimates GDP growth rates of 3.4 per cent (in a worse case scenario)³ or 3.9 per cent (baseline scenario)⁴ for 2008.

Table 2 South African economic outlook 2007-2009

	2007	2008	2009
Final Consumption Expenditure, Households	6.9	3.5	4.5
Durable goods	4.2	-4.6	3.8
Non-durable goods	5.5	3.6	4.0
Gross Fixed Capital Formation	15.5	8.8	8.5
Private residential	10.9	1.4	2.5
Private excluding residential	14.0	6.1	7.3
Government	12.0	11.9	9.8
Public Corporations	32.4	24.5	15.9
Exchange Rates (fourth quarter averages)			
R/US dollar	6.76	7.8	8.3
R/Euro	9.8	12.12	12.88
R/Pound sterling	13.81	16.12	16.67
Gross Domestic Expenditure	6.4	4.4	5.5
Gross Domestic Product	5.1	3.9	4.8
Current Account Balance (R billion)	-143.96	-167.17	-195.94
(as % of GDP)	-7.21	-7.54	-7.94

Source: BER forecast, First Quarter 2008.

³ This scenario assumes a 4.8 per cent reduction in mining real value added for 2008 as the mining industry fails to recover fully from the first quarter contraction.

⁴ This scenario assumes a 20 per cent (annualised) decline in mining output during the first quarter of 2008, which is then assumed to recover fully in the subsequent quarters of 2008, provided a stable supply of electricity is assured.

The growth rate in household consumption expenditure is anticipated to decelerate to 3.5 per cent in 2008 from a projected growth rate of 6.9 per cent in 2007, and is expected to improve slightly to 4.5 per cent in 2009. This projected slowdown is a result of the lagged effects of the interest rate hikes which have a direct effect on the expenditure on durable and semi-durable goods.

Growth in total fixed investment is forecasted at 8.8 per cent and 8.5 per cent for 2008 and 2009 respectively. This positive growth is mainly a result of robust growth in public corporations' fixed investment, projected at 25 per cent and 15.9 per cent in 2008 and 2009 respectively.

However, the growth rate of private fixed investment is projected to decelerate due to the anticipated slow down of the South African economy, the lagged effect of the domestic interest rate hikes and the impact of the energy crisis.

Western Cape economic performance and outlook

Revised regional GDP data (including estimates for 2007) shows that the Western Cape economy registered an average annual real growth rate of close to 6 per cent over the past four calendar years (i.e. 2004-07). Real GDP growth came in at an estimated 5.7 per cent during 2007. This compares favourably to an estimated national real GDP growth rate of 5.1 per cent in 2007.

Table 3 shows that the tertiary sectors and within the secondary sector, construction activity, were the mainstay of the regional growth performance for the period 2004 to 2007. Excluding the public sector, real GDP growth in the tertiary sectors grew by 6.2 per cent per annum over the 2004 to 2007 period. The leading tertiary sectors in the region remain the finance, real estate & business services (7.5%), wholesale, retail & accommodation (6.6%) and transport & communication (5.9%).

While growth is projected to remain robust in these tertiary sectors, the general slow down in the national economy, as well as the adverse impact of the electricity blackouts, is likely to take its toll over the short-term, particularly on the retail & wholesale sector.

Growth in the construction sector averaged close to 14 per cent over the corresponding period, pushing the average growth in the secondary sector to 6 per cent per annum. The strong growth in this sector is expected to continue over the short-term.

Growth in the manufacturing sector recovered to above 5 per cent in 2004/05. However, the sector has come under immense pressure during the 2006/07 financial year, particularly during 2007 as a result of the strong currency and power failures.

On the positive side, the depreciation of the rand exchange rate in early 2008 should provide short-term stimulus to the export sector. Combined with the anticipated slowdown in the domestic market (nationally), this may give some impetus for manufacturing firms to venture more aggressively onto export markets.

Table 3 Western Cape GDP growth Constant 2000 prices – percentage changes)

Industry	2002	2003	2004	2005	2006	2007(e)*	Ave 2004-07
Primary Industries	6.7	-3.3	2.9	6.0	-4.7	1.3	1.4
Agriculture, forestry and fishing	7.1	-3.6	3.0	6.3	-4.9	1.3	1.4
Mining and quarrying	-1.3	1.8	1.1	0.6	1.0	1.9	1.1
Secondary Industries	5.1	-0.8	6.4	6.1	5.9	5.5	6.0
Manufacturing	1.1	-2.2	5.7	5.1	4.0	3.0	4.4
Electricity and water	2.8	11.3	3.5	2.0	3.6	3.4	3.1
Construction	34.1	0.7	11.8	12.7	15.2	16.0	13.9
Tertiary Industries	3.5	5.6	6.3	5.7	6.6	6.0	6.2
Wholesale & retail trade; hotels & restaurants	1.3	6.9	5.8	7.6	7.2	5.8	6.6
Transport and communication	5.6	7.1	5.3	6.5	5.7	6.2	5.9
Finance, real estate and business services	5.3	5.9	8.7	5.6	8.3	7.6	7.5
Community, social and other personal services	2.4	4.1	2.1	4.2	4.6	3.0	3.4
General government services	0.8	2.2	3.7	2.9	2.6	3.0	3.0
All industries at basic prices	4.1	3.6	6.2	5.8	5.9	5.7	5.9
Taxes less subsidies on products	6.0	3.9	5.0	4.4	6.1	5.0	5.1
GDPR at market prices)	4.3	3.6	6.1	5.7	5.9	5.7	5.9

Source: Statistics SA/*Preliminary BER estimate

The primary industries are estimated to have posted below average growth in 2007; growth also averaged a paltry 1.4 per cent per annum over the 2004 to 2007 period. The agricultural sector is, however, showing signs of recovery from the decline of 4.7 per cent registered in 2006. Unfortunately, it is anticipated that growth in value-added by the primary industries will be adversely affected by the current unplanned electricity blackouts, which interfere with agricultural activities.

Overall, the outlook for regional economic growth remains promising in the same sentiment as the national economic prospects. The Western Cape will suffer a moderate slowdown over the short term. Real GDP growth is projected to slow to a 4.6 per cent pace in 2008/09 compared to an estimated 5.4 per cent in 2007/8. Growth in GDP is forecast to recover during 2009/10 and 2010/11 – see Table 4.

While the Western Cape appears to have been relatively less affected by the electricity supply crisis at the end of 2007 and early 2008, it has to be emphasised that growth can be significantly weaker in the event of an intensifying energy crisis. The manufacturing, commercial and to a lesser extent the construction sectors are particularly exposed to the impact of unplanned power outages and power rationing.

Given the limited contribution of the mining sector to the Western Cape GDP, it is difficult to quantify the impact of the energy crisis on the regional economy, except to suggest that growth could be significantly weaker than projected in Table 4 (e.g. below 4 per cent in 2008/09) in a more adverse electricity supply scenario.

Table 4 Outlook for the Western Cape economy (constant 2000 prices - percentage changes)*

	Ave 2000-2006	2006/07	2007/8e	MTEF		
				2008/09F	2009/10F	2010/11F
GDP (R billion; current prices):	-	261.4	292.8	327.0	364.0	405.0
Real GDP % growth	4.9	5.9	5.4	4.6	5.3	5.3
GDP deflator	6.6	6.3	6.3	6.8	5.7	5.7
CPI inflation	5.1	5.1	7.7	7.0	4.9	5.0
GDP by sector (real % change):						
Agric, forestry & fishing	0.9	-3.4	1.5	2.1	2.5	3.0
Mining and quarrying	-0.4	1.2	0.9	-0.8	3.0	2.7
Manufacturing	3.2	3.7	2.9	3.0	3.9	4.0
Electricity, gas and water	3.5	3.6	3.1	2.3	3.6	4.4
Construction	9.1	15.4	14.6	10.6	11.3	9.6
Retail trade & catering	6.3	6.9	5.6	5.0	5.5	5.6
Transport & communication	6.3	5.9	5.9	5.1	5.7	5.7
Financial & business services	6.8	8.1	7.0	5.5	6.2	6.3
CSP services	3.5	4.2	3.0	3.0	3.0	3.0
General government	1.2	2.7	2.9	2.7	3.0	2.9
Western Cape GDP	4.9	5.9	5.4	4.6	5.3	5.3

* Fiscal years ending 31 March

Source: Bureau for Economic Research

Employment and Unemployment trends

Understanding the labour market situation in a developing country such as South Africa is very crucial for policy makers to identify the key sectors that can make an impact on job creation and to implement appropriate interventions to reduce unemployment and poverty.

The analysis below is based on the March 2003 and March 2007 Labour Force Surveys⁵ (LFS) conducted by Statistics South Africa (StatsSA).

During the four-year period between March 2003 and March 2007, the Western Cape working-age population⁶ grew from 3.004 million to 3.270 million individuals. This represents an average annual growth rate of 2.1 per cent, which is almost one percentage point higher than the national average growth rate of 1.2 per cent (see Table 5). The broad labour force⁷ in the Western Cape increased by 248 000 individuals during the four-year period, putting pressure on the economy to create more jobs. The narrow labour force⁸ for the same period increased by 184 000 individuals.

Between 2003 and 2007 the Western Cape created 209 000 new jobs

During this period, the Province also experienced an increase in the number of discouraged work-seekers⁹. Discouraged work-seekers increased by 46.3 per cent from 136 000 individuals in 2003 to 199 000 in 2007. This trend was very rapid, at an average annual growth rate of 10 per cent, relative to the national average of 2 per cent per annum.

On a positive note, the Western Cape experienced growth in employment creation, at an average annual growth rate of 3 per cent. This is slightly higher than the national average annual growth rate of 2.8 per cent. The number of new jobs in the Western Cape increased by 209 000 individuals while the national economy generated 1,3 million new jobs during the period under review.

⁵ This analysis will be updated when the September 2007 LFS becomes available.

⁶ Defined as those individuals between the ages 15 and 65 years.

⁷ Defined as the members of the labour force employed and unemployed wanting to work, but not necessarily actively looking for jobs.

⁸ Defined as the number of individuals wanting to work and actively looking for work.

⁹ Defined as those who want to work and are available to work, but who are not actively looking for work, and constitute the difference between the narrow and broad definitions of the labour force.

Nonetheless, due to the strong growth in the regional labour force, the number of unemployed individuals in the Western Cape increased by 39 000 on a broad definition¹⁰, growing at an average annual growth rate of 1.7 per cent. At national level, the number of unemployed individuals (broad definition) actually declined by 1.6 per cent per year between 2003 and 2007.

While the absolute number of unemployed grew between 2003 and 2007, it is important to note that the (narrow) unemployment rate for the Western Cape fell from 19.9 per cent in 2003 to 17.1 per cent in 2007. Meanwhile, narrow unemployment in South Africa fell to 25.5 per cent in 2007 from 31.2 per cent in 2003.

Table 5 Labour market aggregates, 2003 and 2007

	2003	2007	Total Change		Average annual growth rate
	'000	'000	'000	Per cent	
Western Cape					
Working Age Population	3 004	3 270	266	8.9	2.1
Employed	1 637	1 846	209	12.8	3.0
Broad Unemployed	543	582	39	7.2	1.7
Broad Labour Force	2 180	2 428	248	11.4	2.7
Narrow Unemployed	407	382	-25	-6.1	-1.6
Narrow Labour Force	2 044	2 228	184	9.0	2.2
Discouraged Work-seekers	136	199	63	46.3	10.0
South Africa					
Working Age Population	28 756	30 195	1,439	5.0	1.2
Employed	11 304	12 648	1,344	11.9	2.8
Broad Unemployed	8 357	7 839	-518	-6.2	-1.6
Broad Labour Force	19 661	20 487	826	4.2	1.0
Narrow Unemployed	5 116	4 336	-780	-15.2	-4.1
Narrow Labour Force	16 420	16 984	564	3.4	0.8
Discouraged Work-seekers	3 241	3 503	262	8.1	2.0

Source: Provincial Treasury calculations based on, Statistics SA's Labour Force Surveys of March 2003 and 2007.

¹⁰ The broad definition of unemployment includes discouraged work-seekers.

Employment by Industry

The wholesale and trade sector is the largest employer in the Western Cape, with a 25.3 per cent share of the Province's total employment. The sector created 145 038 new jobs between 2003 and 2007 (see Table 6). Overall, these new jobs created by this industry constituted 47.3 per cent of the total new jobs created in the Province during this period.

Much of the employment growth in this industry is linked to the growth of the informal sector activities (which is dominated by trade activities). The wholesale and trade industry is sensitive to changes in consumer expenditure hence it is expected to be adversely affected by the current high inflation and interest rate environment.

The manufacturing sector is also one of the major employers in the Province with a 14.7 per cent share of the total Western Cape employment. The sector shed about 23 803 jobs between 2003 and 2007. This is an unfortunate situation since this industry absorbs most of the unskilled and semi-skilled labour, which are in excess supply in the Province.

The construction sector registered the fastest growth in employment at 9.8 per cent per annum and created 45 143 jobs during the period under consideration. The construction industry is also expected to maintain this momentum as the sector continues to benefit from construction activities related to the 2010 FIFA Soccer World Cup preparations as well as other infrastructure developments in the Province.

The other main employers in the Western Cape are community, social and personal services (CSP) (with employment share of 18.3 per cent) and financial and business services (12.3%). These two sectors created 36 093 and 52 878 new jobs respectively during the period under review.

The labour-intensive agricultural sector in the Western Cape continued to shed jobs, as it lost 67 350 jobs at an average annual rate of 8.6 per cent between 2003 and 2007. This rate was much faster than the national rate of minus 4.4 per cent per annum. Overall, the primary industries, which include the mining and agriculture sectors, lost 64 150 jobs during the same time period.

Table 6 Employment by Industry in the Western Cape Province between 2003 and 2007

Industry/Sector	2007		2003		Total Change	
	Employment '000	Share (%)	Employment '000	Share (%)	Change '000	Av. Ann growth rate (%)
Agriculture, hunting, forestry and fish	156	8.5	223	13.7	-67	-8.6
Mining and quarrying	4	0.3	1	0.1	3	32.8
Primary Sector	161	8.7	225	13.8	-64	
Manufacturing	271	14.7	294	18.0	-23	-2.1
Electricity, gas and water supply	15	0.8	8	0.5	7	16.7
Construction	144	7.8	99	6.1	45	9.8
Secondary Sector	431	23.4	402	24.6	28	
Wholesale and retail trade	467	25.3	322	19.7	145**	9.7
Transport, storage and communication	85	4.6	91	5.6	-6	-1.7
Financial and business services	226	12.3	173	10.6	52	6.9
Community, social and personal services (CSP)	336	18.3	300	18.4	36	2.9
Private households	136	7.4	119	7.3	16	3.4
Exterior organisations and foreign governments	267	0.0	178	0.0	89	10.7
Tertiary Sector	1 252	67.9	1 007	61.6	244	

Source: Provincial Treasury based on the Statistics SA's Labour Force Surveys (LFS) of March 2003 and 2007. Employment changes that are significant at the 95 per cent level of confidence are indicated by double astrix (**). Note that the respondents that did not specify their industry were excluded from our calculations

Formal and Informal Sector employment

The formal sector remains the largest employer in comparison to the informal sector, although its contribution to the total Western Cape employment declined from 85.2 per cent in 2003 to 81.7 per cent in 2007. The formal sector created 106 976 jobs between 2003 and 2007 compared to 85 036 jobs created by the informal sector.

Table 7 Employment by Sectors in the Western Cape Province between 2003 and 2007

	2007		2003		Total Change	
	Employment '000	Share (%)	Employment '000	Share (%)	Change '000	Av. Ann growth rate (%)
Formal	1 498	81.7	1 391	85.2	106	1.9
Informal	225	12.3	140	8.6	85 **	12.6
Domestic	111	6.1	101	6.2	9	
Total	1 835	100.0	1 633	100.0	201	3.0

Source: Provincial Treasury based on the Statistics SA's Labour Force Surveys (LFS) of March 2003 and 2007. Employment changes that are significant at the 95 per cent confidence level are indicated by double astrix (**). Note that the respondents that did not specify their sector were excluded from our calculations

Informal sector employment in the Province grew at an annual average growth rate of 12.6 per cent, which is considerably higher than the national average rate of 3.3 per cent. Despite the growth in informal sector employment in the Province, its share of total employment of 12.3 per cent in 2007 remains much smaller than the national average of 20.6 per cent.

Conclusion

In conclusion, the global economic outlook is still clouded by the deteriorating international financial market conditions, which have adversely affected advanced economies to a greater extent. South Africa's economic prospects are marred by the ongoing energy crunch, which has hit the mining and manufacturing sectors in addition to uncertainties emanating from the global financial conditions. Despite these challenges, the South African and the Western Cape regional economy are not expected to plunge into a recession in the short-term.

National Policy Framework and Provincial Priorities

Introduction

Government's 2004 Election Manifesto and subsequent updated strategies and policies inform the choices we make at the provincial spheres. The priorities are affirmed through the strategic thrusts found in the 2008 State of the Nation's and Province Address and the "Apex Priorities".

The Apex Priorities are translated into 24 projects. The projects have been selected to energise our efforts to improving the lives of all South Africans and can be tracked across the three spheres of Government. These projects serve as impetus for improvement across all fronts of government work and are included under the following broad strategic goals:

- Accelerated growth;
- Infrastructure programmes;
- Improving the country's skills base;
- Shared growth – second economy interventions;
- Community infrastructure and universal access;
- War on poverty, and issues of health and social cohesion; and
- Improving state capacity and the regional environment.

The Accelerated and Shared Growth Initiative for South Africa (AsgiSA) identifies impediments to higher levels of economic growth, addresses issues of unemployment and aims to reduce levels of poverty.

As with AsgiSA, the Apex Priorities are not a new government initiative for which new resources need to be made available. It represents strategies to reformulate and focus existing programmes and projects to achieve greater synergy and improve economic growth and poverty reduction outcomes.

The 2008 Budget will continue to pursue the objectives embarked upon in the 2007 Budget, which flow from national priorities and the Provincial Growth and Development Strategy (iKapa GDS). The 2008 Budget thus aims to:

- Improve the quality and reach of social services such as in education, health care and access to social development services ;
- Strengthen strategic and economic infrastructure, including roads, public transport and housing;
- Boost skills development, learnerships and bursaries, FET colleges and job creation, and;
- Provide and support responsible and responsive governance.

The overarching theme of the 2008 Provincial budget centers on the practical implementation of policies and programmes in order to deliver core services that have the most impact on people on the ground.

National policy imperatives

National priorities within the social and non-social sectors are factored into the choices at Provincial level.

Provincial concurrent functions (Education, Health, Social Development, etc.), when bargaining at the national level for additional funds, are often left with the decision of whether to request the additional funds as conditional grants or as equitable share allocations. Additional equitable share funds leave room for discretion and departments have the flexibility to decide on the mix and funding levels given specific provincial needs and characteristics, even in the same sector. On the other hand, should the decision be to increase the allocation to a department via the conditional grant route, making the unlikely assumption that the same size fits all, theoretically certainty is provided on the quantum of funds to be spent on a priority as well as the reporting formats against which departments report actual spending and outputs.

The planned increases in education contained in the 2008 MTEF seek to ensure further access, improved quality and greater equity. Additional funds in Education are targeted at:

- Expanding Early Childhood Development services to the poor, the training of ECD practitioners and providing stipends;
- Increasing the enrolment in and quality of Grade R education through providing for additional learner teacher support material, infrastructure improvements where necessary, the additional training of personnel, improving remuneration and increasing the per learner allocation;
- Expanding inclusive education by increasing the number of places available for learners with disabilities in both mainstream and special schools;
- Providing learner support material (textbooks) for the sequential implementation of the new curriculum for grades 10 to 12;
- Funding the Occupational Specific Dispensation aimed at specific categories of educators, and
- Generally further strengthening the education function.

Funding has also been provided to address school maintenance, shortages in school education infrastructure, replacement of inappropriate school buildings and upgrading of existing facilities in part through the Infrastructure Grant to Provinces and in part via increases in equitable share allocations to Education. The allocation to the Province also recognises that, given the current food price escalations, a top up of the National School Nutrition Programme is needed to protect the real value of this intervention and also to extend coverage to more learners, improve the quality of meals and provide for all school days.

Health priorities are provided for by a substantive general baseline adjustment to stabilise the public health system, to enhance the ability to deal with rising patient numbers and cost pressures and to improve the quality of and access to public health services. The baseline adjustment allows provincial health departments to fund specific budgetary pressures that are particular to the provinces. Strengthening TB control, specifically to mitigate the impact of multi- and extreme drug resistant (MDR and XDR) TB, has also been identified as a national health sector priority that receives additional funding. Interventions to cure and treat MDR-TB and XDR-TB include hospitalising patients for minimum time periods, more frequent testing for early detection and admission as well as treatment under community supervision.

A number of Health conditional grants have been strengthened in priority areas:

- The Comprehensive HIV and Aids Grant to expand current HIV and Aids programmes, specifically with regard to the increased ARV take up rate;
- The Hospital Revitalisation Programme for building, upgrading and maintaining hospitals and health facilities;
- The National Tertiary Services Grant to compensate for personnel inflationary costs; and
- The Forensic Pathology Grant to compensate for escalating capital costs and recruitment of personnel.

Priorities in Social Development allow for the further significant scaling up of social welfare services to deal with the demands of pursuing sustainable community development and the implementation of different social welfare services legislation.

Additional funds have been targeted for the following social development sector priorities:

- The increase in allocations to registered ECD centers in order to: improve access to ECD, increase the subsidy per child and provide more direct funding for EPWP initiatives within the ECD sector;
- The expansion of services provided to Children in Conflict with the Law;
- The expansion of Home and Community Based Care to train additional caregivers and to align stipends with the Health sector; and
- The implementation of Occupation Specific Dispensation for social workers and related occupations.

Priorities in the non-social services sector include the economic functions such as agriculture, roads and transport and SMME development. Additional funds go to the Comprehensive Agriculture Support programme to assist in bringing previously excluded individuals, particularly land reform beneficiaries, into the mainstream agriculture sector. The establishment of sustainable and integrated human settlements is a priority and therefore additional funding for the Integrated Housing and Human Settlement Grant has been allocated in 2009/10 and 2010/11.

Agreement on funding priorities

Extensive negotiation along sectoral lines has resulted in thorough scrutiny of the budget at both technical and political levels. The provincial Medium Term Expenditure Committee meetings (held between the provincial departments and provincial treasury), 10x10 technical processes [held between line departments and treasuries (national and provincial)] and the annual benchmark exercises (held between national treasury and each provincial treasury) interrogate the extent to which provincial budgets give expression to provincial and nationally agreed priorities.

Provincial Treasury, in making recommendations on the funding mix and level to Provincial Cabinet, proposed a number of guiding principles. Among these were that budgets grow at least with the rate of inflation and that special provisions be made to maintain and extend the quantum and quality of Education and Health services.

To determine the budget growth rates of departments the 2007/08 estimated actual outcomes were used as a point of reference. This convention means that when final preparation for budget allocations were made (2 months before the current financial year comes to an end), departments report actual spending as at 31 January 2008 (10 months spending) and provided a projection for the last two months of the 2007/08 financial year, which end at 31 March 2008.

Expanding access and improving the quality of social services

Allocations to fund government programmes are made over a three year-period. This three-year period is referred to as the Medium Term Expenditure Framework (MTEF). Allocations are communicated annually and are applicable for a three-year period. This year's budget is referred to as the 2008 MTEF, while last year's budget is referred to as the 2007 MTEF.

The MTEF is adapted on an annual basis and is based on the prevailing economic conditions, policy and political choices. This year, as with all previous MTEFs, has seen a year-on-year allocations increase. The increases support Government's commitment to improve the lives of all South Africans.

Additional funds from national transfers to the Western Cape is intended to strengthen the ability of the Province to improve access and quality of public services; address vulnerability and inequality through proper targeting of services; increase investment in communities to ensure sustainable livelihoods; and develop the skills needed for the economy through enhanced education and training.

The biggest portion of the additional national transfers is directed at the Social Services (Education, Health and Social Development). These funds are intended for priority interventions (listed above) to: implement strategies to retain skills in the social services sector and attract further skills; and expand welfare services to create an environment for sustainable communities.

Factors influencing allocations

A number of factors influence planning and the allocation of resources to departments. These factors include macro-economic conditions; assumptions about inflation; wage agreement; personnel adjustments, projected salary increases, national sector negotiation through the MTEC processes and the projected departmental expenditure outcomes for 2007/08.

The third quarter Reserve Bank publication (December 2007) however revealed that the economy is taking strain and that interest rates and inflation were increasing beyond those conditions which prevailed when the October 2007 National Medium Term Budget Policy Statement (MTBPS) was tabled.

The revised CPIX is now 6.1 per cent in 2008/09, 4.7 per cent in 2009/10 and 4.6 per cent in 2010/11. To further protect the real value of certain items of spending, adjustments are proposed to the provincial fiscal framework.

The Budget Council, on 5 February 2008, after having considered the changing conditions, proposed that the current funding levels be augmented to offset some of the adverse economic effects. The augmentation considered the current funding levels at the time of tabling the 2007 National MTBPS and post MTBPS.

National Treasury, in its communication to the Province, highlighted three categories of spending that should be considered for an inflation adjustment. The first was personnel, the second capital and the third recurrent expenditure. The communiqué proposed that a separate adjustment for capital was not recommended, as each project is very different in its structure, contract and duration compared to the others. Departments would therefore need to manage these capital price changes within the context of a recommended general non-personnel inflation adjustment.

Given these adjustments, the Western Cape was advised to budget for personnel increases of 7.1 per cent in 2008/09, 5.2 per cent in 2009/10 and 5.1 per cent in 2010/11. As is common practice, and in line with personnel budgeting principles and agreements, an additional 1 per cent is added to cater for pay progression costs.

Most of the latest additions to the 2008 Budget are earmarked for personnel related expenditure. However, the wage agreement and initiatives to improve the conditions of service of particular professions such as teachers, health- and social workers have left limited space in the Province's budget to fully fund national priorities or provincial specific initiatives.

Approximately 60 per cent of the obligations resulting from the wage agreement are funded by National Government and roughly 40 per cent had to be found from within the Province's own funds, Asset Finance Reserve Funding and through improving efficiency and trade-offs.

Initiatives to bring about greater collaboration and efficiency in planning and spending within and across clusters and also across the provincial, national and local spheres are considered a priority by the Western Cape Provincial Government and the new year will see the introduction of further initiatives to better achieve this goal.

Initiatives to improve efficiencies within and across the provincial sphere of government

Improving the intergovernmental interface

The funding of policy priorities has both national and provincial dimensions. Policy priorities for functions shared by national and provincial departments requiring additional resources are identified at various intergovernmental fora.

National sector departments bid for additional resources to fund the policy priorities. Funding occurs through the Provincial Equitable Share and/or conditional grants. The funding sources and extent of funding are negotiated through technical forums such as the National Medium Term Expenditure Committee (MTEC) and 10x10 engagements. However, functional 10x10 processes only exist for Education, Health, Social Development, Local Government and Housing, Transport and Public Works and Agriculture.

There are therefore a number of provincial sectors, where no 10x10s exist. This challenge continues to give rise to a funding mismatch in that policies made nationally in sectors without 10x10s do not often receive funding at provincial or municipal levels. As has already been mandated by the Provincial Cabinet, the imperative to set up further 10x10s remains, and is perhaps of greater importance now than ever before, given the debate on provincial powers and functions.

Provincial departments, where these intergovernmental fora do exist, have to consider how to influence the agenda of these sectors appropriately. In instances where fora do not function, provincial departments should endeavour to establish 10x10 processes and actively apply pressure to influence national level funding and policy decisions to reflect real needs on the ground.

Improving interactions within local government

The challenges facing municipalities across the Province are fairly uniform and include: Poverty; Economic Development; Public Transport; Bulk Infrastructure; Human Settlements; Disaster Management; and Intergovernmental Relations.

The latest set of interactions between the Province and municipalities via the Local Government Medium Term Expenditure Committee (LGMTEC) engagements, established a platform to obtain agreement on mechanisms to improve the alignment of municipal and provincial planning and budgeting processes at a practical (operational) level.

These engagements have set the strategic direction that should better inform the identification of projects, planning of capital projects and delivery of services in a spatial sense together with the practical support needed to realise the optimal and effective use of allocated resources.

An agreed upon mechanism to continue the dialogue and engagement between the two spheres has been initiated. The Province's interaction with local government has taken place through the economic and social cluster groupings. This interaction has, for example, resulted in the Province and the City institutionalising regular technical meetings between them.

Further work across municipal districts will also target the improvement of Health and Education outcomes and spatial restructuring and establishment of truly integrated human settlements.

Cluster work

Provincial technical clusters have started to explore possibilities for greater efficiency among themselves. A number of areas where possibilities for complementarity and synergy exist have been identified and would require further work over the next year:

- Planning and Research – most departments have established units and where these do not exist the function is outsourced. Research planning, findings and data are often not shared across the departments;

- Urban restructuring and the development of Spatial Development Planning (Environmental Affairs and Development Planning, Economic Development and Tourism and Local Government and Housing);
- Early Childhood Development (Education, Health and Social Development; the City of Cape Town and other key municipalities);
- Training and skills development (departmental staff, teachers, health professionals (pre- and in-service); social workers; provincial traffic police; sport coaches, agricultural training, etc);
- Revenue enhancement strategies particularly between the Provincial Treasury; Transport and Public Works and municipalities;
- Capacity building initiatives in municipalities (Department of the Premier, Provincial Treasury, Local Government and Housing, Environmental Affairs, etc); and
- HIV/AIDS (Education, Social Development; Cultural Affairs and Sport; Health).

Framework to guide transversal provincial projects

A number of transversal projects run across votes and require much better co-ordination to ensure the effectiveness and efficiency in planning and spending. Some of the more prominent ones include co-ordination of World Cup 2010 and the Festivals and Events Organising Committee (FEOC).

Led by the Department of the Premier (Director-General), much closer co-ordination between the former and the Departments of Cultural Affairs and Sport, Transport and Public Works and Economic Development is required to achieve maximum impact and satisfactory synergy from the resources (financial and human) set aside within these departments for WC 2010 projects and co-ordination.

The World Cup 2010 project has various workstreams (Infrastructure Development, Transport, Football Legacy; Health and Disaster Management; Tourism and Marketing Fan Parks and viewing sites) with different roles and responsibilities. The current activities of these workstreams have to be assessed, constituent departments need to present their plans and expenditures to date, inclusive of commitments, all which would have to be subjected to peer review to ensure that decisions on spending achieve the desired level of synergy, economy and efficacy.

A similar methodology for the Festivals and Events Organising Committee, Early Childhood Development, Urban Restructuring initiatives and others is to be followed.

Improving Health and Education outcomes

The impending Provincial Budget deficit of R1.2 billion over the 2008 MTEF is mainly attributed to Education and Health pressures and is seen as an investment to improve Health and Education outcomes. Provincial Cabinet supported the proposal that the Departments of Health and Education in liaison with the Department of the Premier and the Provincial Treasury, prioritise the achievement of quality Education and Health outcomes across the Province taking into account the spatial dimension of its services, and introduce a real practical push to improve literacy and numeracy and health indicators and targets.

Cabinet also supported strengthening collaboration between the departments of Education, Social Development and other related departments in the provision of Early Childhood Development (ECD).

Earmarked Allocations

Some of the earmarked allocations introduced in the 2007 MTEF have been combined, where appropriate, with new earmarked allocations introduced in the 2008 MTEF.

Earmarked allocations are meant to advance provincial priorities and the consolidation of some of these afford departments greater flexibility and discretion while still ring-fencing national and provincial priorities.

There is, however, a counter argument to combining and simplifying earmarked allocations. In most instances earmarked allocations were proposed as additions (top ups) to funds already provided for in departmental budgets. Instituting holistic earmarking in some cases allows the Province to augment allocations while maintaining their base lines so that the additions can serve to extend coverage and quality of services.

The entire (minimum) allocations for Roads, Maintenance in Health and Education, Emergency Medical Services and in support of national political choices, Early Childhood Development, Disaster Management and Municipal Capacity Building have been earmarked holistically.

Funding Collaborative Projects in the Adjustments Budget

It is recognised that collaborative projects require improved co-ordination and longer lead times, more intensive and integrated planning. These collaborative planning practices often lead to delays in project implementation and consequently spending.

To encourage efficacy of spending, funds for selected collaborative projects will not be allocated in the main budget but left in reserves and appropriated in the Adjustments Budget. Projects to which this approach will be applied include:

- Urban Restructuring (Votes 8, 9 and 12);
- Economic sustainable job creation projects (Votes 3 and 12); and
- Energy crisis project (Votes 9, 10 and 12).

The Premier in his 2008 State of the Province address highlighted Government's achievements but also acknowledged that much more needed be to done to realise the goals of providing a better life for all our people.

Some of the achievements noted by the Premier since 2004, include:

- Growth rate of the Western Cape's GDP in 2004 was 3.9 per cent and now four years later, stands at 5.7 per cent.
- Historically disadvantaged individuals (HDIs) accounted for 48 per cent of those whom Government procured from or 18 per cent of the Rand Value. Four years later HDIs accounted for 58 per cent or R1.6 billion out of a R2.7 billion procurement budget;
- The Province has since then assisted 38 121 SMME's of which 80 per cent are historically disadvantaged;
- 118 000 Expanded Public Works jobs have been created;
- 568 Early Childhood sites catering for 56 033 learners were created at a subsidy of R4 per child as against 70 309 children at R7.50 per learner at 841 sites in 2008;
- 99 per cent of citizens in informal settlements now have proper sanitation and 98.8 per cent of citizens access to piped water; and
- Four years ago we had 171 police stations - today we have 186 police stations.

To address the Premier's concern; departments for 2008 had put a number of key deliverables together. These are cited overleaf with more detail in the Estimates of Provincial Expenditure and Annual Performance Plans of Departments.

Table 8: Key deliverables for each cluster

SOCIAL CLUSTER KEY DELIVERABLES 2008/09	Vote 4: Community Safety	Vote 5: Education	Vote 6: Health
	<ul style="list-style-type: none"> • Enabling a safe and secure environment for employees, visitors, guests, and property within the PGWC, as well as advising and assisting PGWC Departments to ensure compliance with risk regulations and policy framework. • Oversight of SAPS, Municipal 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"> - Reduce road trauma by integrating strategic and operational planning process across agencies in the province. - Optimising 24 hours/ daily, 7 days/week Traffic Services by addressing provincial priorities. • Strengthened financial management systems by capacitating the Supply Chain Management unit, to ensure PFMA compliancy in respect of the Accounting Officers Framework. • Implementation of Youth Oriented Crime Prevention Projects: <ul style="list-style-type: none"> - Social Transformation Anti-Gang Strategy. - 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. - Commuter Safety. 	<ul style="list-style-type: none"> • Access and adequacy: provision of quality Grade R learning programmes and expansion of Grade R by 6000 learners; provision of quality programmes to Grade 1 – 9 learners so they develop high level language and mathematics skills; increase in the number of 15 – 17 year olds enrolled in courses that lead to employment or access to higher education; increase in numbers enrolled for Adult Basic Education and Training (ABET). • Redress/Equity: Expansion of Quality Improvement, Development, Support and Upliftment Programme (QIDS-UP), targeting poorest primary schools; improvement in physical safety of schools at risk. • Efficiency: Implementation of first phase of micro structure of re-design of the WCED to best implement the HCDS and ensure representivity; development of 160 principals via an Advanced Certificate of Education (ACE) and 500 teachers (NPDE). • Quality: Conduct Whole School Evaluation in at least 30 schools; target-setting and accountability measures for schools; testing of all Grade 3 learners in literacy and numeracy. • Outputs: Continued re-capitalisation of all 6 FET Colleges and support for ongoing expansion; roll-out of 200 further computer laboratories with concomitant support; improved literacy and numeracy in primary schools; successful implementation of the NCS in Grade 12 in 2008. 	<ul style="list-style-type: none"> • Implementation of the Comprehensive Service Plan to improve the quality of health care delivery, which includes: <ul style="list-style-type: none"> - Implementation of health districts and the creation of district management structures both in the Cape Metro and rural health districts. - Strengthening district health service delivery through outreach and support to district hospitals, community health centers and clinics. - Restructuring the service platform with the designation and management of hospital beds according to a defined level and package of care in central, regional and district hospitals. - Achieving the Comprehensive Service Plan targets for level 3 beds in the central hospitals. - Strengthening the general specialist capacity and clinical management within the reconfigured level 2 (general specialist) services. - Restructuring emergency medical services to improve response times and begin to achieve response times closer to the national norms. - Expansion of community-based care services through the Extended Public Works programmes in Health to enable people to be managed in communities where they live. - Construction, upgrading and improved maintenance of health facilities with a special focus in the 2008/09 financial year on planned construction of the Khayelitsha and Mitchell’s Plain hospitals in the Cape Metro. • Strengthened TB programmes with special focus on improved cure rates and the management of multi and extreme drug resistant TB. • Care and management of people living with HIV and AIDS with a greater focus on targeted prevention interventions and district health-based treatment. • Address service pressures in mental health, obstetric and neonatal services, surgery and emergency care. • Strengthened mechanisms to assess the burden of disease and strategies developed with other departments to begin to reduce the burden of disease. • Strengthened human resource and financial management to improve performance.

SOCIAL CLUSTER KEY DELIVERABLES 2008/09	Vote 7: Social Development	Vote 8: Housing Component	Vote 13: Cultural Affairs and Sport
	<ul style="list-style-type: none"> • Strengthen monitoring and evaluation mechanisms to the NGO sector to ensure value for money through capacity building initiatives at district level and the review of monitoring tools used to measure service delivery performance. • Transform residential services for children at departmental places of safety for children and awaiting trial facilities through a focus on community based care and family reintegration and the building of a level 4 secure facility. • Implementation of key policy and legislative mandates (example the Children's Act, Child Justice Bill and Drug Master Plan) through public awareness and capacity building. • Strengthen prevention, treatment and after care services with regard to substance abuse by expanding community based treatment, youth and school awareness programmes and building two new inpatient treatment centres. • Strengthen families through prevention, early intervention, protection and after care 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). • Increase access to services and the equitable distribution of resources by establishing additional service points and targeting service delivery to geographic areas of greatest need and priority target groups. • Expand the EPWP by increasing the number of ECD and HCBC practioners receiving training. • Strengthen initiatives to promote sustainable livelihoods by offering programmes aimed at skills enhancement, food security and income security. 	<ul style="list-style-type: none"> • Implementation of projects to support Isidima (Sustainable Human Settlements Strategy): <ul style="list-style-type: none"> - Provision of planning support to municipalities to improve the quality of the Five-Year Human Settlement Plans. - Facilitation of lead and pilot projects. - Development and implementation of policy for backyard residents. - Development of Isidima policies. - Release state land for human settlement development. • Implementation of index to ensure that communities at highest risk (due to disasters and living conditions) receive priority. • Delivery of 34 000 housing opportunities (houses and serviced sites). 	<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 arts and culture, 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. • Cultural forum establishment and development in priority areas. • Transformation in sport including violence in sport campaign (youth, gender and aged).

ECONOMIC CLUSTER KEY DELIVERABLES 2008/09	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"> • Continued roll-out of 2007/08 multi-year deliverables with specific emphasis on: <ul style="list-style-type: none"> - Promulgation of the Planning and Development Amendment Act and Regulations - Support to selected municipalities for the alignment of their Integrated Development Plans and Spatial Development Frameworks with the Western Cape Provincial Spatial Development Framework. - Initiate the establishment of a Climate Change Unit. - Conduct Climate Change education at 109 schools. - Renewable Energy Act for the Province. - Provincial Energy Efficiency Campaign/ Initiatives. - Implementation of the Health Care Waste Management Act and Regulations. 	<ul style="list-style-type: none"> • Provincial freight logistics strategy: Implementation plan to be developed and roll-out to begin. • Scarce skills: Continuation of the Masakh'iSizwe Bursary Programme. • Public Works: Construction and maintenance of key social infrastructure and general buildings inclusive of broadening of economic participation and continued processes for the establishment of a Property Development Entity. • Property Management: In support of integrated and sustainable human settlements:- <ul style="list-style-type: none"> - Disposal of redundant immoveable assets that will enable previously segregated communities to live together (e.g. Plumstead and Southfield projects). - Develop strategic provincial immoveable assets to bring historically disadvantaged communities closer to work places and work opportunities (e.g. Porter Estate and Oude Molen projects). 	<ul style="list-style-type: none"> • Deliver on the Human Capital Development Strategy by offering learnerships, internships, bursaries and training opportunities to previously disadvantaged individuals to address the shortage of critical and scarce skills in the agricultural sector. • Address sustainable land reform by supporting projects with different comprehensive and intensive support (including extension) packages to improve production and financial viability of farming operations. • Support the second economy in the Province by implementing food security projects in the Presidential nodes and the 21 priority areas and implementing farm worker development projects in rural areas. • Highlight the importance of water, biodiversity and natural resources by extending the water wise and biodiversity campaign and investigating the feasibility and affordability of the launch of a real-time information website to assist farmers to increase the water use efficiency of agricultural water. 	<ul style="list-style-type: none"> • Spatial translation of the MEDS – identifying established industries with growth potential within municipalities, and developing commercial hubs within townships. This will be further complemented by Die Plek Plan and Rural Economic Assistance Fund (REAF). • Enterprise development –harnessing, consolidating and expanding current RED initiative with a focus on supporting vibrant entrepreneurial activity within the informal economy with the intension of maximising their transition to the formal economy and quality jobs and sustainable SME's. • Sector support – particularly for prioritised sectors with a focus on developing and accelerating growth, strengthening clusters, increasing competitiveness in the global economy and skills development. • Skills development –in order to ensure that the supply and quality of critical skills corresponds to the skills demand within the MEDS sectors by facilitating the training of youth in for example: <ul style="list-style-type: none"> - Tool making, BPO, ICT, Oil and Gas servicing industries and film. 	<ul style="list-style-type: none"> • Human settlement key deliverables are detailed in the Social Cluster Deliverables.

ECONOMIC CLUSTER KEY DELIVERABLES 2008/09		Vote 10: Transport and Public Works	Vote 11: Agriculture	Vote 12: Economic Development and Tourism	
		<ul style="list-style-type: none"> • Roads: Road maintenance and construction projects consist of surface road reconstruction, rehabilitation and routine maintenance, as well as gravel road surfacing and regravelling. Key projects that will start or be completed include the N2 outbound between Borchard's Quarry and Vanguard Drive, Koeberg Interchange, Gansbaai Phase 2 and the rehabilitation of Road MR227 between Mooresburg and Riebeeck West TR 11/2. Involvement in a number of 2010 FIFA World Cup projects to improve mobility of visitors. • Public Transport: The continued roll-out of Public Transport Infrastructure Plan (PTIP); detailed design of Eden Mobility Strategy; new service contracts for: Koeberg, Ocean View, CBD, Macassar and George; establishment of a back office for integrated fare management (IFM) and intelligent transport systems (ITS). Establish Public Transport Operating Trading Entity. • Traffic Management: Improving service delivery at Driving Licence Testing Centres (DLTC), Vehicle Testing Stations (VTS) and Registering Authority (RA), thereby contributing to road safety through implementing an electronic booking system at all DLTC's. 	<ul style="list-style-type: none"> • Ensure export compliance and market access for animal products by continuously monitoring and mitigating the risk of animal disease and highlight and raise awareness on food safety issues in the 21 priority areas. • As part of the Climate Change portfolio of projects establish an indigenous seed production unit for the West Coast to ensure veld establishment and improvement and invest in and investigate alternative agricultural practices/industries/markets to the benefit of all farmers. • Develop and deliver market access and marketing services to emerging farmers through researching opportunities and facilitating access to local, national and international markets. 	<ul style="list-style-type: none"> • 2010 – Maximising SME opportunities through sector based trade and marketing plans, Tourism Host Campaign and Extended Stay Campaign and compliance with FIFA regulations. • Business regulation and governance– Preparation and implementation of Liquor Bill, improving efficiencies of systems and implementation of WC Consumer Affairs Act. 	

ECONOMIC CLUSTER KEY DELIVERABLES 2008/09		Vote 10: Transport and Public Works			
		<ul style="list-style-type: none"> • Expanded Public Works Programme: Implement Siyenyuka Contractor Incubator Programme. Initiate provincial cost comparison study (EPWP Labour based Methods vs. Conventional implementation methods). Population of unemployed on Opportunities Portal. Create 40 000 work opportunities. Implementation of New Venture Creation Learnerships (L1000), and implementation of National Youth Service Programme (NYS). • 2010 FIFA World Cup: Implement the integrated host city and provincial transport plan for the world cup event, through continued delivery of critical infrastructure, training of drivers and mechanics, establishment of transport systems and networks and infrastructure to support movement of people on a regional basis. 			

GOVERNMENT AND ADMINISTRATION CLUSTER KEY DELIVERABLES 2008/09	Vote 1: Department of the Premier	Vote 8: Local Government	Vote 3: Provincial Treasury
	<ul style="list-style-type: none"> • Further roll-out of the Social Transformation Programme in the 21 identified areas of the Western Cape by 2009. • To facilitate the implementation of the iKapa GDS programmes. • Intensification of the PGWC anti-corruption campaign. • Leadership and co-ordination to implement the World Cup 2010 Strategic and Business Plans. • Improved accessibility to government information and services by establishing new e-Community centres focusing in 21 areas, finalisation of departmental Master Systems plans and strategic ICT planning and implementing mobile ICT based service delivery units. • Further enhancement to and roll-out of the Performance Management Information System and implement results based Monitoring, Evaluation and Review System. • Implementation of the Service Delivery improvement strategies. • Roll-out of the Internal Human Capital Strategy. 	<ul style="list-style-type: none"> • Operationalisation of provincial disaster management structures and development of generic provincial guidelines. • Implementation of early warning M&E system for municipalities. • Implementation and monitoring of five-year local government strategic agenda in the Province. • Implementation of programme to build long-term capacity of municipalities to plan and manage human settlement projects. • Raise standard and quality of IDPs. 	<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 2008 Budget Process

Introduction

The budget process includes both technical and political processes, which are inextricably linked. During the process decision makers have to make choices about where to direct public resources so that government achieves the outcomes it desires.

Political decision makers have to defend their decisions and explain their rationale. It is the role of officials and technicians within government to advise politicians on the mix of activities required to achieve the desired outcomes and provide the rationale for a recommended course of action.

To arrive at a particular set of decisions, possible choices and directions have to be analysed and tested and as resources are finite, candidate activities for funding have to be traded-off against each other.

Often rival activities are difficult to choose between. The budget process thus helps inject rigour into the debates about fiscal policy within and outside government

The budget process at a provincial level allows the government to:

- Consider changing policy priorities and evaluate implementation plans;
- Consider political and technical insights, particularly important when trade-offs between competing spending priorities are required;

- Consider the possible allocation of resources, in line with policy priorities and spending plans; and
- Obtain the required authority from Provincial Parliament to spend.

Legislative basis for consulting on the budget

The design and functioning of South Africa's intergovernmental system derives from the Constitution of 1996 which establishes the three spheres of government; assigns them functional responsibilities; prescribes a legal framework for fiscal relations (in chapter 13) and enjoins the three spheres to cooperate on policy, fiscal and other matters.

The Intergovernmental Relations Act, 1997, which establishes the consultative mechanisms required in terms of section 214 of the Constitution, facilitates the consultation processes for the annual Division of Revenue.

The legal framework, however, by itself does not give effect to co-operative governance. Rather it is the various consultative processes that ensure that effective co-operative governance takes place between the spheres of government, and within each sphere.

The success of our current budget process across the three spheres of Government and within the Province is founded on the principles of cooperation and participation. These principles have led to significant improvements in transparency and quality of budgetary information.

Intergovernmental Fora

A number of intergovernmental fora (both technical and political) have been established over the last fourteen years to facilitate the functioning of the intergovernmental system, and to co-ordinate the policy and implementation processes. These include the Budget Council, Technical Committee on Finance, technical (10x10's) and political (MinmeCs) sectoral clusters, in key functions like education, health, social development, housing, transport and agriculture.

The composition of some of the intergovernmental fora is explained below:

The Budget Council comprises of the Minister of Finance (who chairs it) and the nine MECs responsible for Finance in the provinces. Through consultation and by making recommendations to Cabinet in liaison with its budget committee, it plays a pivotal role in the alignment of functional responsibilities and the vertical division (between the national, provincial and local government) of revenue on the one hand, and alignment of policy and budgets, on the other.

Sectoral 10x10's are technical finance and line department structures, attended by head of departments. A Health 10x10, for example, is made up of nine provincial and the national heads of Department. These heads are responsible for developing policy and its implementation (the nine heads plus the national head constitute the one side of the 10x10). The other side of the 10x10 would have nine provincial treasuries and the national treasury heads (responsible for funding). There are also other 10x10's for sectors such as Education, Transport and Agriculture, etc.

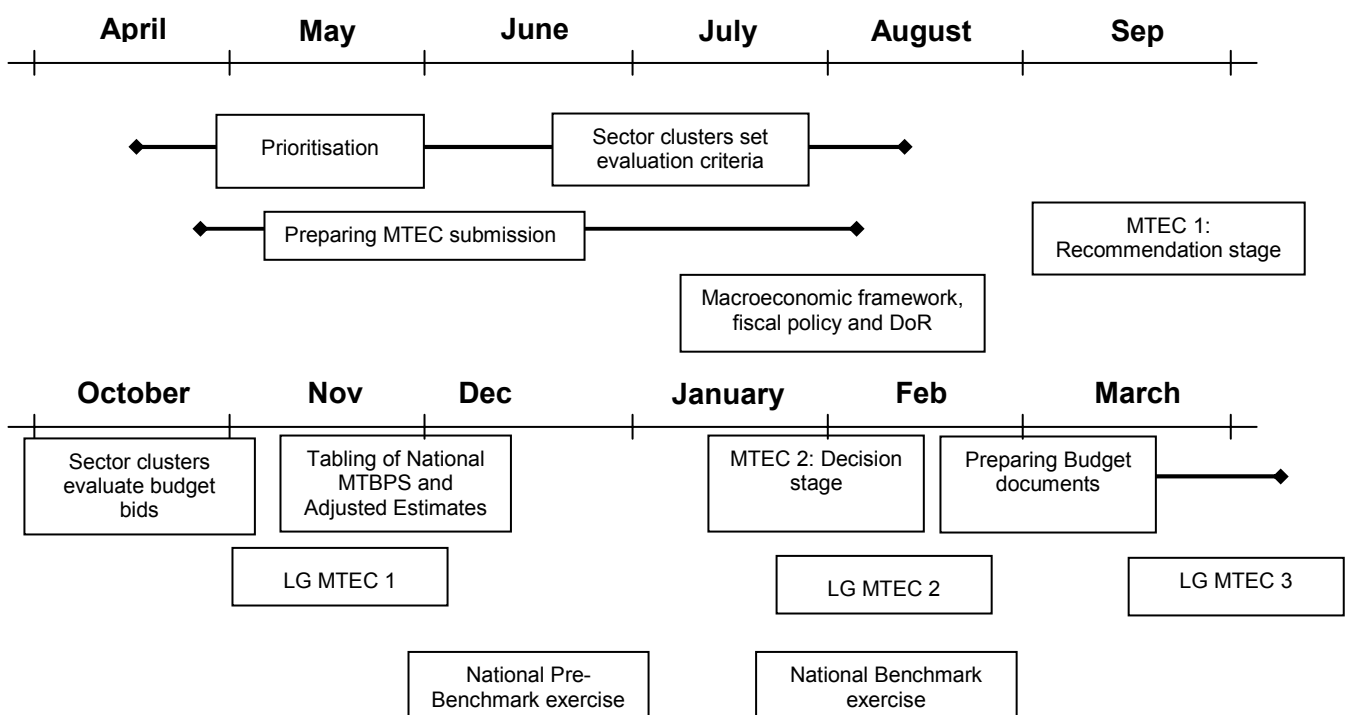
Further intergovernmental fora that require mention include the MinMECs for functions such as Education, Health, etc. A typical Education MinMec includes the nine provincial MECs for Education together with the national minister responsible for education outcomes and policy direction. The forums cited above ensure that reasonable alignment between policy, funding, implementation and service delivery is achieved.

These intergovernmental forums are only advisory in nature, and make recommendations on policy to National and Provincial Cabinets for purposes of adoption.

2008 budget process

The provincial budget process consists of several distinct but integrated stages that start with the Provincial Cabinet identifying the medium-term spending priorities. The stages are indicated in diagram 1.

Diagram 1:



Prioritisation

The Government's election manifesto is the starting point for the allocation of resources. During the respective Cabinet's strategic session (Lekgotla) political executives discuss and find agreement on national and provincial priorities over the medium term. At the national sphere the guiding of priorities finds a home in a document termed the Medium Term Strategic Framework (MTSF). The MTSF provides a comprehensive overview of:

- The economic and social outlook for the medium term;
- Government's strategic approach to key challenges;
- Cluster issues and priorities; and
- Budget choices for the National 2008 Medium Term Expenditure Framework.

The Western Cape's Provincial Cabinet considers the MTSF and incorporates it for the Western Cape's peculiarities and priorities, reflected in the annual adaptation of its Provincial Growth and Development Strategy (iKapa GDS). The adapted iKapa GDS provides the guiding framework in which the Provincial Treasury and line departments prepare the provincial budget.

Engagements with departments (MTEC)

Provincial departments attend various national sector-based intergovernmental fora at which sector priorities are spelt out and the possibility of additional funding is negotiated.

Provincial departments, following the interactions at the national level, also have two formal engagements with Provincial Treasury in addition to numerous ad hoc interactions with the budget analysts in the Provincial Treasury responsible for a particular department or departments.

The formal engagements are referred to as the Medium Term Expenditure Committee meetings (MTECs). The MTECs are held in September (MTEC 1) and January (MTEC 2) of each year and provide a mechanism through which a department can communicate its priorities and submit bids for additional funding to the Treasury.

An assessment of any bid (often referred to as a policy option) requires an initial assessment of the priorities of the sector, the service delivery achievements of the department and whether credible spending plans have been developed.

As in the 2007 budget process, the Department of the Premier was included in the MTEC engagement process with each department to improve co-ordination amongst oversight departments in their interactions with line departments. One of the key aims of the oversight was to improve the alignment of departmental activities and budgets to the iKapa Growth and Development Strategy (iKapa GDS) objectives.

Engagement with Clusters

Provincial Treasury has always promoted the need to formalise and deepen the way in which such sectoral policy decisions are made, particularly where these decisions impact on the Provincial fiscus. In a few cases, decisions involving substantial amounts of funds have been difficult or impossible to implement, underlining the need for more structured consultation that takes account of funding implications of new policies. The establishment of the cluster system assists with efforts to formalise and improve sectoral fiscal policy setting. The cluster system was thus introduced to better facilitate interaction between the political and administrative executive in the setting of strategic policy and fiscal direction, and to cultivate spending plans that are more integrated across departments.

The MTEC 1 in 2008 revealed that many policy options competing for a finite set of funds within a particular sector, are highly interrelated.

All departments within the Province are grouped in one of three clusters within the Province. These clusters include: Social, Economic and Governance and Administration. Head of departments constitute the technical task teams of these clusters. The task teams for the 2008 Budget were responsible for reviewing the cluster priorities, review the weight assigned to each criterion and to rank the bids accordingly. The aim of this exercise was to give structured and concrete guidance to departments on the design of their new budget bids before the MTEC 1 process was concluded. The Provincial Treasury also limited the number of bids to improve the credibility of the process, given the inclination that the value of bids submitted, tends to far outstrip available resources.

Between MTEC 1 and MTEC 2, cluster teams ranked the budget bids submitted with realigned baseline budgets prior to MTEC 1 using the list of the weighted criteria reviewed in the first stage of the budget process. The budget bids submitted were either carried over from the previous year or were newly designed. The result was a consolidated set of ranked bids for each cluster.

Within a sector, bids submitted by one department often overlapped with those of other departments. A further observation has been that some of the existing programmes are complementary in nature or duplicate each other. Complimentarity and duplication suggest that efficiencies can be gained and efficacy enhanced by a more synergistic collaborative working together of departments. Cluster task teams were therefore given a further role in the 2008 budget process. Cluster teams were asked to identify departmental service and activity areas where efficiency gains could be made and efficacy enhanced by closer inter-departmental collaboration in the planning and delivery of services. Aided by the Provincial Treasury, the following service areas were identified by cluster teams:

Cluster teams began to explore closer inter-departmental collaboration in the planning and delivery of service to enhance efficiency and efficacy

Examples of services and activities to be explored by cluster teams for greater inter-departmental collaboration are included in the table below:

Social cluster	Economic cluster	Governance & administration cluster
<ul style="list-style-type: none"> HIV/Aids services (including training, treatments, community based care) Training of nurses, teachers Early Childhood Development (ECD) 	<ul style="list-style-type: none"> Export promotion Vocational training SMME support and training Spatial planning & development and Local Economic Development Tourism promotion 	<ul style="list-style-type: none"> Socio-economic research (including demographic research) Capacity building of municipalities Monitoring of municipalities Intergovernmental Relations

During 2008/09 the cluster teams will further explore closer co-operation and co-ordination in the delivery of the above activities and services between departments. Cluster teams will also identify other functions/activities where greater interdepartmental co-operation/co-ordination could lead to increased efficiency and efficacy.

Engagements with departments (MTEC 2)

In the MTEC II engagement held in January 2008, the role players considered whether the second draft of each department’s budget and output plan was “credible”. To determine credibility, the role players assessed allocative trend patterns; whether departments have the capacity to spend in the manner outlined in their draft budgets; whether provincial and national priorities were adequately catered for; and whether spending plans were robust enough to withstand the more probable internal and external risks.

Engagements with National Treasury (Benchmark exercise)

In order to enhance provincial and national policy alignment, two rounds of bilateral meetings between the National and the Provincial Treasury took place, in December 2007, after the Medium Term Budget Policy Statement (MTBPS) was released (Pre-benchmark), and in January 2008 (Benchmark), before the second round of Provincial MTECs were held.

National Treasury conducts 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 2008 national budget priorities as agreed at the Budget Council and the Extended National Cabinet, the latter including provincial premiers.

These meetings further consider whether the budget content and formats used by provincial departments follow national norms. The meeting also gave the Province an opportunity to provide 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.

Engagements with municipalities

The consolidation of financial management and budget process reforms in recent years, as well as the advent of the iKapa GDS, has paved the way for improvements in intergovernmental relations (IGR) and processes. The aims of the engagement process were to elicit municipal support for and input on the provincial strategies and to build a better alignment between provincial development plans and 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.

In the 2007 process of engagement, the lead departments in facilitating the LG MTEC engagements between provincial departments and Western Cape municipalities were, the Provincial Treasury and the Department of Local Government and Housing.

In November 2007, the first round of MTEC engagements (LG MTEC 1) for the new 2008/09 fiscal year took place. The engagement took the form of a series of formal interactions between clusters of provincial sector departments and their municipal counterparts. Each cluster of municipalities and provincial departments had to consider how strategic objectives informing service delivery and the selection of capital projects by municipalities and line departments can be practically aligned, and what support each municipal or provincial cluster group required of their counterpart to improve service delivery. A number of follow-up engagements were set up where more interaction was necessary to set strategic objectives, develop joint implementation plans and consider mutual support.

MTEC 1 considered how municipal and provincial departmental service delivery objectives could be more closely aligned

LG MTEC 2 informs municipalities of line departments' preliminary allocations to municipalities

The Provincial Treasury also facilitates the LG MTEC 2 engagement, which for this year will take place in March 2008. This second engagement is, firstly, meant to check on the results flowing from the LG MTEC 1 engagements and what further work remains, secondly, to discuss and clarify with municipalities the proposed line departments' allocations to them, thirdly, the proposed criteria against which the Provincial Treasury will assess draft municipal budgets for 2008/09. Like last year, the LG MTEC 2 engagement will be merged with the Technical Provincial Advisory Forum (PAFTECH) managed by the Department of Local Government and Housing to optimise the efficiency of engagements with municipalities.

LG MTEC 3 to assess the degree of sustainability and credibility of municipal budgets and to what extent their own IDPs respond to national and provincial priorities

At the LG MTEC 3 engagement, set to occur during the first quarter of the provincial financial year 2008/09, Provincial Treasury, the Departments of the Premier, Local Government and Housing, Economic Development and Tourism and Environmental Affairs and Development Planning, as the key role players, will interact with municipalities on their draft budgets and IDPs. Through the process, the above line departments will assess the extent to which each municipality's budget is responsive to its IDP, local economic development and provincial priorities, and determine whether the budget is credible and sustainable.

Key milestones after the tabling of the Provincial Budget

Departments, after the provincial budget has been tabled on 4 March 2008, have to submit their Strategic and Annual Performance Plans to both the Provincial Treasury and the Provincial Parliament (for tabling and discussion in the House) before or on 28 March 2008.

The second reading of the Western Cape Appropriation Bill, 2008 in the Provincial Parliament is planned to take place in May 2008, with the third reading to follow before the end of June. The Premier is to sign and promulgate the approved Appropriation Act by no later than the end of June 2008.

The national and provincial budget processes have improved considerably, with various consulting mechanisms established to deepen the participation of key stakeholders in the budget process. More work is planned in collaboration with key departments (Education, Health, Community Safety, Social Development, Cultural Affairs and Sport and Transport and Public Works) and via the cluster system (provincial and municipal/provincial) to improve institutional performance.

The success of the three-year budgeting system (Medium-Term Expenditure Framework) is widely recognised and provides the basis for a more forward-looking approach to co-ordinating the budgeting and planning processes.

Receipts

The Western Cape Provincial Government has access to four sources of funding to fulfill its service delivery obligations, namely equitable share and conditional grants, which are transfers from the National Government and the main funding channel to the Province; provincial own receipts which include donor funding and internal financing from the Asset Finance Reserve (AFR). The equitable share is a block grant with “no conditions” that is divided on the basis of an equitable formula whilst conditional grants seek to promote the delivery of specific services according to prescribed national norms. Revenues raised nationally are vertically divided amongst the different spheres of government and horizontally divided between provinces on an equitable basis.

Provincial own receipts, although very limited, are sourced from specific taxes and user charges. These taxes are mainly motor vehicle licence fees, gambling taxes and a few user charges, of which the latter is most notably hospital patient fees.

Some provincial departments are currently receiving donor funding from national and international agencies. Funding arrangements relate in the main to financial, technical and in-kind support, which is negotiated between the donor and the implementing provincial department. Donor funding is presented in Table 15 within this chapter.

Table 16 shows an aggregated summary of provincial receipts inclusive of Transfers from National and Provincial own receipts.

Table 9 Summary of provincial receipts

Receipts R'000	Outcome			Medium-term estimate						
	Audited 2004/05	Audited 2005/06	Audited 2006/07	Main appro- priation 2007/08	Adjusted appro- priation 2007/08	Revised estimate 2007/08	% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Transfer receipts from National	13 666 485	15 042 688	16 737 356	18 790 987	19 557 868	19 557 868	22 410 411	14.59	25 366 561	28 179 396
Equitable share	11 237 570	12 299 051	13 459 403	15 117 707	15 482 582	15 482 582	17 738 780	14.57	20 188 677	22 214 395
Conditional grants	2 428 915	2 743 637	3 277 953	3 673 280	4 075 286	4 075 286	4 671 631	14.63	5 177 884	5 965 001
Financing		524 498	768 586	360 326	466 358	466 358	708 732	51.97	390 414	222 118
Asset Finance Reserve			619 041	360 326	395 115	395 115	708 732	79.37	390 414	222 118
Revenue retention			149 545		71 243	71 243		(100.00)		
Own receipts (Provincial Treasury)						(22 457)		(100.00)		
Total transfer receipts from National	13 666 485	15 567 186	17 505 942	19 151 313	20 024 226	20 024 226	23 119 143	15.46	25 756 975	28 401 514
Provincial own receipts										
Tax receipts	871 686	984 864	1 077 493	1 085 024	1 077 024	1 088 353	1 118 690	2.79	1 161 688	1 186 918
Sale of goods and services other than capital assets	238 097	276 169	304 202	301 861	302 731	337 561	328 493	(2.69)	342 745	344 242
Transfers received	43 768	69 155	75 903	112 695	135 887	137 953	115 164	(16.52)	84 744	21 837
Fines, penalties and forfeits	1 559	1 412	1 338	623	623	1 232	617	(49.92)	637	658
Interest, dividends and rent on land	218 549	237 452	58 699	50 992	50 992	50 983	57 088	11.97	58 212	58 307
Sale of capital assets	14 385	30 512	19 784	38	38	58 936	31	(99.95)	31	31
Financial transactions in assets and liabilities	72 730	114 439	155 192	63 132	140 040	170 504	81 035	(52.47)	59 735	58 371
Total provincial own receipts	1 460 774	1 714 003	1 692 611	1 614 365	1 707 335	1 845 522	1 701 118	(7.82)	1 707 792	1 670 364
Total provincial receipts	15 127 259	17 281 189	19 198 553	20 765 678	21 731 561	21 869 748	24 820 261	13.49	27 464 767	30 071 878

Aggregate provincial receipts set to increase by 11.2 per cent each year over 2008 MTEF

Total provincial receipts grow by R2.951 billion or 13.49 per cent from a revised estimate of R21.870 billion in 2007/08 to R24.820 billion in 2008/09. Total provincial receipts are set to grow at an annual average rate of 11.20 per cent over the 2008 MTEF to R30.072 billion in 2010/11.

Total transfer receipts from National inclusive of Provincial own financing, increase by R3.095 billion or 15.46 per cent from a revised estimate of R20.024 billion in 2007/08 to R23.119 billion in 2008/09. Total transfer receipts from National (i.e. excluding provincial own financing) are set to grow at an annual average rate of 12.95 per cent over the 2008 MTEF and are estimated to reach R28.179 billion in 2010/11.

Equitable share transfers increase by R2.256 billion or 14.57 per cent from R15.483 billion in 2007/08 to R17.739 billion in 2008/09. Over the 2008 MTEF, the equitable share increases at an annual average rate of 12.79 per cent. Conditional grants increase by R596.345 million between the revised estimate for 2007/08 and 2008/09, and by 14.63 per cent from R4.075 billion to R4.671 billion. Over the 2008 MTEF, conditional grants are projected to increase at an average annual rate of 13.54 per cent.

Financing in 2007/08, as reflected in the adjusted appropriation and revised estimate columns, includes transfers from the Asset Finance Reserve (AFR) and revenue retention from receipt over collections in 2006/07 retained by departments and appropriated by the Legislature in the 2007 Adjusted Estimates. Over the 2008 MTEF, financing of provincial expenditure is sourced from the AFR alone. This source of funding changes over the medium term from a revised estimate of R395.115 million in 2007/08 to R708.732 million in 2008/09, R390.414 million in 2009/10 and to R222.118 million in 2010/11.

Own receipts decrease by 7.82 per cent from a revised estimate of R1.846 billion in 2007/08 to R1.701 billion in 2008/09 mainly as a result of once-off receipts. Own receipts decrease over the 2008 MTEF at an annual average negative growth rate of 3.27 per cent to a total of R1.670 billion in 2010/11.

Equitable share

Sections 214 and 227 of the Constitution require that an equitable share of nationally raised revenue be allocated to the provincial sphere of government to enable the provinces to provide basic services and to perform functions and expenditure responsibilities allocated to them in terms of the Constitution. Theoretically, the provincial equitable share (PES) is an unconditional and objective redistributive allocation to the Province according to a formula. The formula is flexible in that it allows for annual adjustments to accommodate changing service load and poverty proxies, demographics and economic growth rates. The formula allows for the annual refinement of the different components, updates of the components with new data, adjustments of the weighting of the components and the addition of new components to the formula. Currently the formula includes the following six components (with weights included in brackets which more or less capture the relative demand for services and specific provincial circumstances):

- An *education component* (51 per cent) based on school age cohort (5-17 years) and public school enrolment data;
- A *health component* (26 per cent) based on the proportion of the population with and without medical aid assistance (at a ratio of 1:4);
- A *basic component* (14 per cent) derived from each province's share of the national population;

Equitable share increase at an annually average of 12.79 per cent over the 2008 MTEF

- A *poverty component* (3 per cent) based on the population income per province and which reinforces the redistributive bias 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 additional PES funds provided by the National Government allow provinces room in their budgets to cover nationally defined policy priorities, particularly in the social sector and are intended to strengthen the ability of the Western Cape to improve access to and quality of public services; address vulnerability and inequality through proper targeting of services; increase investment in communities to ensure sustainable livelihoods; and develop the skills needed for the economy through enhanced education and training.

Additional PES over the 2008 MTEF in essence caters for personnel adjustments (improvements in conditions of service- but only partially so), inflation related adjustments published in the 2007 National Medium Term Budget Policy Statement (MTBPS) and for policy priorities in Education, Health, and Social Development and only in 2010/11 for provincial specific social and economic functions. The wage agreements reached in the national bargaining council in 2007 are not fully compensated for in the PES increases over the 2008 MTEF. The fact that the wage agreement was not fully funded has impacted the extent to which the Province would be able to fund nationally and particularly provincially defined priorities.

The National Treasury has retained the current basic structure of the allocation formula used in the 2007 MTEF to divide resources between provinces over the 2008 MTEF. Adjustments for the 2008 MTEF include the updating of the demographic and economic data used to populate the allocation formula.

Data updates

For the 2008 MTEF, the National Cabinet, on advice of the Budget Council, has agreed to phase in the impact of the official updated data into the allocation formula. The formula has been updated with the data from the 2007 Community Survey, 2007 Education Snap Survey, 2006 General Household Survey, and the 2005 GDP-R. The 2007 Community Survey data was used to update the basic and poverty components. The 2006 General Household Survey was used to update the health component, the 2007 Snap Survey to update the education component and the 2005 GDP-R data to update the economic activity component. The impact of these updates on the provincial equitable shares is phased in over the next three years.

Western Cape Share of PES increased from 8.80 per cent to 8.98 per cent over the MTEF

Table 10 displays the impact of these data revisions on the Western Cape's share of the PES. The table shows that the impact has been positive. The Western Cape's share of the equitable share increased from 8.80 per cent in the 2007 MTEF to 8.98 per cent over the 2008 MTEF as a result of both data changes to the formula and its phasing in over the MTEF.

Table 10 Changes in PES component shares

	Weight	2007 MTEF	2008 MTEF	Variance
	%	%	%	
Education	51	8.2099	8.1053	-0.1046
Health	26	9.2190	9.5956	0.3766
Basic	14	10.0135	10.8831	0.8696
Poverty	3	3.7643	4.1742	0.4099
Institutional	5	11.1111	11.1111	0.0000
Economic activity	1	14.3808	14.6681	0.2873
Final share	100	8.7982	8.9796	0.1814

According to the Snapshot Survey, school enrolment in the Western Cape decreased from 978 826 in 2006 to 969 065 in 2007. As a result of this change the Western Cape's share of the education component dropped 0.10 percentage points from 8.21 per cent in the 2007 MTEF to 8.11 per cent in the 2008 MTEF.

The Western Cape's share of the health component increased from 9.22 per cent to 9.60 per cent as a result of the changes in the proportion of population with and without medical aid assistance relative to the other provinces according to the GHS. The Community Survey provided updated information on the population in the Province, which resulted in the Western Cape's share of the basic component increasing from 10.01 per cent to 10.88 per cent. According to the 2007 Community Survey data (mid-year estimates) the population numbers in the Western Cape increased from 4 839 766 to 5 278 634, indicating sizable changes in population numbers of the Province.

The poverty component was only updated using the 2007 Community Survey figures for the general population and not the IES 2000 data. The Province's share of the poverty component increased from 3.76 per cent to 4.17 per cent. The institutional component was not changed, while the economic activity component was updated using the results of the 2005 GDP-R. The Province's share of that component increased from 14.38 per cent to 14.67 per cent.

Total Revision to the equitable share allocations

Over the 2008 MTEF, the National Government has increased the total PES allocation going to all provinces by R33.159 billion. An additional amount of R5.903 billion has been allocated in 2008/09, R9.682 billion in 2009/10 and R17.574 billion in 2010/11. The additions improve the provincial aggregate equitable share allocations to R199.377 billion in 2008/09, R225.467 billion in 2009/10 and R246.306 billion in 2010/11.

As a result of the additions, the total PES to provinces is projected to increase at an annual average rate of 12.79 per cent over the 2008 MTEFs.

Impact of data updates for the Western Cape

Table 11 below illustrates the changes made to the PES between the 2007 and 2008 MTEFs.

Transfers to the Western Cape over the 2007 MTEF and calculated for 2010/11 was R15.118 billion, R17.074 billion, R19.041 billion and R20.184 billion in 2007/08, 2008/09, 2009/10 and 2010/11, respectively.

Taking only the impact of the data updates into consideration and before adding any additional amounts to the baseline, the Western Cape's equitable share allocation increases by R298.860 million in 2008/09, R335.429 million in 2009/10 and R355.555 million in 2010/11, as shown in Table 11 below.

Table 11 Comparison between 2007 and 2008 MTEF allocations

	2007/08	2008/09	2009/10	2010/11
2007 MTEF	15 117 707	17 074 395	19 041 227	20 183 701
2008 MTEF (data update)	15 117 707	17 373 255	19 376 656	20 539 256
Difference		298 860	335 429	355 555
2008 MTEF (final allocations)	15 482 582	17 738 780	20 188 677	22 214 395
Difference	364 875	664 385	1 147 450	2 030 694

The overall impact of the data revisions together with the increases in the PES baselines in the MTBPS and post MTBPS is a R3.843 billion net increase in the Western Cape's PES allocation over the 2008 MTEF. The Province will receive an additional R664.385 million in 2008/09, R1.147 billion in 2009/10 and R2.031 billion in 2010/11.

The revised PES allocations to the Western Cape therefore amount to R17.739 billion, R20.189 billion and R22.214 billion in 2008/09, 2009/10 and 2010/11, respectively.

Conditional grants

There are two types of provincial conditional grants referred to in the annual Division of Revenue Act (DORA), each with their own governance arrangements: Schedule 4 and 5 grants. Schedule 4 of DORA sets out general grants that supplement various programmes partly funded by provinces, such as infrastructure and central hospitals. Transfer and spending accountability arrangements differ, as more than one national or provincial department may be responsible for different outputs expected from the grant, so accountability is broader and more comprehensive, and related to entire programmes. Schedule 5 grants are specific conditional grants, with specific responsibilities for both the transferring and receiving provincial accounting officers.

Conditional grants increase at an annual average of 13.54 per cent over the 2008 MTEF

Minor changes have been made to provincial fiscal framework in respect of conditional grants for the 2008 MTEF. In aggregate, conditional grant transfers to the Province are estimated to increase from an adjusted appropriation of R4.075 billion in 2007/08 to R4.672 billion in 2008/09, R5.178 billion in 2009/10 and R5.965 billion in 2010/11.

The FET College Sector Recapitalisation Grant is phased into the provincial equitable share from 1 April 2009. From 2009/10, the programme funded through this conditional grant continues as part of the Provincial Department of Education's normal responsibilities and is funded through the PES from 2009/10.

A new grant (Devolution of Property Rate Funds Grant) has been introduced to assist provinces in taking over the responsibility of paying the property rates and municipal charges of provincial properties from 1 April 2008. These were previously administered by the national Department of Public Works. A total of R493.343 million for the Devolution of Property Rates has been allocated to the Department of Transport and Public Works over the 2008 MTEF. The Devolution of Property Rate Funds Grant to Provinces amounts to R147.127 in 2008/09, R164.865 million in 2009/10 and R181.351 million in 2010/11.

The Provincial Infrastructure Grant (PIG) has been renamed as the Infrastructure Grant to Provinces (IGP). The framework for the IGP allows for the grant to be split between the Departments of Transport and Public Works, Education and Health for the construction, rehabilitation and maintenance of infrastructure.

Western Cape receives an additional R1.880 billion in conditional grant transfers over the 2008 MTEF.

Devolution of Property Rate Funds grant to provinces is introduced over the 2008 MTEF

Further changes to the IGP for Education, Health and Transport and Public Works are as a result of changes in the formula used to divide the grant. The formula gives equal weight to an equitable share component, a roads component and a backlog component. The backlog component has been updated using the latest National Education Management Infrastructure System (NEMIS).

Table 12 shows that of the total R12.516 billion national baseline adjustment for conditional grants, the Western Cape Province receives R1.880 billion over the 2008 MTEF. Of this amount, R82.769 million is set aside for the National School Nutrition Programme over the MTEF. The corresponding Hospital Revitalisation Grant increase is R157.853 million, and the Comprehensive HIV and Aids Grant is R374.763 million.

An additional R181.459 million is set to flow through the National Tertiary Services Grant and R234.319 million for transfer through the Integrated Housing and Human Settlement Development Grant.

An extra R40.283 million is budgeted for transfer through the Comprehensive Agricultural Support Programme and R21.411 million through the Forensic Pathology Services Grant.

A further R292.086 million will be transferred through the IGP, of which R222.168 million is allocated exclusively for education infrastructure.

Table 12 Revisions to conditional grant baseline allocations for the 2008 MTEF

Conditional Grant R'000	2008 MTEF total baseline adjustments		Revisions to baseline		
	National	Provincial	2008/09	2009/10	2010/11
NSNP	1 756 000	82 769	16 615	23 425	42 729
Hospital Revitalisation	2 000 000	157 853	23 444	60 036	74 373
Comprehensive HIV and Aids	2 100 000	374 763	73 216	92 562	208 985
NTSG	1 080 000	181 459	29 813	39 118	112 528
Intergrated Housing and Human Infrastructure grant to provinces (IGP)	2 200 000	234 319	-	22 300	212 019
IGP(Education)		222 168	34 594	69 340	118 234
IGP(Health)		42 186	7 931	16 011	18 244
IGP(Transport & Public Works)		27 732	14 357	6 431	6 944
CASP	500 000	40 283	8 054	12 086	20 143
Forensic Pathology Services	180 000	21 411	-	8 327	13 085
Mass Sport and Recreation Participation Programme		1 503	(311)	880	934
Devolution of property rates	-	493 343	147 127	164 865	181 351
Total	12 516 000	1 879 789	354 840	515 380	1 009 568

Table 13 broken down per vote sets out the national conditional grant amounts that have been received by the Province between 2004/05 to 2006/07, the estimate for 2007/08 and the amounts to be budgeted for over the new MTEF (2008/09 to 2010/11).

Table 13 Summary of conditional grants by vote and grant

Vote and grant R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
Vote 5: Education	84 714	143 683	254 536	224 003	226 358	226 358	282 736	260 113	341 134
Infrastructure grant to provinces ^a	38 709	83 141	126 706	80 263	80 263	80 263	120 475	163 809	220 072
Financial management and quality enhancement									
Early childhood development									
HIV and Aids (Lifeskills education)	9 814	11 205	11 872	13 011	13 011	13 011	13 847	14 626	15 420
Disaster management									
Further education and training college sector recapitalisation			70 000	80 000	80 000	80 000	77 305		
National school nutrition programme	36 191	49 337	45 958	50 729	53 084	53 084	71 109	81 678	105 642
Vote 6: Health	1 684 382	1 814 939	2 011 991	2 177 028	2 262 868	2 262 868	2 633 668	2 778 417	3 145 020
Infrastructure grant to provinces	38 693	55 229	64 056	80 262	80 262	80 262	93 810	110 479	120 081
Hospital revitalisation	124 115	99 417	174 337	191 796	191 796	191 796	400 388	387 010	420 965
Hospital management and quality improvement ^b	15 179	18 016							
National tertiary services	1 104 087	1 214 684	1 272 640	1 335 544	1 335 544	1 335 544	1 486 054	1 566 333	1 731 376
Health professions training and development	327 210	323 278	323 278	339 442	339 442	339 442	356 414	362 935	384 711
Integrated nutrition programme	4 704	5 288							
Comprehensive HIV and Aids	70 394	92 773	133 227	150 559	200 559	200 559	241 467	293 176	421 636
Medico-legal									
Forensic pathology services		6 254	44 453	79 425	115 265	115 265	55 535	58 484	66 251
Vote 7: Social Development ^c	6 984	42 345							
Social security backlog									
HIV and Aids (community-based care)	3 088	6 089							
Food emergency relief	3 896	16 222							
One stop child justice									
Integrated Social Development Services Grant		20 034							
Vote 8: Local Government and Housing	551 698	580 484	775 510	948 548	1 177 770	1 177 770	1 203 984	1 490 999	1 768 840
Housing subsidy	510 951								
Human resettlement and redevelopment	16 179	18 601							
Integrated housing and human settlement development		533 248	768 921	948 548	1 177 770	1 177 770	1 203 984	1 490 999	1 768 840
Disaster relief		17 911	6 589						
Local government support									
Local government capacity building fund	21 141	10 724							
Provincial project management capacity for Municipal infrastructure (MIG) [previously CMIP]	3 427								

Table 13 Summary of conditional grants by vote and grant (continued)

Vote and grant R'000	Outcome			Main appro- pria- tion 2007/08	Adjusted appro- pria- tion 2007/08	Revised estimate 2007/08	Medium-term estimate		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07						
Vote 10: Transport and Public Works	64 645	91 538	189 446	251 319	296 630	296 630	446 129	515 425	559 266
Infrastructure grant to provinces	64 645	91 538	189 446	251 319	296 630	296 630	299 002	350 560	377 915
Devolution of Property Rate Funds grant to provinces ^d							147 127	164 865	181 351
Vote 11: Agriculture	35 492	67 979	34 706	36 696	75 974	75 974	46 512	53 717	64 271
Land care programme: Poverty relief and infrastructure development	3 166	3 200	3 480	3 270	3 317	3 317	3 428	3 085	3 270
Drought relief/Agriculture disaster management grant	366	16 435	7 582		39 231	39 231			
Comprehensive Agriculture support programme	11 705	19 385	20 644	33 426	33 426	33 426	43 084	50 632	61 001
Provincial Infrastructure	20 255	28 959	3 000						
Vote 13: Cultural Affairs and Sport	1 000	2 669	11 764	35 686	35 686	35 686	58 602	79 213	86 470
Mass sport and recreation participation programme	1 000	2 669	11 764	18 946	18 946	18 946	27 168	38 237	40 532
Library services grant				16 740	16 740	16 740	31 434	40 976	45 938
Total Conditional grants	2 428 915	2 743 637	3 277 953	3 673 280	4 075 286	4 075 286	4 671 631	5 177 884	5 965 001

^a The Provincial Infrastructure Grant (PIG) has been renamed to Infrastructure Grant to Provinces.

^b As from 1 April 2006 the Hospital Management and Quality Improvement Grant merged with the Hospital Revitalisation Grant.

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

^d The Devolution of Property Rate Funds grant is introduced over the 2008 MTEF for provinces to take over the responsibility of paying the property rates and municipal charges that were administered by national government on its behalf.

Own receipts

Provinces raise a small, but yet important, amount of revenue compared to their expenditure needs. Most of the revenue used to fund provincial functions is raised at the national level. Under this system, national government controls the broad based revenue sources, while provinces only have access to narrow-based taxes and a few user charges/fees.

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

On aggregate, provincial own receipts is projected to decrease from a revised estimate of R1.846 billion in 2007/08 to R1.701 billion in 2008/09. Provincial own sourced revenue is budgeted to decrease further to R1.708 billion in 2009/10 and to R1.670 billion in 2010/11. These trends give rise to a negative average annual growth rate of 3.27 per cent over the 2008 MTEF.

Motor vehicle licence fees

Motor vehicle license fees are the largest contributor to tax receipts in the Province and are projected to increase from R776.107 million in 2007/08 to R799.389 million in 2008/09, R823.371 million in 2009/10 and R848.072 million in 2010/11. These increases generate an annual average growth of 3 per cent over the 2008 MTEF.

Motor vehicle licence fee tariffs in the Western Cape are the highest in the country. Preliminary research indicates that the differential in vehicle licence fee tariffs between provinces has significantly contributed to the migration of vehicle registration, especially of heavy vehicle fleet, to cheaper neighboring provinces. The Province has again taken a policy decision not to increase motor vehicle licence fees in 2008/09. In addition, the Province is conducting an analysis on the impact of the current licence fees on consumer behaviour. The study considers:

- 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.

Casino and Horseracing taxes

Casino taxes are projected to increase from R286.596 million in 2007/08 to R295.955 million in 2008/09, R314.594 million in 2009/10 and to R315.123 million in 2010/11. These increases give rise to an annual nominal growth of 3.21 per cent over the 2008 MTEF. Given the unpredictability of revenue generated through gambling activity and the associated fiscal risks, the Province has opted to budget conservatively for this source.

Horseracing taxes are projected to decrease from R21.150 million in 2007/08 to R18.846 million in 2008/09 and will grow again to R19.223 million in 2009/10 and 2010/11. Changes to the horseracing taxes will result in a negative average annual growth rate of 3.13 per cent between the 2007/08 revised estimate and 2010/11.

Motor vehicle licence fees are the largest contributor to Provincial own receipts, but under stress

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

Western Cape Liquor Bill scheduled for enactment in early 2008

Liquor licence receipts

Until the approval of the new Western Cape Liquor Act expected in 2008, liquor licence receipt estimates have been kept unchanged over the 2008 MTEF at R4.500 million per annum. The revision to the 2008/09 estimate will be dealt with during the 2008 adjustments estimate process, should the legislation be approved in time.

Hospital fees

Hospital fees are expected to contribute R246.335 million to provincial own receipts in 2007/08. This source is expected to grow to R242.307 million in 2008/09, R253.211 million in 2009/10 and 2010/11. Hospitals fees are expected to grow at an annual average rate of 0.92 per cent over the 2008 MTEF.

Patient fees are the main source of revenue for Health

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

Interest

Interest receipts from the current account activities within the Provincial Revenue Fund is expected to contribute R50.571 million to provincial own receipts in 2007/08. Interest is projected to increase to R56.149 million in 2008/09, and further increase to R57.266 million in 2009/10 and to R57.354 million in 2010/11.

Own receipts per department

Table 14 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 remain the predominant contributors to provincial own receipts.

Table 14 Summary of provincial own receipts by vote

Provincial department R'000	Outcome						Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08	% Change from Revised estimate
							2008/09	2009/10	2010/11	
1. Department of the Premier	1 516	1 279	744	522	642	642	503	(21.65)	524	524.00
2. Provincial Parliament	158	154	453	52	52	315	52	(83.49)	52	52.00
3. Provincial Treasury	385 312	467 378	341 333	336 617	344 682	365 594	368 819	0.88	388 868	389 397.00
4. Community Safety	1 647	1 669	1 666	867	1 816	1 816	1 187	(34.64)	1 270	1 359.00
5. Education	9 962	12 739	24 296	18 675	26 755	28 379	24 466	(13.79)	23 691	22 874.00
6. Health	236 541	276 618	304 060	363 069	384 700	410 226	389 680	(5.01)	370 160	307 253.00
7. Social Development	21 276	1 200	9 785	275	27 491	27 520	280	(98.98)	280	280.00
8. Local Government and Housing	39 084	50 725	79 797	50 000	50 000	57 849	60 000	3.72	40 000	40 000.00
9. Environmental Affairs and Development Planning	767	149	186	151	151	223	126	(43.50)	106	106.00
10. Transport and Public Works	744 423	878 619	897 355	809 755	849 059	928 462	836 184	(9.94)	861 549	886 250.00
11. Agriculture	13 385	16 183	19 291	13 187	14 963	16 663	14 506	(12.94)	15 957	16 914.00
12. Economic Development and Tourism	5 937	4 628	11 165	20 770	6 559	6 832	4 770	(30.18)	4 770	4 770.00
13. Cultural Affairs and Sport	766	2 662	2 480	425	465	1 001	545	(45.55)	565	585.00
Total provincial own receipts by Vote	1 460 774	1 714 003	1 692 611	1 614 365	1 707 335	1 845 522	1 701 118	(7.82)	1 707 792	1 670 364.00

The Provincial Treasury estimates for provincial own receipts are budgeted to increase by R3.225 million or 0.88 per cent from R365.594 million in 2007/08 to R368.819 million in 2008/09. This increase is mainly due to the marginal growth in casino tax estimates.

Total provincial own receipts decrease over the 2008 MTEF as a result of once-off payments received in 2007/08

The Department of Health estimates that receipts will decrease by R20.546 million or 5.01 per cent from R410.226 million in 2007/08 to R389.680 million in 2008/09. This decrease is mainly due to once-off payments received from the Road Accident Fund (RAF) in 2007/08.

The Department of Transport and Public Works estimates own revenue will decrease by R92.278 million or 9.94 per cent from R928.462 million in 2007/08 to R836.184 million in 2008/09. This decrease is mainly due to the inclusion of once-off items, in the main 'sales of capital assets' in the 2007/08 revised estimate. Given the risks and uncertainty linked to the sale of property, the sale of capital assets i.e. land and buildings has not been provided for over the MTEF.

Expanding the Provincial Revenue Base

Given the Western Cape's tight fiscal position over the medium to long-term it has become important that the Province consider and explore alternative revenue raising proposals to expand its fiscal envelope. In this regard the Provincial Treasury has made some progress with the implementation of the Provincial Tax Regulation Process Act, 2001 (PTRPA, Act No. 53 of 2001). The Act does not define the new taxes that provinces may impose, but regulates the inter-governmental process that must be followed by provinces in the exercising of their taxing powers contained in section 228 of the Constitution.

Apart from the full levy, the Western Cape has identified a number of other revenue sources to be researched which include tourism related levies and other possibilities.

Fuel Levy

The Province has concluded its research on the viability and economic feasibility of the implementation of a provincial fuel levy some time ago. In terms of the PTRPA, national enabling legislation is required before the fuel levy proposal may be presented to the Provincial Parliament for consideration, and this is currently awaited.

As per the Budget Review 2008, National Treasury is considering, as a possible alternative to the proposed provincial fuel levy, for provinces to receive a share of the general fuel levy revenue based on the fuel sales per province. These revenues will be expressed in terms of cents per litre to ensure greater transparency and provide certainty.

Tourism related taxes

Research on the feasibility of imposing tourism related taxes was conducted during 2007. The research findings indicated that, even when applying multiple tax instruments on a base narrowly covering tourist activity, small tourism related taxes appear not be feasible. The research concludes that the Provincial Government should rather focus on a tax with a broader base. The recommendation is to consider amongst other an Airport Departure Tax. This tax has a broader base and can be efficiently administered. Further research and economic analysis work is currently underway to determine the economic feasibility of such a tax.

Donor funding (excluded from vote appropriation)

Table 15 below illustrates the sources of donor funding (not included in departmental appropriations) per department over the 2008 MTEF. Total non-appropriated donor funding amounts to R18.850 million in 2008/09, R8.950 million in 2009/10 and R935 000 in 2010/11. The decline in donor funding is as a result of the drop in the European Union Fund from R16.2 million in 2008/09 to R8.1 million in 2009/10.

Table 15 Summary of donor funding

Provincial department R'000	Medium-term estimate		
	2008/09	2009/10	2010/11
1. Department of the Premier			
2. Provincial Parliament			
3. Provincial Treasury			
4. Community Safety			
5. Education			
6. Health ^a	18 050	8 950	935
7. Social Development			
8. Local Government and Housing			
9. Environmental Affairs and Development Planning			
10. Transport and Public Works			
11. Agriculture	800		
12. Economic Development and Tourism			
13. Cultural Affairs and Sport			
Total donor funding	18 850	8 950	935

Note: This donor funding does not include Transfers from International Organisations reflected as provincial own receipts

The Departments of Health and Agriculture are the only two departments receiving donor funding.

Vote 6: Department of Health

Belgium Technical Co-operation: R1 million allocated in 2008/09

The purpose of the Belgian Technical Co-operation (BTC) is to expand TB/HIV/STI prevention, care and support. The terms and conditions attached to the donor funding specify that the funding is to be used mainly for capacity building activities that will strengthen the prevention and treatment of TB and HIV/AIDS in an integrated manner.

TB and HIV Global Fund Grant: R850 000 allocated in 2008/09 and 2009/10 and R935 000 in 2010/11

Initial funding provided to the National Department of Health to support the expansion of TB/HIV programmes was approved for two years. The main objective of the fund is to strengthen capacity with regards to the HIV and Aids and TB care, prevention and treatment programmes. Funding is also allocated to strengthen capacity in the monitoring and evaluation of TB and HIV Programmes.

European Union Fund: R16.2 million allocated in 2008/09 and R8.1 million in 2009/10

The Partnerships for the Delivery of Primary Health Care including HIV and AIDS (PDPHC) Programme is funded by the European Union. The Programme is aimed at strengthening co-operation between non-profit providers and Government through the creation of formalised partnerships for the delivery of primary health care (PHC). The Programme specifically focuses on strengthening the District Health System (DHS) and in particular the delivery of the PHC services.

Vote 11: Department of Agriculture

The purpose of the grant from the Nederlands Organisation for International Corporation in Higher Education (Nuffic) is to conceptualise extension delivery services of the Eastern Cape, Northern Cape and Western Cape and extension training provided by the Cape Institute for Agricultural Training (CIAT) at Elsenburg, in the Western Cape Province.

Asset Financing Reserve (AFR)

The AFR, was initially set up to separate daily and long-term cash transactional management, but more particularly to set in motion as systematic process to generate top-up funding for infrastructure projects, mainly roads. This separation enables the Provincial Treasury to better distinguish between budgeted funds, which are to be spent by Departments during the course of the financial year and accumulated reserves, and uncommitted funds, which may be allocated to departments when required.

Allocations from the AFR for the 2008 MTEF amount to R708.732 million in 2008/09, R390.414 million in 2009/10 and R222.118 million in 2010/11.

Asset Financing Reserve enables increased spending on infrastructure

Summary of Aggregates

Table 16 provides an overall summary of the main revenue and expenditure components of the 2008 MTEF budget. Total provincial payments in 2008/09 amount to R24.907 billion, a 14.21 per cent increase from the 2007/08 revised estimate of R21.808 billion.

Total provincial receipts are estimated to increase from R21.870 billion in the 2007/08 revised estimate to R24.820 billion or 13.49 per cent in 2008/09. Provincial own receipts and financing is projected to decrease from R2.312 billion in the 2007/08 revised estimate to R1.892 billion in 2010/11. All things being equal, at the current rate of draw-downs, the Asset Financing Reserve is expected to be depleted during 2010/11.

Provincial payment set to grow by 14.21 per cent

As a result of spending pressures in the Province a net deficit of R86.290 million is estimated for 2008/09 and R66.158 million in 2009/10, whilst a net surplus of R152.448 million is projected for 2010/11. In aggregate, over the entire MTEF the Province will table a balanced budget made possible by appropriate cash management and the smoothing of expenditure over the MTEF that is aligned with projected spending rates and obligations of provincial departments.

Total provincial payments are set to increase from R24.907 billion in 2008/09 to R29.919 billion by 2010/11. Chapter 7 outlines the expenditure plans of departments and details how these funds will be used to achieve national and provincial policy objectives.

A balanced budget over the MTEF

Table 16 Provincial budget summary

R'000	Outcome			Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08	Medium-term estimate				
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate				
							2008/09	2007/08	2009/10	2010/11	
Provincial receipts											
Transfer receipts from national	13 666 485	15 042 688	16 737 356	18 790 987	19 557 868	19 557 868	22 410 411	14.59	25 366 561	28 179 396	
Equitable share	11 237 570	12 299 051	13 459 403	15 117 707	15 482 582	15 482 582	17 738 780	14.57	20 188 677	22 214 395	
Conditional grants	2 428 915	2 743 637	3 277 953	3 673 280	4 075 286	4 075 286	4 671 631	14.63	5 177 884	5 965 001	
Financing		524 498	768 586	360 326	466 358	466 358	708 732	51.97	390 414	222 118	
Asset Finance Reserve			619 041	360 326	395 115	395 115	708 732	79.37	390 414	222 118	
Revenue retention			149 545		71 243	71 243		(100.00)			
Provincial own receipts	1 460 774	1 714 003	1 692 611	1 614 365	1 707 335	1 845 522	1 701 118	(7.82)	1 707 792	1 670 364	
Total provincial receipts	15 127 259	17 281 189	19 198 553	20 765 678	21 731 561	21 869 748	24 820 261	13.49	27 464 767	30 071 878	
Provincial payments											
Current payments	11 391 461	12 558 927	14 195 910	15 919 657	16 256 652	16 379 374	18 704 752	14.20	20 815 480	22 607 431	
Transfers and subsidies	2 133 936	2 703 064	2 933 350	3 161 589	3 585 620	3 576 312	4 202 298	17.50	4 404 165	4 905 593	
Payments for capital assets	1 055 704	1 472 110	1 705 332	1 620 366	1 825 223	1 826 866	1 985 004	8.66	2 158 769	2 328 298	
Direct charge	12 892	13 288	14 202	14 942	14 942	15 335	15 689	2.31	16 397	17 381	
GEMS				141 750	9 750	9 750	11 258		20 988	60 726	
Unallocated contingency reserve							11 258		20 988	60 726	
Smoothing - previous Budgets				(1 052)			(12 450)		115 127		
Total provincial payments	14 593 993	16 747 389	18 848 794	20 857 252	21 692 187	21 807 637	24 906 551	14.21	27 530 926	29 919 429	
Surplus (Deficit)	533 266	533 800	349 759	(91 574)	39 374	62 111	(86 290)	(238.93)	(66 159)	152 449	

Note: Smoothing on PES: Deficit of R86.290 million in 2008/09, deficit of R66.159 million in 2009/10 and a surplus of R152.449 million in 2010/11. Net effect is zero over the MTEF period.

Expenditure by Department

This chapter describes how the available resources are allocated per department. It shows that an amount of R24.892 billion has been allocated in 2008/09 and that it is 14.28 per cent higher than the 2007/08 revised estimates.

This chapter further considers the financial performance of each department in 2007/08 and communicates the purpose of resources allocated over the 2008 MTEF.

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 (36.24 per cent) and Health (34.7 per cent). In total, over 75 per cent of the provincial budget in 2008/09 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 (10.49 per cent). Each department's expenditure is discussed in turn after Table 17 below.

Table 17 Summary of provincial payments and estimates by vote

Provincial department R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change from Revised estimate			
	2004/05	2005/06	2006/07	2007/08	2007/08	2007/08	2008/09	2007/08	2009/10	2010/11
1. Department of the Premier	288 662	296 048	318 160	337 076	373 274	373 274	407 473	9.16	451 367	476 994
2. Provincial Parliament	30 707	34 939	40 779	56 997	54 334	54 334	63 690	17.22	67 119	71 706
3. Provincial Treasury	102 333	114 275	133 936	119 001	116 551	114 751	120 596	5.09	132 822	140 132
4. Community Safety	164 256	178 768	182 205	202 112	205 342	205 342	228 282	11.17	253 809	269 260
5. Education	5 690 709	6 449 244	6 920 362	7 684 658	7 822 732	7 822 732	9 019 913	15.30	10 013 961	10 864 296
6. Health	5 169 199	5 718 812	6 419 515	7 095 173	7 427 305	7 561 837	8 641 973	14.28	9 470 424	10 350 772
7. Social Development	603 003	653 512	719 516	891 503	901 564	901 564	1 088 065	20.69	1 180 151	1 260 583
8. Local Government and Housing	665 872	790 167	1 035 711	1 198 094	1 431 861	1 429 106	1 451 041	1.53	1 746 533	2 039 180
9. Environmental Affairs and Development Planning	135 468	158 859	183 327	181 414	184 194	183 474	198 817	8.36	246 543	260 846
10. Transport and Public Works	1 258 628	1 773 251	2 254 031	2 206 698	2 388 183	2 388 183	2 610 516	9.31	2 902 153	3 105 830
11. Agriculture	196 893	258 515	266 386	290 212	331 560	317 360	344 704	8.62	365 271	412 044
12. Economic Development and Tourism	126 439	142 006	175 498	214 152	205 386	205 386	219 244	6.75	250 031	275 233
13. Cultural Affairs and Sport	148 932	165 705	185 166	224 522	225 209	225 209	497 740	121.01	298 230	314 446
Total provincial payments and estimates by vote	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	14.28	27 378 414	29 841 322

Note: This table excludes direct charges.

Vote 1: Department of the Premier

The Department of the Premier (DoTP) receives 1.64 per cent of the total provincial budget in 2008/09, amounting to R407.473 million. The Department's budget represents an increase of 9.16 per cent in nominal terms compared to the revised estimate for 2007/08. Over the MTEF, the Department's budget grows at an annual average rate of 8.52 per cent.

The Department continues to expand its strategic oversight and leadership roles in the Province, moving away from simply providing support services to departments. In 2007/08 the Department steered the iKapa Growth and Development Strategy (GDS) Green Paper through a legislative and public participation process. The iKapa GDS gained White Paper status in November 2007. The White Paper status boosts the profile of the iKapa GDS in the Province and enables the Department to encourage line departments and other public agencies to align their plans and strategies to the iKapa GDS policy more effectively.

Significant progress has been made in terms of implementation and co-ordination of the iKapa GDS lead strategies. This strategy aims to direct planning, spending and investment activities of government and the private sector in pursuit of the Province's objectives. One way the Department is supporting the iKapa GDS is through the implementation of internal human and social development strategies. These strategies are intended to improve service delivery in the public sector by recognising and rewarding excellence in service.

Significant progress on implementation and co-ordination of the iKapa GDS lead strategies

The Department has also established the Social Transformation Project. The Project is aimed at mobilising public resources for human investment into specific geographic areas throughout the province characterised by poverty and vulnerability, particularly also in the 21 "priority areas" that have been identified. The Department will assist line departments to design service and human interventions in these areas, and will monitor the implementation of services and interventions in these areas.

Over the 2008 MTEF, the Department will continue to drive the Province's internal social and human capital strategy. One of these initiatives, Project Khaedu, an action-learning programme, will continue to be used to assist in the implementation of Executive Leadership Skills Development Programme. The strategy is aimed at strengthening the public service, improving the skills of senior managers to reduce dependence on contractors and consultants. Over the 2008 MTEF the strategy will prioritise the delivery of training on skill areas considered as "core" for the Province. Three deployment sessions have been planned for 2008, one of which takes place in March.

Project Khaedu includes an action-learning programme aimed at executive leadership

The Department has received earmarked allocations for co-ordinating preparations for the World Cup 2010 amounting to R5.5 million, R7.120 million and R7.547 million for 2008/09, 2009/10 and 2010/11 respectively. The allocation allows the Department to develop the necessary capacity to provide strategic leadership, coordinate preparatory activities in line departments, ensure effective application of funds and facilitate effective communication between all stakeholders.

Department plays a key role in co-ordinating preparation for the FIFA 2010 World Cup

The Centre for e-Innovation provides ICT support services to line departments in the Province, and runs a number of developmental projects in the community at large. The allocation for ICT Services amounts to R203.931 million for 2008/09. This translates to 50.0 per cent of the Department's total budget. The allocation for ICT has grown year-on-year in 2008/09 by 10.92 per cent.

One of the key strategic focus areas for the Department is the expansion of electronic communication services. In 2007/08 the Centre opened six e-centres and one community centre. The Centre is also putting in place a Strategic ICT Planning and Communication

The Department runs a number of moral regeneration programmes

Framework to support the implementation of the iKapa GDS. In 2008/09, the Department intends prioritising the filling of key vacant posts at the Centre.

The Department is spearheading programmes, which foster moral regeneration by developing and implementing an Integral Moral Regeneration Programme, a Provincial Moral Regeneration Charter and a PGWC anticorruption campaign. To this end the Department plays a significant role in supporting the iKapa GDS by combating economic crime through monitoring compliance and identifying control weaknesses, improving institutional capacity and monitoring recommendations regarding the combating of crime.

The DoTP remains resolute in its commitment to effective performance management, which it argues is necessary to create “a direct link between iKapa strategies, departmental strategic plans, budgets, human resource plans, job descriptions and key performance indicators” (Rasool, 2005). All the strategies and deliverables for this department therefore hinge on its ability to effectively manage the performance management process.

Vote 2: Provincial Parliament

The Provincial Parliament receives 0.26 per cent of the Western Cape budget in 2008/09 and this share remains relatively constant over the 2008 MTEF period. Excluding direct charges against the Provincial Revenue Fund for members’ remuneration, the budget provides for expenditure of R63.690 million in 2008/09. This amount reflects a 17.22 per cent increase on the revised estimate in 2007/08 of R54.334 million (excluding direct charges).

The direct charges excluded from the provincial budget allocations above, refer to the remuneration of the Members, Speaker and Deputy Speaker of the Provincial Parliament. In 2008/09 the direct charges amount to R15.689 million and increases to R16.396 million in 2009/10 and R17.382 million in 2010/11.

Over the MTEF, the Provincial Parliament plans to implement both a public participation and oversight model

Over the MTEF, the Provincial Parliament plans to implement both a public participation and oversight model to aid Members in executing their responsibilities. The Provincial Parliament aims to review the standing rules to streamline Parliamentary procedures.

The Provincial Parliament also aims to implement a programme ensuring equal access to its activities and services in order to mainstream gender and disability. To improve its communication and information services, Provincial Parliament also intends to continue to run public education initiatives.

Vote 3: Provincial Treasury

The Provincial Treasury receives R120.596 million in 2008/09 which constitutes 0.48 per cent of the total Provincial budget. The allocated budgeted reflects a 5.09 per cent increase on the revised estimate of 2007/08 and further increases to R132.822 million in 2009/10 and R140.132 million in 2010/11.

The Treasury will continue its focus on maintaining the credibility, sustainability and responsiveness of the medium term fiscal framework and to build on its socio-economic analyses to inform the budget process thereby contributing to budget allocations that support the objectives of shared economic growth and integrated development in the Province.

Provincial Treasury's priorities include promoting compliance with financial management norms and standards and providing effective provincial risk management, internal audit and accounting services. The aim of these services is to ensure that all financial transactions are fully recorded and ultimately justified. In support of these objectives, the Treasury has strengthened its Internal Audit capacity by appointing additional staff and recruiting 10 interns in 2007/08.

The capacity of the internal audit function will be further strengthened to better inform accounting officers on how to enhance control measures, efficiency and compliance to policies, procedures, laws and regulations as prescribed, so as to improve financial management in the respective departments.

Capacity of internal audit function to be further strengthened

Enhancing the efficient management of the Provincial Government's built environment, physical and financial assets, financial systems and liabilities remains a deliverable for the Provincial Treasury. Furthermore, the Treasury intends to improve in-year management practices, intergovernmental financial management systems, municipal oversight and internal and external capacity building.

Vote 4: Community Safety

The Department of Community Safety's (DoCS) mandate is to make the Western Cape a "Safer Home for All". The Department aims to deliver on this mandate by promoting social networks and community participation, social cohesion and social capital that will result in the alleviation of the underlying social processes that lead to criminal behaviour in the Western Cape.

The Department aims to deliver on this mandate by promoting social networks and community participation, social cohesion and social capital

Over the 2008 MTEF period, the DoCS receives a total of R751.351 million to fund and consolidate the implementation of the Department's programmes. In 2008/09 the Department receives an allocation of R228.282 million, representing a year-on-year increase of 11.17 per cent on the revised budget of 2007/08. R19.523 million of the 2008/09 budget has been set aside for the implementation of specific

The DoCS intends to engage Community Policing Forums (CPFS) and Community Safety Forums (CSFs) to develop co-ordinated safety initiatives in the 21 priority areas

programmes such as creating a safer environment for school learners and the provision of security for commuters using Metrorail services.

The Western Cape has been affected by gang and drug-related crimes, with some areas being more affected by crime than others. The Social Transformation Programme (refer to Vote 1 above) forms the backdrop to the Provincial Government's response to crime. The Social Transformation Programme identifies 21 priority areas, which have a high incidence of gang and drug-related crime. The DoCS intends to engage Community Policing Forums (CPFS) and Community Safety Forums (CSFs) and their substructures to develop co-ordinated safety initiatives in the 21 priority areas. Furthermore, the DoCS will co-ordinate community-based initiatives at a local level with interventions taken by the South African Police Services (SAPS) and Justice and Crime Prevention Sector (JCPS) departments to boost the effectiveness of crime prevention initiatives in these priority areas.

The Safer School Project remains a key priority of the DoCS. The Department intends to deploy 750 trained and registered Bambanani volunteers to patrol 160 high-risk schools. The DoCS has been allocated R6.990 million in 2008/09 specifically to support the creation of a safer environment for learners at schools. Furthermore, the DoCS also intends to deploy volunteers in terms of its Commuter Safety Programme (previously called Safety on Trains) to 45 Metrorail stations in and around Cape Town Metro and the Cape Winelands areas. These volunteers will provide security on platforms and surrounding areas. SAPS and Metrorail, who have appointed police officers and security guards, provide security on the trains. The Safer Schools Project and the Commuter Safety Programme receive total funding amounting to R14.174 million in 2008/09, R16.130 million in 2009/10 and R17.098 million in 2010/11.

The DoCS thus aims to decrease road fatalities by 5 per cent per year

Road fatalities have significant negative financial implications for traffic management and health care costs. The DoCS thus aims to decrease road fatalities by 5 per cent per year. One way the Department aims to achieve its target is through maintaining its 24-Hour/7 Day Work week traffic management programme. In addition, the Department will continue to implement its Motor Vehicle Accident (MVA) strategy in collaboration with other provincial agencies and to facilitate awareness projects to effect behavioural changes on the part of road users. Traffic Safety Promotion in total receives R113.453 million in 2008/09, of which R5.349 million has been specifically allocated to fund the expansion of traffic services and the acquisition of additional policing vehicles.

The Security Risk Management Directorate conducted awareness sessions with provincial employees and visitors and guests of the Provincial Government to inform the safeguarding of both people and property in the PGWC buildings. The DoCS also increased the capacity of the Directorate and has deployed security managers to a

number of provincial departments to assist department to develop security policies, perform threat risk assessments and monitor compliance. Progress has been made on upgrading access control and monitoring systems. These measures have had a positive effect in building security. Over the 2008 MTEF the Security Risk Management Programme receives a total budget of R112.184 million. As a carry-through the 2007/08 Budget, an amount of R10.359 million has been allocated in 2008/09 to increase the capacity of security risk management and upgrade access control and monitoring systems.

Other key areas that the DoCS plans to focus on in 2008/09 include:

- the strengthening of its financial management systems by capacitating its Supply Chain Management unit and taking steps to ensure PFMA compliancy; and
- the strengthening and capacitating of civilian oversight over policing services by increasing the budgets of Monitoring and Evaluation and Safety Information and Research.

Vote 5: Education

Education receives 36.24 per cent of the provincial budget in 2008/09. The Department's budget grows from R7.823 billion in the 2007/08 revised estimate to R9.020 billion in 2008/09, or by 15.30 per cent in nominal terms. Over the MTEF, the budget increases at an annual average rate of 11.57 per cent from the 2007/08 revised estimate to R10.014 billion in 2009/10 and to R10.864 billion in 2010/11. The increase accommodates a number of personnel-related expenditure increases, such as the Occupational Specific Dispensation, Improvements in Conditions of Service, general personnel inflation and the implementation of national and provincial priorities.

Education budget increases accommodate a number of personnel-related expenditure increases

The Department's key deliverables for 2008/09 build on many of the key deliverables identified in 2006/07 and 2007/08 and will continue to receive funding over the 2008 MTEF period.

The Department has implemented the first phase of its organisational re-design process. The macro- and micro- structures, which will allow for the implementation of the Human Capital Development Strategy (HCDS) and promote improved representivity in the Department have been approved.

The Department also intends to boost the efficiency and quality of principals and teachers by funding the participation of at least 500 teachers and 160 principals in the National Professional Diploma in Education and the Advanced Certificate of Education programme.

236 600 library books have been ordered for Quintile 1 and 2 primary and secondary schools

Access control measures such as security gates and burglar bars have been installed at 55 per cent of the 109 high-risk schools

The redress and equity focus continues to be a priority of the Department. Interventions include the Quality Improvement, Development, Support and Upliftment Programme (Qids-up) interventions targeting the poorest primary schools and programmes to improve physical safety of schools at risk.

During 2007 the Department undertook an assessment in 407 National Quintile 1 and 2 schools to establish their needs and ensure that these schools receive the basic minimum resource package. A total of 236 600 library books have been ordered for the 407 Quintile 1 and 2 primary and secondary schools. Maintenance and repairs have been undertaken in 95 schools. An additional 14 schools have been equipped with computer laboratory infrastructure. The Qids-up programme will be further expanded and an amount of R486.291 million over the 2008 MTEF has been earmarked for this purpose.

A range of interventions to make schools safer places of learning have taken place in recent years including the installation of alarms in all classrooms at 60 per cent of the 109 schools considered to have a high security risk. Access control measures such as security gates and burglar bars have been installed at 55 per cent of the 109 high-risk schools. The Department and the Department of Community Safety trained school safety committees. These school safety committees are comprised of learners, educators and members of School Governing Bodies and are responsible for developing policies on school safety, including a code of conduct. Encouraging and reinforcing positive learner behaviour as well as offering learner diversion programmes also form part of the Department's interventions.

The FET College sector is an important supplier of skills to the provincial economy. Allocations to the FET College sector have grown significantly between 2004/05 and 2008/09, averaging an annual growth of 21 per cent over this period.

The FET Re-capitalisation Grant amounts to R77.305 million for 2008/09, which is incidentally the last year of the grant. Thereafter the Grant will form part of the Department's baseline equitable share allocation. Interventions in the FET college sector include: the upgrading of infrastructure; the buying of new land/buildings; the upgrading of college sites; the procuring of educational equipment; and the building of human resource capacity and the delivery of the curriculum. The Department has responded to the skill demands in a number of ways. For instance:

- In response to the need for coded welders, the West Coast College has formed a partnership with the Manufacturing, Engineering and Related Services Sector Education Training Authority (Merseta) to supply the skills training with the necessary accreditation;

- Within the Southern Cape, FET College buildings are being upgraded in order to provide hospitality and engineering skills; and
- New workshops and equipment are planned for the Beaufort West campus in order to respond to the need for engineering skills, particularly diesel mechanics, to service the long haul trucks that pass through the region.

The Department runs a number of programmes aimed at improving access to schooling. Key amongst these interventions is the establishment of “no fee” schools in which learners are exempt from paying school fees. The number of no fee schools has been increased from 419 of the poorest primary schools in 2006 to the current 654 of the poorest primary and secondary schools in National Quintiles 1–3. Approximately 344 000 learners or 37.6 per cent of all learners in the Province attend no fee schools. Over the 2008 MTEF an amount of R745.682 million is earmarked for the implementation of no fee schools. The minimum adequacy benchmark has been increased to R581 per learner per annum in 2008/09 from R554 in 2007/08.

The number of no fee schools has been increased from 419 of the poorest primary schools in 2006 to 654 of the poorest primary and secondary schools

The budget allocated to Early Childhood Development (ECD), inclusive of Grade R, continues to show significant growth, increasing year-on-year by 37.61 per cent to R226.792 million in 2008/09. The Department plans to further promote access to Grade R by accommodating an additional 6 000 Grade R learners annually in predominately poor and rural communities.

The rollout of Grade R is being accompanied by the provision of new teaching and learning kits and the upgrading of skills levels of ECD practitioners, which form part of the Expanded Public Works Programme (EPWP) programme. The Department has been steadily increasing the number of ECD practitioners registered for National Qualification Framework (NQF) training. The first and second intakes consisted of 900 and 1 500 participants respectively. The allocation earmarked for the EPWP in 2008/09 grows significantly by 36.8 per cent to R66.143 million.

The rollout of Grade R is being accompanied by the provision of new teaching and learning kits and the upgrading of skills levels of ECD practitioners

The Department plans to expand the Whole School Evaluation Programme in at least 30 schools in 2008/09. The Programme aims to encourage continuous self-evaluation by schools and ongoing school improvement. Another intervention that targets quality improvement is that of testing all Grade 3 and Grade 6 learners in literacy and numeracy every alternate year. The pass rate for Grade 3 learners in literacy improved from 39.5 per cent in 2004 to 47.7 per cent in 2006. Numeracy results were, however, less satisfactory, with only 37 per cent of learners passing. Nevertheless, the results suggest that the Department’s literacy interventions have met with some success.

An amount of R69.831 million is allocated over the 2008 MTEF in support of the implementation of the new curriculum statement for grades 10 through 12. This money is specifically allocated for the provision of learner support material for grades 10 to 12.

Over the 2008 MTEF an additional amount of R63.153 million is allocated for expanding inclusive education. Between the 2007/08 revised estimate and the 2008/09 budget the allocation for Public Special School Education increased by 18.11 per cent. The allocation will enable the Department to increase the number of places available for learners with disabilities in both public ordinary schools and public special schools.

An amount of R277.838 million is allocated in 2008/09 for school infrastructure. Over the MTEF period the allocation increases at an average annual rate of 14.89 per cent. The increase in school infrastructure funding is augmented through an increase to the Infrastructure Grant to Provinces. Over the 2008 MTEF period an amount of R504.356 million is allocated to Education's share of this Grant. The allocation is to be used to fund shortages in school education infrastructure, replace inappropriate school structures and upgrade existing facilities.

Additional funds are allocated for the National School Nutrition Programme to extend its coverage to more learners and to provide meals for all school days, as well as to improve the quality of meals. An amount of R258.429 million is allocated for the National School Nutrition Conditional Grant over the 2008 MTEF.

Vote 6: Health

The Department of Health over the 2008 MTEF continues to focus on the reshaping of the delivery of health care services to treat patients at a level of care that is most appropriate to their need. The Department's activities and deliverables are therefore driven by the continued phased implementation of the Comprehensive Service Plan (CSP). The CSP is based on Health Care 2010, which was designed to improve the quality of care in the Western Cape in a financially sustainable manner.

The Department of Health's total budget for 2008/09 grows from R7.562 billion in 2007/08 to R8.642 billion, comprising 35 per cent of the total Provincial budget. Between 2007/08 and 2008/09 the total allocation is budgeted to increase at a rate of 14.28 per cent. The budget is estimated to increase over the 2008 MTEF period to R9.470 billion in 2009/10 and R10.351 billion in 2010/11.

A key challenge facing the public health service in the Province is that of increasing patient and service loads. The Department receives R148.759 million in 2008/09 in addition to its baseline budget to relieve its service load pressures and accommodate the related cost

pressures (inclusive of TB and personnel pressures). The amount allocated for the general baseline adjustment increases substantially to R381.135 million in 2009/10 and R528.290 million in 2010/11.

The Department as part of the CSP implementation is prioritising Primary Health Care (PHC), including community based and preventive care, and strengthening regional hospitals. Treating patients at the most appropriate level of care entails restructuring health services to ensure sufficient capacity at each level of service to accommodate the expected patient load. One of the key successes in this regard is the assumption of responsibility for Personal Primary Health Care (PPHC) in the rural districts, which includes responsibility for personnel and physical infrastructure. However, the upgrading and maintenance of these facilities presents a challenge to the Department. The PHC platform is expected to accommodate 90 per cent of patient contacts. The Department receives additional amounts of R26.862 million in 2009/10 and R45.095 million in 2010/11 for the purpose of augmenting the general maintenance budget.

District management structures are essential for proper co-ordination between the different levels of PHC. The Department is also currently restructuring District Health Services to implement the District Health System. This restructuring entails the establishment of four sub-structure district management offices (to service the Cape Town Metro) and five rural district offices.

Shifting patients to the most appropriate level of care also entails the reallocation of resources over the MTEF period. Some funding has been shifted from the Programme 5: Central Hospitals' budget to the Programme 4: Provincial Hospital Services budget to reflect the separation of the management of level 2 and level 3 services¹¹ within the central hospitals. Therefore, although the Programme 5 budget shows a decline in 2008/09 due to the shift in emphasis, the actual allocation to the three central hospitals (Groote Schuur, Tygerberg and Red Cross Children's hospitals), now funded from both Programmes 4 and 5, has not been decreased. The actual funding to the three central hospitals in 2008/09 grows positively by 11.5 per cent to R2.583 billion from the 2007/08 revised estimates.

The Department continues to prioritise the prevention and treatment of TB and HIV and Aids, which according to the June 2007 Burden of Disease report, together constitute the largest cause of premature mortality in the Western Cape. The emergence of multiple- and extreme drug resistant TB has resulted in strengthened TB control becoming a national priority. In response to the increased number of patients, the Department has identified three designated specialist

Strengthening TB control specifically for multi and extreme drug resistant TB

¹¹ Level 2 services are general specialist services and Level 3 services are highly specialised services.

Restructuring EMS to improve service delivery and prepare for FIFA World Cup 2010

centres for the treatment of multi and extreme drug resistant TB (Brooklyn Chest, Brewelskloof and Harry Comay hospitals). Strengthened infection control, early detection and admission as well as isolation in multi and extreme drug resistant referral centres are key strategies of the Department to address the increasing drug resistant TB burden. In addition, the Department plans to continue providing additional resources to the 11 sub-districts¹² with the highest TB burden.

Additional funds allocated in the 2007 MTEF for Emergency Medical Services (EMS) have been used for bolstering EMS capacity to improve response times specifically through training staff, increasing staff numbers and improving systems to manage the service. The Department intends to continue with the restructuring of EMS to improve service delivery in 2008/09. The increases over the MTEF together with existing baselines for EMS have been earmarked.

Furthermore, the Department has established a FIFA 2010 Health Unit under the Emergency Medical Services programme. The new FIFA unit is intended to coordinate emergency medical, aeromedical, forensic pathology, medical disaster and mass casualty, environmental and port health and health promotion services related to FIFA World Cup 2010. The budget allocated to the Unit is meant to fund the salaries of two initial staff members and administrative expenses. In terms of non-emergency transport, the Department has established HealthNET hubs at Tygerberg Hospital and Heideveld clinic to improve patient transport services. Amounts that are earmarked for EMS and EMS training colleges are: R392.153 million in 2008/09, R431.259 million and R472.335 million in the two outer years of the MTEF respectively.

Boost for community based care

The allocation earmarked for the Expanded Public Works Programme (EPWP) has increased significantly in 2008/09 by 51 per cent. The earmarked allocations are R74.044 million in 2008/09 and R77.376 million and R82.018 million in the two outer years of the 2008 MTEF respectively. The funding is intended to strengthen social capital in the Province through implementing community based care training. In 2008/09 the Department plans to train 1 840 Community-based Health Workers. In addition, the EPWP funding is also intended for training matriculants as Data Capturers on Health's information systems through one-year internships.

The Department continues to strengthen its human resource and financial management capacity to improve departmental performance. The Department is struggling to retain staff in its human resource and financial management components given the

¹² Mitchell Plain, Khayelitsha, Klipfontein, Tygerberg, Cape Town: Northern, Eastern and Western, George, Mossel Bay, Breede Valley, Drakenstein.

shortage of skills in these fields, but is making progress in filling these positions.

The Occupational Specific Dispensation (OSD) for nurses is currently being implemented and backdated from 1 July 2007. The purpose of the OSD is to attract and retain nurses by inter alia rewarding experience through salary adjustments. OSD implementation is carried out as part of the Health Professionals Remuneration Review (HPRR){ XE "Health Professionals Remuneration Review (HPRR)" }. The amounts allocated to the HPRR have increased to R1 147.228 million in the 2008 MTEF.

Salary improvements for nurses and health professionals

Vote 7: Social Development

Increased priority is given to the delivery of social welfare services and developmental initiatives. Since the social grants function has been completely shifted to national level, the Department of Social Development (DSD) is focusing on consolidating and strengthening its social welfare interventions and initiatives. For 2008/09 the Department is allocated a budget of R1.088 billion, an increase of 20.69 per cent on its 2007/08 revised estimate. Over the MTEF, the budget increases to R1.180 billion in 2009/10 and to R1.261 billion in 2010/11, at an annual average rate of 11.82 per cent from the 2007/08 revised estimate. The increase provides for a number of personnel-related expenditure items, and the implementation of national and provincial priorities.

During the 2007/08 financial year, the Department started to implement the ten-year Integrated Service Delivery Plan (ISDP). This plan identifies four internationally recognised levels of intervention, namely Awareness and Prevention, Early Intervention, Statutory/Crisis Intervention and Reintegration into Society. The four levels of intervention cut across the following departmental sub-programmes in Youth; Sustainable Livelihoods; Substance Abuse; Older Persons; HIV/Aids; Disability; Capacity Building and Children and Families. A key focus area for 2008/09, as part of the awareness and prevention level is ensuring access to information, which includes informing people of their rights and what services the Department provides. By ensuring more effective access to information, the Department is able to streamline the services it offers, allowing the poor and most vulnerable to gain access to appropriate services within the shortest period of time.

Access to information a key focus area of the Department

The DSD objectives continue to be driven by national priorities. The Department's budget has grown to accommodate the implementation of a range of new policy initiatives in the sector, including the provision of secure care facilities for children in conflict with the law, the alignment of stipends with the health sector, the expansion of early childhood development (ECD), and the training of home and community based caregivers.

A key deliverable for the Department is the transformation and restructuring of residential services at departmental places of safety and awaiting trial facilities specifically for children. The Department plans to increase the number of beds in secure care facilities and to build a facility to accommodate those young people awaiting trial not yet referred to a place of safety. It is anticipated that this facility will begin operating in the 2009/10 financial year.

Increased stipends for HCBC carers

There is currently a discrepancy between the value of the monthly stipends received by Home Community Based Care (HCBC) organisations funded by the Department of Social Development and those funded by the Department of Health. HCBC carers funded by the Department of Social Development receive less than carers funded by Health. The Department is in the process of narrowing this gap and plans to increase the stipend to R750 in 2008/09.

Additional funds to fight substance abuse

An amount of R85.213 million is made available over the MTEF to strengthen substance abuse: prevention, treatment and after care services. Key interventions include the establishment of Local Drug Action Committees. The Province currently has 29 fully functioning committees and a further 26 are in the process of being established. Emphasis is being placed on public awareness and prevention, which include life skill programmes in schools. The Department carries out awareness raising programmes with the Department of Education and Health. Furthermore, the Department also plans to establish two new substance abuse treatment centers, one in the metro and the other in the Southern Cape. These centers will offer in-patient treatment and outpatient services.

An amount of R191.063 million is earmarked for the Expanded Public Works Programme (EPWP) over the MTEF. The EPWP projects run by the Department are mainly focused on the upgrading of skills of ECD practitioners. There are currently 240 ECD interns as well as 1 500 practitioners in learnerships. Other EPWP projects include placing trained youth in internships and increasing the number of youth participating in Home Community Based Care Programmes to 900. Currently 604 youth are participating in the Home Community Based Care Programmes.

Additional allocations for ECD over the MTEF

The expansion of ECD is identified as a national priority. Top-up amounts of R15 million in 2008/09, R25 million in 2009/10 and R35 million in 2010/11 are earmarked for this purpose. These funds are intended to increase the allocations made to registered ECD centers so that they can expand access to ECD, increase the subsidy per child and to provide more direct funding for EPWP initiatives within the ECD sector. The Department currently supports 70 309 children in ECD programmes, of whom 45 860 receive a subsidy. The Department is planning to support 75 000 children in ECD programmes in 2008/09.

The majority of services offered by the Department are rendered by non-profit organisations. The Department will concentrate on strengthening its monitoring and evaluation mechanisms during 2008/09 in order to better ensure value for money. Specific interventions include capacity building initiatives to ensure optimal functioning of monitoring and evaluation units at district offices, the review of the monitoring tools used to measure the outcomes of service delivery priorities, and regular reporting to detect cases of non-compliance early.

An amount of R368.859 million is earmarked for the expansion and transformation of existing social welfare services over the 2008 MTEF. The focus is on increasing access to services and ensuring the equitable distribution of resources. The Department aims to better target the areas of greatest need (especially in previously disadvantaged communities).

Expanding and transforming existing social welfare services

Improving targeting includes:

- developing service delivery priorities at district office level;
- creating a common understanding of critical service delivery gaps;
- redirecting the funding of services to areas of greatest need and highest priorities;
- developing working agreements in support of these interventions; and
- formalising the Department's partnership arrangements by contracting with service delivery partners.

Formal partnership agreements will assist the Department to monitor the degree to which providers comply with service level agreements.

The implementation of key policy and legislative mandates, for example, the Children's Act, the Child Justice Bill and the Older Persons Act, have significant resource implications for the Department. Programmes and projects to support these mandates centre on public awareness and capacity building and the provision of a basket of supportive, protective and developmental services for children and families. An amount of R226.874 million is earmarked over the MTEF to support the implementation of legislative mandates.

An amount of R48.979 million is earmarked over the MTEF to train and employ Social Auxiliary Workers (SAWs). These SAWs will help reduce the administrative burden experienced by social workers. The Department currently employs 60 SAWs on different salary levels according to their qualifications. In 2008/09 the Department plans to increase the number of SAWs to 96. Furthermore, the Department plans to offer learnerhips to upgrade the skills base of SAWs. The

learnership offered is a one-year Social Auxiliary Work course certificate recognised by the South African Council for Social Service Professionals. Potential candidates are sourced from interns who previously worked in the Department and unemployed people living in rural and poverty stricken areas.

An amount of R55.042 million over the MTEF is allocated for Occupational Specific Dispensation improvements for social welfare workers. However, negotiations with the respective bargaining council still have to be finalised.

Vote 8: Local Government and Housing

Local Government and Housing's 2008/09 budget amounts to R1.451 billion and constitutes 5.83 per cent of the provincial budget. Using the 2007/08 revised estimate as a base, the Department's allocation is budgeted to grow at an average annual rate of 12.58 per cent over the MTEF period, reaching R2.039 billion in 2010/11. 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 14.52 per cent from a revised allocation of R1.178 billion in 2007/08 to R1.769 billion in 2010/11.

National Funds earmarked for national pilot N2 gateway project

When comparing the revised estimate for 2007/08 to the allocation for 2008/09, the Department's allocation increases only marginally by 1.53 per cent. The small increase is due to the distorting affect of the large rollover of national Housing Grant funds of R226 million specifically earmarked for N2 Gateway project, which were unspent in 2006/07. The institutional arrangements for the N2 Project, a national housing pilot project, differ from those covering other subsidised housing projects funded by the Department using the national Housing Grant.

In the N2 Project, the service provider overseeing the project, Thubelitsha Homes, is contracted directly to the National Housing Department while the Provincial Department is responsible for administering the payments to Thubelitsha Homes from funds specifically earmarked for N2. Project payments are in accordance with the housing code and Thubelitsha's delivery on the National Department's brief for the Project. In the 2006/07 adjusted appropriation the Department received the first block of funding for the N2 project of R372 million. Given that the funding was made late in that financial year with insufficient time to spend the funds, R226 million of the 2006/07 N2 Project funds were rolled to 2007/08.

If the roll over on the N2 project is excluded from the 2007/08 revised estimate for the Department, the budget grows by 20.63 per cent year-on-year in 2008/09.

Although the pool of public funding for subsidised housing has been increased, the value of the individual subsidies has also been increased to improve the quality of the asset produced. In 2007/08 the maximum subsidy increased from R42 100 to R62 600. In 2008/09, the Department estimates that the basic maximum subsidy will be increased to R77 000. The subsidy level has been raised to finance the increase in house size of between 30 m² and 36 m² to 40 m² and improve the quality of the unit.

Subsidy values have increased substantially since 2006/07

The net impact of the subsidy quanta increases imply that the Department is unable to increase the rate of subsidised housing production, using public resources alone. In 2007/08 the Department set its delivery targets at levels to those of previous years i.e. 18 000 serviced sites and 16 000 housing units, and is projecting to meet these targets. Similarly, for 2008/09 the Department has kept its delivery targets at these levels.

The Isidima Strategy launched in 2007/08, is the Province's strategy for creating sustainable human settlements. An implementation plan for Isidima was also devised laying out milestones and timeframes for the development of detailed policy frameworks and the implementation of specific research and institutional development projects. The Isidima Strategy aims to provide a framework for locating subsidised housing closer to the economic cores of towns and cities, in line with the Provincial Spatial Development Framework (PSDF) and for increasing the rate at which the provincial housing backlog can be addressed.

As the main implementers of subsidised housing projects and the key public agencies responsible for spatial planning and land use management in the Province, municipalities are key to the success of Isidima. In collaboration with the Department of Environmental Affairs and Development Planning, the Department intends to put in place a programme to support municipalities to develop and implement plans for restructuring their built environments.

The Built Environment Support Programme, as the support programme is referred to, is set to focus on two municipal planning instruments, i.e. Spatial Development Frameworks (SDFs) and housing plans. The Programme also aims at building the internal capacity of the two Departments to support municipal spatial planning and implementation. The Programme will focus mainly on a limited number of high-growth towns in the Province. Following more detailed design work, resources currently held in reserve for this project will be allocated in the 2008/09 Adjustment Estimates.

Built Environment Support Programme to be established to support high-growth municipalities to physically restructure their urban settlements

In 2008/09, the Department also aims to increase the capacity of municipalities to manage the implementation of housing projects and thereby improve spending rates on subsidised housing. Some municipalities are unable to meet housing spending targets and to

avoid global under expenditure on the Housing Grant, the Department shifts funding to municipalities which have the capacity to spend. Over time, this mode of operation could lead to a diversion of funding from low capacity municipalities which according to Isidima should be receiving funds, to high capacity municipalities.

One of the key reasons for under expenditure is that municipalities with limited capacity tend to undertake detailed project design just prior to project implementation. Detailed design or “project packaging” is necessary to formulate contracts with construction companies. Should a municipality not have a supply of so-called “packaged projects” ready for implementation, and should project implementation on an ongoing project fail, the municipality cannot shift spending to new a project and under spending will occur. The Department will attempt to address this situation by beginning, in 2008/09, to provide project-packaging services to low capacity municipalities.

Project packaging services to be supplied to improve municipal housing grant spending

In 2006/07 and 2007/08 the Department set up a number of lead and pilot projects to develop subsidy instruments and explore how they can be assembled to build better functioning settlements. Many of these projects are still in the detail planning phase or going through development application processes. In 2007/08, one of the pilots has been brought to the physical delivery stage:- the in situ upgrade in the former industrial area of Bossiesgif in Plettenberg Bay. One set of pilots focuses on how best to leverage the private sector to supply the subsidised market as part of its normal market-drive activities. In these pilots, a significant portion of the beneficiaries targeted belong to the gap market, and nearly all of the pilots occur on publicly owned land relatively close to economic nodes within the metro functional area.

The Department has reported that there has been progress on land release projects in Stellendale, Khayelitsha, Eersterivier and Blue Downs. The Department has also been interacting closely with the Department of Transport and Public Works to package subsidised housing projects on land under the custodianship of Transport and Public Works and to release this land. Projects are currently being developed on land parcels in the metro area in Plumstead, Southfield, Porter Estate and Oude Molen.

Compared to the revised estimates for 2007/08, the Local Government Programme allocation for 2008/09 increases by 12.30 per cent. The Local Government Programme makes up 4.94 per cent of the Department’s total allocation in 2008/09.

Department revising its municipal capacity building strategy

During 2008/09 the Department will continue to implement its “hands-on support” capacity building programme for municipalities, which it began in 2006/07. Towards the end of 2007/08 the Department began to review its capacity building strategy, and plans

to base its activities in 2008/09 on a revised strategy. The Department reported that in 2007/08 it focused on supporting municipalities to establish audit committees and to introduce Batho Pele principles into their administrative practice.

Certain municipalities have been assisted to formulate staff retention plans and anti-corruption strategies. A “summer school” through which best practice in a range of municipal disciplines will be identified and promoted is due to be held in the fourth quarter of 2007/08 municipal year.

The Department is assisting with the development of a “shared services” model between municipalities. The “shared services” concept involves the pooling of high-cost specialised service resources to increase economies of scale for these services and increase their affordability for municipalities.

In 2007/08, the Department continued to provide intensive support to Kannaland and Cederberg, a programme started in 2002/03. Although this support is scheduled to continue in 2008/09, the Department has indicated that it is devising a strategy to withdraw direct, resource-intensive support from these municipalities in the medium term. The Department also provided intensive support to Oudshoorn, but plans to withdraw by the end of the 2007/08. Over the 2008 MTEF period, the Province has earmarked R50.04 million for municipal capacity building.

An amount of R44.20 million has been earmarked for operationalising the Provincial Emergency Management Centre over the 2008 MTEF. Approximately 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 Centre also gives support to the network of district-based emergency management centres operating in the Province.

Disaster management centre developing computer-based systems to assist municipalities to prevent and plan for unpreventable disasters

In 2007/08, the Centre gave financial support to the Central Karoo District Municipality to establish a formal emergency management centre. In 2008/09, the Centre plans to develop information management standards for district centres and make IT equipment available to the centres to meet these standards. The resources will also be used to populate and develop computer-based systems to enable the 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 first phase aimed at operationalising the provincial disaster management contingency plan, is due to start at the end of 2007/08, and will carry over into 2008/09. The Department also plans to recruit additional staff for the Provincial Centre towards the end of 2007/08 to enable it to better

support municipalities and communities to prevent and prepare for disasters.

In 2007/08, in partnership with other government agencies, the Department met the national targets set for eradicating the bucket system in established, formal settlements in the Province.

Vote 9: Environmental Affairs and Development Planning

The Department of Environmental Affairs and Development Planning receives 0.80 per cent of the total provincial budget. In 2008/09 the Department's budget amounts to R198.817 million, an increase of 8.36 per cent on its 2007/08 revised estimate. The budget increases at an average annual rate of 12.44 per cent between 2007/08 and 2010/11.

Tourism development earmarked resources used to refurbish tourism and accommodation facilities in CapeNature resorts and conduct detailed ecological and tourism planning

The Biodiversity Management Programme, through which the Department transfers resources to the Western Cape Nature Conservation Board (WCNCB), also known as CapeNature, is the Department's largest programme. In 2008/09, the Department has budgeted to transfer 44.16 per cent of its resources to CapeNature. In 2007/08 CapeNature received additional funding to develop the nature-based tourism potential of the Western Cape, building on an initiative begun in 2006/07. Over the 2008 MTEF, CapeNature is scheduled to receive an additional R47.11 million, included in the departmental transfers referred to above to develop this potential.

In 2007/08, CapeNature developed a broad tourism strategy, which identified Cape Winelands, Eden, the Cedarberg and the Overberg as high potential areas for nature-based tourism development. Resources were put into refurbishing tourism and accommodation facilities in CapeNature resorts and into preparing detailed ecological and tourism planning, to ready CapeNature for the physical investment drive over the new MTEF.

Fire management programmes include significant labour intensive elements

CapeNature has also been given an additional R56.53 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, a labour intensive programme that contributes to the Province's EPWP initiatives.

The Environmental Quality Management Programme is the second most significant programme, making up a quarter of the Department's budget in 2008/09. The Programme covers the Department's development application processing function and attempts to streamline land management legislation, various pollution and waste management regulation functions and the climate change response co-ordination function. This Programme is

budgeted to grow at an average annual rate of 9.75 per cent over the MTEF.

One of the key initiatives driven by the Environmental Quality Management Programme is the Integrated Law Reform Programme (iLRP) aimed at streamlining the environmental, planning and heritage approval processes for land development into a single system of parallel decision-making. After the initial design of the legislation, completed in 2006/07, the initiative has involved a lengthy process of lobbying national departments to accommodate the changes necessary in national legislation to allow the integrated approach to be followed.

Department preparing new legislation to meet some of the objectives of the integrated law reform programme

In the second half of 2007/08 the Department began to prepare provincial legislation aimed at replacing the Land Use Planning Ordinance. The Department intends that new legislation, being referred to as the Planning Development Amendment Act, will allow for some of the objectives of the iLRP to be implemented, and will better empower and encourage municipalities to begin to physically restructure their settlements. The legislative reform process can thus be seen as support to the Built Environment Support Programme (refer to Vote 8) that's being developed in association with the Department of Local Government and Housing.

The Department plans to establish a dedicated Climate Change Unit in 2008/09 to drive and co-ordinate the implementation of the Western Cape Climate Change Response Strategy and Action Plan. The Province has provided additional funding of R12.04 million over the 2008 MTEF for this purpose. The key roles of the unit will be to monitor whether key climate change mitigation and adaptation activities identified in the Response Strategy are undertaken by the full range of agencies operating in the Province, identify gaps and, where necessary, facilitate the formation of partnerships to fill these gaps.

Climate Change Unit to be set up over the MTEF

Over the MTEF, the Department also plans to further strengthen its pollution control and clean-up activities by focusing on implementing provisions in the National Environmental Management Air Quality Act and the provincial Healthcare Waste Management Act. The latter was passed in 2007/08. In 2006/07, the Department took on the waste facility permitting function. An audit of selected waste disposal sites which begun in 2006/07 and was completed in 2007/08 will be used to classify waste disposal facilities and assess the extent to which the sites comply with regulations.

The Department's Policy Co-ordination and Environmental Planning Programme is budgeted to make up 9.25 per cent of the Department's budget in 2008/09. One of the key objectives of the Programme is to improve the alignment between municipal Integrated Development Plans (IDPs) and Spatial Development Frameworks (SDFs) and the

Support to municipalities to implement SDFs will form part of the Province's Built Environment Support Programme

Provincial Spatial Development Framework through monitoring the degree of alignment and assisting municipalities to increase alignment. In 2008/09, under the auspices of the nascent Built Environment Support Programme, the Department plans to focus its attention on a select number of high-growth towns, intensify its support and gear its capacity to providing this level of support.

The Programme also plans to run a campaign to increase energy efficiency in the Province and to draft provincial regulation to encourage the use of renewable energy within the Province.

Environment enforcement programme to be expanded over MTEF

The Department's Compliance and Enforcement Programme is at present limited in size, making up 3.81 per cent of the 2008/09 budget, and is estimated to grow at an average annual rate of 12.79 per cent over the MTEF. The Programme's goal is to better meet the Department's regulatory obligations arising from the National Environmental Management Act and other environmental legislation.

Vote 10: Transport and Public Works

Department to continue to prepare Province for the implementation of GIAMA

The budget of Transport and Public Works amounts to R2.611 billion in 2008/09 and makes up 10.49 per cent of the 2008/09 Provincial budget. Compared to the revised estimate for 2007/08, the Department's budget grows by 9.31 per cent in 2008/09. Over the 2008 MTEF period the Department's budget is projected to grow at an average annual rate of 9.15 per cent from its 2007/08 revised spending estimates.

Over the MTEF period the Department will continue to prepare the Province for the implementation of the Government Infrastructure Asset Management Act (GIAMA). 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 initial stage of the implementation will continue with the transfer of infrastructure construction and maintenance budgets, still contained within the Department's Public Works Programme, to the departments actually using the infrastructure created or maintained, as has already been put in place for Education and Health. The movement of social development infrastructure funding from Public Work's budget to Social Development's budget in 2008/09 marks the next phase of this process. The Department will undertake further planning for the transfer between Public Works and line departments and the design of a system to manage the new client-provider arrangements that will ensue during 2008/09.

Over the MTEF period, R182.80 million has been earmarked for the maintenance and upgrade of head office buildings shared between departments within Cape Town's Central Business District. The Department is currently developing an Accommodation Plan to guide this investment.

The Department has budgeted to spend R4.549 billion over the MTEF period on the provision and maintenance of road infrastructure, preserving the significantly higher level of roads funding reached in 2006/07. Over the MTEF period, a significant portion of the roads budget will be directed towards improving the carrying capacity of the network at key sections or points where traffic flows are currently constrained. These upgrades will not only ease flows, and thus reduce travel times on important economic linkages used daily in the Province, but they will also facilitate traffic flows during the FIFA 2010 World Cup.

Significant portion of the roads budget directed towards improving the carrying capacity of the network at key sections or points where traffic flows currently constrained

The sections and points, which the Roads Infrastructure Programme plans to upgrade, include Koeberg Interchange, the N2 between Somerset and Sir Lowry's Pass, and the N2 between White Bridge and Knysna. In partnership with the City of Cape Town, the Programme will continue to upgrade the network within the metropolitan area for the hosting of the World Cup. The Department has already contributed towards the upgrade of Hospital Bend, Granger Bay Boulevard and the upgrading of the airport link along the N2.

Additional national resources have been made available via the Infrastructure Grant to Provinces 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". The Department will continue to implement this programme over the MTEF period, and plans to successively raise the level of work opportunity creation over the MTEF period.

Support given to the mainstreaming of the EPWP in service delivery

The Department will continue to work, in collaboration with the City of Cape Town, towards the objectives of restructuring the road-based public transport system to improve levels of service and accessibility along the key long-haul routes in the City and to tender out subsidised contracts along these routes. The vision is consistent with published national and provincial policies on empowerment, the transformation of the public transport service, taxi recapitalisation and the creation of an integrated transport system as a path-breaking intervention for economic growth.

Ensuring that passengers have a safe and crime-free journey throughout the travel chain is considered to be the single most important intervention to promote a shift from private to public transport. The Department reported that a safety and security strategy for public transport was finalised in 2007/08. The Department has already begun to implement crucial elements of the strategy such as the training of enforcement officials to better enforce taxi operation licenses. The Department is also formulating memoranda of agreement for each of the law enforcement agencies working in the public transport realm. The agreements will provide

Ensuring safe and crime-free public transport journeys is critical in promoting the shift from private to public transport

much clearer definitions on the role each agency should undertake in producing a safer environment for public transport travel.

Outside of Cape Town, the Department will continue to provide support to municipalities by:

- Providing transfers for the planning and construction of public transport and non-motorised transport infrastructure;
- Formulating “mobility strategies” for selected geographic areas. Mobility strategies identify the mobility problems in an area and put forward transport solutions, rather than land use solutions to these problems; and
- Giving financial and technical support for the drafting of statutory public transport plans and integrated transport plans followed by technical reviews of the results.

The Department is directing much of the support it provides to non-metro areas in George, in the Southern Cape. In consultation with the George Municipality, the Department has developed an operational plan for a road-based scheduled public transport service for George. The Department is financing the upgrade of the main public transport link between the commercial and industrial centres of George and Thembalethu. This upgrade is part of a broader route-upgrading programme for George, co-funded by South African National Road Agency Ltd (SANRAL) and the municipality, and will be rolled out as funding becomes available. The Department has started to engage taxi industry representatives on the restructuring of the system in George. It is envisaged that taxi operators will need to combine into a formal, single business entity to contract with the transport authority for the provision of the scheduled public transport service.

Provincial Freight Logistics implementation plan to be released in 2008/09

The Department of Transport and Public Works convenes and chairs the Provincial Freight Logistics Forum. Members of the forum include the National Department of Transport, organised business (in the form of the Cape Town Chamber of Commerce) the City and freight companies. The key problem the Forum is focusing on is the traffic bottlenecks at the port and the airport. The Department aims to release a Provincial Freight Logistics implementation plan in 2008/09.

The Department is in the process of setting up district-based structures to drive EPWP mainstreaming in municipalities

The Department’s Expanded Public Works Programme continued to deepen its role of supporting and co-ordinating the implementation of the EPWP in the Province. Support was given to delivery agencies to improve the quality of their EPWP reporting and to set EPWP targets in their project planning processes in 2007/08. The Department reported that it set up sector-based co-ordination structures to drive delivery agencies to mainstream the EPWP into their delivery programmes. The Department is also in the process of setting up district-based structures to drive EPWP mainstreaming in municipalities. The Programme continued to deliver its contractor

development programme, aligning the programme with the framework developed by National Public Works, and set up the National Youth Service Programme in the Province. The National Youth Service Programme is aimed at building artisan skills and providing building maintenance work opportunities to 500 youths over a 2-year period. In 2007/08 300 youth were brought onto the Programme.

An earmarked allocation of R17 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 the National Skill Fund, the Department is facilitating the provision of 1 200 "learnerships" over a three-year period through a programme called Learnership 1 000. This three-year period is scheduled to end in 2008/09.

The Province has also set aside R71.20 million over MTEF to continue to enhance the technical capacity of the Department, particularly in the Public Works Programme. In 2007/08 the Department drew a number of entry-level professionals into its ranks and began a programme to develop their skills through the provision of an accredited, experiential training and mentorship programme run by retired professionals and sector experts, hired by the Department. Over the MTEF, the Department plans to expand on this programme by drawing in increasing numbers of graduates as they start to come through the Department's bursary programme.

*Innovative ways of
boosting scarce skills*

Given that Supply Chain Management (SCM) is a key function of the Department, the Department, through its central SCM unit, is in the process of setting up a training programme for SCM staff found in decentralised line function-based units within the Department. Implementation started at the end of 2007/08 and is scheduled to continue over the MTEF. The first set of courses delivered covered general skill areas in SCM i.e. project management, contract management and "strategic sourcing". The latter set of courses covers input sourcing approaches and techniques designed to lower project costs.

Vote 11: Agriculture

The agricultural sector has a key role to play in promoting shared growth and development in the Province, in part, by providing employment opportunities for mostly unskilled labour and promoting food security and agricultural exports. Over and above these roles, major priorities for 2008/09 and beyond relate to the national priorities of accelerating the implementation of land reform and supporting land reform beneficiaries to enter the mainstream agricultural sector.

The Department of Agriculture projects to spend R344.704 million in 2008/09, which constitutes 1.38 per cent of the total Provincial budget. The budgeted expenditure for 2008/09 increases by 8.62 per cent from the 2007/08 revised estimates. The perceived modest increase is due to the revised estimated being inflated by significant once-off additions in the 2007 adjusted budget to deal with agricultural disasters over the last 18 months. Over the 2008 MTEF, the Department's budget is expected to grow to R365.271 million in 2009/10 and R412.044 in 2010/11, reflecting an annual average increase of 9.09 per cent.

Increased investment in agricultural training

Successful transformation in the agricultural sector requires investment in the provision of training and support to previously disadvantaged target groups. The Department continues to make this investment through delivery on its Human Capital Development Strategy. In 2007/08 the Department planned to offer 170 learnerships, 100 internships and 50 bursaries to target groups. By January 2007/08 the Department had already exceeded its annual targets by offering 285 learnerships and 70 bursaries and appointing 128 interns. The Department plans to expand on this deliverable in 2008/09 partly using specific funds allocated for transforming agriculture through training.

The Department also provides further and higher education training targeted at emerging farmers, youth, farm workers, the unemployed and marginalised groups. The Structured Agricultural Training Programme budget grows by 20.51 per cent on the 2007/08 revised estimate to R30.843 million for this purpose. Furthermore, in collaboration with the Farmer Support and Development Programme and other social partners, the Department also intends to empower unemployed or evicted farm workers through the provision of technical skills training.

Enhancing support to land reform beneficiaries

Farmer Support and Development is the largest programme in the Department and receives R96.146 million, which is 27.89 per cent of the total budget in 2008/09. The Programme's share of total budget is estimated to increase further over the 2008 MTEF reflecting the increased focus on agricultural support to land reform beneficiaries.

Emerging farmers and land reform beneficiaries require extension services, infrastructure as well as training to improve their production and the financial viability of their farming operations. In 2007/08 the Department supported 152 projects to beneficiary groups providing infrastructure to improve primary production and add value to farm products and food security projects. These projects were largely funded through the Comprehensive Agricultural Support Programme (CASP) grant. In 2008/09 the Department plans to further support another 50 projects, specifically focused on land reform beneficiaries. The Department plans to provide the beneficiaries with a more comprehensive and intensive support package whereby the level and

type of assistance and support will be customised to the specific needs of the client. Key focus areas will include increased production, exports, agri-business, and access to extension services and infrastructure.

The Department intended to increase food security projects in vulnerable communities by 20 per cent in 2007/08 and currently the Department has increased the projects by 28 per cent to 94 food security projects. A starter pack project is being explored for 2008/09, with the aim of providing all the basics for starting up a food garden, for example, gardening equipment, seeds, composts and water hoses. The aim is to roll out the project in all districts with women, youth and disabled people as the target beneficiaries. In 2008/09 the Department is planning to implement another 100 food security projects, including community food gardens and livestock projects.

One of the themes of the Agriculture and Agri-business sector plan is agricultural black economic empowerment. The Agricultural Black Economic Empowerment (AgriBEE) Transformation Charter translates the general principles of the Broad Based Black Economic Empowerment Act into the agriculture and agribusiness sector. It is anticipated that the Charter will be finalised towards the end of 2007/08. The Department plans to create dedicated capacity through establishing an implementation division and Agribusiness Investment Unit to implement and coordinate AgriBEE service delivery research, advice and projects. Amounts of R4 million and R18 million are allocated in 2009/10 and 2010/11 to support AgriBEE and Land reform initiatives in the Department.

Promoting BBBEE in the agricultural sector

The Province has experienced a number of natural disasters in the last two financial years. These disasters include the 2006 Eden floods, 2006 Haarlem hail disaster, 2007 Central Karoo drought, and the more recent West Coast floods. The Department receives R23 million in 2008/09 to assist farming communities to recover from the Eden floods. The allocation covers soil rehabilitation, agriculture infrastructure repairs in commercial and financial assistance for livestock loss. In addition, the Department intends to boost its capacity to manage disasters through establishing a dedicated disaster management unit. R4 million has been allocated in the 2008 MTEF for this purpose.

The Department plans to expand on the following 2007/08 key deliverables in 2008/09:

- Facilitating market access for another 25 emerging farmers and farmer groups to supply the local market and another 10 contracts for the export markets;

- Extending the water wise and biodiversity awareness campaign and including 3 000 youth in the Junior LandCare programme; and
- Linking another two districts through wireless technology to the head office.

Vote 12: Economic Development and Tourism

The allocation to the Department of Economic Development and Tourism (DEDAT) increases by 6.75 per cent to R219.244 million in 2008/09 from the revised estimate of R205.386 million in 2007/08. The small increase in the Department's budget is due to revisions in the Department's own revenue estimates following delays in the enactment of the new Western Cape Liquor Bill. Once the liquor bill is promulgated, further adjustments will be made to the Department's budget, possibly in the 2008/09 Adjustment Estimates. The budget continues to increase, to R250.031 million in 2009/10 and R275.233 million in 2010/11. Totalling R744.508 million over the 2008 MTEF, the Departments budget grows at an average annual rate of 10.25 per cent over the MTEF period.

DEDAT, a key economic development player in the Province, plays a critical role in addressing the binding constraints to shared economic growth, employment creation and poverty alleviation. To achieve these objectives the Department will enhance its programmatic interventions particularly where collaboration with national, provincial and local government spheres will strengthen the impact of the Province's Micro Economic Development Strategy (MEDS).

Enhancing industry competitiveness through skills development

An amount of R264.099 million is allocated to the Trade and Industry Development Programme over the 2008 MTEF. This is the Department's single largest programme accounting for almost 32 per cent of the Department's budget. Of the R264.099 million, R76.569 million is earmarked for "Workforce Development" to intensify and scale-up the Department's existing skills interventions in the MEDS sectors in the Western Cape. The MEDS sectors are those with potential for job creation and economic growth. The allocation for Workforce Development has been stepped up from R5.431 million in 2007/08 to R15.976 million in 2008/09.

The Department is in the process of completing a number of skills demand and supply studies in the ICT, boat building and tooling sectors. Beneficiaries in the film, business process outsourcing (BPO), oil and gas servicing and tourism sectors have received training. The Department's interventions in the BPO/Call Centre industries contain skills development and general sector support elements. Over the last 4 years, the number of people employed in the BPO/Call Centre industries rose from 8 000 to 20 000. The Department will strengthen its skills development initiatives in selected sectors in order to enhance their competitiveness. Furthermore, the Department will

engage with key education and skills development institutions in order to better align skills development strategies of public sector institutions to the needs of industry.

Sector development remains a key focus area for the Department. The Department makes use of Special Purpose Vehicles (SPVs) to support key sectors in the Province. These SPVs allow public and private role players to collaborate in the running of a number of specially designed support interventions. Key achievements during 2007/08 include support to approximately 10 000 SMMEs, establishment of an Oil and Gas Training center in Atlantis as well as the launch of a Music Industry Commission SPV to promote the local music industry.

The Department will continue to broaden access to the benefits of economic growth through its support of small enterprises. The focus is not only on supporting the informal economy, but also on facilitating small enterprises to make the transition from the informal to the formal economy. The Department plans to facilitate the collaboration of various small business support service providers working in the Province, including other provincial departments and thereby improve the effectiveness of these services and reduce duplication.

Translating the MEDS into planned actions that occur in particular localities, especially those outside of the metro area, remains a priority for the Department. Over the last few years, the Department has been offering “hands-on” support to municipalities in the development of credible Local Economic Development strategies. A combination of inadequate resources, both financial and human, and a poor understanding of small business development has resulted in the stifling of enterprise development. In responding to this challenge the Department will continue to offer support to local areas but will shift its focus to supporting local business sectors. The support will aim at assisting small and medium enterprises to raise their “voice” in their regions in order to influence the Local Economic Development strategies. Furthermore, a more vocal business sector will assist the Department to design services more appropriate to non-metro areas.

*Supporting the needs of
the local business sector*

The allocation for Business Regulation and Governance increases by 31.11 per cent between 2007/08 and 2008/09 to R15.891 million. This growth will enable the Department to expand its consumer protection function. Furthermore, the increased allocation will be used for the regulation of the liquor industry in the Province and to fund programmes aimed at combating the social ills of liquor trading and consumption.

Maximising SME opportunities from FIFA 2010 World Cup

The Department plans to maximise the opportunities that the FIFA 2010 World Cup offers for small businesses. The Department is identifying Small Medium Enterprise (SME) opportunities that will possibly flow out of hosting the FIFA 2010 World Cup as well as the types of capacity support required to allow SMEs to take up these opportunities. The Department will launch an “extended stay” campaign for the tourism industry and establish a common branding for the region, which highlights the region’s economic, social, environmental and cultural aspects. The FIFA 2010 World Cup gives the opportunity of showcasing the Western Cape’s potential as a competitive business location.

The Creative Precincts project aims to support a network of art and crafts small and medium sized enterprises

An allocation of R5 million in 2009/10 and R14.5 million in 2010/11 has been earmarked for the Creative Precincts and Cape Catalyst projects. The Creative Precincts project aims to support a network of art and crafts small and medium sized enterprises. The creative industries sector has the potential to generate jobs, create wealth and foster a spirit of entrepreneurship. By concentrating the support spatially, the Department aims to generate commercial energy in “precinct areas” and stimulate urban renewal. Currently, pilot projects are running in Nyanga and Manenberg.

The Department has identified the need for an institutional vehicle to drive and implement short-term crosscutting mega-projects. It is envisaged that the body, dubbed the Cape Catalyst, will be responsible for providing project management expertise and industry specialist knowledge. Possible areas for intervention include the installation and operation of telecommunications infrastructure and the development of the Port of Cape Town for maritime industries.

The Department has created a new programme called Economic Planning following discussions with the National Treasury, Department of Trade and Industry and the nine provincial Economic Development Departments. This unit will be responsible for providing a full spectrum of planning functions from policy formulation, implementation through to monitoring and evaluation.

To fund measures to respond to the energy crisis an amount of R20 million has been reserved in the Provincial Revenue Fund for possible allocation during the 2008/09 Adjustment Estimate process. The Provincial Energy Risk Management Committee has to develop appropriate recommendations, but early indications are a possible prototype conversion of a major office block in Cape Town into a green building, as part of Public Works planned maintenance programme has been identified.

In addition it is proposed that amounts of R10 million for each year over the MTEF be kept in the Provincial Revenue Fund for possible allocation during the 2008/09 Adjustment Estimates. These amounts are subject to the development of sustainable business plans, and apart from countering liquor licensing losses, are meant to fund sustainable and economically efficient job creation projects on a structured basis.

Vote 13: Cultural Affairs and Sport

The Department of Cultural Affairs and Sport (DCAS) receives a total budget of R497.740 million in 2008/09 constituting 2.00 per cent of the total provincial budget. This represents an increase of 121.01 per cent from the 2007/08 revised estimates. The sharp increase in the 2008/09 financial year is in the main due to the earmarked allocation of R212.000 million, which is the Province's contribution to the construction of the Green Point Stadium, as well as R20 million for enhancements to the Phillipi stadium. In 2009/10, the Department's budget declines to R298.230 million and R314.446 million in 2010/11, following the exclusion of the Green Point Phillipi Stadium earmarked allocations.

R20 million allocated to enhance Phillipi stadium

One of the key programmes of the Department is the identification and nurturing of sports talent. In 2006/07 the Department with the assistance of the Western Cape Education Department established the Sport School. In 2007/08 the Department enrolled 67 learners at grade 8 and 9. A further intake of 44 learners in 2008 is anticipated, increasing the number of learners in the Sport School to 111. It is anticipated that 49 learners in the school will be girls. The Western Cape Sport School now occupies two hostels. The Department receives R9.280 million in 2008/09, R10.079 million in 2009/10 and R6.741 million in 2010/11 for the continued maintenance of the Sport School.

Identifying and nurturing sports talent through the Sport School

The Department receives earmarked allocations amounting to R4.455 million in 2008/09, R6.498 million in 2009/10 and R6.888 million in 2010/11 for the non-infrastructure aspects related to hosting the Western Cape leg of the 2010 FIFA World Cup.

Focused use of libraries, archives and museums play an important role in building social and human capital and creating an environment of learning and heritage appreciation. In 2007/08 the department purchased 260 000 items of library material. The Department opened two new library facilities in Leeu Gamka and Klaarstrop in the Prince Albert Municipality. Furthermore, the Department offered 3 internships on archive management and ran an outreach education programmes in 10 schools in the Central Karoo District in which approximately 800 learners participated. These activities ensure that library services are extended to the rural communities of the Western Cape. Library services receives R31.434 million in 2008/09; R40.976 million in 2009/10 and

Extending library services to rural areas

R45.938 million in 2010/11 via a national conditional grant, to further improve provisioning of library services and staffing conditions.

Furthermore, a programme will be pursued to promote and extend archive services to the greater community.

The DCAS aims to continue to provide relevant public library materials, including indigenous knowledge material, to all citizens through partnerships with municipalities. The provision of additional resource materials will be extended to rural library service points. Funding is planned for a new library facility at Gouda in the Drakenstein Municipality in 2008/09. The Department will facilitate the accessibility of information and communication by establishing Information Communication Technology (ICT) sites at public libraries. A further 20 ICT sites are planned as part of the conditional grant in 2008/09.

Promoting greater mass sport and recreation participation

Over the MTEF period, the Department receives national conditional grant funding amounting to R27.168 million in 2008/09, R38.237 million in 2009/10 and R40.532 million in 2010/11 for mass sport and recreation participation. The Mass Participation Programme is aimed at mobilising young people to participate in sports and cultural activities. DCAS plan to introduce additional hubs and clusters for the further roll out of the Mass Participation Programme. Special talent identification camps will be arranged to identify learners with potential especially from rural and peri-urban areas.

In consultation with Western Cape Education Department (WCED), the Department will have a greater focus on the grade R and pre-school programme to improve motor skills at an early age.

Progressive regionalisation of the Department's activities so as to ensure that services are more accessible to communities was identified as a key deliverable for 2007/08. To date the Department has identified priority areas and established one regional office in each district.

The Department will continue to contribute to growing the economic and skills base of the Province through the:

- Continuous marketing and branding of the Province as a preferred venue for major sport and cultural events and a tourist destination;
- Combating anti-social behavior by ensuring healthy lifestyles;
- Developing skills and creating job opportunities through SMMEs;
- Focusing the use of our libraries and museums on building human and social capital and creating an environment of learning and heritage appreciation; and
- Monitoring and evaluation of programmes and projects.

The Department plans to launch a public awareness campaign to promote museums in their local communities and to promote youth development programmes through museum outreach activities in rural areas. The Department will continue building on relationships with the WCED and individual schools in order to extend curriculum based museum programmes in museums and at rural schools. Museum Services plans to roll out six curriculum educational programmes at museums as well as a 'time travel' educational programme in the Winelands area.

Expenditure by Economic Classification

This chapter sets out the consolidated provincial expenditure by economic classification. Table 18 below shows how the provincial government will use its resources over the 2008 MTEF by indicating the total budget according to the Standard Chart of Accounts (SCOA) classification of expenditure. This is fully aligned to the economic reporting format and allows for posting-level details of the budget within the state's financial system.

For the 2008 Budget, National Treasury prescribed that provinces and departments in particular, capture expenditure and revenue transactions in more detail. The detailed or specified revenue and expenditure transactions are supported by the revised SCOA classification system. To allow for the capturing of these transactions a number of amendments had to be made to the Basic Accounting System (BAS).

The classification of expenditure items within the broad economic reporting categories contribute to the formats and tables presented within the 2008 Budget document. Training workshops were conducted toward the end of January 2008. The late timing of the workshops left departments with little to no time to familiarise users with the new classification and reporting requirements. This implies direct implementation of theory into every day practice. Given the magnitude of the transactions to be reclassified and extent of the reform, it should be acknowledged that perfect alignment and reconciliation are iterative. The advantages of the implementing the new Standard Chart of Accounts (SCOA) include:

- Assisting departments and Treasury with reporting of spending on earmarked allocations and specifically allocated funds;
- Improved reporting and transparency in the presentation of item spending aggregates;
- Better alignment between the system and asset registers through the implementation of a net-assets segment;
- Introduction of a regional identifier for purposes of drawing the link between financial transactional activity and geographic regions;
- Alignment of programme structures between budget documentation and BAS; and
- Reporting on infrastructure spending.

The advantages of introducing the reforms listed above do not go without challenges. The possibility of discrepancies between what is eventually captured on the financial system and reflected in this document come about. Should this occur, corrections to the system would be effected during the 2008/09 Adjustment Estimates process.

Table 18 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Current payments	11 391 461	12 558 927	14 195 910	15 919 657	16 256 652	16 379 374	18 704 752	14.20	20 815 480	22 607 431
Compensation of employees	8 164 939	8 839 985	9 712 010	11 269 618	11 260 976	11 303 431	12 983 709	14.87	14 461 094	15 631 136
Goods and services	3 213 950	3 708 607	4 469 423	4 645 342	4 965 023	5 039 814	5 717 686	13.45	6 350 875	6 972 622
Interest and rent on land										
Financial transactions in assets and liabilities	12 572	10 335	14 477	4 697	30 653	36 129	3 357	(90.71)	3 511	3 673
Unauthorised expenditure										
Transfers and subsidies to	2 133 936	2 703 064	2 933 350	3 161 589	3 585 620	3 576 312	4 202 298	17.50	4 404 165	4 905 593
Provinces and municipalities	352 438	490 161	378 276	344 256	360 066	360 054	545 371	51.47	290 883	316 654
Departmental agencies and accounts	139 420	160 121	211 521	141 729	149 250	149 251	158 922	6.48	195 825	212 108
Universities and technikons	57 799	55 631	4 325	1 698	1 704	1 704	1 888	10.80	2 021	2 148
Public corporations and private enterprises	37 930	46 523	49 511	36 247	61 871	61 833	70 951	14.75	82 084	91 570
Foreign governments and international organisations	120	88	94	120	129	129	120	(6.98)	120	120
Non-profit institutions	899 391	1 197 014	1 368 784	1 507 741	1 608 564	1 608 683	2 038 617	26.73	2 168 189	2 332 277
Households	646 838	753 526	920 839	1 129 798	1 404 036	1 394 658	1 386 429	(0.59)	1 665 043	1 950 716
Payments for capital assets	1 055 704	1 472 110	1 705 332	1 620 366	1 825 223	1 826 866	1 985 004	8.66	2 158 769	2 328 298
Buildings and other fixed structures	813 045	1 137 593	1 395 071	1 319 632	1 540 671	1 540 704	1 711 598	11.09	1 868 904	2 019 341
Machinery and equipment	229 546	271 744	261 594	285 828	260 348	261 986	258 482	(1.34)	274 143	292 503
Cultivated assets	112	1 049	75	527	277	277		(100.00)		
Software and other intangible assets	9 116	22 324	21 048	10 878	11 396	11 368	11 123	(2.16)	11 521	12 053
Land and subsoil assets	3 885	39 400	27 544	3 501	12 531	12 531	3 801	(69.67)	4 201	4 401
Total economic classification	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	14.28	27 378 414	29 841 322
Direct charge	12 892	13 288	14 202	14 942	14 942	15 335	15 689	2.31	16 397	17 381
Total economic classification (including direct charge)	14 593 993	16 747 389	18 848 794	20 716 554	21 682 437	21 797 887	24 907 743	14.27	27 394 811	29 858 703

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

Compensation of employees

Excluding direct charges, compensation of employees' amounts to R12.984 billion or 52.16 per cent of total expenditure in 2008/09. In nominal terms, it grows on average by 11.41 per cent between 2007/08 and 2010/11 and takes account of the public service salary agreements negotiated in 2007. As a share of total expenditure, the amount spent on compensation of employees' decreases by 2.28 percentage points from the 2007 Main Appropriation to the 2008 Budget.

Compensation of employees amounts to 52.16 per cent of 2008/09 budget

Table 19 Summary of personnel numbers and cost by vote

Provincial department		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	As at 31 March 2011
1.	Department of the Premier	(numbers) 531	533	588	620	698	708	719
		(R'000) 89 562	121 001	135 338	152 038	179 405	218 073	230 403
2.	Provincial Parliament	(numbers) 59	51	55	98	94	94	98
		(R'000) 11 210	10 935	11 411	15 645	22 105	25 986	28 668
3.	Provincial Treasury	(numbers) 174	211	246	275	314	360	374
		(R'000) 33 590	41 941	52 919	61 607	73 014	86 983	93 802
4.	Community Safety	(numbers) 735	761	814	874	982	1 097	1 135
		(R'000) 85 980	94 336	99 436	116 617	133 335	150 939	160 997
5.	Education	(numbers) 38 213	38 505	38 207	39 727	38 895	38 971	38 971
		(R'000) 4 567 683	4 962 469	5 253 453	5 917 950	6 744 600	7 538 417	8 104 273
6.	Health	(numbers) 23 128	23 893	24 695	25 640	26 049	27 302	28 442
		(R'000) 2 799 467	2 976 610	3 419 042	4 115 260	4 771 834	5 256 393	5 732 060
7.	Social Development	(numbers) 1 757	1 662	1 670	1 815	1 832	1 910	1 910
		(R'000) 162 823	151 086	182 348	246 906	279 033	305 062	327 011
8.	Local Government and Housing	(numbers) 491	633	671	763	813	843	838
		(R'000) 63 147	75 489	99 595	110 059	135 356	147 717	164 421
9.	Environmental Affairs and Development Planning	(numbers) 255	266	266	352	377	376	376
		(R'000) 37 401	46 414	50 436	60 409	69 146	87 111	92 262
10.	Transport and Public Works	(numbers) 1 358	1 335	1 427	1 449	1 899	1 899	1 899
		(R'000) 139 451	159 118	181 113	236 857	270 809	302 899	340 307
11.	Agriculture	(numbers) 740	875	951	1 037	1 056	1 056	1 056
		(R'000) 92 585	106 954	117 188	138 135	144 026	160 134	168 140
12.	Economic Development and Tourism	(numbers) 124	160	159	212	256	256	256
		(R'000) 22 182	27 084	30 372	39 282	50 787	64 744	68 046
13.	Cultural Affairs and Sport	(numbers) 472	481	542	634	634	634	634
		(R'000) 57 237	63 762	76 407	89 315	106 778	112 864	116 974
Total provincial personnel numbers		68 037	69 366	70 291	73 496	73 899	75 506	76 708
Total personnel cost (R'000)		8 162 318	8 837 199	9 709 058	11 300 080	12 980 229	14 457 322	15 627 364
Unit cost (R'000)		120	127	138	154	176	191	204

*Over 2008 MTEF
personnel numbers will
increase by 3 212*

Table 19 shows that the number of personnel employed is projected to increase from 73 496 on 31 March 2008 to 76 708 on 31 March 2011. This represents an increase of 3 212 posts of which 87.24 per cent are in the Department of Health. The increases in Health personnel are mainly attributed to: the take-over of forensic services from the South African Police Services (SAPS); expansion to Personal Primary Health Care (PPHC) services in the metro and rural regions; and the additional posts for health professionals.

Included in the overall growth of personnel numbers is the Department of Education, is a decrease their direct staff complement by 756 over the period due to a change in employer with posts shifting from the Western Cape Education Department to Further Education and Training (FET) Colleges.

The growth in the number of posts within the Provincial Treasury is concentrated in the Internal Audit unit to provide for the further rollout of and support relating to internal audit to all departments (with Health and Education receiving its own decentralised units in 2008/09) and municipalities.

Over the 2008 MTEF the unit cost of personnel is projected to increase from R154 000 as at 31 March 2008 to R204 000 as at 31 March 2011 mainly due to salary adjustments linked to inflation, the occupational specific dispensation (OSD) for teachers and social workers, as well as the implementation of the health professionals remuneration review. The OSD review in Health is aimed at attracting and retaining professionals in the public health sector by improving salaries and conditions of service for professional health workers.

Capital expenditure

Provincial investment in capital has increased in absolute terms year-on-year by R364.6 million from the 2007 Main Appropriation to the 2008/09 Budget. Capital expenditure's share of the total Provincial budget excluding direct charges constitutes 7.97 per cent in 2008/09, 7.88 per cent in 2009/10 and 7.89 per cent in 2010/11. Table 18 shows that aggregate capital expenditure amounts to R1.985 billion in 2008/09 and grows on average by 8.42 per cent per year from a revised estimate of R1.827 billion in 2007/08 to R2.328 billion in 2010/11.

Capital expenditure growth signals positive commitment to infrastructure development, especially in Health and Education

Capital expenditure in Education, Health and Transport & Public Works accounts for 95.20 per cent of total provincial capital investment in 2008/09. This percentage increases to 97.12 per cent by 2010/11.

Chapter 10 discusses capital expenditure in greater detail.

Expenditure on Training

The Skills Development Act, 1998, established 23 Sectoral Education and Training Authorities (SETAs) across various sectors to coordinate training and learnership programmes in terms of the National Skills Development Strategy.

It is not mandatory for a public service employer to contribute directly to a SETA. However, departments must budget one per cent of payroll for the training and education of departmental employees. In this case 'payroll' refers to the total wage bill of the department, i.e. the total remuneration package of its employees and not just the basic pensionable salary. Moreover, this definition includes all employees; permanent, contract and temporary staff.

In the Western Cape at least 10 per cent of the minimum 1 per cent of payroll should go to the line-function aligned SETA in order to support the relevant SETA's administrative costs, thus giving effect to Section 30(b) of the Skills Development Act.

Table 20 provides a summary of provincial expenditure on training per vote. This expenditure is inclusive of training-related expenditure, incorporating 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 24.59 per cent from a revised estimate of R238.006 million in 2007/08 to R296.543 million in 2008/09. Over the 2008 MTEF, expenditure on training is expected to increase by an average annual nominal rate of 20.18 per cent to reach R413.120 million in 2010/11. Table 20 includes the provision for training of Members of the Provincial Parliament.

Table 20 Summary of provincial payments on training by vote

Provincial department R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2004/05	2005/06	2006/07				2008/09	2007/08	2009/10	2010/11
1. Department of the Premier	3 275	3 680	2 466	4 326	4 326	4 326	2 110	(51.23)	2 874	2 902
2. Provincial Parliament	131	165	255	379	379	379	395	4.22	412	412
3. Provincial Treasury	296	628	998	700	1 133	950	1 007	6.00	1 067	1 131
4. Community Safety	486	715	487	1 059	1 404	1 404	1 687	20.16	1 784	1 986
5. Education	41 700	41 606	52 098	56 307	54 939	54 939	68 590	24.85	142 927	150 865
6. Health	81 226	91 067	114 982	161 568	152 481	152 481	196 750	29.03	211 852	226 200
7. Social Development	282	310	340	374	374	374	374		374	374
8. Local Government and Housing	849	2 921	2 927	4 647	4 647	4 647	3 454	(25.67)	3 631	3 783
9. Environmental Affairs and Development Planning	726	1 163	977	1 456	1 287	1 094	1 438	31.44	1 737	1 909
10. Transport and Public Works	1 362	6 623	11 948	12 628	12 601	12 601	12 683	0.65	14 625	14 613
11. Agriculture	1 575	1 420	1 652	3 233	3 980	3 980	6 756	69.75	7 118	7 521
12. Economic Development and Tourism	345	377	1 002	458	458	458	567	23.80	647	680
13. Cultural Affairs and Sport	438	763	1 782	819	831	831	1 299	56.32	1 364	1 424
Total provincial payments on training	132 691	151 438	191 914	247 954	238 840	238 464	297 110	24.59	390 412	413 800

The Western Cape Government is involved in a number of skills development and training initiatives both internal and external. These initiatives include:

- Vote 1 – Department of the Premier: The Cape Administrative Academy campuses at Kromme Rhee and George, which provide various training initiatives to provincial government officials. Further initiatives to achieve greater efficiency on and quality of training spent will be explored in 2008/09 to investigate the feasibility of transforming Kromme Rhee into a trading entity that will provide structured accredited training to officials within government, which is currently provided by outside organisations at a premium;
- Vote 4 – Community Safety: Community Safety Academy for the training of traffic officers and municipal police;
- Vote 5 – Education has earmarked R20 million in 2008/09 for the development of principals and specific categories of teachers to ensure quality teaching, learning and management. Teacher development is targeted at developing valuable skills that would enhance teaching quality in subjects like Maths Literacy and Life Orientation. Grade R teaching and School Management are also targeted;

- Vote 6 – Health: Includes health professional training expenditure, development training and national tertiary services; inclusive of the policy decision to replace in-service training salaries with bursaries;
- Vote 10 - Transport & Public Works’ allocation for the development of skills amongst learners external to the Department. The allocation includes a contribution to the funding of the Learnership 1000 Programme as well as the Department’s Bursary Scheme aimed at funding bursaries to address skill shortages in the infrastructure sector, especially for engineers;
- Vote 11 - Agriculture: Expenditure includes the Elsenburg Agricultural Training College that provides training and higher education opportunities in the agricultural industry;
- Vote 12 - Economic Development & Tourism’s Workforce Development Programme which is aimed at strengthening existing skills interventions as well as to developing new interventions for priority and significant sectors. The allocation enables the Department to intensify and expand existing skills interventions and develop new initiatives designed to better breach the gap between the demand for skills in the workplace and their supply; and
- A number of Departments such as Education, Social Development, Health and Transport and Public Works are also involved in providing training through the Expanded Public Works Programme.

Skills development and training remain high priorities

Infrastructure¹³

This chapter provides more detail on infrastructure projects, spending and budgeting, particularly for Education, Health, Social Development, Transport, Roads, Public Works and Cultural Affairs and Sport. Spending on infrastructure for the other provincial votes occur on the budget of the Department of Transport, Roads and Public Works.

The Provincial Growth and Development Plan provide the strategic framework for infrastructure investment in the Province. The Strategic Infrastructure Plan (SIP) for the Province intends to show what infrastructure is needed where, and how it can be built over time as the budget allows. The plan also includes buying public land for integrated human settlements, increasing bulk infrastructure such as water, sanitation, energy and roads. The Provincial Spatial Development Framework (PSDF) and the Human Settlement strategy, Isidima, further inform the infrastructure plan.

Preparations for hosting the FIFA WC 2010 in the Western Cape are a significant aspect of the Province's Provincial Growth and Development Strategy (iKapa GDS). The PSDF directs the location and type of investment across the Province

Table 21 below provides a summary of total provincial infrastructure payments and estimates by vote. Infrastructure investment includes capital and recurrent (maintenance) expenditures. It also shows that the gross infrastructure budget of the departments of Education, Health and Transport and Public Works amounts to R2.687 billion, R2.630 billion and R2.879 billion over the 2008 MTEF.

Infrastructure investment remains a high priority for government and is supported by strong growth increases of 20 per cent or R447 million on the revised estimates of 2007/08.

¹³ Please consult the tables (B.6) of the relevant votes in the booklet "Budget 2008: Estimates of Provincial Expenditure" for more detail on the projects.

Table 21 Summary of provincial infrastructure payments and estimates by vote

Provincial department R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2004/05	2005/06	2006/07				2008/09	2007/08	2009/10	2010/11
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	244 646	346 839	379 222	178 038	264 524	264 524	277 838	5.03	293 908	401 120
6. Health	288 464	217 025	349 259	405 200	457 294	457 294	635 787	39.03	644 002	672 704
7. Social Development				17 000			27 000		14 000	
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	762 896	1 174 149	1 477 246	1 358 530	1 517 695	1 517 695	1 513 986	(0.24)	1 678 338	1 805 800
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport							232 000			
Total provincial infrastructure payments and estimates by vote	1 296 006	1 738 013	2 205 727	1 958 768	2 239 513	2 239 513	2 686 611	19.96	2 630 248	2 879 624

Infrastructure by category

Strong increases in maintenance spent over the MTEF

The Province spends infrastructure funds on: the construction of new infrastructure; maintaining, rehabilitating and upgrading existing infrastructure; and assisting municipalities to provide infrastructure. The sections that follow provide more detail on the infrastructure spending projected in the 2008/09 Budget by department for each category of infrastructure spending.

Table 22 shows a summary of provincial infrastructure expenditure by vote and category (new construction, rehabilitation and upgrading, recurrent maintenance). Infrastructure allocations in 2008/09 are constituted as follows: R557 million for new construction; R1.084 billion for rehabilitation and upgrading; and R583 million for recurrent maintenance expenditures.

Recurrent maintenance increases significantly year on year (20.6 per cent) and amounts to R583 million in 2008/09, R664 million and R764 million in 2009/10 and 2010/11 respectively.

Table 22 Summary of provincial infrastructure payments and estimates by category and vote

Category R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
New construction ^{Note}	169 820	379 019	494 828	273 027	381 002	381 002	556 817	46.15	347 758	393 729
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	125 785	270 665	289 416	147 352	227 438	227 438	225 475	(0.86)	239 189	298 844
6. Health	44 035	22 421	33 486	16 434	16 434	16 434	28 000	70.38	28 000	29 800
7. Social Development				14 000			27 000		14 000	
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works		85 933	171 926	95 241	137 130	137 130	64 342	(53.08)	66 569	65 085
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport							212 000			
Rehabilitation/Upgrading ^{Note}	400 973	375 651	516 088	576 187	725 206	725 206	1 084 302	49.52	1 182 415	1 220 314
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	178 232	154 646	238 393	272 058	275 977	275 977	494 198	79.07	497 489	541 046
7. Social Development				3 000						
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	222 741	221 005	277 695	301 129	449 229	449 229	570 104	26.91	684 926	679 268
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport							20 000			
Recurrent maintenance ^{Note}	441 610	413 589	503 708	461 897	483 148	483 148	582 664	20.60	663 739	763 693
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	118 861	76 174	89 806	30 686	37 086	37 086	52 363	41.19	54 719	102 276
6. Health	66 197	39 958	72 476	80 197	80 197	80 197	85 197	6.23	88 927	97 820
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	256 552	297 457	341 426	351 014	365 865	365 865	445 104	21.66	520 093	563 597
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										

Strong focus on the provision of accommodation over the MTEF period

Transport and Public Works

General provincial buildings

The 2008/09 budget for general provincial buildings on the Department of Transport and Public Works' budget amounts to R64.342 million. This amount increases to R66.569 million in 2009/10 but decreases marginally to R65.085 million by 2010/11. The resources are, in the main, allocated for the upgrading of provincially owned buildings to accommodate head office space for Provincial Government.

Based on preliminary work undertaken on the CBD Accommodation Plan the following allocations have been made:

- Amounts of R33.342 million, R25 million and R10 million have been allocated in 2008/09, 2009/10 and 2010/11 (or R69 million over the 2008 MTEF for the upgrading of office accommodation on the Alexandra Hospital site (close to the CBD of Cape Town));
- Amounts of R14.169 million and R42.185 million have been allocated in 2009/10 and 2010/11 respectively, for the upgrading of Alfred Street office accommodation (CBD of Cape Town).

Cultural Affairs and Sport

The Province has made funds available for the World Cup 2010, particularly as a contribution towards the construction of the Green Point Stadium. To this end, an amount of R212 million has been provided on the budget of the Department of Cultural Affairs and Sports for transfer to the City of Cape Town in 2008/09.

The Province also intends to upgrade the Phillipi Stadium so that it can serve as a practice venue for the FIFA 2010 World Cup. An amount of R20 million has been provided for this purpose in 2008/09.

Table 22 Summary of provincial infrastructure payments and estimates by category and vote (continued)

Category R'000	Outcome			Main appro- pria- tion 2007/08	Adjusted appro- pria- tion 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Other capital projects ^{Note}	283 603	569 754	691 103	647 657	650 157	650 157	462 828	(28.81)	436 336	501 888
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health			4 904	36 511	84 686	84 686	28 392	(66.47)	29 586	4 038
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	283 603	569 754	686 199	611 146	565 471	565 471	434 436	(23.17)	406 750	497 850
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
Total provincial infrastructure payments and estimates	1 296 006	1 738 013	2 205 727	1 958 768	2 239 513	2 239 513	2 686 611	19.96	2 630 248	2 879 624
<i>of which</i>										
Professional fees	157 845	205 817	290 287	280 770	275 363	312 634	371 664	18.88	373 075	421 003
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	68 101	30.18	51 850	80 788
6. Health ^a	27 465	40 385	41 343	60 416	58 586	58 586	140 000	138.96	103 040	107 633
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works ^b	109 743	135 440	200 732	183 084	201 736	201 736	163 563	(18.92)	218 185	232 582
11. Agriculture										
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.

Table 22 shows the provision made for professional fees. It highlights that the Transport and Public Works department is budgeting annual amounts of R164 million, R218 million and R233 million over the 2008 MTEF. Health is budgeting for professional costs of R140 million in 2008/09, R103 million in 2009/10 and R108 million in 2010/2011.

This section that follows provide information on a number of new infrastructure projects in Education and Health

Education

An amount of R225.475 million has been allocated for the construction of new facilities in 2008/09. Further allocations of R239.189 million and R298.844 million are allocated in 2009/10 and 2010/11 respectively.

Capital projects are usually funded over more than one financial year and the following provisions have been made for 2008/09:

• Avian Park Primary school	R10.997 million
• Wallaceden Secondary School	R11.321 million
• Northpine Secondary School	R5.092 million
• Grabouw Secondary School	R2.5 million
• Bloekombos Secondary	R25.597 million
• Boystown Secondary School	R4.126 million
• Fisantekraal Secondary School	R2.5 million
• Gansbaai Secondary School	R11.820 million
• Tafelberg OLSO School	R5.294 million
• Zwelihle Primary School	R4.026 million
• Symphony Primary School	R7.228 million
• Nomzamo Primary School	R11.313 million
• Westlake Primary School	R12 million
• Vredenburg Primary School	R14.193 million
• Wellington Secondary School	R19.808 million

Health

The Health budget for 2008/09 amounts to R28 million for the construction of new health facilities. The following notable projects have been provided for in 2008/09:

• Wellington Community Health Centre	R7.300 million
• Red Cross Hospital (ward upgrade)	R7.000 million

Amounts of R28 million and R29.8 million have been allocated in 2009/10 and 2010/11 respectively.

Rehabilitation/upgrading

Transport and Public Works

Roads Infrastructure

An amount of R570.104 million has been allocated for the rehabilitation and upgrading of roads in the 2008/09. Amounts of R684.926 million and R679.268 million have been allocated in 2009/10 and 2010/11 respectively.

A significant portion of the roads construction budget over the 2008 MTEF period will be directed towards improving the carrying capacity of the network at key sections or points where traffic flows are currently constrained. These upgrades will not only ease flows, and thus reduce travel times on important economic linkages used daily in the Province, but will also facilitate traffic flows during the FIFA 2010 World Cup.

The sections of roads infrastructure, which the Programme plans to upgrade, include the Koeberg Interchange, the N2 between Somerset and Sir Lowry's Pass, and the N2 between White Bridge and Knysna. In partnership with the City of Cape Town, the Programme will continue the upgrade of the roads network within the metropolitan area. The Department has already contributed towards the upgrade of Hospital Bend, Granger Bay Boulevard and the upgrading of the airport link along the N2.

In summary, the following notable projects are provided for in the 2008/09 Budget are:

- | | |
|------------------------------------|--------------|
| • Gansbaai – Elim Phase 2 | R15 million |
| • Pakhuis Pass (C842) | R17 million |
| • Sir Lowrys Pass phase 1 (C733.3) | R50 million |
| • Koeberg projects (C880) | R240 million |
| • N2 Rehab (C708.7) | R58 million |
| • White Bridge Knysna (C794.1) | R46 million |
| • Moorreesburg (C638TR24/1-TR11/2) | R46 million |

These projects have been partially funded by the national Infrastructure Grant to Provinces (IGP) funding.

Sharp increase in the allocation for health facilities

Health

An amount of R494.198 million has been allocated in 2008/09 for the rehabilitation/upgrading of Health facilities, which reflects an increase of 79.07 per cent when compared to revised estimate for 2007/08. R497.489 million and R541.046 million have been allocated for 2009/10 and 2010/11 respectively.

The major projects funded through the IGP and selected for 2008/09 with their allocations are listed below:

- Caledon Hospital Phase 1 R10.960 million
- Eerste River Hospital R11.910 million
- Helderberg Hospital R12.170 million
- Riversdale Hospital Phase 2 R12 million

The major projects funding through the Hospital Revitalisation Programme (HRP) funding selected for 2008/09 and their allocations, are listed below. The HRP allocation increases sharply from 2007/08 to 2008/09 and this is mainly to cater for the further planning and possible initiating of construction of the Khayelitsha and Mitchells Plain Hospitals. However, procurement for the construction of these two hospitals can only commence once normative issues have been settled, medium term cash flows have been assessed and secured and formal approval for go-ahead obtained from the national Health Department.

- Khayelitsha Hospital R58.000 million
- Mitchells Plain Hospital R33.265 million
- Paarl Hospital R104.500 million
- Worcester Hospital R19.600 million

Other capital projects

Transport and Public Works

Roads Infrastructure

R376.486 million is provided for "other capital works" on roads in 2008/09. Amounts of R386.600 million and R477.700 million have been allocated for 2009/10 and 2010/11 respectively.

The major projects selected for 2008/09 and their allocations are listed below:

- Regravelling of various road R84.600 million
- Reseal of various roads R45.064 million
- N1 street lighting (Cape Town) (C707.6) R20 million

Public and Non-Motorised Transport

An amount of R57.950 million has been provided for in 2008/09 for public transport infrastructure.

Amounts of R20.150 million have been allocated for each of the outer years of 2009/10 and 2010/11.

Recurrent maintenance

Transport and Public Works

Provincial Buildings

An amount of R71 million has been allocated in 2008/09 for maintenance of general provincial buildings whilst amounts of R130.163 million and R154.963 million have been allocated for this purpose in 2009/10 and 2010/11 respectively.

Roads Infrastructure

An amount of R374.104 million has been allocated in 2008/09 for the maintenance of roads infrastructure together with further amounts of R389.930 million and R408.634 million in 2009/10 and 2010/11 respectively.

Road maintenance remains a top priority

Education

The maintenance budget shows a moderate increase over the first two financial years from R52.363 million to R54.719 million (albeit a 41 per cent increase) and then increases significantly in quantum to R102.276 million in the 2010/11 financial year.

Health

An amount of R85.197 million has been allocated in 2008/09 for maintenance. Amounts of R88.927 million and R97.820 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 R9.678 million
- District hospital services R11 million
- Provincial hospital services R21.725 million
- Central hospital services R37.794 million
- Other facilities R5 million

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

Infrastructure Delivery Improvement Programme (IDIP)

The Infrastructure Delivery Improvement Programme (IDIP) is currently coordinated by the National Treasury and facilitated by the Provincial Treasury. The Programme is aimed at improving the delivery of infrastructure. There are four key performance areas that IDIP is expected to influence, namely:

- The development of appropriate capacity for infrastructure planning and delivery management (people, skills and systems);
- The formulation of infrastructure plans: The intention is that infrastructure plans will clearly measure the need for infrastructure using appropriate and affordable standards, assessing current levels of supply, determine backlogs, and indicate how projects aimed at addressing backlogs should be prioritised;
- The development of contracts and service level agreements (SLA): Contracts and SLA's should clearly indicate the performance level expected of Implementing Agents (including the Public Works Branch in the Department of Transport and Public Works), and remedies open to the client department if expected performance levels are not reached; and
- The improvement of the quality of information infrastructure project reporting.

The Provincial Treasury and the technical assistants brought into the IDIP programme, supported departments in formulating their 2007/08 Infrastructure Plans.

Apart from the Plans being submitted timeously, through in-year monitoring, the Provincial Treasury was able to intensify expenditure control and improve the degree to which infrastructure spending met budgeted targets. The implementation of IDIP will continue in the Departments of Education and Health over the 2008 MTEF with the Provincial Treasury continuing to monitor its implementation and driving its further roll-out.

Public-Private Partnerships

To improve service delivery and gain value for money, the Province, in collaboration with National Treasury, promotes and facilitates public-private partnerships (PPPs) at both the provincial and local government level. From a PPP perspective, 2007/08 was a much-improved year for the Province. The eco-tourism PPPs, which have been in procurement since 2005, are nearing conclusion. Three new local government PPP projects were registered during 2007/08 and are listed under the municipal project section below. Progress was made in bringing existing registered PPP deals to financial closure.

The Government incurs three types of costs when it provides services through public-private partnerships. Firstly, a unitary charge, the main cost is paid to the private service provider for the service rendered. Secondly, advisory fees include the cost of feasibility studies and are paid over to transactional advisors. Thirdly, monitoring costs cover the monitoring required to manage the contract with the private provider. Contracts lay out the performance targets for the private providers. The amounts budgeted to meet these costs are given in the table below.

Table 23 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- pria- tion 2007/08	Adjusted appro- pria- tion 2007/08	Revised estimate 2007/08	Medium-term estimate			
		Audited	Audited	Audited				% Change from Revised estimate			
		2004/05	2005/06	2006/07				2008/09	2007/08	2009/10	2010/11
Projects under implementation^a		1 606	2 673	1 200	33 096	33 096	33 096	39 031	17.93	43 595	48 108
PPP unitary charge					31 286	31 286	31 286	36 956	18.12	41 455	45 900
Advisory fees		711	1 273					150		159	169
Revenue generated (if applicable)											
Project monitoring cost		895	1 400	1 200	1 810	1 810	1 810	1 925	6.35	1 981	2 039
New projects^b				1 633	11 138	11 138	11 138	(100.00)			
PPP unitary charge					10 811	10 811	10 811	(100.00)			
Advisory fees				1 633	327	327	327	(100.00)			
Revenue generated (if applicable)											
Project monitoring cost											
Total Public-Private Partnership projects		1 606	2 673	2 833	44 234	44 234	44 234	39 031	(11.76)	43 595	48 108

^a Projects signed in terms of Treasury Regulation 16

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

Provincial Projects under implementation

Eco-tourism PPP nearing financial close

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:

- CapeNature is currently concluding procurement negotiations with the preferred bidder for the De Hoop project. It has therefore submitted an application for Treasury Approval III to National Treasury; and
- CapeNature appointed transaction advisors for the Whale Trail Project and has commenced with the procurement process. It has received Treasury Approval IIB approval from National Treasury and is proceeding to the negotiation phase with the preferred bidder.

The Western Cape Rehabilitation Centre PPP reached financial closure in November 2006 and has been operating since March 2007. During the operational phase, the Provincial Treasury is providing on-going support to the Department of Health for contract management and monitoring and evaluation.

The Department of Transport and Public Works continues to monitor and evaluate the Chapman's Peak PPP project. The project is now in its fifth year of constrained operation, and is still awaiting the approval by the National Department of Environmental Affairs and Tourism of a development application to build the permanent toll plaza. The Provincial Treasury provides ongoing monitoring and evaluation assistance to the Department of Transport and Public Work. The project has recently undergone an audit by independent engineers.

Municipal Projects under implementation

Local Government PPPs are relatively new, both nationally and in the Province. The Provincial Treasury offered a training workshop promoting PPPs to municipalities in October 2007. 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.

National Treasury in conjunction with the National Department of Provincial and Local Government (DPLG) has introduced Municipal PPP Guidelines. These guidelines aim to clarify the application of the various municipal regulations on PPPs and should go a long way toward speeding up the conclusion of municipal PPPs.

A number of municipalities registered or applied to register PPPs. Swellendam Municipality registered a PPP for the commercial development of municipal land with National Treasury in September 2007. Beaufort West municipality applied to have a water treatment facility registered as a PPP in December 2007.

Municipalities register PPP's for mixed-use development of municipal property and water treatment plant

The status of registered Municipal PPPs is described below:

- Bitou Municipality's has gone out on tender for Transaction Advisors to undertake a feasibility study for a PPP on the construction and management of a municipal airport;
- Theewaterskloof municipality has appointed Transaction Advisors, who are currently undertaking a comprehensive feasibility study for its property development project. The project covers both commercial and mixed-use property development; and
- Oudtshoorn Municipality is currently completing the pre-feasibility study for the upgrade and management of its municipal airport.

The Provincial Treasury plans to intensify its promotion of PPPs where appropriate, through extending training to both provincial departments and municipalities. The Treasury intends to focus on the education service area at a provincial level and the provision of basic services at a municipal level.

Summary of Transfers to Public Entities

This chapter highlights allocations and transfers made by Departments to Public Entities from 2004/05 up to 2010/11. Public entities will receive a total R216.910 million from various provincial departments in 2008/09 as indicated Table 24 below. This total represents an increase of R17.297 million or 8.34 per cent from the 2007/08 revised estimates of R199.613 million. Transfer allocations to public entities grow at an annual average rate of 13.48 per cent from the 2007/08 revised estimate to 2010/11. The increase is mainly due to the following:

- Allocations of R7.110 million in 2008/09 and R20 million in the two outer years of the MTEF to the Department of Environmental Affairs and Development Planning for the Western Cape Nature Conservation Board (also known as CapeNature) for tourism infrastructure upgrades and capital investment; as well as R7.500 million, R23.800 million and R25.228 million for fire management capacity (including EPWP fire fighting) and eradication of alien vegetation; and

- Allocations to Casidra (Pty) Ltd. This entity has a renewed and more focused mandate and transformation plan to ensure stability and smoother functioning and ultimately enhancement of service delivery capabilities of the organisation over the MTEF. The Department of Agriculture has thus increased the allocation to Casidra (Pty) Ltd by R14.558 million or 64.93 per cent in 2008/09 by from the 2007/08 revised estimate i.e. from R22.422 million to R36.980 million.

Table 24 Summary of provincial transfers to public entities by transferring departments

Provincial department R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
1. Department of the Premier	3 428	4 000	14 700	15 074	15 074	15 074	16 042	6.42	16 881	18 069
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning	61 767	72 682	91 800	80 156	83 195	83 195	87 788	5.52	122 246	128 578
10. Transport and Public Works		5 500	1 582	500	1 606	1 606		(100.00)		
11. Agriculture	20 750	16 569	13 872	7 100	22 422	22 422	36 980	64.93	49 819	56 805
12. Economic Development and Tourism	69 562	71 890	71 441	60 300	75 958	75 958	74 100	(2.45)	76 500	86 200
13. Cultural Affairs and Sport	9 472	10 165	9 669	1 957	1 957	1 957	2 000	2.20	2 044	2 048
Total departmental transfers to public entities	164 979	180 806	203 064	165 087	200 212	200 212	216 910	8.34	267 490	291 700

Table 25 below indicates the public entities to which provincial departments transfer resources, and the amounts of such transfers.

Key observations include the following:

In 2008/09 Casidra (Pty) Ltd is budgeted to receive a total of R64.530 million from two provincial departments. Agriculture, as the provincial overseer of this entity, is the biggest provincial contributor, to Casidra at R36,980 million. The transfer will enable Casidra to support and maintain its core organisational functions, underpinned by resource commitments to personnel, training, operations, services and project funding. The remaining R27.550 million is contributed by the Department of Economic Development & Tourism; and

The Western Cape Nature Conservation Board (Cape Nature) receives R87.788 million from the Province via the Department of Environmental Affairs and Development Planning in 2008/09. At 40.47 per cent of total transfers to public entities, this is the single highest transfer by the Province to a public entity in 2008/09. This trend continues over the MTEF period.

Allocations by Economic Development and Tourism to the Western Cape Destination Marketing Organisation, who is mainly responsible for tourism marketing, will remain at the same levels and is set to grow marginally from a revised estimate of R28.059 in 2007/08 to R30.650 million in 2010/11.

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 any transfers. This situation will change when the Liquor Bill is enacted as planned during 2008. The Western Cape Gambling and Racing Board has been self-financing since 2004/05 and therefore did not require any financial assistance from the Provincial Treasury.

Table 25 Summary of departmental transfers to public entities by transferring department

Public entities (transferring department) R'000	Outcome			Main appro- priation 2007/08	Adjusted appro- priation 2007/08	Revised estimate 2007/08	Medium-term estimate		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07						
Major public entities:									
1. Independent Development Trust: Vote 10: Transport and Public Works		5 000	1 082						
National Government Business									
Enterprises:									
2. South African Rail Commuter Corporation Vote 10: Transport and Public Works				500	1 606	1 606			
National public entities:									
3. Agricultural Research Council Vote 11: Agriculture	2 796	350							
Provincial Government Business									
Enterprises:									
4. Casidra (Pty) Ltd. Vote 11: Agriculture	35 284	37 599	38 972	25 100	50 342	50 342	64 530	77 369	86 855
Vote 10: Transport and Public Works	17 954	16 219	13 872	7 100	22 422	22 422	36 980	49 819	56 805
Vote 12: Economic Development and Tourism	17 330	20 880	24 600	18 000	27 920	27 920	27 550	27 550	30 050
Western Cape public entities:									
5. Western Cape Cultural Commission Vote 13: Cultural Affairs and Sport	7 920	8 497	7 997	640	640	640	668	695	695
6. Western Cape Gambling and Racing Board Vote 3: Provincial Treasury									
7. Western Cape Investment and Trade Promotion Agency (Wesgro) Vote 12: Economic Development and Tourism	31 700	24 500	11 291	11 300	11 600	11 600	15 400	16 300	21 500
8. Western Cape Language Committee Vote 13: Cultural Affairs and Sport	602	602	602	242	242	242	252	263	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	61 767	72 682	91 790	80 156	82 975	82 975	87 788	122 246	128 578
11. Western Cape Provincial Development Council Vote 1: Department of the Premier	3 428	4 000	5 800	6 574	6 574	6 574	7 042	7 381	8 141
12. Western Cape Destination Marketing Organisation Vote 12: Economic Development and Tourism	20 532	26 510	27 050	23 000	28 059	28 059	28 650	28 650	30 650
13. National Youth Commission Vote 9: Environmental Affairs and Development Planning			10						
14. Artscape Vote 13: Cultural Affairs and Sport		116	120	125	125	125	130	136	140
15. Council for Scientific and Industrial Research Vote 12: Economic Development and Tourism			7 500	8 000	7 000	7 000	2 500	4 000	4 000
16. Western Cape Provincial Youth Commission Vote 1: Department of the Premier			8 900	8 500	8 500	8 500	9 000	9 500	9 928
17. Small Enterprise Development Agency (SEDA) Vote 12: Economic Development and Tourism			1 000		1 000	1 000			
Not listed in PFMA, but indicated as a public entity in Budget Statement 2:									
18. Heritage Western Cape	950	950	950	950	950	950	950	950	950
Total	164 979	180 806	203 064	165 087	199 613	199 613	216 910	267 490	291 700

Transfers to Local Government

When tabling the Budget, the MEC for Finance in the Province is required to publish particulars of all allocations due to each municipality in terms of the Municipal Finance Management Act, 2003 (MFMA). For each allocation, the quantum of the allocation for each year of the MTEF should be given. The Provincial Treasury is required by the annual Division of Revenue Act (DORA) to gazette the following:

- The indicative allocation per municipality for every allocation made by the Province to municipalities 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 2010/11 financial year; and
- The conditions and other information in respect of these allocations to facilitate measurement of financial and non-financial performance.

To give effect to the legislative requirements of both the MFMA and DORA, the Provincial Treasury has institutionalised a process through which the Provincial Government engages with municipalities on strategic, delivery and budgetary issues. These engagements are known as the Local Government Medium Term Expenditure Committee (LGMTEC) processes. Annually, the process consists of a minimum of three engagements between provincial departments and municipalities:

- LGMTEC 1 deals with the alignment of departmental and municipal planning priorities and development;

- LGMTEC 2 allows provincial departments to inform municipalities on the indicative of allocations they plan to transfer to municipalities over the MTEF. The indicative amounts were communicated to all municipalities at a CFO (Chief Financial Officer) Forum on 6 February 2008. The LGMTEC 2 engagement with municipalities is scheduled to take place on 5 March 2008, during which the final transfers will be discussed with municipal managers and CFOs; and
- LGMTEC 3 deals with the assessment of the draft municipal budgets.

Release of information on transfers enables municipalities to budget effectively

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 2008 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, firstly, enables municipalities to effectively budget and implement associated programmes over a three-year budgeting cycle. Sources and levels of provincial funding are made predictable, certain and transparent for municipalities by their public disclosure. Secondly, the release of information assists the provincial and local spheres of government to better align their spending priorities.

Provincial transfers to municipalities as indicated in Table 26, are budgeted to increase from a revised allocation of R1.529 billion in 2007/08 to R1.709 billion in 2008/09. This increase can be attributed to, amongst other things, the R212 million allocated for the construction of the Green Point Stadium for the 2010 FIFA World Cup, which is budgeted for transfer to the City of Cape Town in 2008/09. In 2010/11 the transfers to municipalities are budgeted to increase from R1.749 billion in 2009/10 to R2.050 billion.

Allocations to category A and B increase in 2008/09, while those to category C decrease

Table 26 reflects the total provincial transfers to local government by category of municipality. Provincial transfers to the Category A municipality (City of Cape Town) are budgeted to increase from a revised allocation of R698.610 million in 2007/08 to R1.002 billion in 2008/09. The amounts transferred are budgeted to decrease in 2009/10 to R861.563 million and increase in 2010/11 to R970.845 million.

For Category B municipalities, provincial transfers are budgeted to increase from a revised estimate of R360.003 million in 2007/08 to R366.487 million in 2008/09, to R435.227 million in 2009/10. The amount is budgeted to increase further in 2010/11 to R498.451 million.

Allocations to Category C municipalities are budgeted to decrease year-on-year from a revised estimate of R21.405 million in 2007/08 to R18.087 million in 2008/09, R10.632 million in 2009/10 and R7.440 million in 2010/11.

Amounts of R322.318 million, R441.035 million and R572.884 million remain unallocated in 2008/09, 2009/10 and 2010/11, respectively. A significant portion of the unallocated transfers consists of national conditional grant amounts earmarked for the N2 Gateway project. In 2008/09 and 2009/10 the amounts earmarked for the N2 are R300 million and R400 million, respectively. In 2010/11 an indicative amount of R530 million remains unallocated for special housing projects. The balance of unallocated transfers will be allocated later in the financial year on the approval of business plans and the outcome of the Cleanest Town competition.

Unallocated amounts relate to amounts earmarked for the N2 Gateway project

Table 26 Summary of provincial transfers to local government by category

Departmental transfers R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Category A	453 312	551 279	509 852	694 119	698 610	698 610	1 002 226	43.46	861 563	970 845
Category B	219 230	290 752	323 835	346 846	359 902	360 003	366 487	1.80	435 227	498 451
Category C	66 941	87 134	40 857	21 742	21 405	21 405	18 087	(15.50)	10 632	7 440
Unallocated	72 621	29 386	205 055	221 577	448 952	448 952	322 318	(28.21)	441 035	572 884
Total provincial transfers to local government	812 104	958 551	1 079 599	1 284 284	1 528 869	1 528 970	1 709 118	11.78	1 748 457	2 049 620

Municipalities are required to report monthly to the provincial transferring officer on their performance against the transferred amounts. Municipalities' individual performances on these grants are monitored on a monthly basis by way of the In-Year Monitoring system (IYM) and further assessed during quarterly IYM visits to municipalities.

Provincial Payments and Estimates within Metro, District and Local Municipalities

The Provincial Spatial Development Framework (PSDF) indicates where in the provincial geographical space economic growth occurs and the related sectors with grow potential. The PSDF and the National Spatial Development Framework (NSDF) indicate 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 economic outcomes, but also reduces the demand for direct poverty alleviation expenditure. This is because poverty can be reduced through the benefits flowing from increased growth and employment.

To give effect to this vision, the Province aims to orient and align 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 expenditure is targeted.

With regard to the first two requirements, the Socio-Economic Profiles of Local Government (SEP-LG) is, amongst others, a key source of information to understand where the social needs are most severe and where economic growth potential is located.

Table 27 GDP growth rates by District Municipality (constant 2000 prices)

	GDPR 2005 R'm	(%) Contribution per district 2005	(%) Growth 2004-2005
City of Cape Town	116 935	77.9	5.9
West Coast District Municipality	6 101	4.1	4.5
Cape Winelands District Municipality	13 246	8.8	4.8
Overberg District Municipality	3 614	2.4	5.4
Eden District Municipality	9 481	6.3	6
Central Karoo District Municipality	796	0.5	5.9
Western Cape Province	150 176	100	5.8

Source: Provincial Treasury calculations based on Quantec Research data

Table 27 shows where economic activity is concentrated in the Province. The City of Cape Town has the highest contribution of 77.9 per cent to real GDP of the province. The Cape Winelands District is the second largest contributor to GDP at 8.8 per cent and Eden District (6.3%). Economic activity in other districts is limited, however the high rates of economic growth rates in these districts are coming off a low base.

Table 28 Western Cape Population trends^{Note}

	2001	2007	2015	Growth Rate (%)	
				2001-2007	2007-2015
City of Cape Town	2 900 000	3 200 000	3 500 000	1.65	1.50
West Coast District Municipality	285 323	327 548	375 442	2.33	2.30
Cape Winelands District Municipality	629 920	652 612	657 695	0.59	0.13
Overberg District Municipality	203 519	237 555	-	2.61	-
Eden District Municipality	454 924	507 771	546 304	1.85	1.23
Central Karoo District Municipality	56 876	62 519	63 806	1.59	0.34
Western Cape Province	4 524 335	5 052 604	5 358 950	1.86	0.99

Source: Census 2001, ASSA AIDS and Demographic Model 2003

Population trends as shown in Table 28 follow the same pattern as economic activities, with the City of Cape Town carrying about 63.3 per cent of the province's population in 2007. Smaller Districts such as the Central Karoo (62 500) have small population numbers.

^{Note} According to the 2007 Community Survey data (mid-year estimates) the population numbers in the Western Cape increased from 4 839 766 to 5 278 634, indicating sizable changes in population numbers of the Province.

The Overberg and the West Coast are experiencing faster growth rates in population at 2.6 per cent and 2.3 per cent respectively.

The key message from the SEP-LG data is that key socio-economic conditions, which determine the Province's delivery response, are unevenly distributed geographically throughout the Province.

The data in Table 29 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 2008/09 increased by R3.110 billion or 14.28 per cent compared to the revised estimate in 2007/08.

In 2008/09, R17.280 billion or 69.41 per cent of provincial spending is planned to take place within the boundaries of the Cape Town Metro. The remainder of the provincial budget is to be spent in non-metropolitan municipal areas. In the West Coast R1.240 billion or 4.98 per cent of the budget is to be spent; in Cape Winelands R3.104 billion or 12.47 per cent; Overberg R715.298 million or 2.87 per cent; in Eden R2.122 billion or 8.53 per cent; and in Central Karoo R408.449 or 1.64 per cent, and the balance remains unallocated.

Table 30 shows that the R24.892 billion provincial budget an amount of R3.373 billion or 13.55 per cent is spent by the Economic Cluster, R20.905 billion or 83.97 per cent by the Social Cluster and R591.759 million or 2.38 per cent by the Governance and Administration Cluster. The intention is to track the actual payments on a monthly basis by means of the Basic Accounting System (BAS).

Table 29 gives evidence that the Province's limited resources for interventions are spread unevenly across 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. There is a positive correlation between the quantum spent in each geographical area with the level economic of economic outputs in that area, in that the highest amount is spent in City of Cape Town, second highest in Cape Winelands District, third highest in Eden District, fourth highest West Coast District, fifth highest in Overberg District and the least amount spent in Central Karoo.

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

As noted earlier, the PSDF suggests that to achieve its economic objectives, the Province needs to focus its economic spending in areas, which have the highest potential to succeed. However, simultaneously social spending should be channeled to areas of high potential and high need to ensure that the poor are able to respond to the economic opportunities.

Table 29 Provincial payments and estimates by district and local municipalities

Municipalities R'000	Outcome			Main appro- priation 2007/08	Adjusted appro- priation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2004/05	2005/06	2006/07				2008/09	2007/08	2009/10	2010/11
Cape Town Metro	10 080 656	11 684 890	12 834 524	14 061 144	14 765 992	14 833 066	17 279 897	16.50	18 922 829	20 435 523
West Coast Municipalities	747 836	794 844	963 037	1 130 662	1 142 147	1 147 303	1 239 625	8.05	1 338 262	1 486 003
Matzikama	104 756	117 684	125 889	149 570	147 925	148 481	174 703	17.66	192 965	208 987
Cederberg	73 317	86 394	91 903	99 738	101 559	102 028	118 683	16.32	130 428	141 803
Bergrivier	54 609	59 798	61 429	77 516	78 802	78 820	80 401	2.01	88 975	96 561
Saldanha Bay	116 329	131 565	154 977	207 124	213 275	214 800	252 653	17.62	280 534	305 565
Swartland	171 838	172 246	194 351	251 296	239 619	241 582	288 804	19.55	326 802	356 296
West Coast DMA										
West Coast District Municipality	27 881	53 163	53 757	50 559	60 372	60 997	68 455	12.23	78 752	81 491
Unallocated	199 106	173 994	280 731	294 858	300 594	300 594	255 925	(14.86)	239 806	295 299
Cape Winelands Municipalities	1 789 100	2 019 921	2 282 405	2 727 459	2 837 280	2 840 048	3 103 756	9.29	3 401 614	3 920 748
Witzenberg	130 286	148 533	159 674	182 740	186 592	187 134	211 111	12.81	234 692	255 077
Drakenstein	447 712	495 705	533 241	719 898	741 398	747 847	865 017	15.67	956 189	1 041 396
Stellenbosch	346 215	244 320	268 112	305 128	317 798	318 789	345 870	8.49	385 056	416 702
Breede Valley	371 803	410 703	463 112	669 731	692 052	699 843	788 405	12.65	869 821	948 087
Breede River/Winelands	135 123	155 125	164 096	184 357	188 378	189 201	220 356	16.47	245 016	266 515
Breede River DMA	118 219	135 335	141 878	168 530	170 718	170 718	200 182	17.26	220 068	238 649
Cape Winelands Municipality	45 484	204 539	226 630	215 499	246 391	232 563	313 898	34.97	326 809	375 810
Unallocated	194 258	225 661	325 662	281 576	293 953	293 953	158 917	(45.94)	163 963	378 512
Overberg Municipalities	443 764	515 362	590 707	639 469	652 364	660 547	715 298	8.29	863 027	921 421
Theewaterskloof	138 834	148 869	163 750	202 532	206 372	212 432	231 280	8.87	257 873	280 532
Overstrand	67 894	69 912	77 393	109 282	103 743	104 641	130 113	24.34	145 694	158 799
Cape Agulhas	47 571	52 653	67 569	63 546	65 066	65 430	73 301	12.03	81 177	88 265
Swellendam	60 680	63 783	69 902	79 355	78 598	79 056	88 460	11.90	99 293	106 966
Overberg District Municipality	25 897	36 851	45 822	32 579	45 426	45 829	61 130	33.39	70 279	73 154
Unallocated	102 888	143 294	166 271	152 176	153 158	153 158	131 014	(14.46)	208 711	213 705
Eden Municipalities	1 190 377	1 426 789	1 640 659	1 745 625	1 842 751	1 851 297	2 122 462	14.65	2 325 745	2 385 570
Kannaland	44 465	50 968	63 309	59 210	75 583	70 867	71 164	0.42	77 284	84 002
Hessequa	81 659	100 039	114 715	111 460	114 075	114 809	134 020	16.73	149 206	162 311
Mossel Bay	126 643	143 965	163 146	179 362	183 933	185 111	214 775	16.02	238 563	259 634
George	387 684	448 058	486 364	639 842	661 186	668 894	775 838	15.99	856 817	916 788
Oudtshoorn	206 384	231 008	255 879	295 156	296 183	297 884	345 161	15.87	384 428	415 911
Bitou	43 729	47 938	54 925	64 861	66 113	66 299	68 228	2.91	76 573	83 315
Knysna	106 714	119 362	174 299	139 906	143 546	144 577	174 706	20.84	195 924	213 509
Eden DMA	561									
Eden District Municipality	29 567	36 401	54 928	35 868	37 136	37 860	58 875	55.51	74 270	77 655
Unallocated	162 971	249 050	273 094	219 960	264 995	264 995	279 695	5.55	272 680	172 445
Central Karoo Municipalities	284 007	292 099	318 205	353 069	383 027	406 357	408 449	0.51	485 652	518 922
Laingsburg	15 997	16 746	18 575	21 157	22 033	23 382	23 679	1.27	26 148	28 039
Prince Albert	24 966	25 634	23 557	27 007	27 687	29 551	34 531	16.85	38 427	41 794
Beaufort West	146 868	172 567	183 502	205 514	216 465	230 240	251 367	9.18	281 700	304 136
Central Karoo DMA	100									
Central Karoo District Municipality	22 955	24 512	19 816	22 779	22 387	28 729	40 944	42.52	36 128	38 813
Unallocated	73 121	52 640	72 755	76 612	94 455	94 455	57 928	(38.67)	103 249	106 140
Unallocated	45 361	196	205 055	44 184	43 934	43 934	22 568	(48.63)	41 285	173 134
Total provincial expenditure by district and local municipality	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	14.28	27 378 414	29 841 322

Table 30 Summary of provincial payments and estimates per cluster by district and local municipality¹⁴

Departmental transfers R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Economic Cluster	1 717 428	2 332 631	2 879 242	2 892 226	3 109 323	3 094 403	3 373 031	9.00	3 763 748	4 053 703
Cape Town Metro	736 209	1 179 647	1 428 434	1 548 520	1 645 674	1 645 001	2 054 855	24.92	2 287 323	2 352 427
West Coast District	227 612	205 467	310 605	330 393	330 306	330 306	286 469	(13.27)	284 758	340 251
Cape Winelands District	365 167	427 748	544 315	493 491	542 768	528 568	465 507	(11.93)	485 124	746 446
Overberg District	116 190	161 025	191 469	171 548	172 794	172 794	162 502	(5.96)	248 662	253 656
Eden District	191 238	292 800	318 418	259 416	305 529	305 482	327 756	7.29	339 379	240 640
Central Karoo	81 012	65 944	86 001	88 858	112 252	112 252	75 942	(32.35)	118 502	120 283
Social Cluster	12 396 610	13 956 012	15 257 420	17 252 128	17 970 079	18 101 856	20 904 696	15.48	22 922 073	24 925 653
Cape Town Metro	8 934 578	10 073 382	10 922 524	12 010 495	12 586 402	12 655 949	14 644 141	15.71	15 995 599	17 406 235
West Coast District	520 224	589 377	652 432	800 269	811 841	816 997	953 156	16.67	1 053 504	1 145 752
Cape Winelands District	1 412 100	1 578 772	1 728 781	2 223 023	2 284 269	2 301 237	2 627 391	14.17	2 905 089	3 162 331
Overberg District	327 574	354 337	399 238	467 921	479 570	487 753	552 796	13.34	614 365	667 765
Eden District	999 139	1 133 989	1 322 241	1 486 209	1 537 222	1 545 815	1 794 706	16.10	1 986 366	2 144 930
Central Karoo	202 995	226 155	232 204	264 211	270 775	294 105	332 507	13.06	367 150	398 639
Governance and Administration Cluster ^{Note}	421 702	445 262	492 875	513 074	544 159	542 359	591 759	9.11	651 308	688 832
Cape Town Metro	409 869	431 861	483 566	502 129	533 916	532 116	580 901	9.17	639 907	676 861
West Coast District										
Cape Winelands District	11 833	13 401	9 309	10 945	10 243	10 243	10 858	6.00	11 401	11 971
Overberg District										
Eden District										
Central Karoo										
Unallocated	45 361	196	205 055	44 184	43 934	43 934	22 568	(48.63)	41 285	173 134
Total payments and estimates per cluster	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	14.28	27 378 414	29 841 322

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

¹⁴ 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	2004/05			2005/06			2006/07			2007/08			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	2008/09	2009/10	2010/11
Vote 5: Education	96 064	84 714	84 714	143 091	143 091	143 683	192 012	257 012	254 536	224 003	226 358	226 358	282 736	260 113	341 134
Infrastructure grant to provinces ^a	48 904	38 709	38 709	82 565	82 565	83 141	61 829	126 829	126 706	80 263	80 263	80 263	120 475	163 809	220 072
Financial management and quality enhancement															
Early childhood development															
HIV and Aids (Lifeskills education)	10 543	9 814	9 814	11 205	11 205	11 205	11 870	11 870	11 872	13 011	13 011	13 011	13 847	14 626	15 420
Disaster management															
Further education and training college sector recapitalisation							70 000	70 000	70 000	80 000	80 000	80 000	77 305		
National school nutrition programme	36 617	36 191	36 191	49 321	49 321	49 337	48 313	48 313	45 958	50 729	53 084	53 084	71 109	81 678	105 642
Vote 6: Health	1 645 171	1 684 382	1 684 382	1 861 159	1 861 159	1 814 939	1 991 725	2 054 907	2 011 991	2 177 028	2 262 868	2 262 868	2 633 668	2 778 417	3 145 020
Infrastructure grant to provinces	48 903	38 693	38 693	55 229	55 229	55 229	61 829	61 829	64 056	80 262	80 262	80 262	93 810	110 479	120 081
Hospital revitalisation	85 217	124 115	124 115	148 038	148 038	99 417	149 703	178 256	174 337	191 796	191 796	191 796	400 388	387 010	420 965
Hospital management and quality improvement ^b	16 983	15 179	15 179	17 608	17 608	18 016									
National tertiary services	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	1 335 544	1 335 544	1 486 054	1 566 333	1 731 376
Health Professions training and development	327 210	327 210	327 210	323 278	323 278	323 278	323 278	323 278	323 278	339 442	339 442	339 442	356 414	362 935	384 711
Integrated nutrition programme	4 809	4 704	4 704	5 288	5 288	5 288									
Comprehensive HIV and Aids	57 962	70 394	70 394	82 451	82 451	92 773	115 670	133 170	133 227	150 559	200 559	200 559	241 467	293 176	421 636
Medico-legal															
Forensic pathology services				14 583	14 583	6 254	68 605	85 734	44 453	79 425	115 265	115 265	55 535	58 484	66 251
Vote 7: Social Development^c	23 122	6 984	6 984	43 139	42 345	42 345									
HIV and Aids (Community-based care)	3 088	3 088	3 088	6 089	6 089	6 089									
Food emergency relief	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	483 903	551 698	551 698	598 270	598 270	580 484	598 800	1 004 732	775 510	948 548	1 177 770	1 177 770	1 203 984	1 490 999	1 768 840
Housing subsidy	446 035	510 951	510 951												
Human resettlement and redevelopment	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	768 921	948 548	1 177 770	1 177 770	1 203 984	1 490 999	1 768 840
Disaster relief				24 500	24 500	17 911		6 589	6 589						
Local government capacity building fund	20 050	21 141	21 141	10 783	10 783	10 724									
Provincial project management capacity for Municipal infrastructure (MIG) [previously CMIP]	3 508	3 427	3 427												
Vote 10: Transport and Public Works	81 708	64 645	64 645	95 857	95 857	91 538	126 329	234 289	189 446	251 319	296 630	296 630	446 129	515 425	559 266
Infrastructure grant to provinces	81 708	64 645	64 645	95 857	96 207	91 538	126 329	234 289	189 446	251 319	296 630	296 630	299 002	350 560	377 915
Devolution of Property Rate Funds grant to provinces													147 127	164 865	181 351

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

Vote and grant R'000	2004/05			Medium-term estimate											
	Adjusted appro- p-riation	Actual transfer	Audited expen- diture	2005/06	2005/06	2005/06	2006/07	2006/07	2006/07	2007/08	2007/08	2007/08	2008/09	2009/10	2010/11
Vote 11: Agriculture	52 171	35 492	35 492	74 828	74 828	67 979	26 763	70 577	34 706	36 696	75 974	75 974	46 512	53 717	64 271
Land care programme: Poverty relief and infrastructure development	3 796	3 166	3 166	3 174	3 174	3 200	3 115	3 730	3 480	3 270	3 317	3 317	3 428	3 085	3 270
Drought relief/Agriculture disaster management grant ^d	9 000	366	366	26 634	26 634	16 435		43 199	7 582		39 231	39 231			
Comprehensive Agriculture support programme	13 765	11 705	11 705	19 264	19 264	19 385	20 648	20 648	20 644	33 426	33 426	33 426	43 084	50 632	61 001
Provincial Infrastructure	25 610	20 255	20 255	25 756	25 756	28 959	3 000	3 000	3 000						
Vote 13: Cultural Affairs and Sport	1 000	1 000	1 000	2 670	2 670	2 669	12 100	12 101	11 764	35 686	35 686	35 686	58 602	79 213	86 470
Mass sport and recreation participation programme	1 000	1 000	1 000	2 670	2 670	2 669	12 100	12 101	11 764	18 946	18 946	18 946	27 168	38 237	40 532
Library services grant										16 740	16 740	16 740	31 434	40 976	45 938
Total Conditional grants	2 383 139	2 428 915	2 428 915	2 819 014	2 818 220	2 743 637	2 947 729	3 633 618	3 277 953	3 673 280	4 075 286	4 075 286	4 671 631	5 177 884	5 965 001

^a The Provincial Infrastructure Grant (PIG) has been renamed to Infrastructure Grant to Provinces.

^b As from 1 April 2006 the Hospital Management and Quality Improvement Grant merged with the Hospital Revitalisation Grant.

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

^d The Devolution of Property Rates Funds grant is introduced over the 2008 MTEF for provinces to take over the responsibility of paying the property rates and municipal charges that were administered by national government on its behalf.

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			
	2004/05	2005/06	2006/07	2007/08	2007/08	2007/08	2008/09	2007/08	2009/10	2010/11
Tax receipts	871 686	984 864	1 077 493	1 085 024	1 077 024	1 088 353	1 118 690	2.79	1 161 688	1 186 918
Casino taxes	157 611	205 318	256 616	269 942	277 942	286 596	295 955	3.27	314 594	315 123
Motor vehicle licences	695 160	758 594	797 291	776 106	776 106	776 107	799 389	3.00	823 371	848 072
Horsing racing taxes	15 134	16 654	19 368	18 476	18 476	21 150	18 846	(10.89)	19 223	19 223
Other taxes (Liquor licence fees)	3 781	4 298	4 218	20 500	4 500	4 500	4 500		4 500	4 500
Sales of goods and services other than capital assets	238 097	276 169	304 202	301 861	302 731	337 561	328 493	(2.69)	342 745	344 242
Sales of goods and services produced by department (excluding capital assets)	237 633	275 248	303 396	301 141	302 011	336 746	327 652	(2.70)	341 900	343 393
Sales by market establishments	18 310	28 570	31 024	20 928	20 928	26 420	22 812	(13.66)	24 181	24 181
Administrative fees	15 526	26 977	22 513	16 273	16 273	19 709	19 819	0.56	19 795	19 795
Inspection fees	270	877	284	207	207	207	237	14.49	237	237
Licences or permits	11 519	15 438	18 527	13 389	13 389	16 783	14 892	(11.27)	14 868	14 868
Registration	313	296	355	275	275	287	275	(4.18)	275	275
Request for information		2 918	3 094	2 127	2 127	2 139	4 135	93.31	4 135	4 135
Other	1 168	7 448	253	275	275	293	280	(4.44)	280	280
Other sales	203 797	219 701	249 859	263 940	264 810	290 617	285 021	(1.93)	297 924	299 417
Academic services:	4 312	5 269	5 669	4 484	4 787	4 787	5 032	5.12	5 683	5 716
Registration, tuition & examination fees										
Boarding services	6 335	5 763	6 535	5 763	5 793	5 793	8 164	40.93	8 170	8 176
Commission on insurance	7 732	8 386	8 396	8 609	8 615	8 660	8 916	2.96	9 212	9 521
Hospital fees	158 868	176 027	200 786	223 537	223 537	246 335	242 307	(1.64)	253 211	253 211
Laboratory services	1 470	1 993	2 591	2 647	2 647	2 663	2 647	(0.60)	2 647	2 647
Miscellaneous capital receipts		53	60	32	32	32	33	3.13	34	34
Parking	242	390	183	133	133	140	212	51.43	223	234
Rental of buildings, equipment and other services	4 169	3 882	4 083	3 739	3 739	3 775	3 870	2.52	3 875	3 880
Sales of goods	8 872	5 401	5 865	2 002	2 002	2 007	772	(61.53)	785	798
Sales of agricultural products	3 796	4 182	4 514	2 607	4 383	6 040	3 359	(44.39)	4 191	5 148
Sport gatherings	263	499	463	342	308	421	326	(22.57)	348	373
Subsidised motor transport	19	1								
Tender documentation	710	556	598	265	265	1 375	286	(79.20)	300	300
Tuition fees	61									
Vehicle repair service	315	152	201	138	138	138	85	(38.41)	85	85
Services rendered	4 510	6 339	6 738	6 757	5 541	5 561	5 985	7.62	5 985	5 985
Photocopies and faxes	503	47	2 627	2 467	2 467	2 467	2 586	4.82	2 713	2 846
Recurrent expenditure	17	12	21	8	13	13	11	(15.38)	12	13
Other	1 603	749	529	410	410	410	430	4.88	450	450

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

Receipts R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	464	921	806	720	720	815	841	3.19	845	849
Transfers received from	43 768	69 155	75 903	112 695	135 887	137 953	115 164	(16.52)	84 744	21 837
Other governmental units		1 239	11 314							
Universities and technikons	14 282	10 109	11 050	11 123	11 123	11 123	11 123		11 123	11 123
Foreign governments										
International organisations	29 424	57 807	52 598	101 571	124 458	126 465	104 040	(17.73)	73 620	10 713
Public corporations and private enterprises	58		941		225	284		(100.00)		
Households and non-profit institutions	4			1	81	81	1	(98.77)	1	1
Fines, penalties and forfeits	1 559	1 412	1 338	623	623	1 232	617	(49.92)	637	658
Interest, dividends and rent on land	218 549	237 452	58 699	50 992	50 992	50 983	57 088	11.97	58 212	58 307
Interest	218 128	236 700	57 976	49 992	49 992	50 571	56 149	11.03	57 266	57 354
Dividends	23	4								
Rent on land	398	748	723	1 000	1 000	412	939	127.91	946	953
Sales of capital assets	14 385	30 512	19 784	38	38	58 936	31	(99.95)	31	31
Land and subsoil assets	13 953	30 441	19 723			58 899		(100.00)		
Other capital assets	432	71	61	38	38	37	31	(16.22)	31	31
Financial transactions in assets and liabilities	72 730	114 439	155 192	63 132	140 040	170 504	81 035	(52.47)	59 735	58 371
Arrear wages income										
Loan repayments	10 214	28 953	27 783	45 000	45 000	45 000	45 000		35 000	35 000
Recovery of previous year's expenditure	34 927	28 225	57 272	12 404	20 800	41 562	24 918	(40.05)	13 362	11 729
Staff debt	5 298	9 125	8 219	3 328	3 421	3 779	6 358	68.25	6 559	6 770
Stale cheques	523	507	144							
Unallocated credits	1 434	358	8 782	2 267	2 267	2 267	4 206	85.53	4 231	4 257
Cash surpluses	4	2 091	13 031	1	1	9 035	5	(99.94)	5	5
Other	20 330	45 180	39 961	132	68 551	68 861	548	(99.20)	578	610
Total departmental receipts	1 460 774	1 714 003	1 692 611	1 614 365	1 707 335	1 845 522	1 701 118	(7.82)	1 707 792	1 670 364

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

Economic classification R'000	Outcome			Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2009/10	2010/11	
Current payments	11 391 461	12 558 927	14 195 910	15 919 657	16 256 652	16 379 374	18 704 752	14.20	20 814 280	22 606 231
Compensation of employees	8 164 939	8 839 985	9 712 010	11 269 618	11 260 976	11 303 431	12 983 709	14.87	14 452 187	15 621 785
Salaries and wages	7 006 838	7 709 976	8 484 480	9 776 312	9 773 739	9 810 099	11 186 108	14.03	12 447 272	13 454 383
Social contributions	1 158 101	1 130 009	1 227 530	1 493 306	1 487 237	1 493 332	1 797 600	20.38	2 004 915	2 167 402
Goods and services	3 213 950	3 708 607	4 469 423	4 645 342	4 965 023	5 039 814	5 717 686	13.45	6 358 582	6 980 773
<i>Of which</i>										
Animal feed	1 872		2 851	105	1 033	1 033	1 551	50.15	1 571	1 599
Audit fees	4 048	6 623	6 093	5 999	7 318	7 318	7 667	4.77	7 914	8 269
Audit fees: external	6 910	7 227	8 977	8 278	9 678	9 906	10 914	10.18	11 747	12 578
Communication	16 071	21 737	29 058	24 433	26 865	26 829	30 935	15.31	33 142	34 197
Computer equipment	1 798	4 874	1 534	2 319	2 728	2 728	3 928	43.99	3 347	3 396
Consultancy fees	11 218	12 831	19 724	54 421	39 568	39 568	46 407	17.28	59 839	71 404
Consultants and specialised services	273 327	368 758	517 917	490 665	648 287	646 481	676 512	4.65	779 404	844 525
Consumables	3 313	4 256	3 883	3 209	3 593	3 593	4 179	16.30	4 613	4 813
Contractors	6 352	4 602	22 771	38 885	39 876	39 876	47 916	20.16	60 848	66 382
Learning and teaching support materials	120 732	172 622	186 824	178 523	178 568	178 568	150 000	(16.00)	156 000	164 000
Inventory	35 199	58 702	60 303	56 829	62 926	64 824	65 001	0.27	70 969	75 121
Information Technology expenses	38 651	51 378	118 514	87 200	111 147	111 147	107 734	(3.07)	99 149	104 962
Legal fees	2 079	3 459	8 135	4 593	6 831	7 652	5 364	(29.90)	5 379	5 549
Library material	31 897	30 833	30 151	32 245	32 886	32 886	35 369	7.55	37 168	41 427
Machinery and equipment	1 352	9 287	10 987	12 000	7 838	7 838	4 696	(40.09)	5 682	7 730
Maintenance and repairs and running cost	627 369	442 652	568 166	463 984	494 957	494 564	588 959	19.09	691 423	807 790
Medical services	308 364	351 075	318 489	337 429	312 453	315 889	316 836	0.30	330 283	343 326
Medical supplies	321 490	392 611	459 258	417 749	533 081	565 449	578 586	2.32	612 923	647 861
Medicine	312 326	353 082	396 164	376 958	398 952	415 328	448 779	8.05	478 951	510 481
Operating Leases	100 184	114 862	133 475	161 633	162 922	162 922	175 935	7.99	198 033	216 293
Owned and leasehold property	22 161	55 181	54 716	52 196	52 510	52 510	202 016	284.72	221 538	239 868
Printing and publications	3 153	4 276	7 401	10 439	9 492	9 354	10 658	13.94	12 460	13 205
Scholar transport	116 012	95 137	93 300	103 106	100 241	100 241	105 153	4.90	109 885	114 830
Sport and Recreation Equipment	141	556	778	1 744	1 794	1 794	1 588	(11.48)	2 855	3 019
Training	5 174	7 965	12 613	13 639	17 105	16 922	19 464	15.02	19 592	20 455
Transport	8 614	125	4 137	11 841	12 705	13 428	15 677	16.75	16 223	16 290
Travel and subsistence	56 539	87 955	111 027	99 745	107 446	106 661	122 629	14.97	128 354	135 722
Utilities (municipal services)	13 313	9 680	11 395	10 408	10 418	10 418	10 854	4.19	11 342	11 366
Veterinary supplies	815		695	1 292	1 392	1 392	2 615	87.86	2 712	2 811
Advertising	9 431	23 131	19 997	13 216	16 054	16 054	15 825	(1.42)	19 030	19 819
Entertainment	1 490	2 337	2 449	4 823	4 780	4 780	2 483	(48.06)	2 684	2 724
Other	148 468	89 871	56 183	64 607	53 620	56 691	57 431	1.31	64 432	71 024
Interest and rent on land										
Interest										
Rent on land										
Financial transactions in assets and liabilities	12 572	10 335	14 477	4 697	30 653	36 129	3 357	(90.71)	3 511	3 673

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 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Transfers and subsidies to (Current)	1 537 458	1 880 006	1 941 981	2 060 650	2 250 539	2 241 231	2 658 033	18.60	2 870 102	3 101 960
Provinces and municipalities	290 821	290 451	209 653	207 056	217 844	217 832	223 421	2.57	233 433	257 604
Provinces	306	50								
Provincial Revenue Funds										
Provincial agencies and funds	306	50								
Municipalities	290 515	290 401	209 653	207 056	217 844	217 832	223 421	2.57	233 433	257 604
Municipalities of which	287 950	288 483	208 047	207 056	217 844	217 832	223 421	2.57	233 433	257 604
Regional services council levies	21 058	23 410	6 242	59	64	51		(100.00)		
Municipal agencies and funds	2 565	1 918	1 606							
Departmental agencies and accounts	135 317	143 545	162 323	139 062	147 110	147 111	157 349	6.96	194 126	210 290
Social security funds										
Entities receiving transfers	135 317	143 545	162 323	139 062	147 110	147 111	157 349	6.96	194 126	210 290
Western Cape Provincial Development Council	3 428	4 000	5 800	6 574	6 574	6 574	7 042	7.12	7 381	8 141
Western Cape Gambling and Racing Board										
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	61 767	72 682	91 790	80 156	82 975	82 975	87 788	5.80	122 246	128 578
South African National Roads Agency Limited										
Agricultural Research Council	2 796	350								
Destination Marketing Organisation	20 532	26 510	27 050	23 000	28 059	28 059	28 650	2.11	28 650	30 650
Western Cape Trade and Investment Promotion Agency	31 700	24 500	11 291	11 300	11 600	11 600	15 400	32.76	16 300	21 500
Western Cape Cultural Commission	7 920	8 497	7 997	640	640	640	668	4.38	695	695
Western Cape Liquor Board										
Western Cape Language Committee	602	602	602	242	242	242	252	4.13	263	263
Artscape		116	120	125	125	125	130	4.00	136	140
Heritage Western Cape	950	950	950	950	950	950	950		950	950
SETA	5 622	5 253	5 801	7 574	6 206	6 206	7 167	15.49	7 681	8 143
Government Motor Trading Account					220	220		(100.00)		
CSIR										
Western Cape Provincial Youth Commission			8 900	8 500	8 500	8 500	9 000	5.88	9 500	9 928
Other		85	2 022	1	1 019	1 020	302	(70.39)	324	1 302
Universities and technikons	57 799	55 506	4 325	1 698	1 704	1 704	1 888	10.80	2 021	2 148
Public corporations and private enterprises	37 930	35 307	49 481	36 247	61 871	61 833	70 951	14.75	82 084	91 570
Public corporations	35 437	33 694	47 675	33 758	59 045	59 020	67 130	13.74	81 479	90 965
Subsidies on production	9 000	4 500	8 500	4 500	10 800	10 800	5 700	(47.22)	10 865	11 175
Other transfers	26 437	29 194	39 175	29 258	48 245	48 220	61 430	27.40	70 614	79 790
Private enterprises	2 493	1 613	1 806	2 489	2 826	2 813	3 821	35.83	605	605
Subsidies on production			420		400	400	1 600	300.00		
Other transfers	2 493	1 613	1 386	2 489	2 426	2 413	2 221	(7.96)	605	605
Foreign governments and international organisations	120	88	94	120	129	129	120	(6.98)	120	120
Non-profit institutions	896 828	1 193 843	1 366 717	1 503 261	1 603 312	1 603 431	1 995 239	24.44	2 157 521	2 327 177
Households	118 643	161 266	149 388	173 206	218 569	209 191	209 065	(0.06)	200 797	213 051
Social benefits	27 978	35 152	41 580	57 533	62 208	66 342	62 153	(6.31)	64 135	68 102
Other transfers to households	90 665	126 114	107 808	115 673	156 361	142 849	146 912	2.84	136 662	144 949

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 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Transfers and subsidies to (Capital)	596 478	823 058	991 369	1 100 939	1 335 081	1 335 081	1 544 265	15.67	1 534 063	1 803 633
Provinces and municipalities	61 617	199 710	168 623	137 200	142 222	142 222	321 950	126.37	57 450	59 050
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	61 617	199 710	168 623	137 200	142 222	142 222	321 950	126.37	57 450	59 050
Municipalities	61 617	199 710	168 623	137 200	142 222	142 222	321 950	126.37	57 450	59 050
<i>of which</i>										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	4 103	16 576	49 198	2 667	2 140	2 140	1 573	(26.50)	1 699	1 818
Social security funds										
Entities receiving transfers	4 103	16 576	49 198	2 667	2 140	2 140	1 573	(26.50)	1 699	1 818
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	4 103	7 316	4 044	2 667	1 411	1 411	1 573	11.48	1 699	1 818
Hospital Trading Account: Karl Bremer										
Environmental Commissioner Western Cape Nature Conservation Board										
South African National Roads Agency Limited										
Agricultural Research Council Council for Scientific and Industrial Research										
Destination Marketing Organisation Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission Western Cape Liquor Board Western Cape Language Committee										
Artscape Heritage Western Cape SETA										
Government Motor Trading Account CSIR		9 260	45 154		729	729		(100.00)		
Western Cape Provincial Youth Commission										
Other										
Universities and technikons		125								
Public corporations and private enterprises		11 216	30							
Public corporations		9 062	30							
Subsidies on production										
Other transfers		9 062	30							
Private enterprises		2 154								
Subsidies on production										
Other transfers		2 154								
Foreign governments and international organisations										
Non-profit institutions	2 563	3 171	2 067	4 480	5 252	5 252	43 378	725.93	10 668	5 100
Households	528 195	592 260	771 451	956 592	1 185 467	1 185 467	1 177 364	(0.68)	1 464 246	1 737 665
Social benefits										
Other transfers to households	528 195	592 260	771 451	956 592	1 185 467	1 185 467	1 177 364	(0.68)	1 464 246	1 737 665

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- pria- tion 2007/08	Adjusted appro- pria- tion 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Transfers and subsidies to (Total)	2 133 936	2 703 064	2 933 350	3 161 589	3 585 620	3 576 312	4 202 298	17.50	4 404 165	4 905 593
Provinces and municipalities	352 438	490 161	378 276	344 256	360 066	360 054	545 371	51.47	290 883	316 654
Provinces	306	50								
Provincial Revenue Funds										
Provincial agencies and funds	306	50								
Municipalities	352 132	490 111	378 276	344 256	360 066	360 054	545 371	51.47	290 883	316 654
Municipalities	349 567	488 193	376 670	344 256	360 066	360 054	545 371	51.47	290 883	316 654
<i>of which</i>										
Regional services council levies	21 058	23 410	6 242	59	64	51		(100.00)		
Municipal agencies and funds	2 565	1 918	1 606							
Departmental agencies and accounts	139 420	160 121	211 521	141 729	149 250	149 251	158 922	6.48	195 825	212 108
Social security funds										
Entities receiving transfers	139 420	160 121	211 521	141 729	149 250	149 251	158 922	6.48	195 825	212 108
Western Cape Provincial Development Council	3 428	4 000	5 800	6 574	6 574	6 574	7 042	7.12	7 381	8 141
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	4 103	7 316	4 044	2 667	1 411	1 411	1 573	11.48	1 699	1 818
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	61 767	72 682	91 790	80 156	82 975	82 975	87 788	5.80	122 246	128 578
South African National Roads Agency Limited										
Agricultural Research Council	2 796	350								
Destination Marketing Organisation	20 532	26 510	27 050	23 000	28 059	28 059	28 650	2.11	28 650	30 650
Western Cape Trade and Investment Promotion Agency	31 700	24 500	11 291	11 300	11 600	11 600	15 400	32.76	16 300	21 500
Western Cape Cultural Commission	7 920	8 497	7 997	640	640	640	668	4.38	695	695
Western Cape Liquor Board										
Western Cape Language Committee	602	602	602	242	242	242	252	4.13	263	263
Artscape		116	120	125	125	125	130	4.00	136	140
Heritage Western Cape	950	950	950	950	950	950	950		950	950
SETA	5 622	5 253	5 801	7 574	6 206	6 206	7 167	15.49	7 681	8 143
Government Motor Trading Account		9 260	45 154		949	949		(100.00)		
CSIR										
Western Cape Provincial Youth Commission			8 900	8 500	8 500	8 500	9 000	5.88	9 500	9 928
Other		85	2 022	1	1 019	1 020	302	(70.39)	324	1 302
Universities and technikons	57 799	55 631	4 325	1 698	1 704	1 704	1 888	10.80	2 021	2 148
Public corporations and private enterprises	37 930	46 523	49 511	36 247	61 871	61 833	70 951	14.75	82 084	91 570
Public corporations	35 437	42 756	47 705	33 758	59 045	59 020	67 130	13.74	81 479	90 965
Subsidies on production	9 000	4 500	8 500	4 500	10 800	10 800	5 700	(47.22)	10 865	11 175
Other transfers	26 437	38 256	39 205	29 258	48 245	48 220	61 430	27.40	70 614	79 790
Private enterprises	2 493	3 767	1 806	2 489	2 826	2 813	3 821	35.83	605	605
Subsidies on production			420		400	400	1 600	300.00		
Other transfers	2 493	3 767	1 386	2 489	2 426	2 413	2 221	(7.96)	605	605
Foreign governments and international organisations	120	88	94	120	129	129	120	(6.98)	120	120
Non-profit institutions	899 391	1 197 014	1 368 784	1 507 741	1 608 564	1 608 683	2 038 617	26.73	2 168 189	2 332 277
Households	646 838	753 526	920 839	1 129 798	1 404 036	1 394 658	1 386 429	(0.59)	1 665 043	1 950 716
Social benefits	27 978	35 152	41 580	57 533	62 208	66 342	62 153	(6.31)	64 135	68 102
Other transfers to households	618 860	718 374	879 259	1 072 265	1 341 828	1 328 316	1 324 276	(0.30)	1 600 908	1 882 614

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- pria- tion 2007/08	Adjusted appro- pria- tion 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Payments for capital assets	1 055 704	1 472 110	1 705 332	1 620 366	1 825 223	1 826 866	1 985 004	8.66	2 159 969	2 329 498
Buildings and other fixed structures	813 045	1 137 593	1 395 071	1 319 632	1 540 671	1 540 704	1 711 598	11.09	1 868 904	2 019 341
Buildings	409 636	506 687	539 109	478 454	611 636	611 669	784 939	28.33	808 009	888 713
Other fixed structures	403 409	630 906	855 962	841 178	929 035	929 035	926 659	(0.26)	1 060 895	1 130 628
Machinery and equipment	229 546	271 744	261 594	285 828	260 348	261 986	258 482	(1.34)	275 343	293 703
Transport equipment	6 938	12 400	26 465	13 612	19 618	19 618	8 552	(56.41)	8 530	9 518
Other machinery and equipment	222 608	259 344	235 129	272 216	240 730	242 368	249 930	3.12	266 813	284 185
Cultivated assets	112	1 049	75	527	277	277		(100.00)		
Software and other intangible assets	9 116	22 324	21 048	10 878	11 396	11 368	11 123	(2.16)	11 521	12 053
Land and subsoil assets	3 885	39 400	27 544	3 501	12 531	12 531	3 801	(69.67)	4 201	4 401
Total economic classification	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	14.28	27 378 414	29 841 322

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

Description	Outcome			Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate		2008/09	2009/10
Total for department										
Personnel numbers (head count)	68 037	69 366	70 291	75 125	73 521	73 496	73 899	0.55	75 506	76 708
Personnel cost (R'000)	8 162 318	8 837 199	9 709 058	11 269 618	11 259 734	11 300 080	12 980 229	14.87	14 457 322	15 627 364
<i>of which</i>										
Human resources component										
Personnel numbers (head count)	656	773	793	854	854	865	920	6.36	936	943
Personnel cost (R'000)	83 257	103 155	113 838	138 683	146 073	142 324	164 426	15.53	178 886	189 275
Head count as % of total for department	0.96	1.11	1.13	1.14	1.16	1.18	1.24		1.24	1.23
Personnel cost as % of total for department	1.02	1.17	1.17	1.23	1.30	1.26	1.27		1.24	1.21
Finance component										
Personnel numbers (head count)	570	753	790	927	892	876	952	8.68	967	972
Personnel cost (R'000)	74 670	103 356	118 302	141 191	138 710	135 751	158 405	16.69	171 001	180 370
Head count as % of total for department	0.84	1.09	1.12	1.23	1.21	1.19	1.29		1.28	1.27
Personnel cost as % of total for department	0.91	1.17	1.22	1.25	1.23	1.20	1.22		1.18	1.15
Full time workers										
Personnel numbers (head count)	62 355	63 520	64 349	69 376	66 938	66 943	67 368	0.63	68 895	70 128
Personnel cost (R'000)	7 606 665	8 197 785	8 945 318	10 500 468	10 370 417	10 407 470	11 995 908	15.26	13 398 489	14 470 257
Head count as % of total for department	91.65	91.57	91.55	92.35	91.05	91.08	91.16		91.24	91.42
Personnel cost as % of total for department	93.19	92.76	92.13	93.18	92.10	92.10	92.42		92.68	92.60
Part-time workers										
Personnel numbers (head count)	196	197	170	184	173	173	177	2.31	181	185
Personnel cost (R'000)	20 918	23 041	22 143	28 427	25 726	26 037	29 670	13.95	32 172	34 601
Head count as % of total for department	0.29	0.28	0.24	0.24	0.24	0.24	0.24		0.24	0.24
Personnel cost as % of total for department	0.26	0.26	0.23	0.25	0.23	0.23	0.23		0.22	0.22
Contract workers										
Personnel numbers (head count)	5 380	5 673	5 772	5 565	6 410	6 380	6 354	(0.41)	6 430	6 395
Personnel cost (R'000)	534 735	616 373	741 597	740 723	863 591	867 546	969 650	11.77	1 041 661	1 122 506
Head count as % of total for department	7.91	8.18	8.21	7.41	8.72	8.68	8.60		8.52	8.34
Personnel cost as % of total for department	6.55	6.97	7.64	6.57	7.67	7.68	7.47		7.21	7.18

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

Description	Outcome			Main appropriation 2007/08	Adjusted appropriation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2004/05	2005/06	2006/07				2008/09	2007/08	2009/10	2010/11
Number of staff	68 207	69 578	70 480	74 955	72 665	72 624	74 095	2.03	75 702	76 904
Number of personnel trained	57 491	58 270	55 244	63 940	61 996	58 949	61 483	4.30	61 756	61 710
<i>of which</i>										
Male	23 303	20 302	20 112	21 542	21 754	23 031	23 814	3.40	23 905	23 757
Female	34 188	37 968	35 132	42 398	42 519	35 918	37 669	4.87	37 851	37 953
Number of training opportunities	19 896	18 251	17 539	21 328	21 197	21 306	21 531	1.06	21 907	22 329
<i>of which</i>										
Tertiary	606	1 444	2 171	959	949	1 084	1 401	29.24	1 480	1 537
Workshops	1 816	1 323	795	1 194	1 090	1 106	1 503	35.90	1 516	1 526
Seminars	84	98	115	159	162	140	354	152.86	408	413
Other	17 390	15 386	14 458	19 016	18 996	18 976	18 273	(3.70)	18 503	18 853
Number of bursaries offered	1 365	1 607	2 039	2 292	2 358	2 318	2 870	23.81	3 048	3 178
Number of interns appointed	250	702	754	456	514	471	522	10.83	535	565
Number of learnerships appointed	1 008	871	1 563	1 527	1 551	1 437	2 115	47.18	2 165	2 165
Number of days spent on training	2 247	4 792	3 814	4 731	4 731	8 431	7 241	(14.12)	7 251	7 251

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

Municipalities R'000	Outcome			Medium-term estimate						
	Audited 2004/05	Audited 2005/06	Audited 2006/07	Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
Category A	453 312	551 279	509 852	694 119	698 610	698 610	1 002 226	43.46	861 563	970 845
City of Cape Town	453 312	551 279	509 852	694 119	698 610	698 610	1 002 226	43.46	861 563	970 845
Category B	219 230	290 752	323 835	346 846	359 902	360 003	366 487	1.80	435 227	498 451
Beaufort West	4 446	13 656	8 777	7 616	7 852	7 852	10 520	33.98	11 597	11 854
Bergrivier	3 567	2 812	1 002	11 370	11 517	11 517	2 174	(81.12)	2 552	2 240
Bitou	10 350	22 733	12 930	15 392	15 610	15 610	10 143	(35.02)	12 009	12 910
Breede River/Winelands	7 591	3 515	10 736	11 975	12 098	12 098	15 665	29.48	19 055	20 199
Breede Valley	18 811	11 258	26 428	34 361	34 423	34 423	24 273	(29.49)	28 125	29 733
Cape Agulhas	2 887	2 418	13 521	5 041	5 103	5 103	3 008	(41.05)	3 661	3 615
Cederberg	738	5 390	6 326	4 460	4 535	4 535	5 944	31.07	5 993	6 177
Drakenstein	28 713	24 351	8 764	31 853	34 895	34 895	43 014	23.27	48 786	51 983
George	15 234	26 801	28 535	42 529	41 493	41 493	39 890	(3.86)	44 815	47 065
Kannaland	640	2 712	13 929	3 310	18 873	13 873	4 971	(64.17)	4 158	4 313
Knysna	14 964	29 520	60 580	18 307	18 534	18 534	27 928	50.69	32 136	34 724
Laingsburg	2 720	1 669	2 034	3 251	3 529	3 529	827	(76.57)	975	953
Hessequa	4 979	15 220	20 479	10 065	10 140	10 240	13 688	33.67	13 246	13 976
Matzikama	6 239	7 710	2 654	8 341	3 403	3 403	6 062	78.14	7 069	7 208
Mossel Bay	6 753	13 815	15 766	10 624	10 687	10 687	14 605	36.66	16 313	17 136
Oudtshoorn	6 433	12 617	10 078	11 539	11 601	11 601	16 740	44.30	17 121	17 595
Overstrand	15 368	7 758	6 188	10 823	11 085	11 085	21 819	96.83	26 763	28 619
Prince Albert	8 004	8 990	102	1 892	2 013	2 013	2 810	39.59	3 414	3 601
Saldanha Bay	10 231	8 724	17 827	10 152	10 454	10 454	17 846	70.71	21 901	23 256
Stellenbosch	13 524	18 318	19 428	36 424	39 153	39 154	29 644	(24.29)	28 414	30 324
Swartland	4 557	13 204	9 860	9 732	5 014	5 014	16 421	227.50	20 063	21 329
Swellendam	9 821	5 481	8 316	6 585	6 648	6 648	3 875	(41.71)	4 772	4 887
Theewaterskloof	21 310	16 728	15 327	25 122	25 332	30 332	21 932	(27.69)	25 284	26 955
Witzenberg	1 350	15 352	4 248	15 832	15 910	15 910	12 438	(21.82)	14 255	14 903
Unallocated				250			250		22 750	62 896
Category C	66 941	87 134	40 857	21 742	21 405	21 405	18 087	(15.50)	10 632	7 440
Cape Winelands	21 664	24 295	5 646	3 177	4 377	4 377	3 500	(20.04)	2 500	2 000
Central Karoo	11 931	15 532	3 085	3 299	3 299	3 299	4 483	35.89	4 502	3 120
Eden	9 994	21 243	22 804	5 600	6 490	6 490	4 199	(35.30)	2 269	2 000
Overberg	10 370	11 941	4 172	4 607	5 180	5 180	2 635	(49.13)	664	248
West Coast	12 982	14 123	5 150	5 059	2 059	2 059	3 270	58.81	697	72
Unallocated										
Unallocated	72 621	29 386	205 055	221 577	448 952	448 952	322 318	(28.21)	441 035	572 884
Total transfers to local government	812 104	958 551	1 079 599	1 284 284	1 528 869	1 528 970	1 709 118	11.78	1 748 457	2 049 620

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 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
	Audited 2004/05	Audited 2005/06	Audited 2006/07				% Change from Revised estimate			
							2008/09	2007/08	2009/10	2010/11
General public services	456 570	520 419	581 606	575 567	607 755	606 206	663 462	9.44	732 276	776 136
Public order and safety	74 601	81 476	86 409	100 901	99 779	99 201	114 829	15.75	131 730	138 912
Economic affairs	1 671 615	2 271 064	2 791 711	2 812 273	3 030 692	3 017 070	3 287 917	8.98	3 639 534	3 923 455
Environmental protection	135 468	158 859	183 327	181 414	184 194	183 474	198 817	8.36	246 543	260 846
Housing and community amenities	631 004	715 010	946 980	1 135 601	1 368 265	1 365 259	1 379 338	1.03	1 665 565	1 951 876
Health	5 169 199	5 718 812	6 419 515	7 095 173	7 427 305	7 561 837	8 641 973	14.28	9 470 424	10 350 772
Recreation, culture and religion	148 932	165 705	185 166	224 522	225 209	225 209	497 740	121.01	298 230	314 446
Education	5 690 709	6 449 244	6 920 362	7 684 658	7 822 732	7 822 732	9 019 913	15.30	10 013 961	10 864 296
Social protection	603 003	653 512	719 516	891 503	901 564	901 564	1 088 065	20.69	1 180 151	1 260 583
Total payments and estimates by policy area	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	14.28	27 378 414	29 841 322

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 Institutional Development 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
			12.5 Economic Planning
		Transport and Public Works	10.2 Public Works
	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	10.1 Administration	
		10.2 Public Works	
		10.3 Roads Infrastructure	
		10.4 Public Transport	
		10.5 Traffic Management	
		10.6 Expanded Public Works	
Communication	Community Safety	4.4 Traffic Safety Promotion	
	Economic Development and Tourism	12.6 Tourism	

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	Policy Coordination and Environmental Planning	
			9.3	Compliance and Enforcement	
			9.4	Environmental Quality Management	
			9.5	Biodiversity Management	
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	
	Outpatient Service		6.2	District Health Services	
	R & D Health (CS)		6.6	Health Sciences and Training	
	Hospital Services		6.3	Emergency Medical Services	
			6.4	Provincial Hospital Services	
			6.5	Central Hospital Services	
			6.7	Health Care Support Services	
			6.8	Health Facilities Management	
Recreation Culture and Religion	Recreational and Sporting Services	Cultural Affairs and Sport	13.4	Sport and Recreation	
	Cultural Services	Cultural Affairs and Sport	13.1	Administration	
			13.2	Cultural Affairs	
13.3			Library and Information Services		
Education	Pre-primary and Primary Education	Education	5.2.1	Public Primary Schools	
	Secondary Education		5.7	Early Childhood Development	
			5.2.2	Public Secondary Schools	
			5.3	Independent school subsidies	
	Subsidiary Service to Education		Education not definable	5.1	Administration
	Education not definable			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			
Social Protection	Social Security Services	Social Development	7.1	Administration	
			7.2	Social Welfare Services	
			7.3	Development and Research	

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

GFS function R'000	Outcome			Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
FUNCTION - GENERAL PUBLIC SERVICES									
Category - Legislative									
Department of the Premier (Programme 1.1)	45 913	39 822	56 844	36 503	39 491	39 491	45 270	47 974	50 852
Provincial Parliament (Vote 2)	30 707	34 939	40 779	56 997	54 334	54 334	63 690	67 119	71 706
Total for Category - Legislative	76 620	74 761	97 623	93 500	93 825	93 825	108 960	115 093	122 558
Category - Financial and fiscal affairs									
Department of Provincial Treasury (Vote 3)	102 333	114 275	133 936	119 001	116 551	114 751	120 596	132 822	140 132
Total for Category - Financial and fiscal affairs	102 333	114 275	133 936	119 001	116 551	114 751	120 596	132 822	140 132
Category - General services									
Department of the Premier (Programme 1.2 to 1.3)	242 749	256 226	261 316	300 573	333 783	333 783	362 203	403 393	426 142
Department of Local government and Housing (Programme 8.3)	34 868	75 157	88 731	62 493	63 596	63 847	71 703	80 968	87 304
Total for Category - General services	277 617	331 383	350 047	363 066	397 379	397 630	433 906	484 361	513 446
TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES	456 570	520 419	581 606	575 567	607 755	606 206	663 462	732 276	776 136
FUNCTION - PUBLIC ORDER AND SAFETY									
Category - Police services									
Department of Community Safety (Programmes 4.1, 4.2 and 4.3)	74 601	81 476	86 409	100 901	99 779	99 201	114 829	131 730	138 912
Total for Category - Police services	74 601	81 476	86 409	100 901	99 779	99 201	114 829	131 730	138 912
TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY	74 601	81 476	86 409	100 901	99 779	99 201	114 829	131 730	138 912
FUNCTION - ECONOMIC AFFAIRS									
Category - General economic affairs									
Department of Economic Development and Tourism (Vote 12 exclude 12.6)	99 976	104 905	132 367	165 654	158 499	158 499	172 799	200 281	221 847
Department of Transport and Public Works (Programme 10.2)	274 336	347 702	433 728	417 492	472 418	472 418	613 355	732 386	818 486
TOTAL FOR FUNCTION - General economic affairs	374 312	452 607	566 095	583 146	630 917	630 917	786 154	932 667	1 040 333

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
Category - Agriculture									
Department of Agriculture (Vote 11)	196 893	258 515	266 386	290 212	331 560	317 360	344 704	365 271	412 044
Total for Category - Agriculture	196 893	258 515	266 386	290 212	331 560	317 360	344 704	365 271	412 044
Category - Transport									
Department of Transport and Public Works (Programmes 10.1, 10.3, 10.4, 10.5 and 10.6)	984 292	1 425 549	1 820 303	1 789 206	1 915 765	1 915 765	1 997 161	2 169 767	2 287 344
Department of Community Safety (Programme 4.4)	89 655	97 292	95 796	101 211	105 563	106 141	113 453	122 079	130 348
Total for Category - Transport	1 073 947	1 522 841	1 916 099	1 890 417	2 021 328	2 021 906	2 110 614	2 291 846	2 417 692
Category - Communication									
Department of Economic Development and Tourism (Programmes 12.6)	26 463	37 101	43 131	48 498	46 887	46 887	46 445	49 750	53 386
Total for Category - Communication	26 463	37 101	43 131	48 498	46 887	46 887	46 445	49 750	53 386
TOTAL FOR FUNCTION - ECONOMIC AFFAIRS	1 671 615	2 271 064	2 791 711	2 812 273	3 030 692	3 017 070	3 287 917	3 639 534	3 923 455
FUNCTION - ENVIRONMENTAL PROTECTION									
Category - Environmental protection									
Department of Environmental Affairs and Development Planning (Vote 9)	135 468	158 859	183 327	181 414	184 194	183 474	198 817	246 543	260 846
Total for Category - Environmental protection	135 468	158 859	183 327	181 414	184 194	183 474	198 817	246 543	260 846
TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION	135 468	158 859	183 327	181 414	184 194	183 474	198 817	246 543	260 846
FUNCTION - HOUSING AND COMMUNITY AMENITIES									
Category - Housing Development									
Department of Housing (Programmes 8.1, 8.2)	631 004	715 010	946 980	1 135 601	1 368 265	1 365 259	1 379 338	1 665 565	1 951 876
Total for Category - Housing Development	631 004	715 010	946 980	1 135 601	1 368 265	1 365 259	1 379 338	1 665 565	1 951 876
TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES	631 004	715 010	946 980	1 135 601	1 368 265	1 365 259	1 379 338	1 665 565	1 951 876

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)	213 316	167 291	162 125	367 238	221 868	221 868	300 788	324 856	347 600
Total for Category - Health n.e.c.	213 316	167 291	162 125	367 238	221 868	221 868	300 788	324 856	347 600
Category - Outpatient service									
Department of Health Services (Programme 6.2)	1 330 397	1 629 951	1 922 792	2 440 654	2 671 734	2 743 457	2 964 886	3 282 884	3 641 039
Total for Category - Outpatient service	1 330 397	1 629 951	1 922 792	2 440 654	2 671 734	2 743 457	2 964 886	3 282 884	3 641 039
Category - R & D Health (CS)									
Department of Health Services (Programme 6.6)	73 541	79 009	98 858	142 214	135 026	138 553	178 520	192 802	206 298
Total for Category - R & D Health (CS)	73 541	79 009	98 858	142 214	135 026	138 553	178 520	192 802	206 298
Category - Hospital services									
Department of Health Services (Programmes 6.3, 6.4, 6.5 and 6.7 and 6.8)	3 551 945	3 842 561	4 235 740	4 145 067	4 398 677	4 457 959	5 197 779	5 669 882	6 155 835
Total for Category - Hospital services	3 551 945	3 842 561	4 235 740	4 145 067	4 398 677	4 457 959	5 197 779	5 669 882	6 155 835
TOTAL FOR FUNCTION - HEALTH	5 169 199	5 718 812	6 419 515	7 095 173	7 427 305	7 561 837	8 641 973	9 470 424	10 350 772
FUNCTION - RECREATION CULTURE AND RELIGION									
Category - Recreation and sporting services									
Department of Cultural Affairs and Sport (Programme 13.4)	26 577	34 209	46 882	56 288	58 043	58 043	307 230	90 565	91 536
Total for Category - Recreation and sporting services	26 577	34 209	46 882	56 288	58 043	58 043	307 230	90 565	91 536
Category - Cultural services									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	122 355	131 496	138 284	168 234	167 166	167 166	190 510	207 665	222 910
Total for Category - Cultural services	122 355	131 496	138 284	168 234	167 166	167 166	190 510	207 665	222 910
TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION	148 932	165 705	185 166	224 522	225 209	225 209	497 740	298 230	314 446

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)	2 782 166	3 055 671	3 209 745	3 695 346	3 741 773	3 741 773	4 354 187	4 812 336	5 244 644
Total for Category - Pre-primary and primary education	2 782 166	3 055 671	3 209 745	3 695 346	3 741 773	3 741 773	4 354 187	4 812 336	5 244 644
Category - Secondary education									
Department of Education (Sub- programme 5.2.2)	1 845 868	2 139 444	2 245 798	2 361 540	2 392 337	2 392 337	2 751 595	3 025 551	3 282 482
Total for Category - Secondary education	1 845 868	2 139 444	2 245 798	2 361 540	2 392 337	2 392 337	2 751 595	3 025 551	3 282 482
Category - Subsidiary service to education									
Department of Education (Programme 5.3)	29 761	32 445	34 259	39 541	39 541	39 541	48 406	51 637	54 413
Total for Category - Subsidiary service to education	29 761	32 445	34 259	39 541	39 541	39 541	48 406	51 637	54 413
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)	1 032 914	1 221 684	1 430 560	1 588 231	1 649 081	1 649 081	1 865 725	2 124 437	2 282 757
Total for Category - Education not definable by level	1 032 914	1 221 684	1 430 560	1 588 231	1 649 081	1 649 081	1 865 725	2 124 437	2 282 757
TOTAL FOR FUNCTION - EDUCATION	5 690 709	6 449 244	6 920 362	7 684 658	7 822 732	7 822 732	9 019 913	10 013 961	10 864 296
FUNCTION - SOCIAL PROTECTION									
Category - Social security services									
Social Development (Vote 7)	603 003	653 512	719 516	891 503	901 564	901 564	1 088 065	1 180 151	1 260 583
Total for Category - Social security services	603 003	653 512	719 516	891 503	901 564	901 564	1 088 065	1 180 151	1 260 583
TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT	603 003	653 512	719 516	891 503	901 564	901 564	1 088 065	1 180 151	1 260 583
TOTAL: BY FUNCTION	14 581 101	16 734 101	18 834 592	20 701 612	21 667 495	21 782 552	24 892 054	27 378 414	29 841 322

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

Provincial department R'000	Main appro- piation 2007/08	Adjusted appro- piation 2007/08	Revised estimate 2007/08	Medium-term estimate			
				% Change from Revised estimate			
				2008/09	2007/08	2009/10	2010/11
1. Department of the Premier							
2. Provincial Parliament							
3. Provincial Treasury							
4. Community Safety	9 176	9 176	10 657	14 174	33.00	16 130	17 098
5. Education	36 599	48 364	48 364	66 143	36.76	68 850	81 001
6. Health	49 054	41 866	41 866	74 044	76.86	77 376	82 018
7. Social Development	16 963	16 963	40 150	60 603	50.94	63 330	67 130
8. Local Government and Housing							
9. Environmental Affairs and Development Planning	3 100	3 100	3 100	4 800	54.84	15 232	15 232
10. Transport and Public Works ^a	728 242	885 628	885 628	830 654	(6.21)	965 808	1 027 897
11. Agriculture							
12. Economic Development and Tourism							
13. Cultural Affairs and Sport							
Total EPWP	843 134	1 005 097	1 029 765	1 050 418	2.01	1 206 726	1 290 376

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